

# Retirement Planning and Personal Financial Management



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# Retirement Readiness

- Retirement planning means **preparing today for your future life so that you continue to meet all your goals and dreams independently**. This includes setting your retirement goals, estimating the amount of money you will need, and investing to grow your retirement savings.



Examples-expected life expectancy, current health care cost, the amount in emergency accounts now, etc.  
women -life expectancy of 79.3 years & 73.5 years for men.

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# The Path To Financial Freedom

- The path to a secure retirement is choosing the right retirement plan.

## Did you know...

- retirement can last for 30 years or more.
- you may need up to 80% of your current annual income to retire comfortably.
- the average monthly benefit paid by the Social Security Administration is \$1,200.

## Why should you set up a retirement plan, and what are some of the benefits?

- The US government projects Social Security funds will become exhausted in 2037. Visit [www.ssa.gov](http://www.ssa.gov).
- You're saving for the unknown, the items you can't calculate for now.
- Maxing out your workplace retirement account is step #1.
- Open a ROTH IRA with your credit union to save tax-free in addition to your workplace retirement account.
- Make sure your funds are growing and not remaining stagnant.



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# Benefits of a Retirement Plan

- Employee contributions can reduce current taxable income.
- Contributions and investment gains are not taxed until withdrawn.
- Contributions are easy to make through payroll deductions.
- Interest accrues over time, which allows small, regular contributions to grow into significant retirement savings.
- Employees can improve financial security in retirement. Peace of mind.



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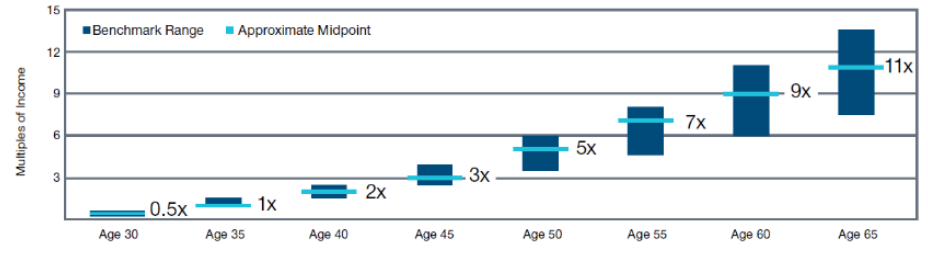


# Personal Financial Management

- When you think about your money, your brain may be pulled in a number of different directions: the cash coming into your **checking account, the expenses you pay each month, the charges on your credit card** and the funds you're investing to grow for retirement.
- It's essential that we plan for and manage money at every step of our lives. Living paycheck to paycheck can be stressful. While we may have a job that pays for our daily expenses, long medical bills or any other emergency could wreak havoc on household finances.

If you aim to retire at age 65 you may want to aim for assets totaling 7.5 -13.5 times your preretirement income.

Savings Benchmarks by Age—As a Multiple of Income

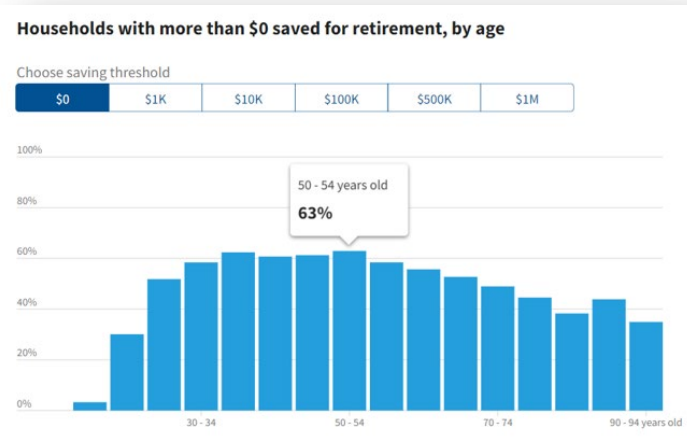


Example: \$50,000 salary now, 50 age now, You want 3.5x to 6x of your salary = \$175,000 - \$300,000 you want saved already

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# Tips To Meet Your Goals

1. Make financial freedom your No. 1 goal
2. **Actively boost your income**
3. Invest in appreciating assets
4. **Automate, automate, automate**
5. Know where your money is going
6. **Detach yourself from things you don't need**



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# Situations To Avoid

"I have a couple who are clients of mine that don't have enough saved for retirement. They've have fallen short of their goals because of spending what they couldn't afford and borrowing to make up the difference.

