

How Should Teachers Begin to Save for Retirement?

Did you know that, according to the Bureau of Labor Statistics (2003), from 1985 to 2000 retirement plan participation dropped from 91% to 70%? Although participation has drastically decreased, the importance of saving has not.

With the “four legged stool” example in the last issue of Pensions 101, how you save is up to you. The school district offers great opportunities through tax deferred 403(b) or 457 accounts. Opting to participate in one or both of these programs allows you to put a percentage of your yearly income into an account, which is then invested as you choose. There are various investment options for you to choose from. These options can be changed as you continue to invest.

For some employees, St. Paul Public Schools will match your 403(b) and or 457 contributions up to a predetermined amount. This works out great because it is free money for you! For more information on this you should refer to your contract with the school district.

All of the contributions made will sit tax free until the day you decide to begin drawing out of the account, most likely at the time of your retirement. To begin contributing to a 403(b) and or 457 account(s), contact your district business office.

You can also begin saving through personal savings accounts, or an Individual Retirement Account (IRA). These accounts provide similar returns to 403(b) and 457 plans, but can be set up in more ways to help manage tax and other liabilities.

If you are not involved in one of these savings plans you should seriously consider starting.

For Additional Information...

For additional information regarding the 403(b) and or 457 accounts please remember to contact the school district or visit their website at: <http://hr.spps.org/Benefits.html>.

References

Dickerson, B.R. (2003, March 26). Employee participation in defined benefit and defined contributions plans, 1985-2000. Retrieved July 29, 2008, from <http://www.bls.gov/opub/cwc/cm20030325tb01.htm>.

