



# ClevelandSavesWeek 2008

"The best is yet to be... the last of life for which the first was made..." - Robert Browning

## Retirement Planning

How much do I need to save? The question floats about and never goes away. The simple answer is that you can never save enough for retirement! Start as young as you can and contribute as much as you can.

Always try to reach the maximum allowed in your company plan.

If your company has a Matching plan, you'll only get that money if you contribute enough into your plan. Not getting the full Match from your company is like turning down a bonus!

If your employer does not have a company-sponsored plan, request one and encourage everyone to participate -- even if your employer does not make a contribution.

1. Retirement plans are safeguarded from the company and from your own creditors
  - a. 401(k), 403(b), STRS and PERS, SEP-IRA, Simple IRA and traditional IRA plans
  - b. Pension plans may suffer from the financial health of the company
2. Company- sponsored plans are easier to use than traditional IRAs because the contribution is deducted directly from your paycheck and deposited in your account. You don't need to make a monthly decision about sending a check.
  - a. IRA accounts are an excellent option if your company does not offer a retirement plan
  - b. If you are young and do not especially need the additional tax deduction, a ROTH-IRA is the best option.

## Example:

You earn \$30,000 and your tax rate is 15%. Your employer will contribute \$.50 for every dollar you contribute up to 3% of your compensation. You expect to earn 5% on your investment.


You've decided that you can contribute \$30/month (\$1/day!!!) to the plan and your employer matches 50% or \$15.00/month. Because of the tax deduction, the amount deducted from your paycheck is only approximately \$26.50.

By the end of the year, your budget has been reduced by \$306. However, your retirement plan has your \$360 plus your employer's \$180, plus the interest earned during the year or about \$10 for a total of \$555 !!!

In the second year, this scenario repeats all over again plus the interest on the first and second year's amount :

$$\$555 + \$360 + \$180 + \$43 = \$1,138$$

That's compounding!!



## Keep the goals in front of you. They will motivate you.

More golf, more gardening, more doing nothing.....

Traveling to see children and grandchildren or just the two of you traveling to places you've never been

Taking classes (most colleges and universities offer them free or at little cost to seniors)



ClevelandSaves  
[www.ClevelandSaves.org](http://www.ClevelandSaves.org)

# your starter kit:

How much will I receive in Social Security benefits?  
(See Social Security web site below) \$ \_\_\_\_\_

How much monthly income do I want at retirement  
to add to Social Security, Pension, etc.? \$ \_\_\_\_\_

How much do I need to save each month to achieve my goal?  
(Use calculator on one of the websites below) \$ \_\_\_\_\_

How much must I contribute to my plan to be sure to receive  
the maximum employer contribution? \_\_\_\_\_ %  
(Check your plan)

## Sources of Help & Information

### Cleveland Saves

Tel: 216-325-7126 • Web: [www.clevelandsaves.org](http://www.clevelandsaves.org)

### Consumer Credit Counseling Services

800-355-2227 • Web: [www.cccservices.com](http://www.cccservices.com)

### Financial Planning Association

Tel: 800-322.4237 • Web: [www.fpanet.org](http://www.fpanet.org)

### Strategic Wealth Management

Tel: 801-453-2271

### Fidelity Investments

Web: [www.fidelity.com](http://www.fidelity.com)

### AARP

Web: [www.aarp.org](http://www.aarp.org)

### My Money

Web: [www.mymoney.gov](http://www.mymoney.gov)

### [www.socialsecurity.gov](http://www.socialsecurity.gov)

Calculating benefits; Q&A regarding retirement benefits, widows & widowers benefits, Medicare and Medicaid

### [www.msnmoney.com](http://www.msnmoney.com)

Strategies for every aspect of your financial life; calculators for mortgages, retirement, etc.

### [www.Fidelity.com](http://www.Fidelity.com)

**Publications:** The Plain Dealer (Monday's Personal Finance section), Money, Smart Money.

### **Senior learning:**

Cleveland State University, Case Western Reserve University, Balwin Wallace College, John Carroll University, Cuyahoga Community College (3 campuses)

Go to Cleveland Saves  
web site for  
additional resources:  
[clevelandsaves.org](http://clevelandsaves.org)