What's the best way for me to save for retirement?

The Clarke County School District Retirement Savings Plan

Clarke County School District

The Clarke County School District Retirement Savings Plan!

As an employee of Clarke County School District, your retirement plan has three parts:

Part 1:
Social Security

Part 2:
Your Basic Retirement Plan

Part 3:
Supplemental Retirement Savings Plan (RSP)

Depending on the basic retirement plan you have (TRS or PSERS), you've received a Retirement Saving Guide that gives you a brief overview of all your plans and the benefits you are likely to receive from them one day. It helps you decide whether you need to save more for retirement and how much. It also helps you understand the basics of saving and investing, so you can do what best suits you and your family.

This booklet is about the new, **Clarke County School District Retirement Savings Plan.** We built it to be the best place for you to save for retirement.

> ***The benefits you receive from Social Security and your Basic Retirement Plan are determined by three main factors – your earnings, your years of service and your age when benefits begin to be paid.***

The Clarke County School District Retirement Savings Plan

Everyone needs to plan ahead for retirement. The sooner you start saving, the better off you'll be.

This booklet tells you about the Clarke County School District Retirement Savings Plan (RSP). We wrote it to be easy to understand. And we truly hope you will find it helpful.

Clarke County School District does a lot to help you prepare and fund a comfortable retirement. But you have a responsibility too – learn about the Retirement Savings Plan, save as much as you can, start early and be smart about how you invest your money. The Retirement Savings Plan is a great place to do it!

PAY YOURSELF FIRST!
"The easiest way to force yourself to save is to do it via **payroll deduction**."

Introduction

At Clarke County School District, we think saving for retirement is important. So much so, that we now automatically enroll every new employee in the plan, at a savings level of 3% of pay. Our hope is that all our employees will take the matter of saving for their future very seriously and look for ways to increase the amount you save, at every stage of your life.

If You Earn:	3% Each Pay Each Month Is:
$12,000 / yr	$30 ($7.50/wk)
$24,000 / yr	$60 ($15.00/wk)
$36,000 / yr	$90 ($22.50/wk)
$48,000 / yr	$120 ($30/wk)

After a review, the Clarke County School District Retirement Savings Plan was re-engineered into the plan it is today: Easy to understand, providing ample choices and very low-cost. We think it may just be the best plan of its kind! We're pleased that you're learning more about the Plan and adding to the security that our basic retirement plans (TRS and PSERS) provide. This booklet, along with the Retirement Savings Guide that it's paired with, gives you most of what you need to know. If you have further questions, please contact the Benefits Department for help.

Here are some frequently asked questions with simple answers.

What is the Clarke County School District Retirement Savings Plan (RSP)?

It's the new version and single name we've given to the 403b and 457 plans so many of you invested in. The RSP enables you to save money for retirement via payroll deduction if you think you may want more income in retirement than our basic retirement plans and Social Security will provide.

Why does Clarke County School District have a plan like this?

We believe it's in everyone's best interest to save as much as they can at every stage of their life. Even though CCSD employees have a great retirement plan and are covered by Social Security, everyone will benefit from saving. In addition, the future funding of Social Security is uncertain, so saving more is a good way to protect yourself in case those benefits are some day reduced.

Why should I save for retirement in the RSP?

Because it's the best way to do it. Here's why:

- The Plan helps you save automatically – by payroll deduction.
- Your money goes into the Plan before taxes are taken out. That means more money goes into your account because less money goes out in taxes.
- You get a simple way to invest your money, in an account that you know fits you.
- You don't have to be an expert investor – the Plan helps you make smart choices.
- Plan expenses are very low.

When can I get in the RSP?

If you started working after June 1, 2020 or later, you're automatically in the Plan, saving 3% of your pay. You can join, increase, decrease or stop your savings at any time.

How much can I put in the RSP?

You should put in as much as you can. The annual maximum allowed by law is $19,500 (more if you're over age 50). If you earn $36,000/ year your monthly pay is $3,000:

3% of $3,000 equals $90/month going into your savings
That's $1,080 in one year

You can save more if you want.

I'm not sure I can spare $90/month

Keep in mind that the $90 can come out of your pay **before taxes**. So saving $90 actually costs you about $65 in take-home pay--about $16/week.

How can saving $16/week give me much for retirement?

Easy. When you start early, your account has lots of time to grow. The more money you have in your account, the more investment income you can earn. If you save $90 each month, that's about $1,080 each year.

$1,080 invested in RSP and earning 6% becomes $1,111 in one year.

If you contribute $90 per month and you earn 6% on your money, here's how just one year of contributions will grow:						
YEARS	5	10	15	20	25	30
$ IN YOUR ACCOUNT	$1,499	$2,021	$2,726	$3,678	$4,961	$6,691

All that money from just **one year** of contributions earning 6%.

