Navigating Retirement with a GPS:

Growing, Protecting, and Saving Your Funds

The mission of Broadview Financial Well-Being is to guide and encourage members to focus on achieving and economic stability—using innovative tools, making informed decisions, and encouraging positive habits.

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Welcome!

Whether you are a Millennial, a Baby Boomer, or anywhere in between, learning about retirement is **always** a good idea. This session is designed to help you navigate through the key concepts of retirement, and provide you with basic information needed to help you begin to **Grow**, **Protect,** and **Save** for this important life event. As you learn the basics, it is possible that new questions will arise; it is best to consider consulting a trusted financial professional, estate planning expert, or an attorney for specific guidance on personalized retirement options. For now, let's get on the path to "Navigating Retirement with a GPS: Growing, Protecting, and Saving Your Funds".

Table of Contents

The EVOLUTION of Retirement

Since the 19th Century, the concept of retirement has adapted to match America's ever-evolving workforce and economy.

Baby Boomers

Born between 1946 and 1964, Baby Boomers are now ranging from 52-70 years old. Many have already retired and the rest will continue to retire for the next 10-15 years.

1946 1947194819491950195119521953195419
5519561957195819591960196119621963 1964

*or eligible to retire

Attitudes toward Retirement

In the last century, American workers went from working until the very end, to being required to retire when technology improvements in the workplace required a "younger and smarter" generation of workers, to dreaming of the day they would be old enough and financially secure enough to retire.

1900s

Clear out old workers and make room for the younger, smarter ones.

TODAY

Can I retire yet?

1880s

Work until you die or can't work anymore.

Life expectancy & average retirement age

IN 1900
life expectancy at birth was 47 and average retirement age was
76

IN 1960
life expectancy at birth was 70 and average retirement age was
66

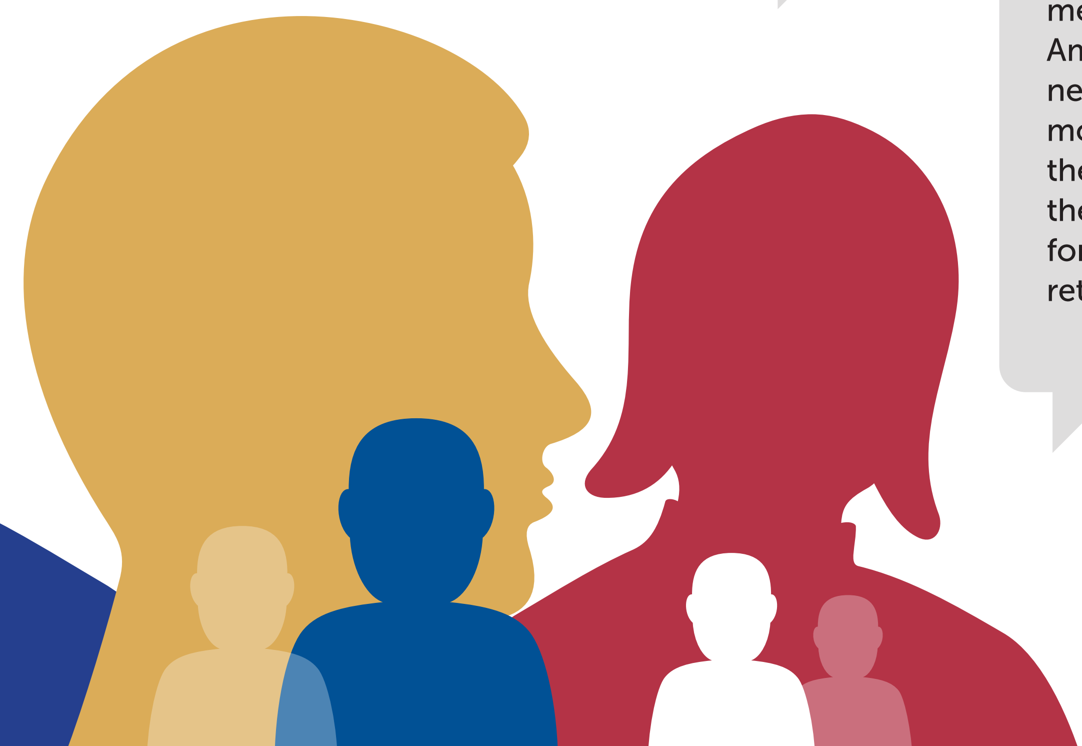
IN 2010
life expectancy at birth was 78 and average retirement age was
64

For the past 20 years, retirement age has stabilized around age 64, while life expectancy has continued to increase.

GREAT!

WHO DOESN'T WANT A LONGER RETIREMENT?