After not saving enough to pay for two of their **kid's weddings, they decided to put both of them (which were both pretty close together) on credit cards.** By the time I met them, they were tens of thousands of dollars in credit card debt.

While their children are saving for their futures and doing their best to get started in their lives without a care in the world, the parents are struggling to get by, working longer than they planned to and are swimming in debt because they wanted to "help out" their kids by paying for two dream weddings that no one could really afford in the first place."



"I currently have a client whose parents didn't exactly save much for retirement. When the husband passed away, **the widow had no money to her name and very little money coming in from social security.**

Because of this, my client had to completely upend his entire lifestyle to have his mother live with them and support her. It's completely changed their own financial lives and we've since had to make adjustments to their retirement plan as well. Not saving for retirement can bring an extreme burden on your children's lives and even cause resentment. While my client could afford to take care of his mother and her lifestyle, not everyone else is so lucky."



"Picture the house you have lived in for the last 20+ years. Now, imagine selling it – along with many of your personal belongings – and living **in small apartment away from your friends and family.**

That's what happened to our client. They worked hard, made good money, but lived above their means. They neglected their financial health and when it came to retirement they were forced to sell their home to avoid outliving their money."

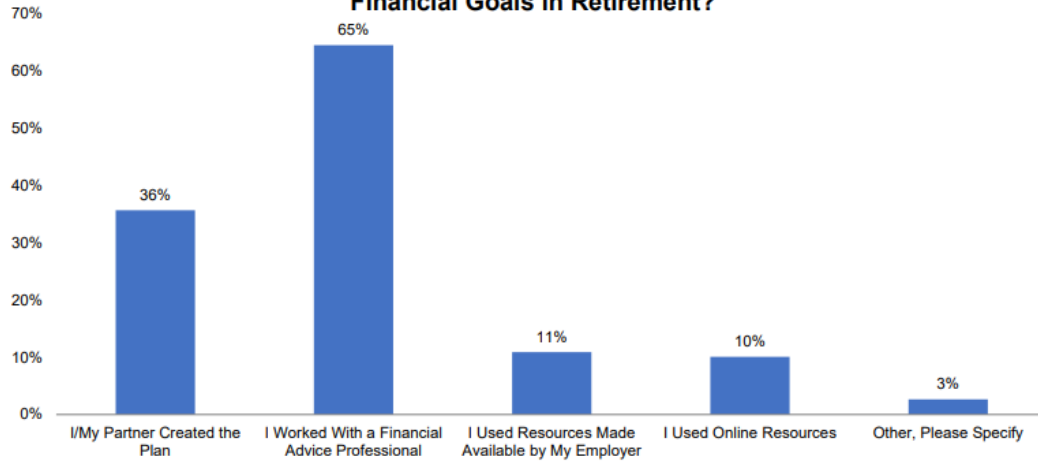
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# Ask A Retiree

**How Did You Build out Your Written Plan to Help You Reach Your Financial Goals in Retirement?**



## Open-Ended Responses on Changes to Financial Habits

*What would you have changed about your financial habits?  
Selection of open-ended responses.*

<b>Spending</b>	<p>"I would have cut way back on discretionary expenses, such as taken fewer vacations and saved more money for my retirement."</p> <p>"Instead of buying trendy clothes/shoes I should have bought stocks."</p> <p>"I would have bought fewer new cars."</p>
<b>Investments Accounts or Allocation</b>	<p>"Used a Roth IRA instead of the normal [Traditional] IRA."</p> <p>"I would not have taken any 401(k) loans and worked closer with financial advisor."</p> <p>"I would have been more aggressive with my investments when I was younger."</p> <p>"Not been so speculative with investments."</p>
<b>Relationships</b>	<p><b>Spousal</b></p> <p>"Would have taken credit cards away from my wife."</p> <p>"Three desperate women that picked my pockets clean"</p> <p>"I would [have] dumped my deadbeat boyfriend much earlier."</p> <p>"Got a divorce so I would only have to worry about myself."</p> <p>"Not get married."</p> <p><b>Friends/Other</b></p> <p>"Saved more, work more overtime. Dump the blood suckers"</p> <p>"Lend less money to friends who don't pay back."</p> <p>"I was swindled out of over \$100,000 in funds by people."</p> <p><b>Children/College</b></p> <p>"Would have not helped daughter with college"</p> <p>"I would have saved less for the kids' college education and more for retirement."</p> <p>"Saved more and not gave too much to my kids."</p>

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