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2 March 2021

Session 1 Financial Basics

Session 2 Managing Money

Session 3 Investing

**Session 4 Insuring Security:
retirement and insurance**

Session 5 Life events



MONEY TALK



What is
retirement?

Shared responsibility for retirement



Pensions
+
Social Security
+
Personal Savings

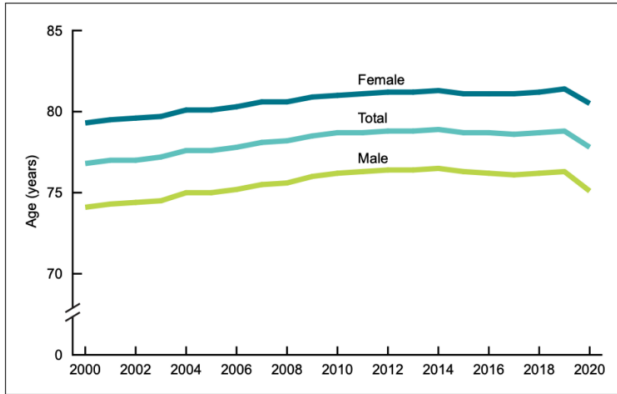
Retirement Planning

The Big Retirement Decisions

1. When to retire.
2. How much money needed for retirement.
3. When to start taking Social Security.

Life expectancy in the US

Figure 1. Life expectancy at birth, by sex: United States, 2000–2020



NOTES: Life expectancies for 2019 by Hispanic origin and race are not final estimates; see Technical Notes. Estimates are based on provisional data from January 2020 through June 2020.
SOURCE: National Center for Health Statistics, National Vital Statistics System, Mortality data.

Overall U.S. life expectancy is 77.8 years (males, 75.1, females 80.5)

- Hispanics: 79.9
- Whites: 78
- Blacks: 72

FINRA retirement calculator

<https://www.finra.org/investors/tools-and-calculators>

FINRA

Rules & Guidance

Registration, Exams & CE

Events & Training

Inputs

How much have you already saved for retirement?	<input type="text" value="\$25,000.00"/>
How much money will you need (after taxes) each year to cover all your living expenses once you have retired?	<input type="text" value="\$50,000.00"/>
What is the annual income you expect to receive from other sources?	<input type="text" value="\$10,000.00"/>
Will this income be taxed in Retirement?	<input type="text" value="Yes"/>
Current Age	<input type="text" value="30"/>
Retirement Age	<input type="text" value="67"/>
Withdraw Until Age	<input type="text" value="86 (about average life expectancy for a Male age 65 today)"/>
Inflation Rate	<input type="text" value="3.4 %"/>
Current Tax Rate	<input type="text" value="28.00 %"/>
Retirement Tax Rate	<input type="text" value="25.00 %"/>
Assumed Average Annual Return	<input type="text" value="5.0 %"/>
Which type of account will be your primary retirement savings account?	<input type="text" value="Roth IRA"/>
Adjust Deposits for Inflation	<input checked="" type="checkbox"/>

Calculate Reset

FINRA retirement calculator

<https://www.finra.org/investors/tools-and-calculators>

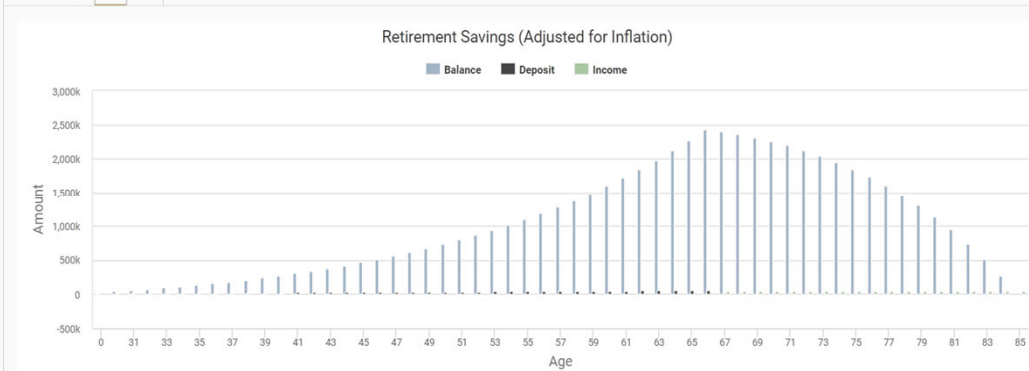
Report:

You need to invest **\$21,364** annually in post-tax dollars until you retire to meet your retirement income goal.

This estimate is based on your Desired After-Tax Retirement Income of \$50,000.00 that you entered above. It takes into account your Annual Income from Other Sources and your Current Retirement Savings. Your total account value when you reach retirement age will be **\$2,431,748**, based on total contributions of \$1,097,857.78 (or \$640,478.47 in today's dollars) and on your Current Retirement Savings .

Results

Retirement Analysis **Chart** Details



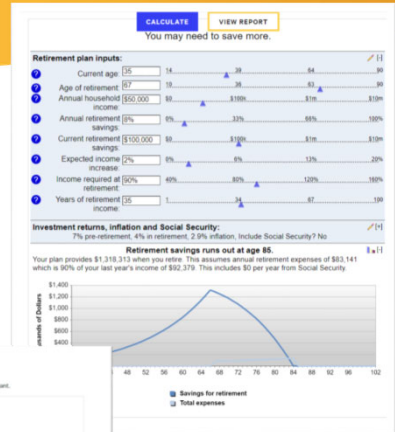
Important Information About This Calculator

Important: The retirement calculator was designed to help investors plan a basic investing strategy. While it is a helpful tool, you should understand its limitations. The results generated by this calculator are hypothetical. The calculator assumes that the savings, interest and inflation rates remain the same each year. This tool does not take into consideration all potential tax impacts especially where there may be a mix of taxable and non-taxable savings products (e.g., a 401(k) account and a Roth IRA). Additionally, some retirement products may include fees not factored into

Other Calculators

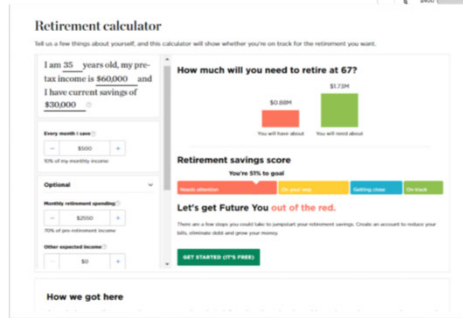
Bankrate.com

<https://www.bankrate.com/retirement/calculators/retirement-plan-calculator>



Nerdwallet

<https://www.nerdwallet.com/investing/retirement-calculator>



Retirement Expenses?