But this also means that Americans now need to make more money in the same time if they want it to last for their whole retirement!



Top 10 Ways to Prepare for Retirement

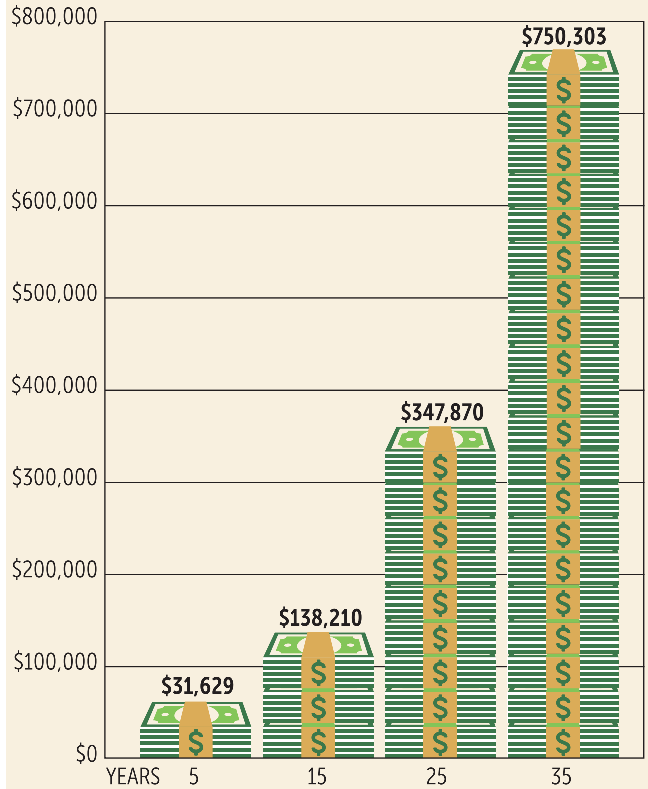
Financial security in retirement doesn't just happen. It takes planning and commitment and money. Fewer than half of Americans have calculated how much they need to save for retirement. The average American spends roughly 20 years in retirement. Putting money away for retirement is a habit we can all live with.

Remember...saving matters!

1 Start saving, keep saving, and stick to your goals. If you are already saving, whether for retirement or another goal, keep going! You know that saving is a rewarding habit. If you're not saving, it's time to get started. Devise a plan, stick to it, and set goals. Remember, it's never too early or too late to start saving.

THE ADVANTAGE OF STARTING EARLY

Start now! This chart shows what you would accumulate at 5, 15, 25, and 35 years if you saved $5,500 each year and your money earned 7% annually.



2 Know your retirement needs. Retirement is expensive. Experts estimate that you will need at least 70 percent of your preretirement income—lower earners, 90 percent or more—to maintain your standard of living when you stop working. Take charge of your financial future. The key to a secure retirement is to plan ahead.

3 Contribute to your employer's retirement savings plan. If your employer offers a retirement savings plan, such as a 401(k) plan, consider signing up and contributing all you can. Your taxes will be lower, your company may kick in more, and automatic deductions make it easy. Over time, compound interest and tax deferrals make a big difference in the amount you will accumulate. Find out about your plan. For example, how much would you need to contribute to get the full employer contribution and how long would you need to stay in the plan to get that money?

4 Learn about your employer's pension plan. If your employer has a traditional pension plan, check to see if you are covered by the plan and understand how it works. Ask for an individual benefit statement to see what your benefit is worth. Before you change jobs, find out what will happen to your pension benefit. Learn what benefits you may have from a previous employer. Find out if you will be entitled to benefits from your spouse's plan.

5 Consider basic investment principles. How you save can be as important as how much you save. Inflation and the type of investments you make play important roles in how much you will have saved at retirement. Know how your savings or pension plan is invested. Learn about your plan's investment options and ask questions. Financial security and knowledge go hand in hand.

6 Don't touch your retirement savings. If you withdraw your retirement savings now you will lose principal and interest and you may lose tax benefits or have to pay withdrawal penalties. If you change jobs, leave your savings invested in your current retirement plan, or roll them over to an IRA or your new employer's plan.

7 Ask your employer to start a plan. If your employer does not offer a retirement plan, consider the suggestion that it start one. There are a number of retirement saving plan options available. Your employer may be able to set up a simplified plan that can help both you and your employer.

8 Put money into an Individual Retirement Account. Consider putting money into an Individual Retirement Account (IRA). As of 2019, you can put up to $6,000 a year into an IRA (up to $7,000 if you are 50 or older); you can start with much less. IRAs also provide tax advantages.

