

## **Supplemental Retirement Plans**

### **April 2019**

Retirement planning involves smart choices for your secure future. Among the smart choices many retirees wish they'd known about sooner are . . . supplemental retirement plans.

Times change. Expenses rise. Additional saving is not just an option. It's a necessity.

You will likely need at least 75% of your current income to live comfortably in retirement. And that percentage continues to grow.

While your STRS Ohio pension will comprise part of your retirement income, additional savings — such as a supplemental retirement plan — can improve financial security.

Supplemental retirement plans are voluntary savings accounts.

They enable you to save for retirement on a tax-deferred basis or with tax-free growth. The 457(b) governmental plan and 403(b) plan are employer-sponsored options.

When evaluating the best savings options, keep these considerations in mind.

- How long until you plan to retire?
- What is your current tax rate and your anticipated tax rate in retirement?
- How will the savings contributions impact your taxable income?
- And, what is your self-discipline in being able to save money?

It's best to start your retirement planning at the beginning of your career, but it's never too late to get started.

The earlier you start saving, the more time your money has to compound and grow.

If you're getting a late start, keep in mind some retirement savings plans have higher "catch-up" contribution limits at age 50 and older.

The answer to the question of how much to save is not a one-size-fits-all. The answer depends on you!

Figuring out the right amount of retirement savings depends primarily on the retirement lifestyle you see for yourself. When you're thinking about retirement savings, there are two other very important factors to include in your planning.

One factor is health care. These costs continue to escalate nationwide. In addition to including health care premiums in your retirement budgeting, make sure you include out-of-pocket expenses related to deductibles, coinsurance and prescription drugs.

Another important factor is to plan for longevity. Although hard to predict, your number of years in retirement can significantly impact the amount of savings needed.

Your path to financial security in retirement begins with three key steps.

- Enroll in a supplemental retirement plan.
- Establish your short-term and long-term financial goals.
- Determine your retirement wish list.

If you're interested in the 457(b) governmental plan, contact Ohio Deferred Compensation or visit their website.

If you're interested in a 403(b) plan, ask your employer for further details.

Enrollment is easy to complete on your own, but if you prefer help, you could consult a tax or investment professional.

Smart choices, such as supplemental retirement plans, can better position you for a financially secure future. Start saving today!