

## Retirement Planning Newsletter

For participants of the National Plus Plan

October 2018

### START PLANNING TODAY



**How would you like to live?  
When should you retire?  
How much should you save?**  
Start thinking about retirement by assessing what you think you'll need and what you want.

An oft-cited estimate is that you'll need 85% of your pre-retirement annual income when you enter retirement, but there are many factors to consider in determining how much you should save and how much you'll spend:

- At what age do you hope to retire?
- Will you have mortgage or rent payments?
- Do you have any health concerns requiring medication or ongoing treatment?
- Do you plan to move somewhere that's either more or less expensive than your current standard of living?
- How much would you like to spend on hobbies, activities, or bucket-list items?
- Do you want to leave assets to your children?



## ASSESSING YOUR FINANCIAL HEALTH

Recent history has moved many of us to take another look at our finances—a smart thing to do in any economy. Maybe it's been a while since you took your financial temperature, or maybe this is the first time you've considered it. Either way, the time is right to make sure you are healthy, financially speaking.

### **Step One: Current Status**

Start by evaluating where you are now by tracking your current income and expenses. Do you have a budget in place? If not, that's a great place to begin. Writing down your monthly income and expenses helps you visualize where your money is going. Include a line item for discretionary purchases. Just writing it down may help you pause when deciding whether to buy those extras.

Determine your net worth by subtracting your liabilities (what you owe) from your assets (what you own). If you are not on track to reach your financial goals, then move on to **Step 2**.

### **Step Two: Make Changes**

Set some goals that will help you achieve better financial health. Make them realistic, and hold yourself accountable. For example, if you have more credit card debt than you'd like, set a goal of paying it off by a certain date. If your savings are slim, set a goal of saving enough money to cover six months' worth of expenses within three years. Check your progress six months from now. If you're on track, give yourself a small reward. If you are not progressing as fast as you'd hoped, make the necessary changes.

The key to change is becoming aware of where change is needed. Whether you need to pay off debt, save for emergencies or build up your retirement savings, you should make it a habit to save regularly. If you pay yourself first by contributing to the National Plus Plan or a savings account, you may be less tempted to spend on unnecessary purchases.

### **Step Three: Keep Going**

It can be hard to change habits. With proper motivation and periodic progress reviews, though, you can do it. Can you drive your car a year or two longer? Can you dine out less often? As you see your savings build with your thoughtful spending choices, you'll be encouraged to continue.

Remember, you are ultimately in control of your financial health. Make it happen!!



# Have You Considered These Smart Financial Moves?

An early start on saving and investing may pay off ...

Financially speaking, what should you consider doing before age 45? Your to-do list should look something like this:

## Start saving for retirement.

The earlier you can begin, the better – because the younger you are, the more compounding power you can potentially harness. A \$300 monthly investment in an account returning 7% will grow to \$787,404 in 40 years. At the same rate of return, a \$500 monthly investment will turn into \$1.31 million four decades later. (1) (This is a hypothetical example and is not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.)

## Consider investing in equities.

If you want an opportunity for your money to potentially outpace inflation, equity investments (stocks, mutual funds) give you that chance. Equity investing offers you the potential to grow your net worth over time. Keep in mind, equity investing does involve risk, including the loss of your principal value.

## Consider an emergency fund.

Some people have no “rainy day” fund and live paycheck to paycheck. If your budget allows, start building a cash reserve. As time passes, it should ideally grow to the equivalent of six months of salary, or more.

## Consider life insurance.

If you have a spouse or a family, having a policy in place is important. Should you die prematurely, the policy's death benefit could provide your loved one(s) with economic stability at a trying time, easing their financial burdens. It could even help pay outstanding debts or future college costs. The cost and availability of Life Insurance depends on many factors such as age, health, and amount of insurance purchased.

(1) Source: [money.cnn.com/2017/01/18/investing/millennials-investing/](http://money.cnn.com/2017/01/18/investing/millennials-investing/) [1/18/18]

## National Plus Plan Contact Information

For information about investing in the National Plus Plan and the funds offered, contact J.W. Thompson Investments toll free at: **1-800-929-9479**

For information about the administration of the National Plus Plan, contact the Pension Office toll free at : **1-800-452-4155**

Information about the National Plus Plan is also available on the internet at:  
[www.NationalPlusPlan.com](http://www.NationalPlusPlan.com)

Para informacion sobre el Plan Nacional Mas en espanol, contacte a la oficina del Plan de Pension al **1-800-452-4155**