What if I save that amount continuously every year?

This chart shows how your account will grow from a continuing monthly contribution of $90, earning 6%:						
YEARS	5	10	15	20	25	30
$ IN YOUR ACCOUNT	$6,281	$14,751	$26,176	$41,387	$62,374	$90,412

Remember! You're accomplishing all of this at a cost of about $16 a week less in take-home pay.

I think I can save but I don't know much about investing.

Most people don't. When you save money – like in a savings account – you earn "interest" and your money grows. That's an investment. You don't earn much when you invest in a savings account, but there's no risk either. When you want the money, it's there for you – plus a little interest (your "investment return"). This is a very safe way to invest. Problem is, the cost of almost everything we buy goes up quicker than our investment! So you earn some interest, but you can't buy as much with the money when you're ready to use it.

Another common way some people invest is to purchase "stock" in a company – like Home Depot. Someone who bought Home Depot stock 20 years ago has doubled his money several times. But, folks who invested in companies that failed may have lost all their money. So this kind of investment can earn you a lot – or lose you a lot!

In a savings account, the money you put in is safe but you can't earn much on it. With a savings account, your risk is that you won't earn enough.

With company stocks, you may get a much better return on your money, but you can lose the money you put in if things don't go well for that company.

So how do I earn more with my RSP money and not take too much risk?

RSP makes it easy for you.

All the money contributed goes into "funds" that include many different types of companies and investments. Professional investment advisors helped us blend those funds together into 12 different "portfolios" – let's just call them "buckets". There is still risk in any investment, but mixing investments this way helps to limit it.

As a rule, lower risk (conservative) buckets will give you the most safety but a lower return on your money. Higher risk (aggressive) buckets can get you higher returns but you could lose money as well.

If you have many years to invest before you retire, you can choose a more aggressive bucket because over a long period your bucket is likely to do well.

If you're close to retirement, you'll want a less risky bucket because you want to hang on to all that you have saved and earned.

Keep in mind that even the aggressive buckets in the plan are not nearly as risky as buying stock in just one company. Each bucket holds different types of investments. This way, when one investment is doing poorly in a bucket, others may be doing better. Since few investments go up or down at exactly the same time, this strategy helps lower your risk and improve your return.

Remember the last time you were in heavy traffic on I-85? Each lane moves at it's own pace. One lane is stopped. Another is moving. Investments move like that, too.

How do I choose the bucket that's best for me?

The most important thing you need to do is think about how much risk you are willing to take with your money. Are you conservative, moderate or aggressive? The questionnaire on the next page will help you decide.

What kind of investor am I?

Becoming a saver puts you into an elite class of Americans! Let's face it — saving is not one of our strong points in this country. So how do you invest your hard-earned retirement savings? At Clarke County School District, we've made it easy for you to decide. Start with finding out your willingness to accept some risk in your investing.

To determine your personal tolerance for risk, think carefully about these 5 questions and circle your answer from 1-5. A score of "5" means you ***strongly agree***. A score of "1" means you ***strongly disagree***. On the last question, just circle the answer with which you agree with most.

A. Earning a high investment return over the long haul is one of my most important objectives.

1	2	3	4	5

B. What happens to my account over the long haul is more important to me than what happens over 1 or 2 years.

1	2	3	4	5

C. To get higher, long-term returns, I'm willing to give up steady guaranteed returns.

1	2	3	4	5

D. I won't fret about sharp up and down swings in the value of my account for the chance to get higher long-term returns.

1	2	3	4	5

E. I would probably switch investments if, in any 30-day period, my account value dropped by more than:

5%	10%	15%	20%	25%
(1)	(2)	(3)	(4)	(5)

Now add the numbers you circled above to see where you fall on the scale below. Neither the five statements nor your total score is meant to tell you which investments to choose. Rather, they may help you better understand your objectives and feelings about investment risk, so that you can select investments that are right for you.

5	10	15	20	25
conservative		moderate		aggressive

An aggressive investor is comfortable with taking some risks on his investment. He's OK with losing money in the short-term if he can earn more over time.

A very conservative investor is more comfortable when his investment is safe and always goes up – even a little. He's OK with not earning much, as long as he's safe.

I figured out whether I'm a conservative, moderate or aggressive investor now how do I pick my bucket?

It's easy. Look at the "grid" on the next page. It shows all the buckets. Figure out how many years you have until retirement. Find that blue box on the grid. Then find your bucket to the right—conservative, moderate or aggressive. That's all there is to it!

With these simple steps, you can be confident that you are investing your retirement savings in a way that **fits you best**. For most, you now have a strategy that will suit you for many years of saving and investing.

