



The “Y” Generation Living and Planning for Retirement in an

“i” World



A Flashback from the 90's



How much do you know about retirement?

1. How old is the oldest living person?

- 103
- 109
- 105
- 114

2. What is the average retirement age in America?

- 61
- 62
- 65
- 67

3. If you had \$100,000 for retirement today, how much might a financial advisor suggest you take out a month so you never run out?

- \$100
- \$333
- \$427
- \$502

4. What is the average amount of money retirees receive each month from Social Security?

- \$1,062
- \$1,400
- \$1,900
- \$2,300

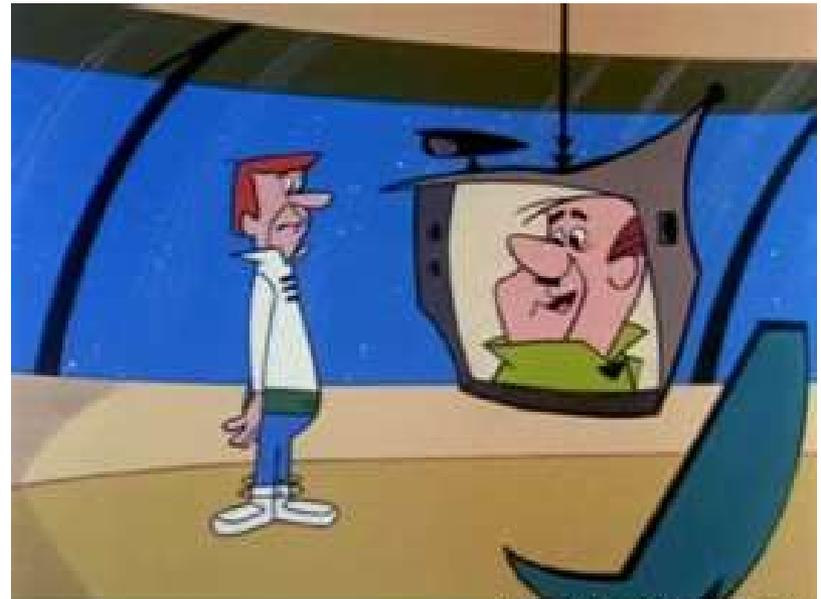
1. Guinness World Records 2009
2. U.S. Bureau of Labor Statistics 2009
3. <http://money.cnn.com/2006/12/19/pf/expert/expert.moneymag/index.htm?postversion=2006121912>
4. <http://www.ssa.gov> September 2009

As technology has drastically changed...

Fred Flintstone had the right idea in the 1960's...



But who would have thought that we would be the Jetsons *today*?



Hanna-Barbera/fall of ten.net

the need for retirement planning has changed too!

“Retirement as we know it is dead.
It’s no longer an *end*; it’s a **turning point**.”

THEN



NOW



A chance to take a break and then reinvent yourself.”

The risks you face in retirement

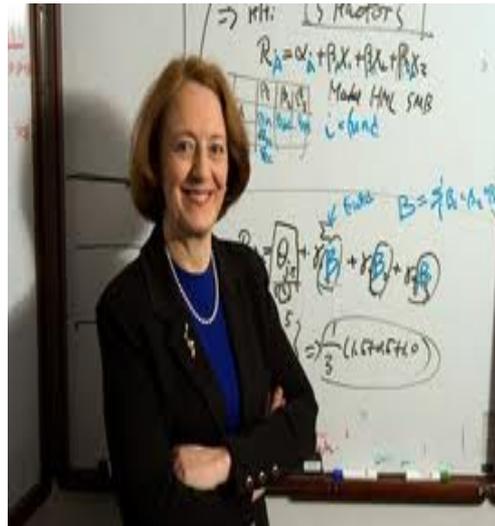
- Out living your money
- Relying on traditional sources of retirement income
- Ignoring inflation
- Spending too much, too soon



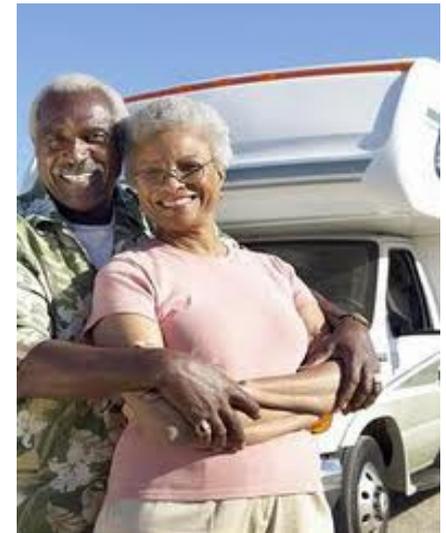
Will “Y”ou outlive your money?