When you open an IRA, you have two options – a traditional IRA or a Roth IRA. The tax treatment of your contributions and withdrawals will depend on which option you select. Also, the after-tax value of your withdrawal will depend on inflation and the type of IRA you choose. IRAs can provide an easy way to save. You can set it up so that an amount is automatically deducted from your checking or savings account and deposited in the IRA.

9 Find out about your Social Security benefits. Social Security pays benefits that are on average equal to about 40 percent of what you earned before retirement. You may be able to estimate your benefit by using the retirement estimator on the Social Security Administration's Website, **www.ssa.gov**. For more information, visit their website or call 800-772-1213.

10 Ask Questions. While these tips are meant to point you in the right direction, you will need more information. Talk to your employer, your bank, your union, or a financial advisor. Ask questions and make sure you understand the answers. Get practical advice and act now.

Financial Needs by Age Group

AGE GROUP	TYPICAL FINANCIAL NEEDS
21-34 without children	• Establish credit • Buy/improve home • Set up emergency fund • Get adequate insurance • Start investment program • Begin retirement planning • Draw up a will
25-34 with children	Same as above, plus: • Purchase adequate life insurance • Begin saving for children's education • Provide for children in will • Keep property insurance current
35-54 without children	• Protect increasing income and assets from taxes • Continue retirement savings • Revise will • Manage debt wisely • Maintain adequate emergency funds
35-44 with children	Same as above, plus: • Increase savings for children's education • Begin planning for estate
45-54 without children	• Maximum time for retirement savings • Protect income from taxes • Review homeowners insurance/car insurance
45-54 with children	Same as above plus: • Protect children in case of parent's death • Provide additional funds for children's education
55-64	• Plan seriously for retirement (know income/savings/debt) • Consolidate investments • Consider estate planning and long-term care insurance
65+	• Plan for stable monthly income from investments • Plan for future cash needs • Secure insurance coverage • Complete estate planning

GROWING Investing

Whether you're a first-time investor or have been investing for many years, you should always make informed decisions before you commit your hard-earned money to an investment. Always seek a trusted financial professional!

Use Resources

Whether checking out an investment professional, researching an investment, or learning about new products or scams, unbiased information can be a great advantage when it comes to investing wisely. Make a habit of using the information and tools on securities regulators' websites. If you have a question or concern about an investment, please contact the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), or your state securities regulator for help.

Rule of Thumb

Many successful investors follow this rule of thumb: Never invest in something you don't understand. Be sure to always read an investment's prospectus or disclosure statement carefully. If you can't understand the investment and how it will help you make money, ask a trusted financial professional for help. If you are still confused, you should think twice about investing.

Risk

There is always risk in investing. The potential for greater returns comes with greater risk. Understanding this crucial trade-off between risk and reward can help you separate legitimate opportunities from unlawful schemes. It is important to research and ask questions.

Questions

If you have any questions regarding checking the background of an investment professional or if the investment is registered, call the Securities and Exchange Commission's toll-free investor assistance line at 800-732-0330.

For further information visit **www.investor.gov**.

Financial Risk Pyramid

Speculative Investments:

futures, stock options, high yield bonds, precious metals or gems, aggressive growth stocks, mutual funds, small-cap stocks, undeveloped lands

Moderate Risk Investments:

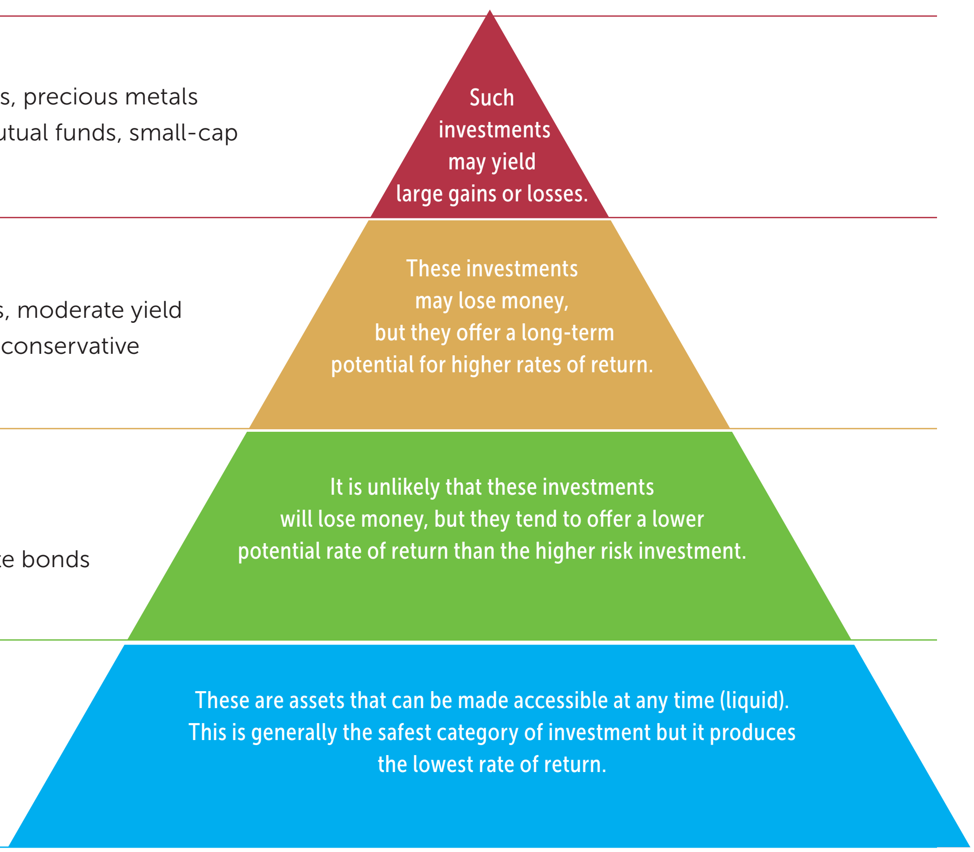
blue chip stocks, quality growth stocks, moderate yield bonds, income-producing properties, conservative mutual funds, large-cap stocks

