

# Are you ready for LIFE?

*Being prepared may save your loved ones lots of stress*

# Life Events we “may” need to be prepared for.....

- \*Finishing College and College Debt
- \*YOU
- \*Career and Resume
- \*Invest/Retirement Planning
- \*Life Planning
- \*Debt Containment and Paying Off Debt
- \*Home

Life Events we “may” need to be prepared for...continued

\*Sharing Life With Someone

\*Vacations/Fun Time

\*Children/College

\*Life after Children

\*Mid Life

\*Retirement

\*Finishing Life

# Life after college.....

I have graduated....now what!

-Hopefully career is started - you have a job!

\*\*Update resume as often as possible/Professional portfolio

\*\*Don't go and buy.....be patient

\*\*Goal for college debt (time frame), pay off early

\*\*Goal for next phase in career

\*\*Beneficiaries (constantly changing as life does)

## Beneficiaries continued

- All banking accounts
- TRS
- Social Security
- Any insurance policy (including NEA Dues Tab, School)
- 401/403/529 Investments
- IRA plans (Beneficiaries receive these when you pass, not estate)
- Stocks/Bonds
- Collections (coins, comics, etc... in will with wishes)
- Do you have 3-6 months of expenses (funds) put aside?

# Most important investment..

**\*\*YOU**

\*\*Mentally and physically

\*\*You can have all the money in the world, but if you pass at 50, you really didn't have it all.

\*\*Goals for investing for retirement should include goals for you.

\*\*We do oil tuneups for car, but how often do we go for tune ups for our body??

\*\*What brings you happiness, pursue that activity

# Investment and Retirement Planning

## -TRS (Teacher Retirement System)

TRS of IL <http://trs.illinois.gov/members/POA.htm> (general info)

TRS Meeting Dates <http://trs.illinois.gov/members/meetings.htm>

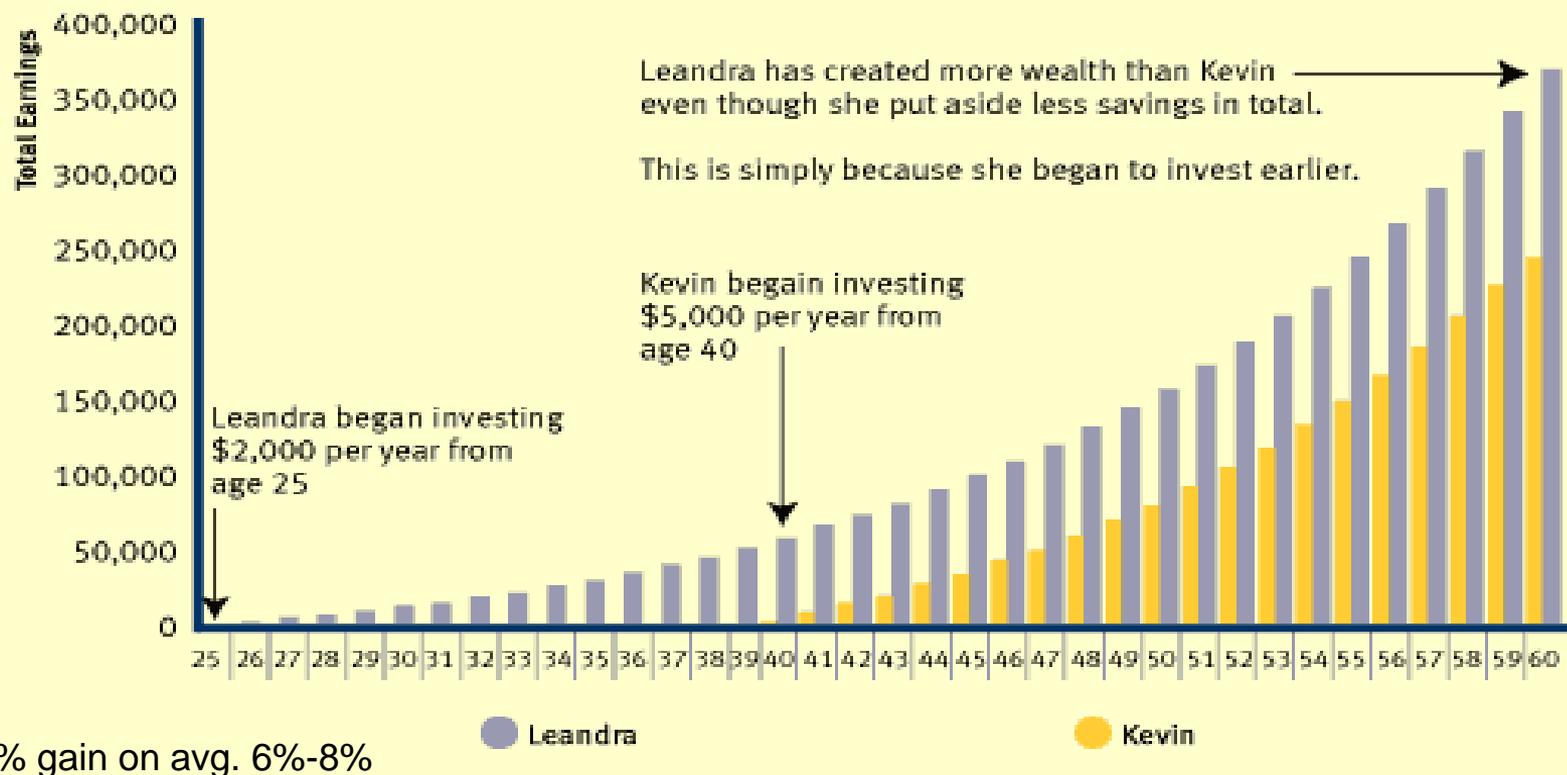
Tier 1 vs Tier 2 (Jan 1, 2011 and after)