Half of all men age 65 are expected to live beyond 85, and one in four will live beyond 92



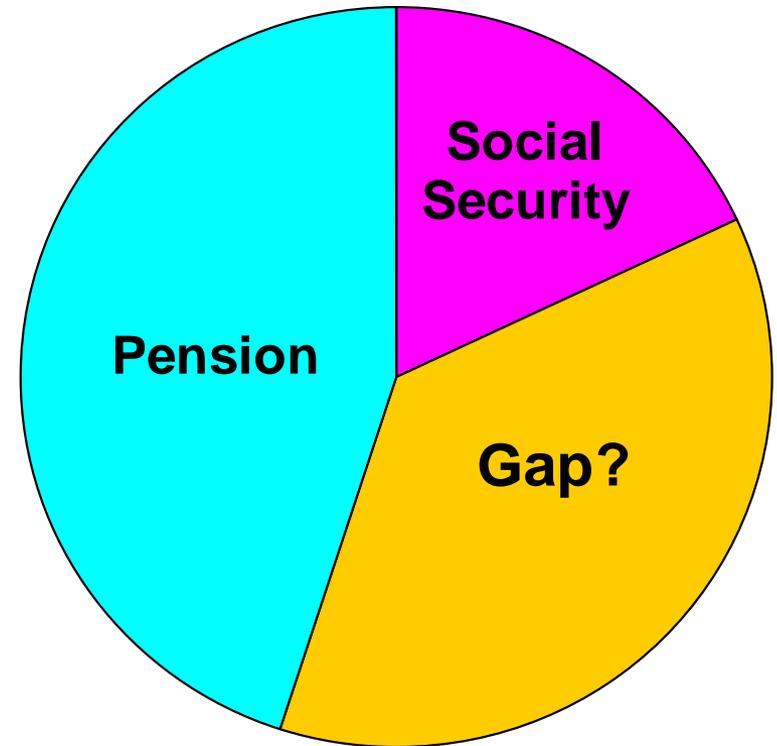
Half of all women age 65 are expected to live beyond 88, and one in four will live beyond 94



In half of all couples Age 65, one person is expected to live beyond 92, one in four will live beyond 97

Sources of Post-Retirement Income

- ✓ Pension \$ _____
 - ✓ Social Security \$ _____
(decide when to begin benefits)
 - ✓ 401(k)/457(b), 403(b) \$ _____
 - ✓ Traditional/Roth IRA \$ _____
 - ✓ Other Investments \$ _____
 - ✓ Part-time job \$ _____
- TOTAL \$ _____



Are You Saving Enough?

What you need to know about Social Security Benefits

Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until... your <u>full retirement age (67 years)</u> , your payment would be about.....\$ 1,578 a month age 70, your payment would be about\$ 1,967 a month If you stop working and start receiving benefits at... age 62, your payment would be about\$ 1,088 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about.....\$ 1,442 a month
*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.
*Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits: Your child.....\$ 1,125 a month Your spouse who is caring for your child.....\$ 1,125 a month Your spouse, if benefits start at full retirement age.....\$ 1,501 a month Total family benefits cannot be more than\$ 2,762 a month Your spouse or minor child may be eligible for a special one-time death benefit of \$255.
Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.

*** Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2037, the payroll taxes collected will be enough to pay only about 76 percent of scheduled benefits.**

We based your benefit estimates on these facts:

Your date of birth (please verify your name on page 1 and this date of birth).....	April 5, 1969
Your estimated taxable earnings per year after 2009	\$43,117
Your Social Security number (only the last four digits are shown to help prevent identity theft)	XXX-XX-1234

State Retirement Agency

Personal Statement of Benefits

Your Estimated Monthly Retirement Benefits

RETIREMENT BENEFITS

	<u>Early Service</u>	<u>Service Retirement</u>
Retirement Date	February 2013	February 2020
Retirement Age	55	62
Lifetime Monthly Estimated Allowance	\$ 584	\$ 1,370

RETIREMENT BENEFITS: The estimated monthly projected lifetime benefits are based on the assumptions that (1) your earnings will remain constant until you retire; (2) the provisions of your plan remain unchanged; (3) you have made all required contributions prior to retirement (i.e., no deficiency); and (4) all projected future credit is assumed to be full time. Any part time employment may result in service credit adjustments and a reduction in your monthly retirement benefits.

Calculations for correctional officers assume a minimum of five years in an eligible correctional officer classification immediately preceding retirement. Calculations for maximum security attendants assume that past and projected service is in an eligible maximum security attendant classification. Certain elected and appointed officials may be eligible for full benefits after 16 years of service.

The estimated monthly amounts shown are the basic allowances which are the largest benefit amounts that would be paid. At retirement, you may choose another benefit option which will provide a lower monthly benefit to you than shown here while providing some form of protection to your beneficiary(ies). The estimates also do not reflect payment to an alternate payee under an eligible Domestic Relations Order.

“i”nflation: The Silent Thief!

Average Cost in 1990's	Average Cost in 2010	Anticipated Cost in 2040
New House \$ 123,000	\$ 232,880	\$ 565,260
New Car \$ 16,000	\$ 28,400	\$ 68,934
Movie Ticket \$ 4.50	\$ 10.00	\$ 24.00
1 Gallon of Gas \$ 1.34	\$ 2.73	\$ 6.63
www.thepeoplehistory.com Anticipated cost for 2040 is based on a 3% inflation rate		

The Rule of 72

Compounding is powerful!

- Invest as much money as possible early on so your money has longer to work for you.

72 / Rate of Return
= number of years to
double in value

Ex. $72/1\% = 72$ years

$72/9\% = 8$ years



Time is Money!