Expected [AND UNEXPECTED] RETIREMENT EXPENSES



Add it up

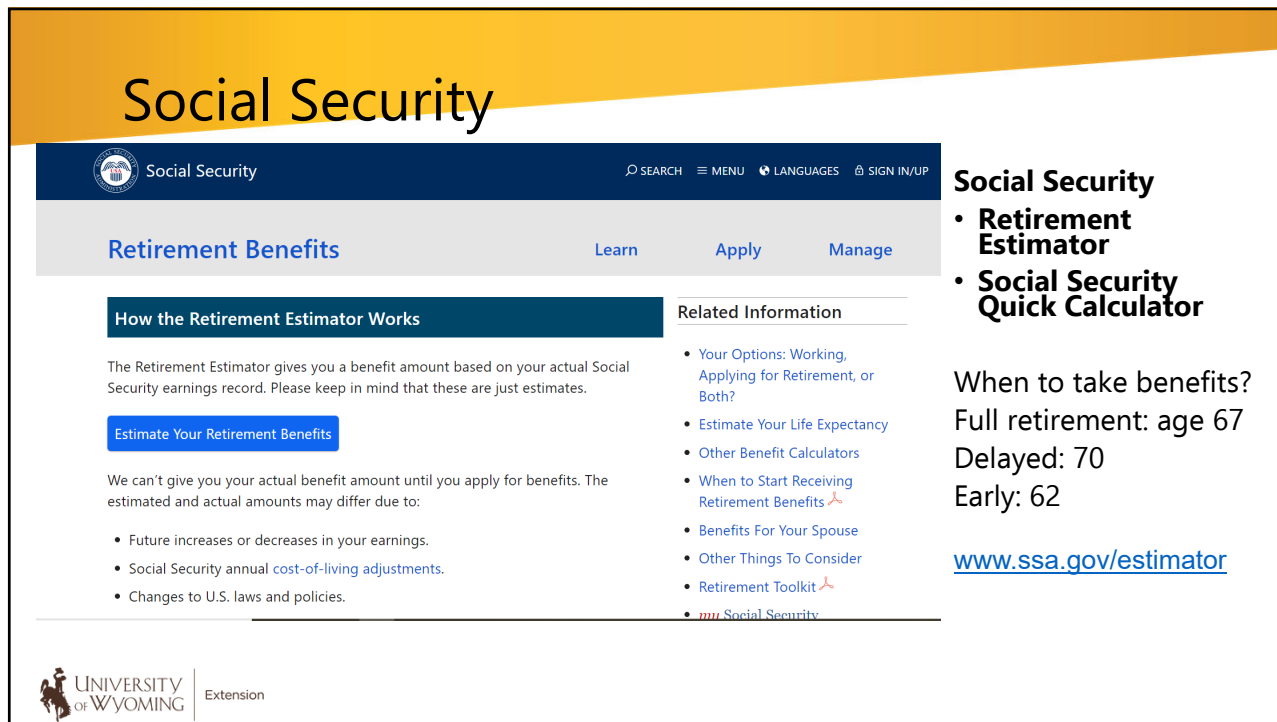
Current take-home pay	\$4,300/month
Expenses covered by employer	\$350
Extra expenses	\$500
Housing	-\$1,000
Total	\$4,150

\$49,800/year x 20 years
= **\$996,000**

Try the Vanguard retirement expense calculator:

<https://investor.vanguard.com/calculator-tools/retirement-expenses-worksheet>

Social Security

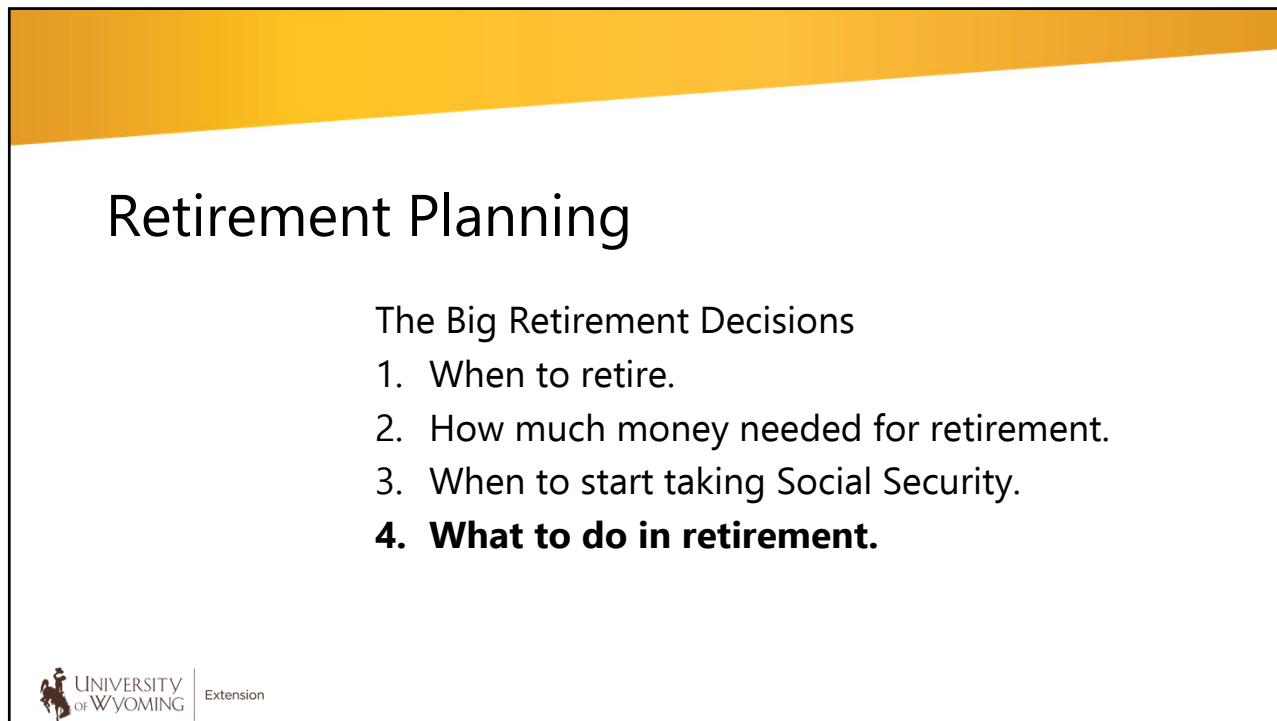


The screenshot shows the 'Social Security' page on the University of Wyoming Extension website. The page is titled 'Social Security' and features a navigation bar with 'SEARCH', 'MENU', 'LANGUAGES', and 'SIGN IN/UP'. The main content area is titled 'Retirement Benefits' and includes a sub-section 'How the Retirement Estimator Works'. This section explains that the estimator provides a benefit amount based on actual Social Security earnings records and notes that these are just estimates. A button labeled 'Estimate Your Retirement Benefits' is present. Below this, a list of factors that can cause estimated and actual amounts to differ is provided: future increases or decreases in earnings, annual cost-of-living adjustments, and changes to U.S. laws and policies. A 'Related Information' section lists links to 'Your Options: Working, Applying for Retirement, or Both?', 'Estimate Your Life Expectancy', 'Other Benefit Calculators', 'When to Start Receiving Retirement Benefits', 'Benefits For Your Spouse', 'Other Things To Consider', 'Retirement Toolkit', and 'my Social Security'. On the right side of the page, there are two main bullet points: 'Retirement Estimator' and 'Social Security Quick Calculator'. Below these, the text asks 'When to take benefits?' and lists 'Full retirement: age 67', 'Delayed: 70', and 'Early: 62'. A link to 'www.ssa.gov/estimator' is provided at the bottom right. The University of Wyoming Extension logo is visible in the bottom left corner of the screenshot.

Retirement Planning

The Big Retirement Decisions

1. When to retire.
2. How much money needed for retirement.
3. When to start taking Social Security.
- 4. What to do in retirement.**



The slide features a yellow header and footer. The main content area contains the title 'Retirement Planning' and a sub-section 'The Big Retirement Decisions' followed by a numbered list of four key retirement decisions. The University of Wyoming Extension logo is located in the bottom left corner.

“Need to Knows”

- Women live longer
- Pre-retirement decisions will affect retirement goals
- Retirement income will be from various sources
- Social Security – might cover 24% to 40% of retirement needs
- Contribute as much as you can to retirement funds
- Even low inflation will erode your nest egg
- Some expenses will decrease in retirement, other increase

Considerations

- What will happen to Social Security?
- Inflation
- Catastrophes
- Taxes
- Procrastination
- Inflexibility
- Personal issues

Traps

- Failing to plan
- Thinking of retirement as never having to work again
- Underestimating life expectancy
- Not involving others
- Chasing silver bullets

Tools

- Systematic savings
- Diversification
- Tax deferred savings and compounding
- Defining and managing your own expectations