KEYSTONE NEWS

**FALL 2018 NEWSLETTER**

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# NATIONAL RETIREMENT SECURITY WEEK IS OVER, BUT YOU CAN STILL SET THE TABLE FOR A MORE SATISFYING FUTURE

Are you hungering for a comfortable retirement? Recently, thousands of people chose to cook up a well-balanced approach to their future finances during National Retirement Security Week (NRSW). Each year, the U.S. Congress designates a week in October to highlight the importance of saving through your Pennsylvania State Employees' Retirement System's 457 Deferred Compensation Plan to help you build the income you'll need to retire comfortably. According to one commonly used rule of thumb, most people will need to replace at least 70% of their working income in retirement to maintain a similar lifestyle. Contributing to your 457 plan can help you work toward that goal.

This year, NRSW took place the week of October 21-27, 2018 – but even if you missed the dinner bell, there's still time to indulge. Here's a look at what's on the menu:

- **First course: Enroll** – If you haven't yet enrolled in your 457 plan, there's no better way to whet your appetite for saving. You can start the process at **www.sers457.com**.
- **Second course: Increase your contribution** – Regularly increasing the amount you contribute to your account with each paycheck can be a great recipe toward a more satisfying retirement income. Log in to your account and raise your contribution amount under the *My Accounts* tab, then click *My Contributions*.
- **Third course: Review/adjust your asset allocation**[1] – As people approach retirement age, their appetite for risk changes. They want to protect the assets they've accumulated so they can use them for retirement income. Be sure to regularly review your mix of investments and asset types to keep it in balance with your own appetite for risk. You can review your current asset allocation and make any needed changes under the *My Accounts* tab, then click *View/Manage my investments*.

You can feast on all the advantages your plan offers – such as automatic paycheck contributions, the potential for compounded growth, competitive fees, and a wide choice of investment options – all without adding to your waistline. For more information on NRSW, visit the website of the National Association of Government Defined Contribution Administrators.

Bon appetit!

pennsylvania
STATE EMPLOYEES' RETIREMENT SYSTEM
457 DEFERRED COMPENSATION PLAN

**(866) SERS457 • TTY (800) 766-4952 • www.sers457.com**

# ADVICE FROM YOUR FUTURE SELF ON SAVING FOR RETIREMENT

Have you ever heard a retiree say that they wished they had saved less for retirement? In fact, more than 90% of retirement plan participants say they have regrets about their retirement saving habits. An even greater percentage of people say that it would be "at least somewhat important to tell their younger selves to save more."[2]

What would your future self say to you about your current retirement saving and investing habits? Would you act on that advice? It can be difficult to set aside money for a retirement that seems like a long way off. Expenses in the here-and-now tend to draw our attention more than those in the still-to-come.

However, your 457 plan can work best when you save and invest over a longer period. You may need time to take advantage of compounded growth potential, where any earnings on the money you invest get reinvested in your chosen investment options.

So, what can you do today to make your future self look back with pride on your current retirement saving habits?

- **Estimate your future retirement income needs** – One commonly used rule of thumb is to assume that you'll need at least 70% of your working income in each year of your retirement.
- **Get a projection of your actual future retirement income** – To help you pinpoint any changes you need to make, you need to see how your current saving and investing habits will translate into future retirement income. Your 457 plan offers online tools that can help you project future retirement income for all your possible income sources (including your 457 plan account and Social Security benefits) – and you can also connect with a Retirement Plan Advisor for help.
- **Increase your contribution to your retirement plan** – Your 457 plan offers several advantages for dedicated retirement savers. It makes saving for retirement automatic with each paycheck. It offers a range of quality investment options. It has competitive fees. And you can manage your account and get information the way you prefer: online, by phone, and in person. Make the most of these features and consider increasing your contribution!
- **Review/adjust your asset allocation**[3] – There's more to building up a retirement nest egg than saving. You'll also want to make sure that the portfolio of investments you choose is right for your age, planned retirement date, and tolerance for risk. You'll also want to regularly make adjustments as you get closer to your retirement date.

In the study discussed earlier, the most common personal regret survey respondents had was not saving for retirement. It even ranked higher than not being a better person or not having better personal relationships. You can work toward avoiding that regret by taking action today. Whether your retirement is decades away or around the corner, you can make progress that can make your future self proud.

IMPORTANT: The projections, or other information generated on the website by the investment analysis tool regarding the likelihood of various investment outcomes, are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. The results may vary with each use and over time.

# COMING SOON: IRS TO ANNOUNCE 2019 CONTRIBUTION LIMITS

The IRS is expected to announce 2019 contribution limits in late October 2018. At the time of printing, this information was not yet available. For more information on annual contribution limits or to view the 2019 limits, visit **IRS.gov**.

Once you know the 2019 contribution limits, you can plan accordingly. If the amount you contribute is below the annual limit, why not challenge yourself to increase your contribution to your account with each paycheck? Research by Empower Retirement has found that the amount you save for retirement is the most important factor influencing your retirement income — even more so than investment selection.

Even a small increase in your contribution level can have a big impact on your future retirement income. For example, a 35-year-old earning $55,000 per year who increases their annual contributions by just 1% (or $46.00 per month) will have an additional $456 of income each month in retirement — assuming a 7% annual return, a retirement age of 67, and a 26-year retirement period.[4]

Are you up for the challenge? Want to change the amount you contribute to your future retirement income? Log in to your 457 plan's account today.

# NEW NAME, SAME PERSONALIZED SERVICE:

## How your Retirement Plan Advisor can help you be retirement ready

We're all getting used to having a world of information just a click away. But sometimes the best way to get answers to our questions is still an old-fashioned, face-to-face conversation.