Your Monthly Investment of \$100

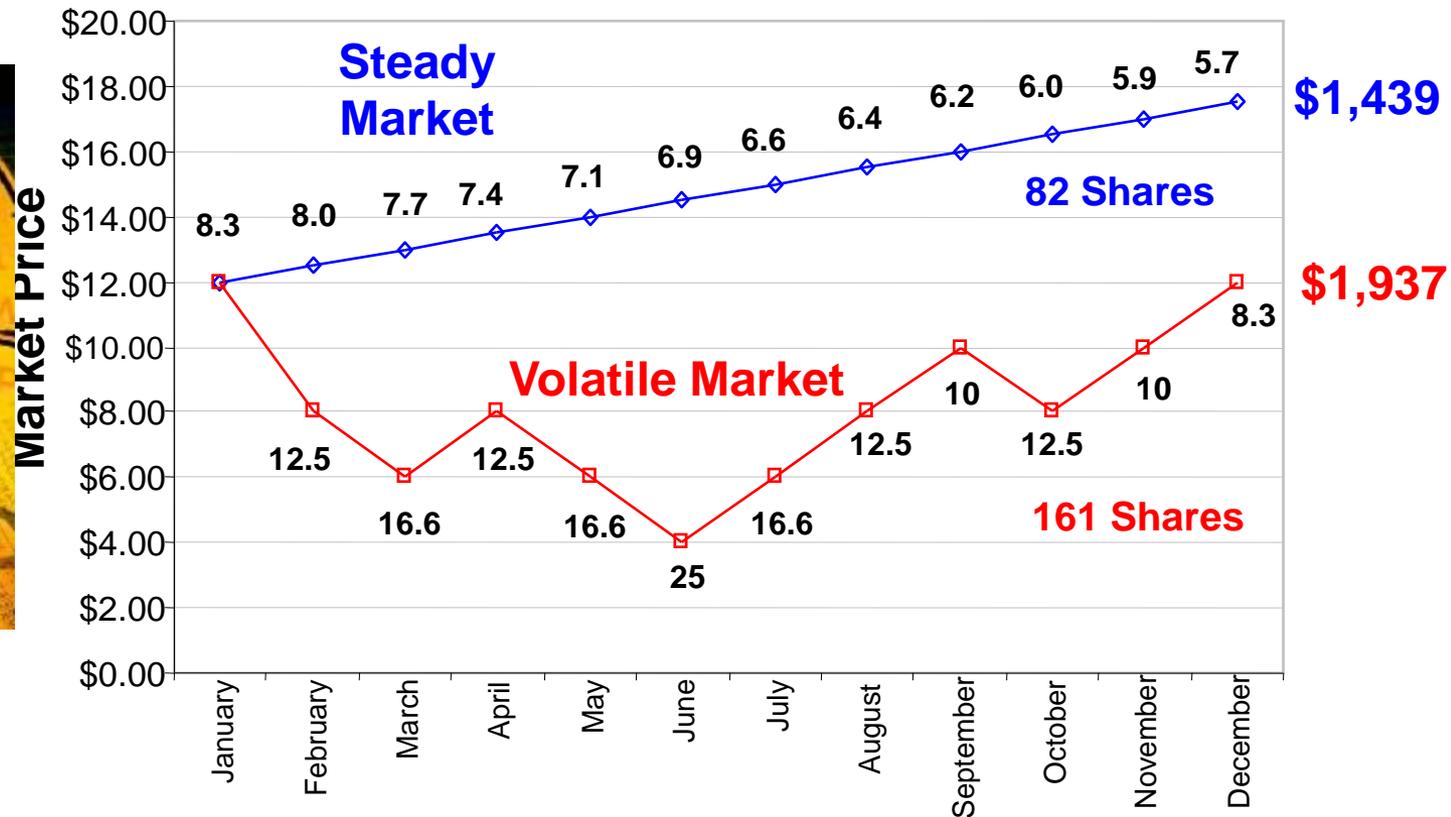
Starting Age	Total amount contributed through age 65	4% rate of return	7% rate of return	9% rate of return
25	\$48,000	\$118,590	\$264,012	\$471,643
30	\$42,000	\$91,678	\$181,156	\$296,385
35	\$36,000	\$69,636	\$122,709	\$184,447
40	\$30,000	\$51,584	\$81,480	\$112,953
45	\$24,000	\$36,800	\$52,397	\$67,290
50	\$18,000	\$24,691	\$31,881	\$38,124
55	\$12,000	\$14,774	\$17,409	\$19,497
60	\$6,000	\$6,652	\$7,201	\$7,599

Investing involves risk including possible loss of principal. Please consult your tax advisor for more information.



Dollar Cost Averaging

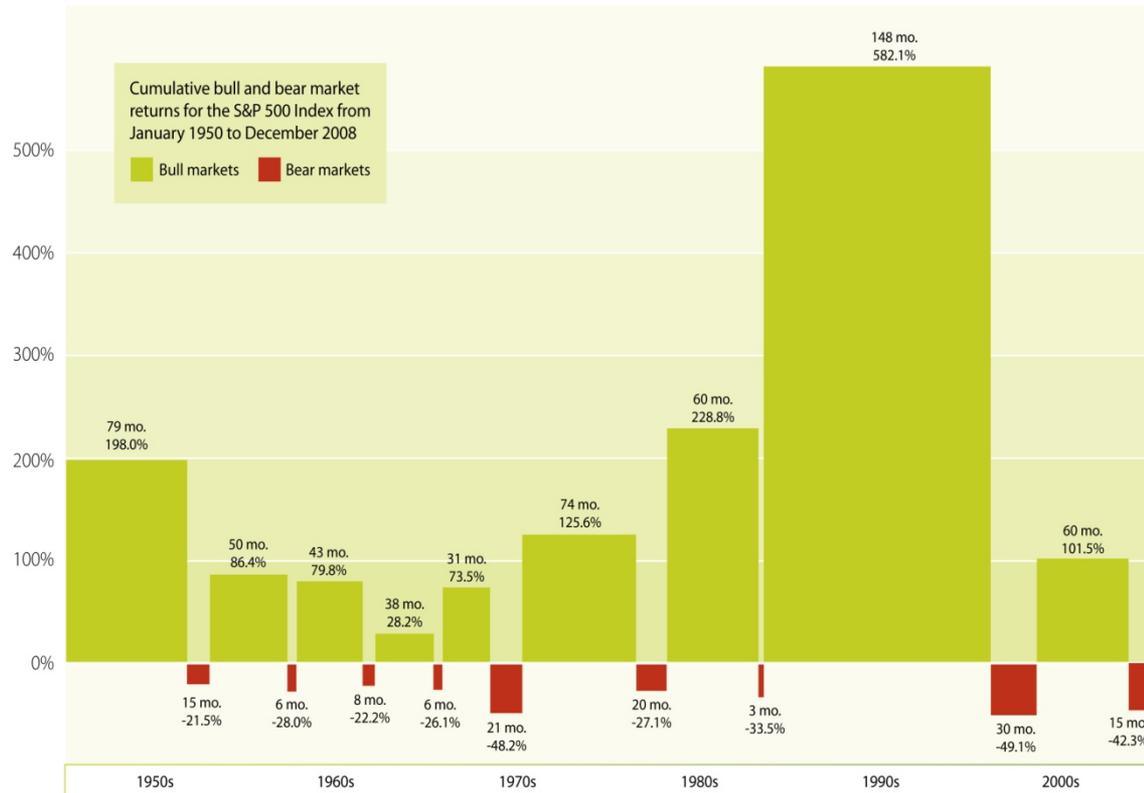
If you invest regularly, which is the winner?
(based on \$100 per month investment)