Low Risk Investments:

strip bonds, bond mutual funds, bank deposits, government bonds, corporate bonds

Cash & Cash Equivalents:

cash, savings accounts, guaranteed investment certificates, money market funds, treasury bills



PROTECTING
Wills 101

Creating a will is one of the most critical things you can do for your loved ones. Putting your wishes on paper helps your heirs avoid unnecessary hassles, and you gain the peace of mind knowing that a life's worth of possessions will end up in the right hands.

The laws governing wills vary from state to state. If you aren't familiar with them, consider consulting a knowledgeable lawyer or estate planner in your area.

What is a will?

A will is simply a legal document in which you, the testator, declare who will manage your estate after you die. Your estate can consist of big, expensive things such as a vacation home, also small items that might hold sentimental value such as photographs. The person named in the will to manage your estate is called the executor because he or she executes your stated wishes.

A will can also serve to declare who you wish to become the guardian for any minor children or dependents, and who you want to receive specific items that you own—Aunt Sally gets the silver, Cousin Billy the bone china, and so on. Someone designated to receive any of your property is called a beneficiary.

Some types of property, including certain insurance policies and retirement accounts, generally aren't covered by wills. You should've listed beneficiaries when you took out the policies or opened the accounts. Check if you can't remember, and make sure you keep beneficiaries up to date, since what you have on file when you die should dictate who receives those assets.

What happens if I die without a will?

If you die without a valid will, you'll become what's called intestate. That usually means your estate will be settled based on the laws of your state that outline who inherits what. A court will appoint an administrator to manage your estate in the absence of a will and designated executor. Probate is the legal process of transferring the property of a deceased person to the rightful heirs.

Do I need an attorney to prepare my will?

No, you aren't required to hire a lawyer to prepare your will, though an experienced lawyer can provide useful advice on estate-planning strategies such as living trusts. But as long as your will meets the legal requirements of your state, it's valid whether a lawyer drafted it or you wrote it yourself on the back of a napkin.

New York State Office for the Aging (**www.aging.ny.gov**) might be able to direct you to free or low-cost resources for estate planning.

Who should act as a witness to a will?

Any person can act as a witness to your will, but you should select someone who isn't a beneficiary. Otherwise there's the potential for a conflict of interest. The technical term is a disinterested witness. Some states require two or more witnesses. If a lawyer drafts your will, he or she shouldn't serve as a witness.

Who should I name as my executor?

You can name your spouse, an adult child, or another trusted friend or relative as your executor. If your affairs are complicated, it might make more sense to name an attorney or someone with legal and financial expertise. You can also name joint executors, such as your spouse or partner and your attorney.

How do I leave specific items to specific heirs?

If you wish to leave certain personal property to certain heirs, indicate as much in your will. In addition, you can create a separate document called a self-proving affidavit that you should keep with your will.

Another option is to leave everything to one trusted person who knows your wishes for distributing your personal items. This, of course, is risky because you're relying on this person to honor your intentions without fail. Consider carefully.

Where should I keep my will?

A probate court usually requires your original will before it can process your estate, so it's important to keep the document safe yet accessible. If you put the will in a bank safe deposit box that only you can get into, your family might need to seek a court order to gain access. A waterproof and fireproof safe in your house is a good alternative.

Your attorney or someone you trust should keep signed copies in case the original is destroyed. Signed copies can be used to establish your intentions. However, the absence of an original will can complicate matters, and without it there's no guarantee that your estate will be settled as you'd hoped.

