City of Baltimore Quarterly Newsletter THIRD QUARTER 2016

# Retire with BaltiMORE Update

RSP — City of Baltimore Retirement Savings Plan

City of Baltimore DCP — DEFERRED COMPENSATION PLAN

ALSO IN THIS ISSUE: STAY! SURVIVING THE HOLIDAY SPENDING SEASON HOW MUCH WILL YOU NEED FOR RETIREMENT?

## Give yourself a reason to celebrate your future

*Ring in National Retirement Security Week with a new outlook on savings*

> "Celebrate what you've accomplished, but raise the bar a little higher each time you succeed."[1]
>
> ~ *Mia Hamm, retired American professional soccer player*

Birthdays, anniversaries and holidays make up the special moments that add up to a lifetime of memories. But there's another equally important milestone that's worth celebrating: your retirement.

This year, National Retirement Security Week[2] will be observed during the week of October 16-22. However, you can give yourself the gift of a better retirement today and every day.

Regardless of where you are in your career, there are many steps you can take today to enhance your opportunity for a brighter tomorrow. Celebrate this week with people across America and use it as inspiration to kick-start your savings habits – whether it is an increase in your savings rate, an adjustment to your investment choices or meeting with your retirement plan counselor to identify next steps as you near retirement – even a small step today can make a positive difference for your future.

The amount you save is generally thought to be the most important factor in determining your ability to be retirement ready. In fact, even a small annual contribution increase can potentially generate hundreds of thousands of dollars by the time you're ready to transition to retirement.

If that sounds like the kind of gift you'd like to enjoy in retirement, then celebrate National Retirement Security Week today by making an investment in your tomorrow.

To learn more about National Retirement Security Week, visit **www.nagdca.org/News-Events/NRSW** or contact your plan representative at **877-223-2748** or **Retirement.Plans@BaltimoreCity.Gov**.

1 Hamm, M., & Heifetz, A. (2000). Go for the Goal: A Champion's Guide to Winning in Soccer and Life. New York: HarperCollins.

2 Congress has deemed National Retirement Security Week as the adopted title of a campaign raising retirement awareness. Use of this title does not guarantee any particular retirement outcome by the plan sponsor, Empower Retirement or any related entities associated with these organizations. Investing does not ensure a profit or protect against loss.

## WHAT THEY'RE SAYING!

*I have been with the City for 13 years and a participant in the retirement plans for 12. I participate in the plans to benefit from opportunities provided by my employer for my financial future. If you are new to the City, it's never too early to plan for your retirement – especially when you're young and retirement is in the distance!*

*In particular, I'd like to acknowledge the excellent job performance of Ms. Antoinette Guy-Wharton. Her professionalism is of the highest caliber only to be matched by her financial expertise. In addition, her personal skills are invaluable! She is the kind of client representative any company would be privileged to have as a team member. I have met with her numerous times and she is always abundantly helpful and extremely accommodating.*[3]

*– Rebecca Ebaugh*

3 This testimonial may not be representative of the experience of other participants and is not a guarantee of future performance or success.

# Stay! (in your plan)

Did you know you can stay in this plan even after you leave your job? When you retire or move on to a new career opportunity, you don't have to roll over the money in this account into an IRA or new employer's plan.[1]

Your money can stay right where it is, and you can continue to enjoy the same tools and local services available in your current plan. Most importantly, you may continue to benefit from the power of compound interest and potentially lower fees that, in the long run, might be able to free up thousands of dollars that can continue to work for you when invested through your plan. Before you decide to leave, consider the following benefits of staying:

- **You may pay less in fees.** Paying less for fees means more of your money is working for you. With your plan, you participate along with potentially thousands of other people. A larger number of participants may allow your plan to arrange for lower fees, versus if you were the only one investing. It's kind of like buying in bulk.
- **Easy account management.** In your current plan, you have easy and convenient access to your account online, over the phone and in person. These and other resources allow you to make quick and easy investment transfers among investment options.
- **Flexible payout options.** If you are eligible to withdraw money from your plan, you don't need to take it all out at once. Whenever you are ready to start taking your money, you have payout choices to suit your financial needs, including periodic payments and partial withdrawals. That way you have what you need, and the rest of your money can still work for you. This can be an important option when it comes to the amount of taxes you pay when you withdraw your money. You can also change your payout method if needed.

Make sure to carefully compare your options before you move money. Reach out to a plan representative to detail the benefits of staying in your plan.

1 You are encouraged to discuss rolling money from one account to another with your financial advisor/planner, considering any potential fees and/or limitation of investment options.

## Surviving the holiday spending season ... Debt free

As the traditional giving season approaches, there is one important item to add to your to-do list: Create a holiday budget. Before the gift shopping and wrapping begins, take control of your wallet through financial preparation. Remember, you can avoid the credit card crunch and the dangerous pitfall of borrowing against your company's retirement savings plan or IRAs.