Look to history for perspective

Bull markets, on average, last nearly five times as long as bear markets



While down (*bear*) markets may be more memorable, the truth is they have been historically brief compared to up (*bull*) markets.

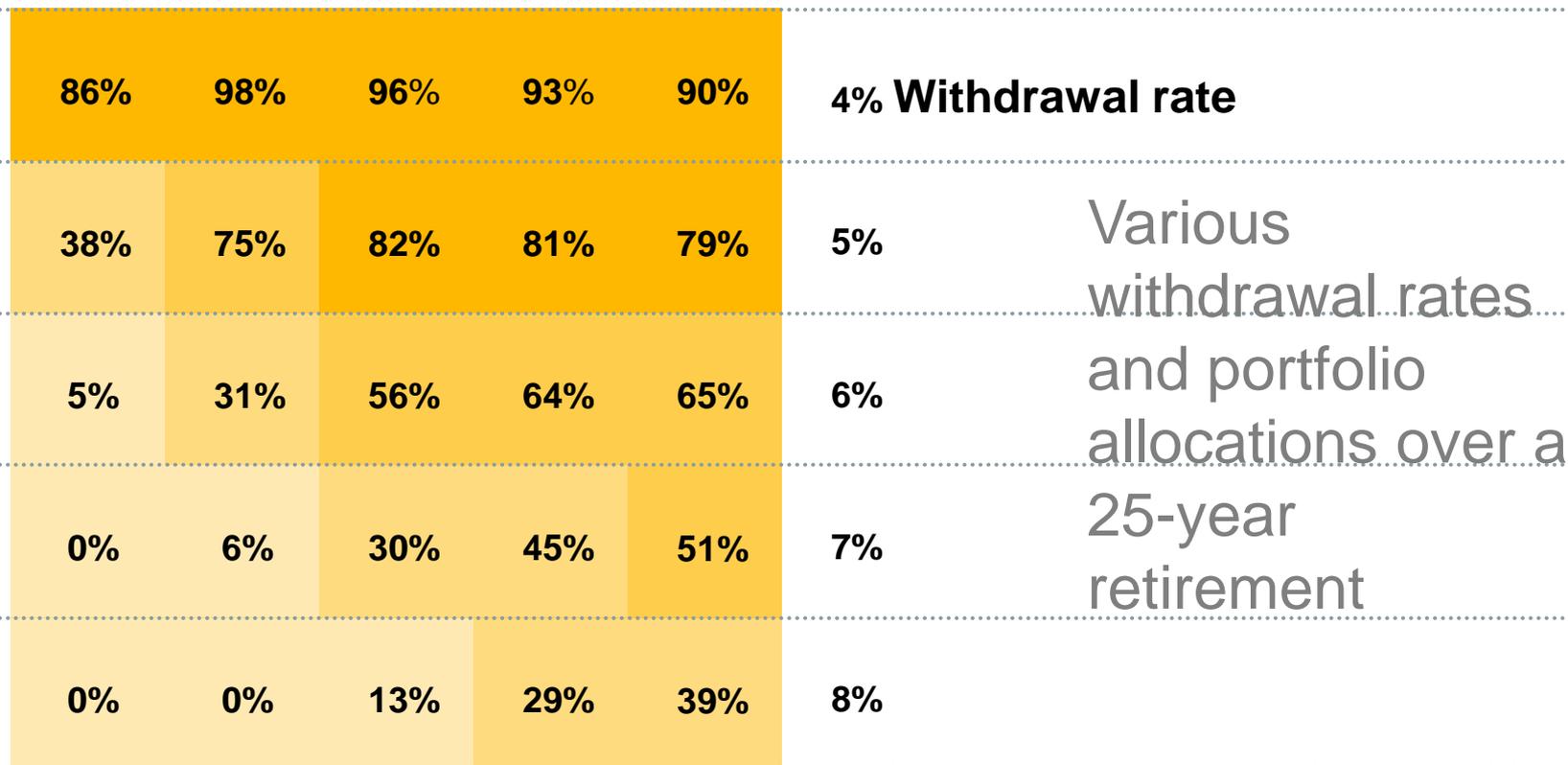
- *Since 1950, the nine bear markets have each lasted, on average, just 13 months. The nine bull markets over that same period have each lasted an average of 60 months*
- *Market downturns can actually provide investing opportunities for those ready to take them*