**\*Know the ins and outs of TRS**

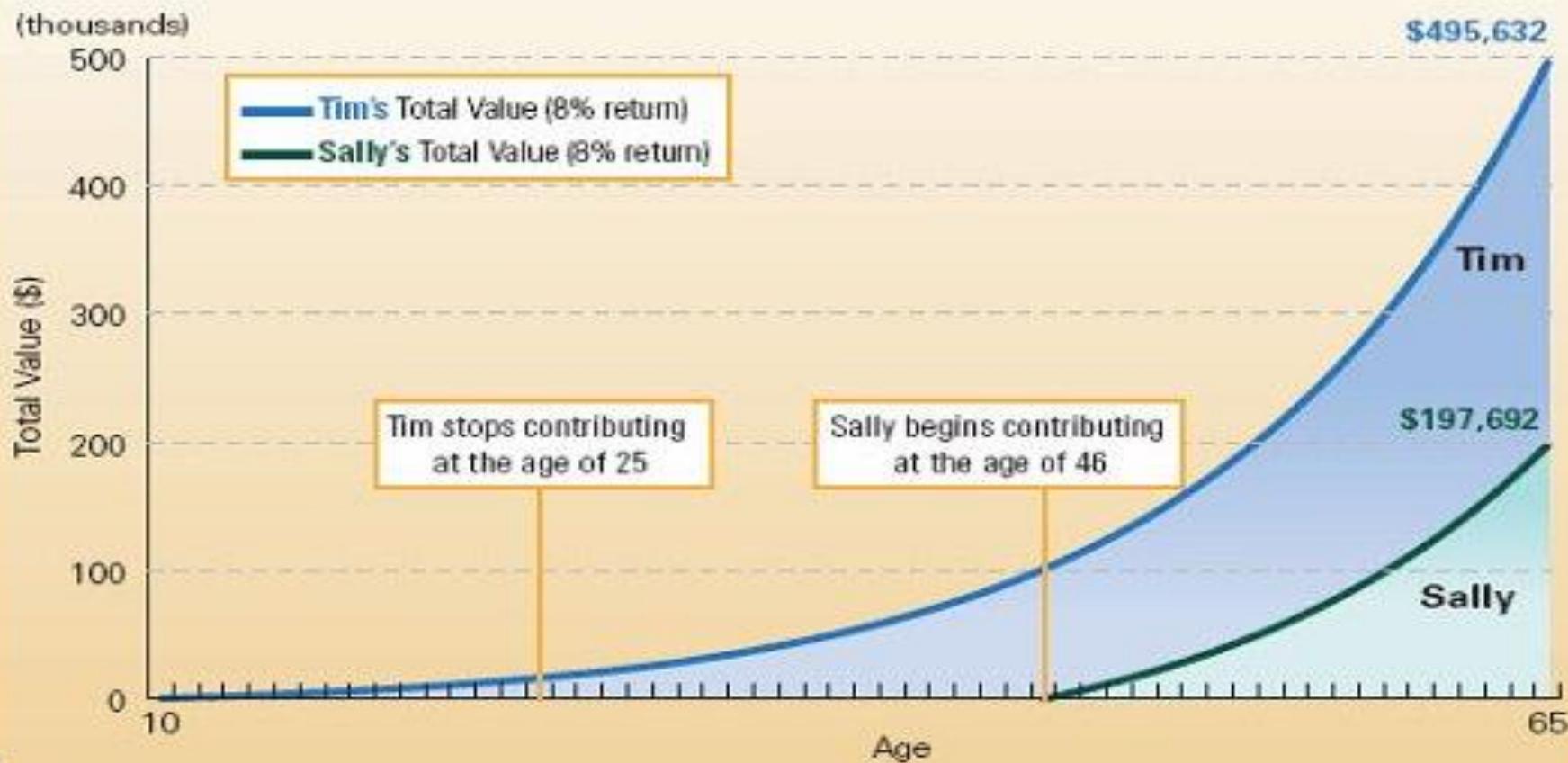
-What are your **goals** of investing, savings, or paying off debt?