Here's how to establish a holiday wish list and spending budget:

- Start by determining the total amount of money that you want to budget for gifts. Carefully evaluate how much money your budget will allow for holiday spending. Be honest and be realistic. The idea is not to spend more than you plan for during the holiday season.
- Next, make a list of people that you will be buying gifts for this year.
- Write down ideas for each person on the gift-buying list. Set an amount that you will spend for each person on the list, then estimate the cost of each gift idea. Create an alternative gift idea for each person if your first idea is too expensive.
- After making the purchase, write down the exact cost of the gift, totaling your expenditures. Be sure to include the price of gift wrap and cards.
- Prioritize your holiday wish list and consider your plans in light of your budget. You may have to choose between gift-giving, entertaining or travel. Families can decide together how much to spend for the holidays including gifts, decorations and food.
- Take a radical step to hide your credit cards. For example, put your credit cards in the freezer.
- Don't forget inexpensive gifts such as themed baskets. An Italian gift basket could include a colander, spiral pasta, gourmet spaghetti sauce, a pasta spoon and garlic bulbs.

Whether you celebrate Christmas, Chanukah, Kwanzaa or the winter solstice, you can make a commitment to sharing holiday presents with family and friends and giving to your favorite charity without worrying about credit card bills or repayment of bank or retirement account loans.

## Have questions? Need information?

**CITY OF BALTIMORE DEFERRED COMPENSATION PLAN**

4 SOUTH FREDERICK STREET
(877) 223-2748

LOCAL OFFICE: (410) 332-0809

**CITY OF BALTIMORE RETIREMENT SAVINGS PLAN**

4 SOUTH FREDERICK STREET, 1ST FLOOR
(410) 396-1127 • RETIREMENT.PLANS@BALTIMORECITY.GOV

# Doing the math – How much will you need for retirement?

Even though calculating a retirement savings goal is key to pursuing and maintaining a confident financial outlook, the Employee Benefit Research Institute reported in 2015 that just 48% of American workers have figured out how much money they will need to accumulate for retirement. And more than half admit that they are behind schedule when it comes to planning and saving for retirement.[1] Are you?

### PLANNING MATTERS

What's important to realize is that the exercise of calculating a retirement savings goal does more than simply provide you with a dollars and cents estimate of how much you may need for the future. It also requires you to visualize the specific details of your retirement dreams and to assess whether your current financial plans are realistic, comprehensive and up to date.

### ACTION PLANS

The following action-oriented strategies will help you do a better job of identifying and pursuing your retirement savings goals:

- **Double-check your assumptions.** Before you do anything else, answer these important questions: When do you plan to retire? How much money will you need each year? Where and when do you plan to get your retirement income? Are your investment expectations in line with the performance potential of the investments you own?
- **Use a proper calculator.** The best way to calculate your goal is by going to **www.retirewithbaltimore.com**, clicking on the *Financial Planning tools* tile and then clicking *Retirement Calculators*.
- **Use the Retirement Income Control Panel tool.** Find out what your current retirement income projection is and how to improve your projection.[2]

These tools can perform the calculation automatically and respond almost instantly with an estimate of how much you may need for retirement and how much more you should try to save to pursue that goal. If you do the calculation on a paper worksheet, however, you might want to have a traditional calculator on hand to help with the math. Remember that your ultimate goal is to save as much money as possible for retirement regardless of what any calculator might suggest. (After all, when was the last time you heard a retiree complain about having saved too much money in his or her 457 plan?)

- **Contribute more.** Are you among the almost three-quarters of retirement savers who say they could set aside an extra $20 each week? If so, here's some motivation to actually do it: Contributing an extra $20 each week to your plan could provide you with an additional $51,389 after 20 years or $130,237 after 30 years, assuming 8% annual investment returns and reinvestment of earnings.[3]

At the very least, you should try to contribute enough to receive the full amount of your employer's matching contribution (if offered). It's also a good idea to increase contributions annually, such as after a pay raise.

Retirement will likely be one of the biggest expenses in your life, so it's important to maintain an accurate price estimate and financial plan. Make it a priority to calculate your savings goal at least once a year.

1 Source: Employee Benefit Research Institute, *2015 Retirement Confidence Survey*, 2015.
2 The Retirement Income Control Panel is an educational tool that provides hypothetical information for illustrative purposes only. It is not intended to provide financial planning or investment advice. The Retirement Income Control Panel is brought to you by Advised Assets Group, LLC, a registered investment adviser. All rights reserved.
3 This example is hypothetical and for illustrative purposes only. Investment returns cannot be guaranteed.



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