How often does a will need to be updated?

The decision is yours. Remember, the only version of your will that matters is the most current valid one in existence at the time of your death. With that in mind, you may want to revisit your will at times of major life changes; for example, marriage, the birth of a child, a significant purchase or inheritance, and so on.

Who has the right to contest my will?

Contesting a will refers to challenging the legal validity of all or part of the document. A beneficiary who feels slighted by the terms of a will might choose to contest it. Depending on which state you live in, so too might a spouse, ex-spouse or child who believes your stated wishes go against local probate laws.

A will can be contested for any number of other reasons: it wasn't properly witnessed; you weren't competent when you signed it; or it's the result of coercion or fraud. It's usually up to a probate judge to settle the dispute. The key to successfully contesting a will is finding legitimate legal fault with it. A clearly drafted and validly executed will is the best defense.

PROTECTING
Trusts

In general, a trust is a legal relationship, represented by a legal document, in which one person (or qualified trust company), the trustee, holds property for the benefit of another, the beneficiary.

The property can be any kind of real or personal property--money, real estate, stocks, bonds, collections, business interests, personal possessions and automobiles. One person may establish a trust to benefit himself or another person.

A trust generally involves at least two and often more people: the grantor, who creates the trust and is also known as the settler or donor; the trustee, who holds and manages the property for the benefit of the grantor and beneficiaries; and one or more beneficiaries who benefit from the trust. In some states, you can name yourself as trustee, so that you are able to control the trust's assets. However, if you are the trustee, the IRS requires you to report any trust income on your personal tax return. After your death your trust is passed on to the successor trustee you named in your original trust. The successor trustee will be responsible for taking care of the assets and passing them on to your beneficiaries.

Though assets are placed "in" a trust, they don't actually change location. A trust is a form of ownership that holds assets for your benefit and is so stated on whatever possessions are placed in trust. Your car title, for instance, would list the owner blank as "the George Myers trust." Entire bank and brokerage accounts, as well as homes and other real estate, are often put into a trust. After your trust comes into being, your assets will still be in the same place they were before you set up the trust--the car in the garage, the money in the bank, the land where it always was--but with a different owner: the George Myers trust, not George Myers.

The most common reason for people to make a trust is to keep their property from going through probate when they die. Unlike a will, which goes into effect when you die, your properties are transferred to certain types of trusts while you are still alive and the trusts continue to hold the properties after your death. Although you no longer own the assets, because your trust does, you still have access to the assets during your lifetime. You instruct your trust to pay income to you, and, on your death, your trustee (or successor trustee, if you were the original trustee) is instructed to divide whatever is left to your beneficiaries, according to your instructions.
No probate!

Trusts are complex legal documents that require very specific wording to remain valid. If you are interested in creating a living trust, contact an estate planning attorney to set up a consultation.

NOTES

New York State Health Care Proxy Law

Who Will Speak for You?

The New York Health Care Proxy Law allows you to appoint someone you trust—for example, a family member or close friend—to make health care decisions for you if you lose the ability to make decisions yourself. By appointing a health care agent, you can make sure that health care providers follow your wishes.

Everyone over the age of 18 needs to appoint a health care agent. There are two situations in which a health care agent will be needed:

1. Temporary inability to make health care decisions—regardless of your age. For example, you are having an outpatient surgical procedure and are under general anesthesia. Something unexpected happens and a health care decision needs to be made. If you have a health care agent, since you are temporarily unable to make your own decisions, the health care agent may make the decision. Once you become conscious again, the health care agent would no longer have any authority to act.
2. Permanent inability to make health care decisions—this would arise if you were comatose from a terminal illness, in a persistent vegetative state, suffered from an illness that left you unable to communicate or, if elderly, suffered from senile dementia or Alzheimer's disease. Under these circumstances you would obviously be unable to make your own health care decisions. If you don't have a health care agent, all appropriate medical treatments will be provided to you. If you have appointed a health care agent, your health care agent can be your voice and make your health care decisions according to your own wishes, or your best interests.

Your agent can also decide how your wishes apply as your medical condition changes. Hospitals, doctors, and other health care providers must follow your agent's decisions as if they were your own. You may give the person you select as your health care agent as little or as much authority as you want. You may allow your agent to make all health care decisions or only certain ones. You may also give your agent instructions that he or she has to follow. This form can also be used to document your wishes or instructions with regard to organ and/or tissue donation.