If your needs or attitudes change over time, you can always move your money to another bucket. But here's the most important thing: **be honest with yourself about how you feel about risk, because it's important that you're willing "stay the course" with whatever bucket you choose.**

What do I need to do next?

Make your choices!

The best thing you can do is complete the Clarke County School District Retirement Planning Worksheet: ***Can I Afford to Retire?***

This tool will help you make an estimate of your monthly expenses. It will also guide you to consider your sources of retirement income, such as TRS, PSERS and/or Social Security, as well as personal savings. If you work through it, you'll have a pretty good idea of whether you can afford to retire.

Next, set up a session to discuss your worksheet with our Clarke County School District-dedicated advisor from AIG. He'll be able to answer your questions, determine your goals and devise a plan that will help you get there—including selecting your investment "bucket". Ask him about retirement *PathFinder* to get an easy-to-understand picture of what it will take to meet your retirement objectives.

Don't forget to name your beneficiary and keep that information current.

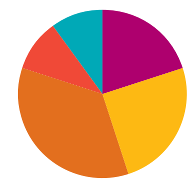
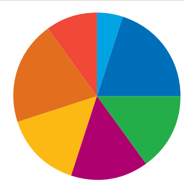
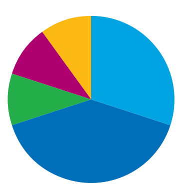
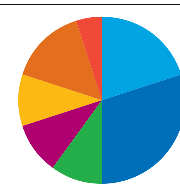
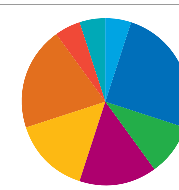
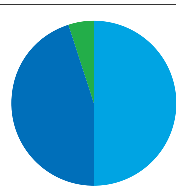
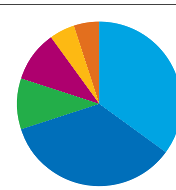
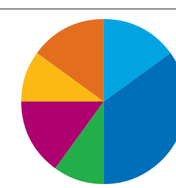
Clarke County School District Retirement Savings Plan

Clarke County
School District
Better Every Day

Investment Buckets

Stable ← → More Risk

Stable	Bonds	Balanced/Lifestyle	Growth & Income	Growth	Aggressive Equity	Global/Int'l

Years to Retirement	Conservative	Moderate	Aggressive
15+ Years	#1  10% Stable Value 20% Bond 15% Balanced/Lifestyle 20% Growth & Income 10% Growth 15% Aggressive Equity 10% International 0% Emerging Markets	#2  0% Stable Value 10% Bond 10% Balanced/Lifestyle 20% Growth & Income 15% Growth 25% Aggressive Equity 10% International 5% Emerging Markets	#3  0% Stable Value 0% Bond 0% Balanced/Lifestyle 20% Growth & Income 25% Growth 35% Aggressive Equity 10% International 10% Emerging Markets
10 - 14 Years	#4  15% Stable Value 35% Bond 10% Balanced/Lifestyle 15% Growth & Income 10% Growth 10% Aggressive Equity 5% International 0% Emerging Markets	#5  5% Stable Value 20% Bond 15% Balanced/Lifestyle 15% Growth & Income 15% Growth 20% Aggressive Equity 10% International 0% Emerging Markets	#6  0% Stable Value 10% Bond 15% Balanced/Lifestyle 15% Growth & Income 20% Growth 25% Aggressive Equity 15% International 0% Emerging Markets
5 - 9 Years	#7  30% Stable Value 40% Bond 10% Balanced/Lifestyle 10% Growth & Income 10% Growth 0% Aggressive Equity 0% International 0% Emerging Markets	#8  20% Stable Value 30% Bond 10% Balanced/Lifestyle 10% Growth & Income 10% Growth 15% Aggressive Equity 5% International 0% Emerging Markets	#9  5% Stable Value 25% Bond 10% Balanced/Lifestyle 15% Growth & Income 15% Growth 20% Aggressive Equity 5% International 5% Emerging Markets
1 - 4 Years	#10  50% Stable Value 45% Bond 5% Balanced/Lifestyle 0% Growth & Income 0% Growth 0% Aggressive Equity 0% International 0% Emerging Markets	#11  35% Stable Value 35% Bond 10% Balanced/Lifestyle 10% Growth & Income 5% Growth 5% Aggressive Equity 0% International 0% Emerging Markets	#12  15% Stable Value 35% Bond 10% Balanced/Lifestyle 15% Growth & Income 10% Growth 15% Aggressive Equity 0% International 0% Emerging Markets

Time Horizon

Notes:

To Do List:

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Questions? Contact the Clarke County School District Employee Benefits Dept at 706-546-7721 ext 20711