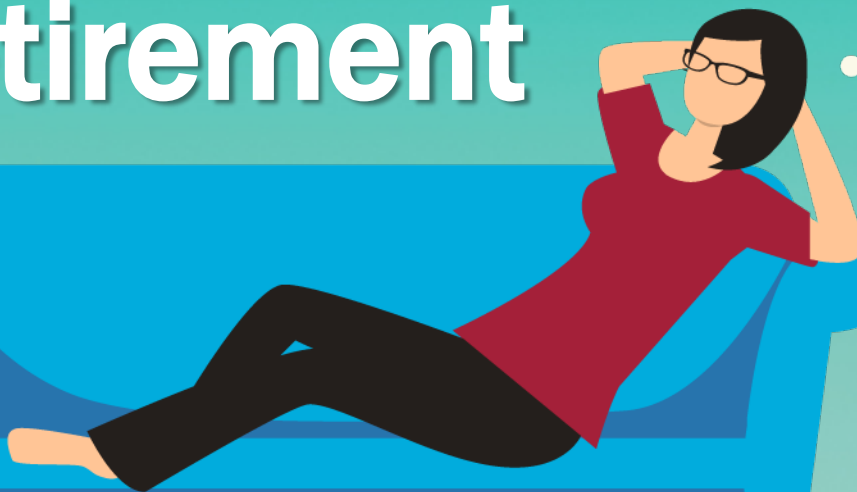




Gen X Retirement

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Who we are

Headquartered in Fort Lauderdale, our mission is to assist families throughout the United States in ending financial crisis, and solving money management problems through education and professional counseling.



Who is Generation X?

- Gen X is anyone born between 1965 and 1980
- Gen Xers are now between the ages of 38 and 53





What you'll learn in this webinar

- Challenges that Gen X faces and how to overcome them
- How to use different retirement accounts and resources to your advantage
- Ways to start saving, even if you're burdened by debt
- Tips for catching up on retirement savings, specifically if you're over age 50
- What you can expect as you head towards retirement





How far is Gen X away from retirement?

- Most people aim to retire around age 67, because that's when Social Security benefits start
- That means Gen Xers are now 15-30 years away from retirement
- So if you haven't started already, now is the time to make sure you're retirement-ready





Is Gen X ready for retirement?

Most experts say no

- According to a CNBC report from March of this year, only 8% of Gen Xers have saved enough to be on track for retirement





Is Gen X ready for retirement?

Most experts say no

- ARGI Financial Group says workplace retirement savings aren't where they need to be:
 - The average Gen X worker started participating in a workplace retirement program at age 27
 - But the median savings is just \$69,000





Is Gen X ready for retirement? Most experts say no

- ARGI also asked retirees how much they think they need for retirement
- The median guess was \$500,000
- But with a 4% annual withdrawal, that comes out to \$20,000 per year
- That's not nearly enough to live comfortably in most places





Is Gen X ready for retirement?

Most experts say no

- A TD Ameritrade survey published this year in USA Today found:
 - 43% of Gen X workers say they know they're behind on retirement savings
 - Almost half (49%) worry they'll run out of money once they stop working
 - And 37% say they don't think they'll be able to retire at all
 - 17% aren't saving or investing at all
 - Only one third believe they'll be very secure during retirement





Gen X needs to be prepared!

- As CNBC notes, Gen X is the first generation with no employer pensions.
- The Social Security administration reports that Social Security benefits are on track to be depleted by 2034
- So, Gen X is the first generation that's largely on their own for taking care of themselves in retirement





What challenges does Gen X face heading into retirement?

- Americans face record high student loan debt and credit card debt, and Gen X has more debt than anyone
- The average Gen X household has \$231,774 of debt according to a report in USA today, with the most average non-mortgage debt of any generation at \$30,334





What challenges does Gen X face heading into retirement?

- Many Gen Xers are still paying off student loan debt
- Many lost homes in the mortgage crisis of 2008 and investments in the Great Recession





The challenge of being a sandwich generation

- There's also the challenge of becoming a sandwich generation, where Gen X households are taking care of children – often into adulthood – and their parents
- Gen X's children are taking longer to achieve financial independence and many are moving back home





The challenge of being a sandwich generation

- At the same time, many Gen X households have also taken in aging parents who aren't able to live independently either
- As a result, Gen X can't save for their own retirement, because they're financially burdened taking care of everyone





So what's the solution?

- No matter which end of Generation X you're on, you need to start saving!
- The AARP reports that nearly one quarter of Gen Xers believe that they can't start saving for retirement until they pay off their credit cards





So what's the solution?

- Bring financial balance to your life and
- Budget correctly to save for retirement
- Find solutions to pay off your debt at the same time
- Understand tools that can help you save effectively
- And how you can use them to your advantage





Understanding the value of a 401(k)

- 401(k)s and other employer-based retirement programs are designed to help you save
- The contributions you make are tax-free – i.e. the money is taken out of your paycheck before taxes
- And most employers offer match programs, where they match a percentage of every dollar you contribute up to a certain percentage of your annual salary





Understanding the value of a 401(k)

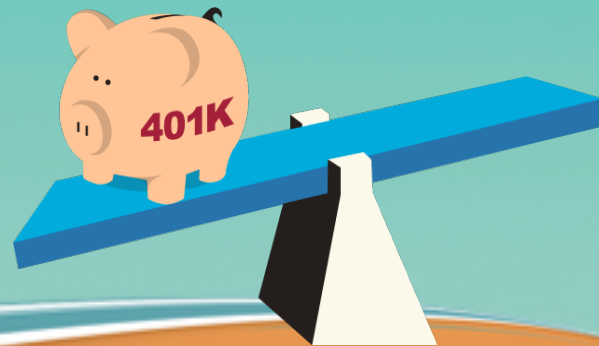
- A common match is 50 cents for every dollar contributed up to 6% of your salary
- That's free money for your retirement!