Deciding how you want to live the remainder of your life and appointing the right person to be your health care agent can be overwhelming. To assist in the decision-making process, the New York State Department of Health recommends the following steps:

Clarify Values and Beliefs

It is important to consider and to think about your individual wishes as they relate to how you want to live the remainder of your life. Most people don't have any idea how to begin to think about this or begin a discussion about this. Many people are finding that using tools, such as a values assessment, may help to pinpoint key feelings and opinions about how they want to live the remainder of their lives. Such tools can be found at:

- **www.compassionandsupport.org**
- **www.agingwithdignity.org**

Choose a Spokesperson

Choosing a health care agent who will speak for you and make decisions when you are unable is a very important task that each adult needs to make, regardless of age or health care status. Your agent will advocate for your preferred treatment and ensure that your wishes are carried out at a point in time when you cannot speak for yourself.

Once your agent is chosen, it is very important to share your wishes, thoughts and opinions with your agent about how you want to live the remainder of your life. A person will not be able to predict every scenario that may present itself in a health care situation. As such, explaining your thoughts, feelings, and preferences will give your agent the information necessary to make decisions on your behalf.

Discuss Your Wishes

It is important to discuss your wishes with your health care providers, particularly your primary care provider. This information will enable your provider(s) to care for you in a manner that is consistent with your wishes.

For Further Information

Visit the New York State Department of Health website at **http://www.health.ny.gov/professionals/patients/health_care_proxy**. For a copy of the New York Health Care Proxy form, please visit **www.health.ny.gov/forms**.

PROTECTING
Life Insurance

Reasons to Consider Life Insurance:

- Provides financial support to loved ones who depend on your income
- Reduces out-of-pocket costs for burial and other final expenses
- Complements financial portfolio
- Supplements coverage of an existing life insurance policy
- Offers peace of mind

Life Insurance May Help Your Family

- Replace income if spouse dies
- Offset out-of-pocket expenses for burial and final expenses
- Assisted living expenses
- Help cover mortgage and debt payments
- May help pay education costs

Term & Whole Life Insurance

TERM LIFE INSURANCE	WHOLE LIFE INSURANCE
Provides financial protection coverage for a set period of time	Provides coverage for your entire life
Initially less expensive with rates that increase over time	Higher initial rates that stay level as you get older
Pays a cash benefit to your beneficiary if you pass away during coverage period	Pays a cash benefit to your beneficiary when you pass away
Can be renewed or upgraded to permanent option before coverage expires	Provides lifetime coverage No need to renew
Simple application	Simple application
Available with no medical exam based on health information	Available with no medical exam based on health information
Can supplement an existing life insurance policy	Can supplement an existing life insurance policy Usually includes some aspect of savings and accumulation of tax deferred cash value

NOTES

Your Retirement Benefit: How It's Figured

2016

As you make plans for your retirement, you may ask, "How much will I get from Social Security?" To find out, you can use the *Retirement Estimator* at ***www.socialsecurity.gov/estimator***. Workers age 18 and older can also go online, create a personal account and request their *Social Security Statement*. To review your *Statement*, go to ***www.socialsecurity.gov/myaccount***.

Many people wonder how we figure their Social Security retirement benefit. We base Social Security benefits on your lifetime earnings. We adjust or "index" your actual earnings to account for changes in average wages since the year the earnings were received. Then Social Security calculates your average indexed monthly earnings during the 35 years in which you earned the most. We apply a formula to these earnings and arrive at your basic benefit, or "primary insurance amount." This is how much you would receive at your full retirement age — 65 or older, depending on your date of birth.

On the back of this page is a worksheet you can use to estimate your retirement benefit if you were born in 1954. It's only an estimate; for specific information, talk with a Social Security representative.

Factors that can change the amount of your retirement benefit

- *You choose to get benefits before your full retirement age.* You can begin to receive Social Security benefits as early as age 62, but at a reduced rate. We reduce your basic benefit a certain percentage if you retire before reaching full retirement age.
- *You're eligible for cost-of-living benefit increases starting with the year you become age 62.* This is true even if you don't get benefits until your full retirement age or even age 70. We add cost-of-living increases to your benefit beginning with the year you reach 62, and up to the year you start receiving benefits.
- *You delay your retirement past your full retirement age.* We increase Social Security benefits a certain percentage (depending on your date of birth) if you delay receiving benefits until after your full retirement age. If you do so, we'll increase your benefit amount until you start taking benefits, or until you reach age 70.
- *You're a government worker with a pension.* If you also get, or are eligible for, a pension from work for which you didn't pay Social Security taxes (usually a government job), we apply a different formula to your average indexed monthly earnings. To find out how the Windfall Elimination Provision (WEP) affects your benefits, go to ***www.socialsecurity.gov/gpo-wep*** and use the WEP online calculator. You can also review the WEP fact sheet to find out how we figure your benefit. Or, you can contact Social Security and ask for *Windfall Elimination Provision* (Publication No. 05-10045).

