



Retirement

Unit 4



Saving & Planning for Retirement Should Start Now

- ~ **Social Security Benefits**
- ~ **Savings**
- ~ **CDs**
- ~ **401(K)**
- ~ **IRA**
- ~ **Roth IRA**
- ~ **Investment**



Social Security Benefits

- ~ Should not be the only thing you rely on for retirement
- ~ Usually not enough to cover living expenses



Savings

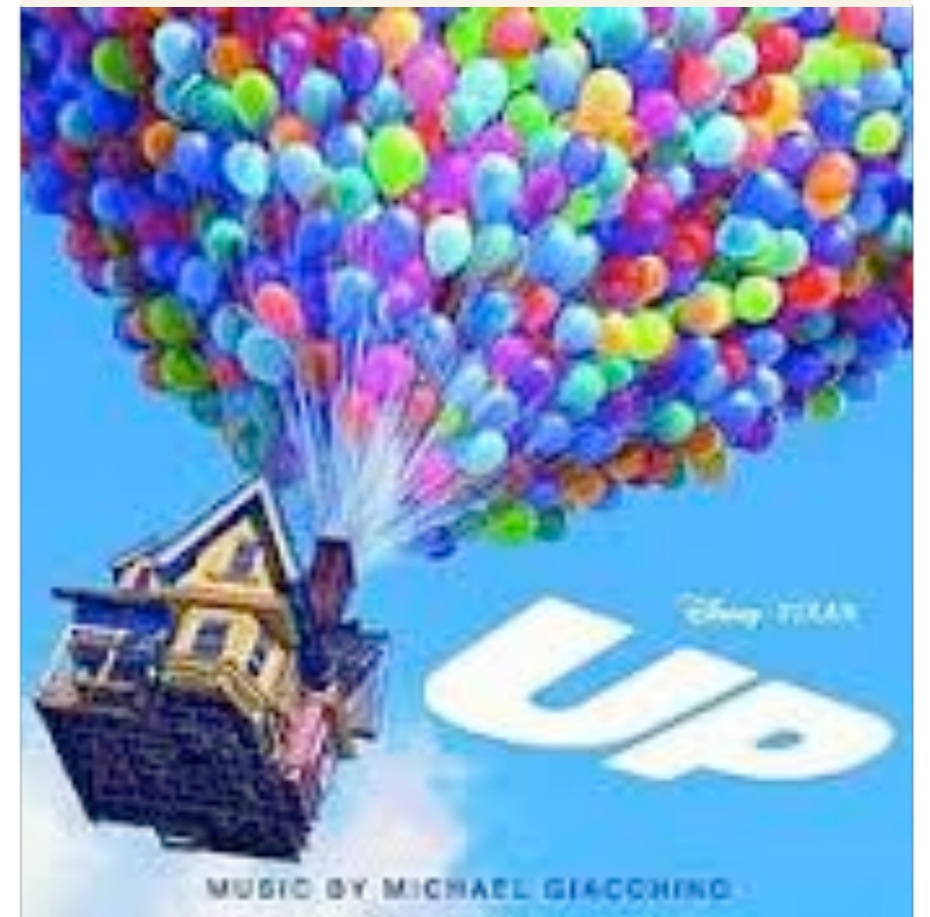
- ~ Usually requires small minimum deposit in savings account
- ~ Can be accessed at any time
- ~ Banks usually give $<1\%$ interest annually
 - ~ Many popular banks give $.01\%$