When it comes to questions about your retirement, a Retirement Plan Advisor can offer the one-on-one personalized support that you may not get from a search engine. You may recall that these living, breathing retirement planning resources used to be called Retirement Plan Counselors. The name change highlights how your plan's Retirement Plan Advisors hold the Series 6 and 65 securities licenses, which allows them to provide you financial advice to help achieve your retirement goals, based on your individual needs and resources.

Because you are a Pennsylvania 457 Deferred Compensation Plan participant, you can meet with a Retirement Plan Advisor at no cost to you to discuss topics such as:

- How much retirement income you may need
- Your personal retirement goals and planned retirement age
- Whether you are saving enough to reach your retirement income goals
- The mix of investments in your portfolio – a.k.a., your asset allocation – to see if you have the right balance of risk and return potential for your situation
- General financial planning and budgeting
- Spend-down advice for using your different retirement income sources in an advantageous way

You can even include your outside investments such as personal savings and brokerage accounts, pension benefits, and Social Security estimates in your discussion – as well as your spouse's or partner's assets and retirement benefits, if you choose. Even if you've already retired, you may still benefit from a conversation with a Retirement Plan Advisor.

Interested in scheduling some time with a Retirement Plan Advisor to discuss your unique situation? Book a session today. More information is available online at **www.sers457.com** or by calling **(866)-SERS457**.

There is no guarantee provided by any party that participation in any of the Advisory Services will result in a profit or that the related account will outperform a self-managed portfolio invested without assistance.

Spend-down advice offered by Advised Assets Group, LLL, a registered investment adviser.

# DID YOU KNOW?

## Get competitive about participation

It's human nature to be competitive. So, in the spirit of promoting some friendly competition among participants in the 457 Deferred Compensation Plan, here's a list of the state employers (100 employees or more) with the top participation rates. Is your employer on the list?

| | |
|---|---|
| Pennsylvania State Police | 67% |
| Game Commission | 55% |
| Department of Environmental Protection | 48% |
| Fish and Boat Commission | 48% |
| State Employees' Retirement System | 46% |
| Board of Probation and Parole | 46% |
| Department of Corrections | 46% |
| Pennsylvania Turnpike Commission | 45% |
| Department of Transportation | 42% |
| Public School Employees' Retirement System | 40% |

Want to get in the game? Encourage a coworker to enroll today by visiting **www.sers457.com**, clicking on *About your plan* and choosing *Enroll now*. Let the games begin!

# ANNOUNCING THE EMPOWER RETIREMENT APP FOR ANDROID™ DEVICES

Great news for owners of Android™ mobile devices! Now you can download the Empower Retirement app from the Google Play™ store and manage your financial future from anywhere your travels take you. Also available for Apple® device users, the Empower Retirement app is a convenient way to stay on top of your estimated retirement income, track the performance of your portfolio, and change your contribution level and investment options – all from the palm of your hand. Download it today from the Google Play™ store.

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# MAKING RETIREMENT PLANNING A FAMILY AFFAIR

When was the last time everyone in your family sat down for a frank discussion about household finances and retirement planning? Does the thought of gathering everyone around the kitchen table to talk about income, interest rates, spending, and saving sound like the worst possible substitute for a family game night?

Including the entire family in the retirement planning process doesn't have to be a painful process. In fact, it can be a way to discuss the financial topics that affect everyone – and a way to include them on important decisions. Here's how:

## Agreeing on a budget (one that includes retirement saving)

Your contributions to your 457 Deferred Compensation Plan account are automatically deducted from your paycheck, but do you include them in your family's monthly budget? Budgets are all about setting priorities. When an entire family participates in creating a budget, they're working together to decide what matters and what doesn't. They're seeking agreement on what constitutes needs versus luxuries. That means everyone can see the rationale for choosing store brands over premium labels or a staycation versus a family cruise. It also means that everyone knows that setting aside a portion of family income for retirement can be just as important as paying the utility or cable bill.

## Creating shared goals

Whether they take the time to define them or not, every family has financial goals – from funding future college tuition to affording a kitchen remodel to making a down payment on a second car that can taxi kids to music lessons and soccer practice. And working toward a comfortable retirement should factor into any discussion about what a family wants to achieve financially.

It can be difficult to make progress toward goals that aren't clearly defined. When you and your family take the time to set shared goals, you make it easier to build consensus on the choices you need to make to reach those goals. You're working together to decide which goals are the family's top priorities and which fall into the "nice to have" category. It can also help you avoid having to play the "Because I said so!" card when you need to make decisions that favor a long-term goal over near-term gratification.

## Cultivating sound, lifelong financial habits

One of the other advantages of involving the entire family in the retirement planning process is that it can help encourage sound financial habits and promote financial literacy. It's a great way to introduce loved ones to concepts such as compounded growth potential, tax-deferred saving, and risk management. It can help them see the value of setting long-term financial goals and doing all the little things to help them reach those goals. It can also help younger family members see that even though retirement seems far away, it will eventually come – and procrastinating on retirement preparations can make life a lot more complicated.

By making retirement planning a family affair, you and your loved ones are working together to build something meaningful: a more comfortable future.

1 Asset allocation and rebalancing do not ensure a profit and do not protect against loss in declining markets.

2 http://www.thinkadvisor.com/2017/12/29/workers-regret-not-saving-more-for-retirement-stud?slreturn=1516660288

3 Asset allocation and rebalancing do not ensure a profit and do not protect against loss in declining markets.

4 FOR ILLUSTRATIVE PURPOSES ONLY. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses, or fees. The tax-deferred accumulation shown would be reduced if these fees were deducted.



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