The average bull market gained 141%

The average bear market lost 32%

*Source for index data: Commodity Systems, Inc. The Standard & Poor's (S&P) 500 Index is an unmanaged, capitalization-weighted index of 500 widely held stocks of large U.S. companies that gives a broad look at how the stock prices of large U.S. companies have performed. It doesn't incur the fees and expenses that an actual portfolio would incur, which would reduce performance if included. You can't invest directly in any market index. Past performance of an index is not an indicator of future results.

Probability of Meeting Income Needs



100%
Bonds



75% B
25% S



50% B
50% S



25% B
75% S



100%
Stocks



IMPORTANT: Projections generated by Morningstar regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results may vary over time and with each simulation. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2011 Morningstar, Inc.

How can “i” change my future today?

- If not already enrolled..... Enroll **TODAY!!**
- Increase contributions every year
- Use the asset allocation questionnaire to guide your investment decisions or use the *Target Date Retirement Funds*
- Review account and allocation annually



On Your Side INTERACTIVE RETIREMENT PLANNERSM

- 1 Set a goal
- 2 Track progress
- 3 Review options

You've invested for retirement, but will it be enough to do what you want to do?

- Find out right now! In less than 10 minutes:**
- set a retirement goal
 - track retirement plan progress
 - get suggestions to improve retirement outlook

Retirement plan, investment account, Social Security or pension statements can be used with this planner, but aren't necessary.

Help is a phone call away - call 1-800-545-4730 if you have trouble using this tool.

*Required Field

*Current age? years old

*How many years in retirement?

Start at age **65** Until age **85** **20** years in retirement

*Current annual income? \$

Next >

Contribute as much as possible!

Use the “Interactive Retirement Tool” at Marylanddc.com

“When you’re finished changing, you’re finished.”



— Ben Franklin

American Statesman, Inventor

“i”

need to save for retirement!

“i”

need to start today !!!

Will “Y”ou be financially prepared
for what’s to come?





Account Changes and Questions



Nationwide[®]
Retirement Solutions

a Nationwide[®] Financial company

- ✓ *Internet Access - www.MarylandDC.com*
 - ✓ *Nationwide Retirement Solutions currently administers MSRP accounts [401(k), 457, 403(b) and 401(a)]*
 - ✓ *For enrollment or to change your deferral, or investment options or to check your balance call 1-800-545-4730*
- Live assistance 8:00am – 11:00pm Monday - Friday*
- ✓ *Use attached Participation Agreement to change name, address, deferral amount (including deferral of annual leave) and update beneficiary information.*



Questions/Seminars

Maryland Teachers & State Employees' Supplemental Retirement Plans

410-767-8740 or 1-800-543-5605

Web Site: www.msrp.state.md.us

For comments or requests for educational seminars at your workplace