WHY RETIRE?
It’s been said that there is no such thing as retirement in Indian Country. Instead, many Native elders stay active in their communities by volunteering, raising grandchildren, and participating in cultural doings and ceremonies. However, the challenges of daily living are certainly easier to manage when a person has a nest egg that provides financial security beyond their working years.

HOW MUCH WILL I NEED?
Determining how much money a person needs in retirement depends on a number of factors. Here are a few questions to consider.

- Do I have a spouse or dependents?
- How much will I receive from Social Security and other benefits?
- Do I or my spouse currently have any health issues?
- Do I plan to travel?
- Is my house paid off?
- Do I have credit card debt, auto loans, or other debts?

A good rule of thumb is to plan for at least 20 years of financial needs after you’re done working. For example, someone who retires at age 65 should try to save enough money to last until at least age 85. Therefore, it’s really important that a person start saving and investing for retirement sooner rather than later.
RETIREMENT ACCOUNTS

If you work for an employer that offers a retirement plan, such as a 401k, take full advantage of the opportunity. The plan works by allowing you to contribute a percentage of your wages or salary into the plan each pay period. An equal or lesser percentage of those contributions are often matched by your employer which increases the total amount of contributions. These funds are then usually invested in mutual funds that align with your retirement goals.

If you are self-employed or work in a job that doesn’t offer an employer sponsored retirement plan you can still save and invest for retirement by opening an individual retirement account or IRA. On your own you can then contribute a certain percentage or dollar amount each month to your IRA. You won’t enjoy an employer match like a 401k but you’ll still be able to invest in a wide range of mutual funds to suit your goals. Both 401k’s and IRA’s also offer tax advantages to investors.

START SOON

Here’s an example of two different people saving for retirement. They both start with $0 in retirement savings, earn identical income, contribute the same amount into their retirement accounts, and their investments perform the same. However, one person begins saving for retirement at age 30 while the other holds off until age 55. The impact of an additional 25 years of saving in determining how much money a person has to retire is astonishing.

<table>
<thead>
<tr>
<th>Current age</th>
<th>30</th>
<th>55</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual household income*</td>
<td>$30,000</td>
<td>$30,000</td>
</tr>
<tr>
<td>Current retirement savings</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Annual retirement contributions</td>
<td>$3000</td>
<td>$3,000</td>
</tr>
<tr>
<td>Expected rate of investment return</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Retirement savings at age 65: $481,046 for age 30, $38,602 for age 55.

*Assumes 2% annual income increase

Chart data provided by bankrate.com

RETIREMENT PLANNING TIPS

- Take advantage of an employer sponsored retirement plan if available.
- Research retirement investment options.
- If possible begin saving for retirement by age 30.
- Identify your financial needs in retirement and plan for 20 years of living expenses after you stop working.
- Include retirement contributions in your monthly budget like rent, mortgage, or grocery bill. However, by saving for retirement you are paying yourself first.
- Stay healthy and fit

For more information on investing topics visit https://www.firstnations.org/our-programs/achieving-native-financial-empowerment/