Understanding the value of a 401(k)

- Bear in mind that you aren't taxed on contributions, but you are taxed on withdrawals
 - Regular withdrawals after age 59½ are taxed as regular income
 - Early withdrawals come with tax penalties
- Also note that there's a limit to how much you can contribute to a 401(k) each year
 - For 2019, that limit is \$19,000





IRAs are a necessity

- Individual Retirement Accounts (IRAs) are a necessity if you don't have a 401(k)
- IRAs come in two flavors – Traditional and Roth





IRAs are a necessity

- There are other differences, too – like you must start making withdrawals on a traditional IRA at age 70½, but a Roth IRA has no required starting age for disbursements
- IRAs also have maximum yearly contribution you can make. For 2019 it's \$6,000 for both types of IRAs





Do you need a financial advisor?

- All retirement accounts use mutual funds to invest the money contributed so it can grow
- The good news - many advisors offer an initial consultation for free
- They can also tell you what funds are being used to invest your money





Choosing the right financial advisor

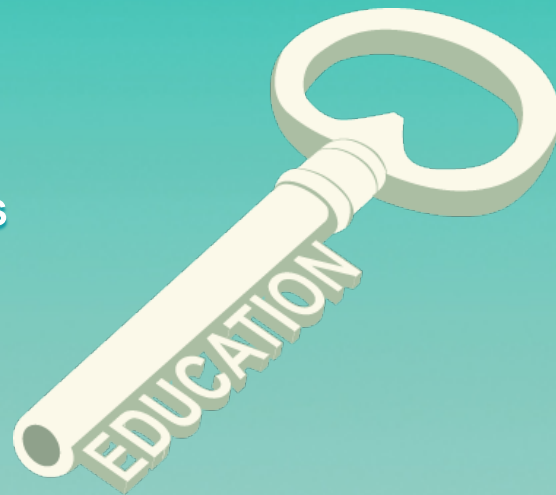
- Make sure to choose a financial advisor that's fiduciary
- Check brokerage fees and other fees charged by the advisor





Education is key!

- Even with an advisor, educate yourself about retirement accounts, mutual funds and other investments so you can ask the right questions when you talk with your advisor





Finding money to save for retirement

- Even if you spend everything you make and live paycheck-to-paycheck, there are still ways you can find savings, for example your tax refund





Create a budget to start saving for retirement

Create a budget so you can understand spending habits and make room to save





Find solutions for paying off debt that are more efficient

- If you carry credit card balances every month, you're throwing money away on interest charges.
- Reduce or eliminate those charges so you can pay off your debt efficiently
- If your credit score isn't great or you have too much debt to repay with a loan, speak with a credit counseling agency to see if you qualify for a debt management program





How much should you have saved for retirement?

- If you're at the younger end of Gen X - your late 30s - then you should have the amount equivalent to one year of your gross annual salary saved
- By 45, you should have 3 times your annual salary saved
- At the older end of Gen X by age 55 you should have 5 times your annual salary saved
- By 65, you need eight times your annual salary saved





If you're behind in saving...

- Balance your budget
- Pay off all existing credit card debt and divert that money to saving for retirement
- Student loans – whether they're yours, PLUS loans for your children or a combination of both – look into student loan consolidation





If you're under age 50 and behind...

- Up your 401(k) contributions to get as close as possible to the max contribution
- Start a Roth IRA and get as close as possible to that max contribution
- Consider other investments that offer a combination of low steady growth and larger, higher risk growth





If you're over 50, there's more opportunity to save

- Maximum contribution limits on 401(k) plans and IRA accounts increase after age 50 because you're allowed extra contributions:

- The catch-up 401(k) contribution is \$6,000 for 2019, meaning you can contribute up to \$25,500 annually
- The maximum contribution for traditional and Roth IRAs is \$7,000 in 2019





What can you expect as you get closer to retirement?

- At 50, you can join AARP
- At 59½ start making withdrawals from retirement accounts without penalties
- At 62, you can get Social Security, but payments can be permanently reduced by starting this early!
- Qualify for full Medicare at age 65





When you hit 67

- You can start getting your full Social Security benefits, but you can put it off
- At age 70½ you must start making withdrawals from 401(k) and Traditional IRAs – there is no requirement for a Roth IRA





Things to remember during retirement

- Keep debt as low as possible
- Make a budget once you retire
- Take time to research Medicare





A final note

If high interest rate credit card debt is draining the money that you should be saving for retirement, speak one-on-one with a Life Credit Union or Consolidated Credit representative to find the right solution for your unique financial situation.





**Remember ... Life Credit Union can
help you with your financial goals & challenges.**





For more information
and additional FREE financial education
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Questions?
Contact Anne Wires at anne@lifecu.org



Thank You!



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