In It For the Long Run?

Retirement Presentation outline, John H. Verrill, presenter

Start early, planning for leaving the field, retirement

"Failure to Prepare"

"The harsh modern-day reality is that if you do not take a proactive approach to retirement planning and allocate it properly for growth, you could be faced with the proposition of working well into your 80s or relying on your children for financial support. For those looking to avoid these situations, proper retirement planning can provide a viable path to financial stability and independence."[1]

- Some statistics show that 60% of Americans don't have retirement savings[2]
- With a preference toward more short-term employment opportunities, many millennials also tend to lack the stable income needed to even consider investing. As a result, many have little or no retirement savings. In fact, almost 50% of millennials do not have a retirement account.
- 45% will retire with no savings and 15% will have less than $10,000
- Reasons for not saving for retirement:
    - Don't make enough money to save
    - Struggling to pay bills, rent, insurance, etc
    - Won't need retirement savings, my employer has a retirement plan for me
    - My employer doesn't offer a plan
    - Priority is paying down debt
    - I will wait until later
    - My employer doesn't offer payroll deductions
- Clear that Social Security will be far different in 10-20 years than it is now, it likely will provide less monthly income and the age of access will be raised.

Thinking about the future and what you will need.

- The average monthly Social Security income for a 62-year-old is $1,992 this year.[3] However if your earnings averaged $50,000 over the period 2020-2027 (birth 1960, collect at age 67) your full benefit would be $1,569.00/Month in 2027![4]
- Millennials are the generation most likely to believe they will have to work past normal retirement age (77 percent) to have a secure retirement. More than half of Millennials are

[1] https://ph.news.yahoo.com/ownership-retirement-too-115828608.html
[2] https://finance.yahoo.com/news/survey-finds-42-americans-retire-100701878.html
[3] https://www.daveramsey.com/blog/the-truth-about-retirement-america
[4] https://www.ssa.gov/cgi-bin/benefit6.cgi

willing to save five percent or more to help ensure a financially secure retirement, which is more than double the response for that level of savings from Boomers and GenX.
- Social Security: Don't collect early! Once fully phased in for Americans born in 1960 and later, the reduction in Social Security benefits for those choosing to draw benefits at age 62 will equal 30 percent less than the benefits at the full retirement age of 67.[5]

"How can one prepare in this economy?"

Even if you start small, it's important to take a proactive approach to saving and investing for retirement. What may seem like a small sum today can be positioned for significant future growth with proper investment management and years of compounded returns.

- It is never too early or too late to begin
- Contribute to your employer's 401K, (or 403B) if your employer offers a match, be sure to put in the maximum to receive the full match. Take 15% of your gross household income and start investing it into your retirement. Start with your company's 401(k) plan and receive the full employer match. Invest the rest into Roth IRAs—one for you and one for your spouse (if you're married). When you get a raise increase the percentage of withdrawal
- Set up your own IRA (Individual Retirement Account) There are 2 types, Traditional & Roth, speak to your financial advisor to choose the best one for you.
- Don't borrow from your IRA!
- Set up automatic savings deductions, even small monthly contributions add up over time Note, if you eliminated $4 cups of coffee 5 days a week and saved that $80 per month over 20 years at 1%, you would have over $21,000.00![6]
- Budget and eliminate unnecessary expenses, ie, bring your lunch to work, carpool, get rid of your gas guzzler, shop at thrift shops, shop wisely for insurance, seek out discounts on frequently purchased household goods.
- Get a bonus? Invest it in savings or IRA; get paid mileage save the difference between the actual and what you spent.
- Buy a used (or program) car, rather than a new one. You will still have the warranty and will save a bundle. Remember, the moment you drive a new car off the dealer's lot the value drops by 10 to 30%!
- Be sure to pay your bills on time, your high credit rating score (above 700) will give access to cheaper credit on that used car or other large purchases![7]

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[5] https://www.nirsonline.org/wp-content/uploads/2019/02/OpinionResearch_final-1.pdf
[6] https://www.nerdwallet.com/blog/banking/savings-calculator/
[7] https://www.experian.com/blogs/ask-experian/credit-education/score-basics/what-is-a-good-credit-score/