# Sample importance of starting early!!!!

The graph demonstrates the growth of both investors' wealth over time and highlights the benefits of investing early. Leandra's savings have grown well in excess of those of her fellow investor, even though Leandra put aside \$30,000 less in savings.



In this hypothetical example, 10-year old Tim starts putting aside \$500 a year until the age of 25 and then stops making contributions. Over this time, he puts aside a total of \$8,000. On the other hand, Sally doesn't start making contributions until she is 46 and puts aside \$4,000 a year until she reaches age 65. Over that time, her contributions total \$80,000. In both cases, their account grows 8% a year. Despite the fact that Sally contributes 10 times as much as Tim, at age 65 her account is less than half the size of Tim's account. This clearly illustrates the benefit of starting early and the power of compounding.



# Life Planning

**\*Life insurance** (spouse life insurance plan)

--Will it cover: Burial, Attorney fees, Mortgage, College for kids, taxes, etc...

**\*Wills** (Executor of estate (appoint - \$))

--Wishes of assets (Home and all belongings; Estate sale; Donate)

--Burial, Funeral, Obituary, Wishes, etc..

--Lack of will - Disinheritance

**\*Trusts** (Designated trustee)

--Assist and manage property if sick or hospital

--Pass on property with out going into probate (time consuming/expensive)

--Not a public document; Where a will can become public in probate

Life planning continues for ever

## Power of Attorney health/financial(executor)

--DNR (options)

--Child turns 18

--Be aware of all health wishes, health concerns, Dr's, Drugs, etc..

--Financial-You will pay all bills, taxes, document everything!!!

**\*\*Do you have or started to think about long term health insurance (extra coverage)**

Life planning continues for ever

**\*\*Avg. monthly cost for a single room in health care facility - \$4000-\$6000 per month. Some as high as \$10,000 due to type of care and medical issues.**

**\*\*Start reading about medicare, Teacher Retirement Insurance**

# Debt Containment and Paying Off Debt

- \*Credit cards easy, cash tougher
- \*Don't keep piling on debt, when you have lots of debt
- \*Limit "small" purchases: Bring lunch; Make your own coffee; Use IEA members card; Bring snacks for kids; Limit going out, but save for a "date" night/special occasions.
- \*Pay off highest interest rates as quickly as possible; Contact credit cards and ask for lower interest rate; Get rid of all cards except 2
- \*Spend less than you earn!!!!
- \*Don't borrow to pay off debt, maybe consolidate, but beware!!!!
- \*Avoid late fees, paying interest rate on high level credit cards.
- \*Good credit score will help keep your car insurance rate lower!

## Debt Containment and Paying Off Debt continued....

- \*Stay away from the **IMPULSE** buy (ask yourself, “**Do you NEED it?**”)
- \*Shop around and look online for coupons
- \*Buy used car
- \*Do I need....20G of storage for phone; Cable TV if you can watch all your shows on internet; Car insurance; Dental and Vision insurance; Best clothes off rack or wait until that season is over; Vacation during off season for that region
- \*Mortgage - Pay one extra payment per year; Pay an extra \$100 per payment (Depending on size/length of loan, eliminate 5-8 yrs on length of loan (principal))
- \*Ask for discounts as a Teacher/Gov't employee/IEA-NEA membership card
- \*Try to never use 401k type investments as a “bank”. Tax implications and paying back into can really set you back.

