

RETIREMENT CHECK-UP



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Are You Saving Enough for Retirement?

While AACPS permanent employees are earning service credit (500 hours annually required) and future benefits through the Maryland State Retirement System (defined pension benefits), most retirees no longer financially can survive on traditional pension and Social Security income without supplemental retirement savings. Temporary employees, while not eligible to participate in the Maryland State Retirement pension program, are still eligible to save through our Supplemental Retirement Program (SRP).

Through the AACPS 403(b) and 457(b) plans, you have the option of saving up to \$36,000 a year (or up to \$48,000 a year if you're age 50 or older) in pre-tax dollars, savings that reduce your taxable income while also helping you build retirement savings. While saving the maximum IRS allowed annual contribution amount could help you build a nest egg for retirement, the reality is that most of us can't save that much annually. If you aren't saving the maximum, are you saving enough?

Determining Your Risk Tolerance

How you invest the funds in your Supplemental Retirement Program (SRP) accounts can affect how much you ultimately have for retirement. Depending on your tolerance for volatility, you may decide to select equity options, which can potentially generate greater reward but also carry risk.

When determining your risk tolerance, consider the following:

- What is your time frame for retirement? If you're further from retirement, you may consider riskier investment options because you may have time to recoup them. If you're closer to retirement, you may want to consider more stable options.
- How much can you comfortably set aside? If you are considering saving more money in your SRP, consider how that affects your family's monthly cash flow. You want to be sure you can set aside funds without feeling the need later to take out a loan (if applicable). Note: Loans are permitted from 403(b) accounts but are not permitted from 457(b) accounts.
- Are you emotionally prepared for losses? Some people find financial losses very difficult to cope with. Financial gains are easy for us all, but how do you handle potential losses? If you're not prepared for both ups and downs, high-risk-high-reward options may not work for you.

The AACPS SRP has three providers: Lincoln, VALIC and Voya Financial. All three offer target date fund options. These fund help take the guesswork out of investment options by selecting an asset allocation portfolio based on your target retirement date. The further you are from your target retirement date, the more likely your investment portfolio has higher risk options in it. You also have the option of selecting your own asset allocation mix.

Begin – or Increase – Your SRP Contributions Today

You may elect a 403(b) or 457(b) at any time – remember, it's never too late to start saving. It is recommended that you speak with a provider representative who can assist you with your investment strategy and elections, as well as to sign up for the program. You can change your contributions to the 403(b) and/or 457 (b) at any time during the year. To initiate an election or make a change, go on-line to www.myretirementmanager.com.

Provider	Phone	Web
Lincoln	410-987-3590	www.lfg.com
VALIC	410-859-2480	www.valic.com
Voya Financial	800-454-1099	www.voya.com

EAP Available to Help

Remember, AACPS offers permanent employees and retirees (up to 18 months from retirement date) an Employee Assistance Plan (EAP). Through the EAP, you have access to legal and financial resources at no cost or at discounted rates, based on the services. Business Health services, our EAP provider, may be reached 24 hours a day at 800-327-2251.

Tools You Can Use

Trying to estimate your retirement savings needs seems like a guessing game. In addition to the tools your SRP provider offers, there are other resources available. Consider using some of the following online tools to help you plan for retirement.

RETIREMENT CALCULATORS

One of the most important questions you may have: How much should you be saving now to have a comfortable retirement? There are a number of retirement calculators available online that allow you to enter lifestyle factors to help you plan for retirement, including:

- <http://money.cnn.com/calculator/retirement/retirement-need/>
- www.401kcalculator.org/
- www.kiplinger.com/tool/retirement/T047-S001-retirement-savings-calculator-how-much-money-do-i/index.php
- www.regions.com/Insights/Personal/Retirement-Calculators/how-much-should-i-save-for-retirement

LIFE EXPECTANCY AND RETIREMENT CALCULATOR

You don't want to outlive your retirement savings. What happens if you live to be 100? Will you have enough saved? The Living to 100 calculator available at www.livingto100.com/calculator actually helps calculate life expectancy rates based on factors such as age, gender and health. You can also visit the Social Security Administration website at www.ssa.gov/OACT/population/longevity.html for both life expectancy and retirement planning calculators.

PAYROLL DEDUCTIONS CALCULATOR

Are there changes you could make to your tax withholdings or other benefit deductions that would allow you to save more for retirement? These payroll deductions calculators let you compare your current withholdings to changes you could potentially make: www.forefieldkt.com/kt_dt/dt_trns.aspx?xd=Payroll&il=ai or www.bankrate.com/calculators/tax-planning/payroll-tax-deductions-calculator.aspx

FREE CREDIT REPORTS

Knowing your current credit report can help you see a clear picture of your financial strengths – and possible weaknesses. Review your credit report free at: www.annualcreditreport.com/index.action or www.freecreditreport.com

DEBT MANAGEMENT CALCULATOR

Let's face it. The reason many of us don't save is due to debt. The debt management calculator at www.incharge.org/money-101/debt-consolidation-calculators can help you see how much you owe, how long it will take you to pay off debts and steps you can take to pay debt off sooner so you can focus more on saving for retirement. A debt management calculator is also available at www.bankrate.com/calculators/index-of-debt-management-calculators.aspx.

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