

RETIREMENT CHECK-UP



ANNE ARUNDEL
COUNTY PUBLIC SCHOOLS

What's Your Plan? Check the List to Get Ready for Retirement

What is the best way to ensure you are ready for retirement when the time comes? Create a road map for success!

AACPS provides you with the ability to save for retirement through our Supplemental Retirement Program (SRP), which includes both 403(b) and 457(b) plans. It's up to you to make the most of the options available to you.

Consider the following tips and tools to help you maximize your SRP options and head down the road of successfully saving for retirement.

Retirement Checklist

✓ PARTICIPATE

The first step to saving for retirement is to participate in the SRP. If you are not currently contributing to either the 403(b) and/or 457(b), consider signing up today. You can start, stop or change your contributions at any time during the year.

Speak with a provider representative who can assist you with your investment strategy and elections, as well as to sign up for the program. To initiate an election or make a change, go on-line to www.myretirementmanager.com.

✓ SAVE AS MUCH AS YOU CAN

The more you save – and the sooner you begin saving – the better. 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.

In addition to the age-based catch up contributions, you can significantly increase your savings by taking advantage of special catch-up provisions offered in both plans.

Remember, too: The more you save through the SRP, the more your taxable income is reduced, making saving for retirement a win-win situation for you. Savings can be deducted easily through pre-tax payroll deductions. Be sure to talk to a provider representative about your retirement savings options.

✓ CONSIDER FUND PERFORMANCE

AACPS offers a listing of all funds included in the SRP that shows the funds' performance over time and its ranking relative to other funds in the same asset class and other rankings. See the listing at <http://www.aacps.org/humanresources/funds.pdf>.

✓ KEEP FEES IN MIND

Each fund's fees and expenses are found in the fund prospectus. Vendor fees may be offset by revenue sharing. AACPS has three SRP providers:

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

While AACPS works with these providers to manage the costs you incur, there are fees associated with all accounts and they may affect your savings. Examples of fees may include sales charges, advice fees, investment management fees and account fees.

Be sure to review all fees and expenses with your provider representative.

✓ DIVERSIFY

Advisors generally agree that it is a good idea to have a mix of investment assets, and that stock options should be diversified. The SRP can help you diversify your investments through your target date retirement funds.

With these funds, you select the fund that is closest to your planned retirement date, and it will automatically select an asset allocation for you. Your asset allocation will adjust over time as you near retirement, generally reducing investment risks as you get older. You also have various stock options to select from through the target date retirement funds.

If you're comfortable with investing, you always have the option of selecting your own asset allocation and picking your own stocks; you are not required to invest through target date retirement funds.

However you choose to invest, consider diversifying as you are more likely to reduce risk and improve return.

✓ STAY FOCUSED ON RETIREMENT

According to the U.S. Department of Labor, most Americans will need at least 70% of your pre-retirement income to maintain your standard of living when you stop working. Unfortunately, far too many of us do not take advantage of the retirement savings options available to us – and don't allow retirement savings to grow.

The SRP is a savings program designed to help you build retirement savings, and works best when you contribute the maximum and allow your savings to grow. Sometimes, current day-to-day living expenses can make it hard to focus on more distant retirement goals. Allow your savings to grow without interruption if you can. Don't stop your contributions or borrow money from your 403(b) account balance. You will be pleased with the positive impact to your future savings.

Remember also, that market fluctuations will occur. If you can keep saving even when the market is under performing, you have a better chance of recouping any losses over time.

Did you know:

- Fewer than half of all Americans have calculated how much they need to save for retirement.
- In 2012, 30% of private industry workers with access to an employer-sponsored retirement savings plan (defined contribution) did not participate.
- The average American spends 20 years in retirement.

Source: U.S. Department of Labor



- 1. PARTICIPATE**
- 2. MAXIMIZE**
- 3. CONSIDER FUND PERFORMANCE**
- 4. KEEP FEES IN MIND (INCLUDING VENDOR FEES)**
- 5. DIVERSIFY**
- 6. STAY FOCUSED ON RETIREMENT**