You can find a detailed explanation about how we calculate your retirement benefit in the *Annual Statistical Supplement, 2014, Appendix D.* The publication is available on the Internet at ***www.socialsecurity.gov/policy/docs/statcomps/supplement***.

Contacting Social Security

Visit ***www.socialsecurity.gov*** anytime to apply for benefits, open a ***my* Social Security** account, find publications, and get answers to frequently asked questions. Or, call us toll-free at **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We can answer case-specific questions from 7 a.m. to 7 p.m., Monday through Friday. Generally, you'll have a shorter wait time if you call after Tuesday. We treat all calls confidentially. We also want to make sure you receive accurate and courteous service, so a second Social Security representative monitors some telephone calls. We can provide general information by automated phone service 24 hours a day. And, remember, our website, ***www.socialsecurity.gov***, is available to you anytime and anywhere!

(over)

Estimating your Social Security retirement benefit

For workers born in 1954 (people born in 1954 become age 62 in 2016 and are eligible for a benefit)

This worksheet shows how to estimate the Social Security monthly retirement benefit you would be eligible for at age 62, if you were born in 1954. It also allows you to estimate what you would receive at age 66, your full retirement age, **excluding any cost-of-living adjustments for which you may be eligible**. If you continue working past age 62, your additional earnings could increase your benefit. People born after 1954 can use this worksheet, but their benefit may be higher because of additional earnings and benefit increases. If you were born before 1954, visit ***www.socialsecurity.gov*** and search for *Retirement Age Calculator*.

Step 1: Enter your earnings in Column B, but not more than the amount shown in Column A. If you have no earnings, enter "0."

Step 2: Multiply the amounts in Column B by the index factors in Column C, and enter the results in Column D. This gives you your indexed earnings, or the estimated value of your earnings in current dollars.

Step 3: Choose from Column D the 35 years with the highest amounts. Add these amounts. $_________

Step 4: Divide the result from Step 3 by 420 (the number of months in 35 years). Round down to the next lowest dollar. This will give you your average indexed monthly earnings. $_________

Step 5: a. Multiply the first $856 in Step 4 by 90%. $_________

b. Multiply the amount in Step 4 over $856 and less than or equal to $5,157 by 32%. $_________

c. Multiply the amount in Step 4 over $5,157 by 15%. $_________

Step 6: Add a, b, and c from Step 5. Round down to the next lowest dollar. This is your estimated monthly retirement benefit at age 66, your full retirement age. $_________

Step 7: Multiply the amount in Step 6 by 75%. This is your estimated monthly retirement benefit if you retire at age 62. $_________

Year	A. Maximum earnings	B. Actual earnings	C. Index factor	D. Indexed earnings
1955	$4,200		14.08	
1956	$4,200		13.16	
1957	$4,200		12.76	
1958	$4,200		12.65	
1959	$4,800		12.05	
1960	$4,800		11.60	
1961	$4,800		11.37	
1962	$4,800		10.83	
1963	$4,800		10.57	
1964	$4,800		10.16	
1965	$4,800		9.98	
1966	$6,600		9.41	
1967	$6,600		8.92	
1968	$7,800		8.34	
1969	$7,800		7.89	
1970	$7,800		7.51	
1971	$7,800		7.15	
1972	$9,000		6.52	
1973	$10,800		6.13	
1974	$13,200		5.79	
1975	$14,100		5.39	
1976	$15,300		5.04	
1977	$16,500		4.75	
1978	$17,700		4.40	
1979	$22,900		4.05	
1980	$25,900		3.71	
1981	$29,700		3.37	
1982	$32,400		3.20	
1983	$35,700		3.05	
1984	$37,800		2.88	
1985	$39,600		2.76	

Year	A. Maximum earnings	B. Actual earnings	C. Index factor	D. Indexed earnings
1986	$42,000		2.68	
1987	$43,800		2.52	
1988	$45,000		2.40	
1989	$48,000		2.31	
1990	$51,300		2.21	
1991	$53,400		2.13	
1992	$55,500		2.03	
1993	$57,600		2.01	
1994	$60,600		1.96	
1995	$61,200		1.88	
1996	$62,700		1.79	
1997	$65,400		1.69	
1998	$68,400		1.61	
1999	$72,600		1.53	
2000	$76,200		1.45	
2001	$80,400		1.41	
2002	$84,900		1.40	
2003	$87,000		1.36	
2004	$87,900		1.30	
2005	$90,000		1.26	
2006	$94,200		1.20	
2007	$97,500		1.15	
2008	$102,000		1.12	
2009	$106,800		1.14	
2010	$106,800		1.12	
2011	$106,800		1.08	
2012	$110,100		1.05	
2013	$113,700		1.04	
2014	$117,000		1.00	
2015	$118,500		1.00	

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3 Money-Smart Reasons to Downsize Your Home

Living big isn't necessarily living better. Apartment buildings, townhouses and multiplexes have become the new normal for increasing numbers of individuals, couples, and families. It's clear that for many people, smaller spaces are smarter, too.