# Home

- \*Insurance (Bundle: Car/Home)
- \*Film/Pictures of property (in and out)
- \*Keep the outside clean and solid
- \*Don't let the inside become wornout
- \*Double check sump pumps/hot water heaters
- \*\*\*Protect the INVESTMENT

# Sharing Life With Someone

\*\*Most life altering

-Consolidating belonging

-Expenses/finances/investments (Beneficiaries)

-Children (if you choose that route)

\*\*Fun, exciting, frustrating, expensive=**Well worth it!**

-Lifetime of fun; experiences; etc...

# Vacations/Fun Time

- \*\* Save for it
- \*\* Goals of vacation
- \*\* Staycation with friends
- \*\* Fun time with.....Family & Friends
- \*\* Plan for weddings from age 23-35 (gets expensive)
- \*\* Children's) weddings

# Children/College

\*\*Your life will change

\*\*Make time for you both

\*\*Let family buy the special something

\*\*Clothes.....why pay a ton for something that is going to be out of size in 3 months?

\*\*Shoes

\*\*My friends got it, so why can't I have it

\*\*Insurance for kids!!

\*\*Pay for college, Pay for some of college, sorry kid you're on your own

## Life after Children

\*Retirement time is creeping near.....

\*Travel!!! You are still young, hopefully still healthy, it will be easier than when you are 85 and up.

\*Hobbies, Volunteer time, Grandparent time, stay busy

# Mid life.....

- What will keep your mind and body “going”
- Pay attention to all the little things and find the “things” that bring pleasure to your world.

# Retirement

\*\*Insurance: Do you know what to choose on Gov't forms?

\*\*TRS: Start planning at least 1-2 years prior to final date

\*\*Social Security: Do you wait or do you get funds

"Most people take it at 62," he says. "They end up losing in the long run. If they delay it till 70, they will get 30% more. Unfortunately," he says, "most Americans can't do that."

Improper timing can cost you \$100,000 to \$150,000 over retirement lifetime, says John Gajkowski, of Money Managers Financial Group in Chicago.

If you delay taking Social Security, it increases your monthly benefit about 8% a year until you're eligible for the maximum at 70.(USA Today)

## Retirement continued (we all hope)

\*\*What funds do I use first.....Think taxes. If I use all funds that can be taxed right away, I may be hit with large tax bill that could eat away at what I just worked so hard to save/earn.

\*\*What can be rolled over into tax free investments.

\*\*Are you diversified so that market fluctuations will not be devastating for your investments??? Most say to start this process around 55 (if retirement is 5 yrs away).

\*\*Do you have funds that you can get into or are on a rollover basis that can be easily liquidated?

example: Money market; 5 or 6 \$1000-3000 CD's that rollover every 6 months; Short-term investment (bonds/treasury bills)

# .....Finishing Life

\*\*Tough conversations *(have them early)*

- Where are the wills; final requests; safe deposit box keys; DNR; copies of all important documents (buy a small safe).
- Have family or friend as near as possible
- Who is going to care for you?
- Phone numbers listed somewhere; Doctors/specialist; Passwords listed in documents; Company name for insurance, investments, banks, cash out savings bonds, etc...

# Sites to work from

Power of attorney forms

<http://powerofattorney.com/>

Medical power of attorney forms

<http://powerofattorney.com/illinois/medical-power-attorney-illinois-form-adobe-pdf/>

Wills/Trusts

[http://www.totallegal.com/wills.asp?m=legalplan&gclid=CI\\_q-97TzscCFQoKaQod1nMBiA](http://www.totallegal.com/wills.asp?m=legalplan&gclid=CI_q-97TzscCFQoKaQod1nMBiA)

Attorney Referral - IEANEA

[https://memberonly.ieanea.org/content/media/2013/09/Attorney-Referral-Program-1\\_21\\_2015.pdf](https://memberonly.ieanea.org/content/media/2013/09/Attorney-Referral-Program-1_21_2015.pdf)

TRS (Teacher Retirement System)

TRS of IL <http://trs.illinois.gov/members/POA.htm> (general info)

TRS Meeting Dates <http://trs.illinois.gov/members/meetings.htm>

Contact your university/college, many have free estate/will planning for you.

Here is a great resource: Book title: Get it Together

Organize your records so your family won't have to

By Melanie Cullen with Shae Irving, J.D