

Retirement Planning Fact Sheet

RETIREMENT PLANNING – IT’S NOT TOO LATE

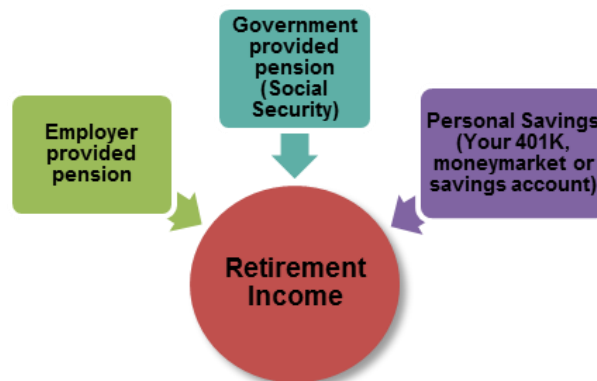
Are you dreaming of retirement? But you are not sure whether you can afford to retire? Securing your retirement takes some planning, and while planning when you’re young and still working can give you more time to save and more options in the long run, it is never too late to start preparing for retirement.

RETIREMENT PLANNING IN AI/AN COMMUNITIES

American Indians and Alaska Natives (AI/AN) have a long history of saving, negotiating, and relentlessly pursuing a dream or vision. But research shows that few Native communities have engaged in formal discussions of retirement planning, or saving and investing approaches. (1) Many Native Elders tend to be hesitant when discussing assets (i.e. money, property) and financial capability with others outside their communities. However, they understand that assets can help people achieve their goals, help others in their community, and can be handed down from generation to generation. (1) It’s not too late for Native communities to take control of their finances and retirement planning, even small steps can make a big difference.

If you are still working, some steps YOU can take to prepare for retirement include:

- 1. Determine how long your retirement will be.** Many people do not realize that retirement can last 20 to 30 years. Consider two things: 1) At what age you plan to quit work; and 2) How long you might live. While most of us don’t know the age we will die, for planning purposes it’s important to assume you will have a long life in retirement and the longer you live, the more likely inflation will reduce the value of your savings. On average, people who reach age 65 live into their 80s, but many will live to 90 and beyond.
- 2. Determine how much income you will need.** Estimate how much monthly or annual income you will need in retirement. Remember that Social Security usually covers about 40 percent of an average earner’s pre-retirement income. You need to know where the rest of the money will come from.
- 3. Consider the different sources of retirement income.** Think about what sources of retirement funds will be available (Social Security, employer retirement plans, your personal savings). Determine how much you will receive from each, and how long those sources may last.
- 4. Consider how you will pay for healthcare.** Check to see what services are offered through Indian Health Service (IHS) and if you are eligible for Medicare. Your Medicare Part B premiums may change annually depending on income, enrollment status, and Social Security benefits. You may need to consider purchasing a Medigap policy in order to cover the costs that Medicare does not cover. Find out which services are covered in your state at the Medicare.gov website.



5. **Plan for your lifestyle expectations.** If you have specific plans for retirement, such as hobbies or travel, consider how you will pay for it and include it in your monthly/annual income needs.
6. **Plan for the unexpected.**
 - **Prepare for emergencies.** Set aside some money so you can respond to potential emergencies, such as home repairs, unexpected medical bills, or family emergencies.
 - **What if your spouse dies first?** If you are married, find out which benefits will continue if you or your spouse should die first.
 - **What if you need help in your retirement?** Consider how your retirement income would be affected if you needed long-term care, assistance at home, or special housing. Know what services Medicare does and does NOT cover.
7. **Find out how taxes will affect your retirement income.** If you receive money from a tax-deferred savings plan such as a 401(k), you will need to pay taxes on the amounts you receive when you make withdrawals. Depending on your income and marital status, you may also have to pay taxes on your Social Security benefits. Visit the Social Security website for more information at www.socialsecurity.gov.

It is never too late to start retirement planning. Below are a few resources to assist with planning:

- **Social Security Administration**
1-800-772-1213 or www.ssa.gov
- **The U.S. Department of Labor**
1-866-444-3272 or www.dol.gov
- **Centers for Medicare & Medicaid Services**
1-800-MEDICARE (800-633-4227) or visit www.medicare.gov
- **AARP Social Security Benefits Calculator**
<http://www.aarp.org/work/social-security/social-security-benefits-calculator.html>
- **T. Rowe Price Retirement Income Calculator**
<https://www3.troweprice.com/ric/ricweb/public/ric.do>
- **Retirement Planning Timeline**
<http://moneymattersblog.com/login/login/wp-content/uploads/2013/06/Timeline-for-Retirement-Planning.jpg>

SOURCES

- 1) Strengthening Financial Capabilities for Native American Elders, [www.oknativeassets.org/Resources/Documents/Asset%20Building%20Presentation%20\(2\)%20\(2\).pdf](http://www.oknativeassets.org/Resources/Documents/Asset%20Building%20Presentation%20(2)%20(2).pdf)
- 2) The New Rules of Retirement Planning, www.consumerreports.org/retirement-planning/new-rules-of-retirement-planning/
- 3) 5 Tips for Late Start Retirement Savings, www.brighthousefinancial.com/education/retirement-planning/5-tips-for-late-start-retirement-savings/