This attitude is more than just a trend. According to *TIME Magazine*, multi-family dwellings like condominiums accounted for 40% of new construction in the United States in 2014 and the movement shows few signs of slowing down.

The change isn't surprising when considering the benefits to moving, especially when it comes to sheer cost savings. Whether residents are spending less cash or conserving their valuable time and resources, they're going to see a difference in their bank accounts.

Here are three money-smart reasons to downsize that can lead to big savings.

1 Reduced Maintenance

Maintaining a single-family dwelling can be difficult. Clearing gutters, painting walls, weeding the garden and other unpleasant tasks have serious costs, as residents are forced to invest their valuable time and resources into these recurring chores.

Switching to a smaller space means less maintenance, which can lead to significant savings. Multi-family dwellings typically have a building manager who is responsible for upkeep, which reduces personal expenses.

2 Heating, Water, and More

Utilities are much less costly after downsizing. The less square footage a home has, the less electricity, water, and other utilities it will require. Residents have the potential to save hundreds of dollars in costs.

There's also an added benefit if there are shared utilities divided between other residents of multi-family dwellings. Splitting subscriptions or services like Internet and cable can lead to much lower prices.

Moving to smaller spaces makes these invoices less expensive, which gives residents a bonus every month.

3 Location is Key

Apartment buildings, condominiums, and other compact dwellings are often located in central areas close to useful services and businesses. This convenience is a major cost-cutting reason that encourages many people to move.

The Nielsen Company found that 62% of millennials would choose to live in communities that combine residential homes and businesses. By being closer to things they value, residents save themselves time, a valued commodity.

Why Moving is a Smart Move

These three money-smart reasons are major factors into why people move into smaller spaces. It's hard to resist saved time and resources, reduced maintenance, lower utility bills, and increased convenience. Learn more about potential savings from your local mortgage professional.

The 50-30-20 Rule

50-30-20 RULE

50% of your income should go toward fixed costs.

30% can be applied to flexible spending.

20% should go toward financial goals.

How much should I be saving?

GOOD
10%
OF YOUR INCOME

BETTER
15%
OF YOUR INCOME

BEST
20%
OF YOUR INCOME

Saving for future goals

To build a **nest egg** make a plan and set your goals.

SHORT-TERM
What's just around the corner? These are your goals for the next year.

MID-RANGE
What's next for you in the next one to three years?

LONG-TERM
How do you see your future self?

SAVING

Emergency Savings

Why Do I Need an Emergency Savings?

The best reason for having an emergency savings? The fact that you're only human.

Whether due to human error or to another force that's beyond your control, you'll want to have enough savings to cover the wide range of incidents or emergencies that could transpire and necessitate a dip into your savings.

Take these scenarios, for example:

• A tree falls onto your vehicle and you don't have comprehensive insurance coverage.

• A family member needs your help and you must take an unpaid leave of absence from your job.

• Your furnace stops working....in the middle of the night....in January

• You must pay for a medical emergency that is not covered by insurance.

Not only would you need to have a healthy amount of savings already set aside to deal with the situation, you'll also want this savings to be easily accessible in case you need the cash quickly.

Don't fall prey to the notion that you can avoid the inevitable. Accidents happen, and the damage could be greater if you don't have the resources to act quickly.

Resources

Visit the Employee Benefits Security Administration's (EBSA) Website at www.dol.gov/ebsa to view the following publications:

- Savings Fitness: A Guide to Your Money and Your Financial Future
- Taking The Mystery Out Of Retirement Planning
- What You Should Know About Your Retirement Plan
- Filing a Claim for Your Retirement Benefits
- Women and Retirement Savings
- Retirement Toolkit
- Choosing a Retirement Solution for Your Small Business

To order copies, contact EBSA electronically at **www.askebsa.dol.gov** or by calling toll free 866-444-3272.

The following Websites can also be helpful:

AARP
www.aarp.org

American Savings Education Council
www.choosetosave.org/asec

Certified Financial Planner Board of Standards
www.LetsMakeAPlan.org

Consumer Federation of America
www.consumerfed.org

The Actuarial Foundation
www.actuarialfoundation.org

U.S. Department of the Treasury
www.irs.gov/retirement
www.myra.gov

U.S. Securities and Exchange Commission
www.investor.gov

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