You can take out savings when you need it

Certificate of Deposit

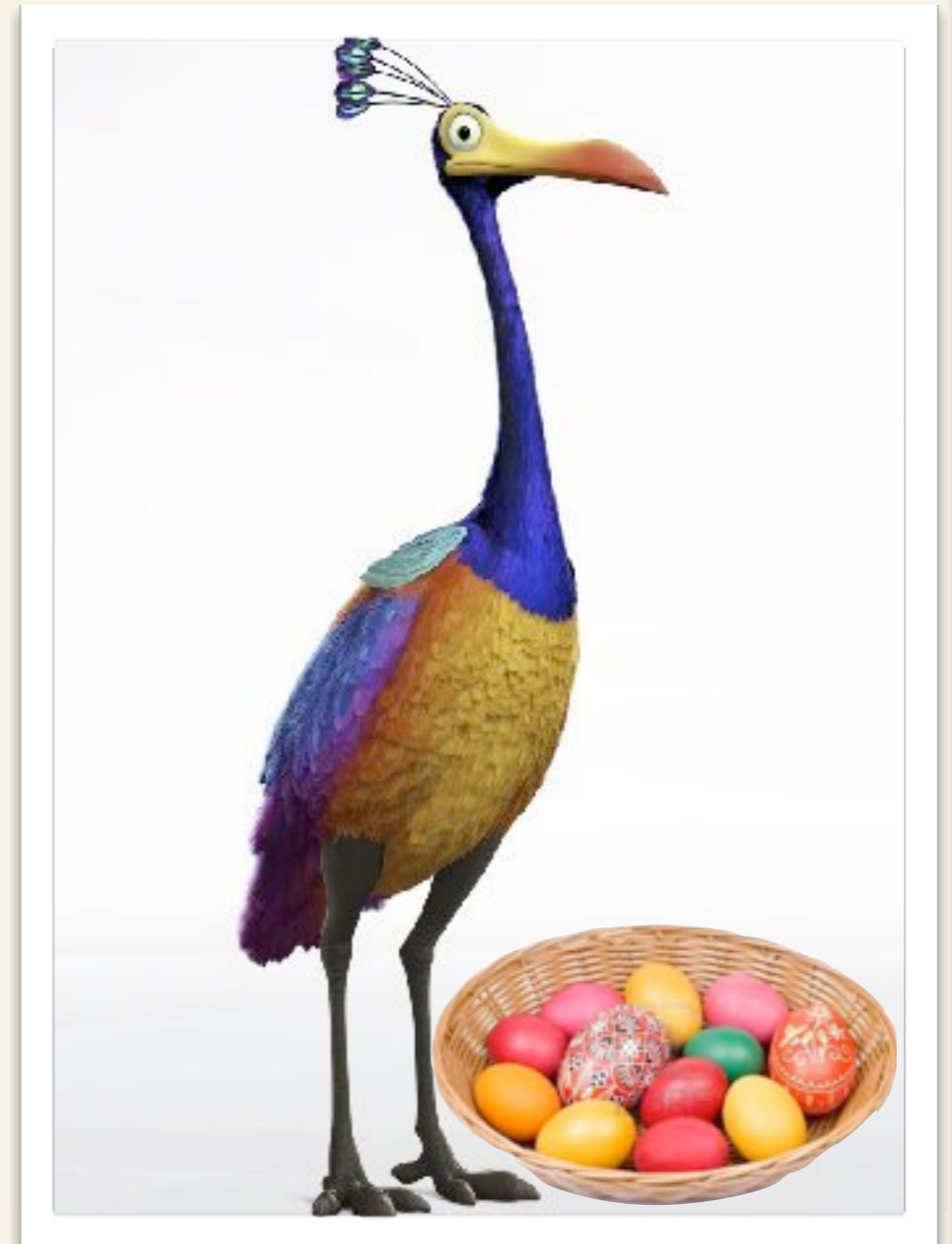
- ~ Higher interest than savings account
- ~ Higher minimum deposit requirement
- ~ Can't be accessed right away
- ~ Good for saving for a specific purpose



No....it's not this kind of "CD"....

Investment

- ~ Important to have a diverse portfolio
- ~ Combination of stocks and bonds
- ~ Don't put all your "eggs in one basket"



401(K)

- ~ Provided by employers
- ~ Tax deferred, individual pension fund for employee
- ~ 80% of employers will match what you put in
- ~ The money get invested into stocks and bonds
- ~ Penalties if taken out early



Individual Retirement Account (IRA)

- ~ Long term, tax-sheltered deposit
- ~ Up to \$5,000 a year can be deposited
- ~ This money gets invested
- ~ You have to start taking it out by age 70.5



Roth IRA

- ~ Different than IRA because you get a tax break on money that's withdrawn
- ~ You can only contribute if you make $< \$125,000/\text{yr}$ ($\$183,000/\text{yr}$ for married couples)



Carl and Ellie can only make up to a total of \$183,000 a year to be eligible to contribute to a Roth IRA

It's Never too Early

- ~ It's never too early to start planning for retirement
- ~ Remember to make your money work for you!!



“Three Door Book” Foldable

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| Savings & CDs info & comparison | IRAs & Roth IRAs info & comparison | 401(k) info & comparison to IRA |
| <ul style="list-style-type: none">• Advice for Investment• Advice for Saving/Having \$ for Retirement• Best strategy (or strategies) | | |
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