

Retirement




Retirement is something that most, if not all of us are looking forward to. Traveling and spending time with family are probably the things that we associate with retirement; however, in order to retire a lot of planning needs to occur first. The amount of planning and work in order to retire can be daunting and overwhelming. It is never too early to start thinking about retirement, so the HR department has decided to focus this month's newsletter on the topic.

The HR department began offering a Retirement Toolkit to employees that will reach 55 or older within the 2010 year. This toolkit offers information that may be helpful to begin the process. Other employees may wish to contact some of the services listed below:

- ❖ **Ease@Work**, the company Employee Assistance Program, offers personalized retirement coaching. Some of the other features of Ease@Work are Financial Planning and Budgeting. If you wish to contact Ease@Work, you can call 1-800-521-3273 or fill out an online request at www.easeatwork.com/EASEy. Our company ID is Clark and password is EASE.
- ❖ A representative from **Planworks**, the company 401k administrator, will be on-site March 9th at 2:00 p.m. for our quarterly enrollment meeting. The representative reviews the 401k plan and can answer questions regarding our 401k plan.

Contact Courtney Johnson at ext. 224 if you are interested in attending the 401k meeting on March 9th.

March 2010

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
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Medical Mutual coverage starts
March 1st
401k Meeting
March 9th



Last day to incur expenses for 2009 FSA plan year
March 15th
401k Forms due
March 17th

The 10 Myths of Retirement Planning

January, 2010 American Association of Individual Investors

Here are some of the most common myths and how you can bring reality into focus.

Myth #1: You will not need as much money during retirement as you do now.

The general rule of thumb says that you will need approximately 70% of your pre-retirement income in order to maintain a lifestyle similar to that which you currently have. This may be true if you live your current lifestyle. However, when you retire, you will have more free time for travel, leisure activities, hobbies, and other things you might like to do during your retirement years. In addition, medical expenses will increase at a faster rate than they likely did during your pre-retirement years. Also, your overall tax rate may not drop very much.

Myth #2: My retirement years won't last all that long.

The fact is, today individuals in their 50s and 60s are generally healthier than previous generations. Currently, if you are age 65 your life expectancy is approximately 21 years, which is a long time to plan for. And you may live longer than you may think. A "life expectancy" of 21 years means you have a 50% chance of dying by year 21-and a 50% chance of living longer.

Myth #3: You can afford to start planning for your retirement a few years before your retirement date.

In fact, it is never too soon to begin planning for your retirement. Time is one of the most powerful tools in the accumulation of wealth. The sooner you start to accumulate assets and plan for your retirement years, the better—the less you will need to set aside each year in order to achieve the same objective. In order to achieve your various financial objectives, you need to have an active savings and investment program. This should be geared not only for your retirement years but also for the large obligations you believe will be coming up in the future such as college funding, weddings, etc. You should start to discuss and set specific goals for your financial independence at least 25 years ahead of time.

More →

The 10 Myths of Retirement Planning cont.



Myth #4: Social Security will provide enough income for my retirement years.

The fact is that Social Security accounts for approximately 38% of the average retiree's income. Although increases in benefits have occurred and may continue to occur, it is likely they may become less generous than they have in the past. In addition, the age that you must reach in order to receive full retirement benefits is increasing over the next few years. Thus, it is becoming ever more important for you to accumulate your own funds in addition to whatever the government programs can provide. Social Security should be considered a supplemental benefit to your retirement financial planning and not the foundation on which it should be built.

Myth #5: I have my pension plan to provide for my retirement income and will not need any additional savings.

The truth is that without planning well in advance, it will be difficult to tell whether your pension, combined with Social Security, will or will not achieve your financial objectives. If you are at a company that offers a defined-benefit plan, your retirement benefit will be a monthly income stream based on some percentage of your salary during the last few years of your employment at the firm and the number of years you worked there. However, most employees do not stay with one employer for a long period of time and are unable to accumulate much in earned benefits. In addition, many employers have replaced defined-benefit plans with 401(k) plans, allowing employees more say in the management of these funds. It will be increasingly important for you to make the proper investment decisions if you are to achieve the accumulation level you need in order to live the lifestyle you would like during your retirement years.

Myth #6: Medicare will take care of my health insurance.

Typically, Medicare pays less than half of a retiree's medical bills, and you usually cannot start collecting this until age 65. You will need to look at and plan for the costs involved for your health insurance during the retirement years and consider Medicare supplements and possibly long-term care insurance coverage. These are costs that many current workers never had, or incurred minimally, during their working years but which will be a major part of their annual budget in retirement.

Myth #7: All of my assets are in safe vehicles for long-term accumulation and do not need to be watched closely.

The fact is that all investments need to be watched. And that is true whether you are invested in more volatile but higher-long-term-growth stocks, or less volatile but lower-returning fixed-income investments. The loss of purchasing power can be a devastating risk to deal with because it happens gradually over a long period of time and many times goes unnoticed year to year. The only thing you know is that things seem to get a little bit tighter each year, but you still try to make it. By the time you realize you need to make major adjustments, it is almost too late.

Myth #8: I can always use the equity in my home to add to my retirement income.

While it is possible that this could occur, it is unlikely that this will add much to your retirement income, especially without making you extremely uncomfortable. Some areas of the country have seen price drops in homes at various time periods. In addition, other costs to maintain your home such as property taxes, repair costs, etc., will tend to increase. If you do use your home to supplement your retirement income, remember to take advantage of all the tax breaks available to you, especially when downsizing.

Myth #9: If need be, my family can always help me out.

The fact is that many people use this as an excuse for delaying retirement planning. But, in reality, no one wants to rely on other family members to help them financially fund their retirement years. If anything, these are the years when you want true financial independence and do not want to feel as if you are a burden on your family.

Myth #10: Money is everything when it comes to retirement planning.

Nothing could be further from the truth! While money is important, it is the lifestyle decisions that are really the most important concerns for your retirement years. Money is important in that it is needed in order to finance the lifestyle decisions you make. For that reason, it is important to plan as early as possible for funding the lifestyle you would like to lead.