

RETIREMENT CHECK-UP



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Is It Your Time to Retire?

While many Americans are anxiously counting the days until retirement, a recent study by Aon Consulting found that the median age that an employee is financially able to retire is 68. If you are approaching the 62 to 67 age range, you may be considering retiring soon. But is that the right move for you? Before you head for your hammock, consider your financial needs for the future to determine if retiring now is right for you, or if delaying your retirement could benefit you. With pre-planning, you should have a clear picture of both your anticipated income and known expenses to help you create your retirement plan.

YOU SHOULD CONSIDER:

- 1. Income:** How long will you be drawing your retirement benefits, and could you potentially outlive your retirement savings? Do you have a spouse or partner who may contribute to your savings or draw on them? Do you have any other sources of income aside from your retirement savings?
- 2. Expenses:** Do you anticipate lower expenses, perhaps because you have paid off a house or paid off educational expenses for yourself or your children? What do you plan to do during retirement? Are you considering traveling, buying a second home, starting a business, or focusing on other hobbies that may require income? Do you or your spouse have health issues that may affect your expenses?

Whether you are ready to retire soon or plan to continue working for some time, the AACPS Supplemental Retirement Program (SRP) is available to help. The SRP allows you to use 403(b) and 457(b) plans to save, invest and use tax-deferred dollars to build your own savings. SRP providers also have free financial planning services for AACPS employees. These providers have on-line tools such as a retirement plan calculator to help you plan. Take advantage of your AACPS SRP benefits to ensure you are retirement ready when the time comes.

Pension: Are You Vested?

You become fully vested in the Maryland State Retirement Plan after you accrue at least 10 years of service (or after five years if you became a member before July 1, 2011). For hires prior to July 1, 2011, service of 30 years equals a fully vested benefit and reduced retirement benefits are available. For hires on or after July 1, 2011, full retirement benefits are accessible at age 65 with at least 10 years of service or when your age and service equal 90. Early reduced retirement benefits are available.

Questions? Contact the Maryland State Retirement Agency at 800-492-5909 or visit sra.maryland.gov. You may also review your annual Personal Statement of Benefits for vesting information.



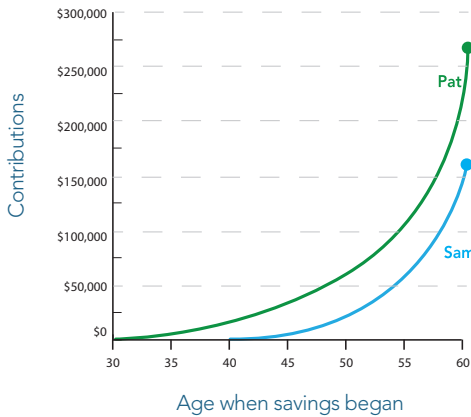
Why Wait?

There may be advantages to you for delaying your retirement. Consider the following as you decide when your ideal retirement date will be.

MORE TIME TO SAVE

Continuing to work means continuing to collect a paycheck – and allows you to continue saving for retirement.

You have seen the commercials: There is a gap between when people should start saving for retirement and when they actually do start saving. The earlier you start saving through the SRP plan, the longer you have to take advantage of compound interest and are able to recoup potential losses.



Based on current IRS contribution limits to similar retirement plans, you can defer as much as \$18,000 of your paycheck to your 403(b) and/or 457(b). If you're 50 or older, you may make "catch-up" contributions of an additional \$6,000, for a total of \$24,000 a year.

What Next?

To learn more about your retirement options and begin planning for the future, contact your SRP provider(s):

- Lincoln (410-987-3590, www.lfg.com)
- VALIC (410-859-2480, www.valic.com)
- Voya Financial (800-454-1099, www.voya.com)

CONTINUE TO TAKE ADVANTAGE OF EMPLOYER BENEFITS

In addition to retirement benefits, AACPS provides employees access to other employer-sponsored benefits, including healthcare (medical, dental and vision), life insurance and more. While you are working, you enjoy supplemented costs thanks to AACPS' contribution to most employer-sponsored benefit plans and the convenience of payroll deduction for paying premiums.

Depending on when you were hired by AACPS, your age and your length of service, you may be eligible to continue some healthcare benefits once you retire.

Convenient payroll deductions for benefits end when your employment ends.

Go to www.aacps.org>staff>benefits for more information regarding benefits and retirement.

INCREASED SOCIAL SECURITY BENEFITS

Social Security provides benefits to eligible retirees. When you delay retiring, you may consider delaying receiving Social Security benefits --- allowing those benefits to continue to accrue.

Your "normal" retirement age is when you can begin collecting 100% of your Social Security retirement benefits. Your normal retirement age as defined by the Social Security Administration is based on when you were born:

Birth Year	Normal Retirement Age
1942 or earlier	65
1943 to 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

Some workers opt to commence their Social Security benefits before reaching their normal retirement age, reducing their Social Security benefits by up to 30%. On the other hand, you may receive as much as 8% more for each year you wait to begin collecting Social Security benefits. If you wait until age 70, for example, you will receive 32% more than you would if you commenced your benefit at age 62. Once you reach age 70, your benefits don't increase anymore (Source: Social Security Administration).