

# BUILDING BLOCKS FOR RETIREMENT

## Retirement Planning Essentials

### An Apple A Day

Keeping the doctor away by staying healthy is an excellent idea. Unfortunately, good health isn't guaranteed, and even healthy individuals have health-care expenses. So as you plan for your retirement, you need to take these potential expenses into account.

#### A Good Night's Rest

If you're losing sleep because you're worried about being able to afford adequate health care during retirement, you're not alone. According to a recent survey,\* concern about the cost of health care is near the top of the list for many retirees. (Other top concerns include the effect of inflation on their savings and not having enough money to pay for long-term care.) You may



assume that your living expenses will be lower once you stop working. And many of your expenses are likely to decrease. But sharp increases in health-care costs could actually make your overall living expenses higher during retirement.

#### Flexibility

Will you be able to count on help from your employer? Possibly. But not all employers provide their retirees with health insurance coverage. Even if you or your spouse will have coverage through your job, you'll probably be responsible for premiums, deductibles, and copayments. And those could amount to significant out-of-pocket expenditures. Medicare isn't the complete answer, either. Medicare coverage doesn't start until you're age 65. So, if you plan to retire early, keep in mind that you won't be eligible right away. Once Medicare does kick in, it won't take care of all of your health-care needs. You'll probably need supplemental insurance to adequately cover your costs.

#### Regular Exercise

The good news is that you can prepare now for high health-care costs in the future. Participating in your employer's retirement plan is a healthy start. Regularly increasing the amount you contribute will help build up the amount you have in savings when you retire. For example, if you increase the amount you're saving for retirement by \$100 a month, in 30 years you could accumulate an extra \$149,036 (assuming an 8% average annual return, compounded monthly).\*\*



For a financially healthy retirement, save as much as possible in your employer's plan and regularly increase the amount you contribute.

\* The Society of Actuaries' 2011 Risks and Process of Retirement Survey Report

\*\* The rate of return used is hypothetical, for illustrative purposes only, and does not represent the rate of return for any particular investment. Actual rates of return will vary over time, particularly for long-term investments.

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