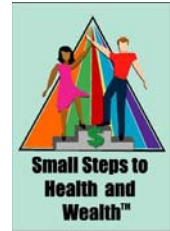


RETIREMENT... PLAN FOR IT



Retirement comes *QUICKLY...* and many people are not prepared. Test your retirement \$marts below.

TEST YOUR KNOWLEDGE

1. What percentage of Baby Boomers are very confident about having adequate savings for retirement?
 - A) 15%
 - B) 45%
 - C) 70%
2. **TRUE** or **FALSE** A Montana Medical Savings Account (MSA) and a Health Savings Account (HSA) are two names for the same account.
3. What was the personal savings rate in 2006? _____
4. In Montana, Social Security benefits were received by 93.4% of which group in 2004?
 - A) age 65+
 - B) widows and widowers
 - C) disabled workers
5. In 2006, the average yield on passbook savings was _____%.

ANSWERS: 1. A, 2. False, 3. -1.5%, 4. A, 5. 1.35%



DID YOU KNOW...

- 31% of workers age 40 or older have not yet saved **any** money for their retirement.
- 58% of current retirees report that Social Security is a **major** source of income.
- 40% of workers and 33% of retirees are **not** confident they can pay for long-term care.

Someone born in 1900 was expected to live **47 years**, while someone born in 2002 is expected to reach the age of **77!**



HENRY and **CAROL** desire an annual retirement income of \$40,000 and intend to stop working at age 65. They'll need about \$395,000 in savings in order to supplement their Social Security income for 20 years.



But... if they end up living to 100, they'll need more than 1.5 times that amount -- a portfolio worth over \$600,000 -- so they can maintain the same lifestyle in retirement!

RETIREMENT QUICK TIPS

1. Save as much as you can as early as you can.
2. A 401(k) is one of the easiest and best ways to save for retirement.
3. An IRA also can give your savings a tax-advantaged boost.
4. Focus on your asset allocation more than on individual picks of stocks.
5. Making tax-efficient withdrawals can stretch the life of your nest egg.

INVEST EARLY



Sally Saver (age 22) puts away \$3,000 per year in her IRA account earning 10% for 10 years, then stops.

Total Invested: \$ 30,000
Total Earned: \$ 1,239,564

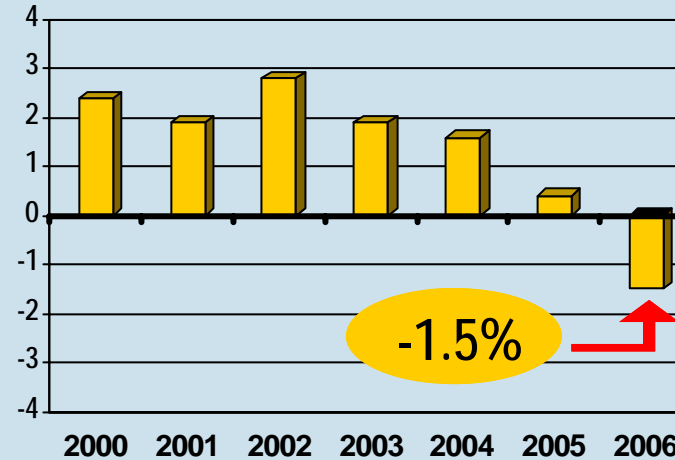


Ed Uniformed waits until he is 28. He contributes \$3,000 to his IRA account earning 10% for 38 years.

Total Invested: \$ 114,000
Total Earned: \$ 1,102,331

PERSONAL SAVINGS RATE DECLINE

(Percent of disposable personal income)



From 1980 through 1994, the U.S. savings rate averaged 8%; thereafter, it fell.

COMPARE THIS...

Age you start to save	Savings per month (5 percent rate of return)	Amount saved for retirement at age 65
40	\$200	\$262,612
45	\$200	\$181,990
50	\$200	\$118,733

FAST FACTS:

- Only 25% of current retirees have a traditional defined benefit plan.
- About 41.4% of U.S. households owned IRAs in 2005.
- Half of the workforce have **no** retirement plan at their place of work.



FOR MORE INFORMATION:

- Estimating the Amount to Save for Retirement (MT19805HR) www.montana.edu/wwwpb/pubs/mt8905.html
- Shopping for an IRA (MT199807HR) www.montana.edu/wwwpb/pubs/mt200207.html
- Montana Medical Care Savings Accounts (MT199817HR) www.montana.edu/wwwpb/pubs/mt9817.html
- Track'n Your Savings Goals (MT200303HR) www.montana.edu/wwwpb/pubs/mt200303.html

...or contact your County Extension Office



Credit: Hanna Meccage — Montana State University, Family and Consumer Sciences Education/Extension Intern