Retirement Readiness

Traveling to new places. Relaxing at the lake. Spending hours on your favorite hobby. Improving your golf game. Enjoying time with the grandkids. All of these activities and more are hopefully a part of your retirement plan. However, the question for today is: Are you sufficiently prepared to retire?

Retirement may seem far off when you are in the middle of your working years, but getting on track early and saving steadily can help you fund the lifestyle you want to live in your retirement years. Whether you’re 25, 43, 62 or some age in between, it’s never too early or too late to plan for a more comfortable retirement. Here are five practical tips you can do now to improve your retirement goals.

1. **Set a goal.** Estimate how much you will need to spend in retirement for your house, food, healthcare, vacations, etc. Determine what income sources you can depend on including Social Security, pensions, lifetime annuity payments, as well as accumulated savings.

2. **Enroll in your employer sponsored retirement plan.** Participating in your employer sponsored retirement plan reduces your taxable income today, while helping to build retirement savings for tomorrow. Pay yourself first by directing a portion of your salary directly to savings. As a general guideline, Fidelity Investments recommends setting a goal to save 15% of your income including the employer match. Increase your rate in small steps until you achieve it.

3. **Schedule a retirement plan check-up.** Make it a habit to schedule an annual plan check-up just as you would your health exam. IU’s Retirement Services team is dedicated to answer retirement plan questions and help prepare for retirement readiness. To schedule an individual appointment email retplans@iu.edu or call 812-856-5191. Fidelity and TIAA-CREF also provide one-on-one, on-site investment counseling. Fidelity call 1-800-642-7131 or TIAA-CREF call 1-800-732-8353.

4. **Increase contributions with income boosts.** Whenever you receive extra cash from a tax refund, a salary increase or some other pleasant surprise, consider increasing your retirement plan contributions. Even increasing by a percentage or two can make a big difference in the long run.

5. **Take advantage of catch-up contributions.** The maximum amount a person can contribute is set by the IRS. For the year 2014, people can contribute up to $17,500 as an elective deferral to their employer’s plan. If you are age 50 or older, you can contribute an additional catch-up contribution of $5,500.

IU’s retirement plans can be found on the Human Resources website under “Benefits.” http://www.indiana.edu/~uhrs/benefits

Here, you can customize retirement planning with the Retirement Readiness Online Calculator, schedule an appointment with a retirement counselor, or get quick benefit calculations direct from Social Security.
Should you consider LTD insurance?

Do you know someone that is living without pay because they are unable to work due to injury or illness? One in four of today’s 20-year olds have a chance of becoming disabled sometime before reaching age 67, and the average long-term disability absence from work lasts 2.5 years, according to the Council for Disability Awareness. That’s a long time to survive without a steady income.

Those in physically demanding jobs, such as labor requiring heavy machinery or climbing to high areas are especially at risk. Musculoskeletal and connective tissue disorders including neck, back and joint pain and disorders were the leading cause of new long-term disability claims in 2013, according to the Council for Disability Awareness. Cancer ranked second among the primary causes.

While some people can tap into their savings to get by without working for a few months, few people can afford to stop working altogether for a longer period of time. That’s where long-term disability (LTD) insurance can help.

Long-term disability insurance is an insurance policy that protects a person from loss of income in the event that he or she is unable to work due to illness, injury, or accident for a long period of time.

Americans use insurance to protect a multitude of assets, from truck and motorcycles, to homes and jewelry. But many people forget to insure their most important asset – the ability to work and earn a living.

Do the math: If you make $35,000, 30 years of labor pays over $1 million. For a lot of families, the prospect of losing just a few months income, yet alone years, just isn’t an option.

Many employers do not offer LTD insurance benefits, but Indiana University recognizes the threat of disability and wants to offer protection for employees. IU’s LTD insurance plan offers four different policies. The cost is determined by a person’s age, salary, and the waiting period between the date of disability and the start of the income.

In most cases, for the cost of roughly one Burger King meal a month, you could protect your income and your family for the years to come. For instance, a 30-year-old earning $29,000 a year would pay just $2.08 per month for IU’s LTD insurance. A 49 year old employee earning $38,000 a year would pay only $9.53 a month.

The LTD insurance policies can provide up to 60% of salary and can last until age 65. All full-time employees are eligible to enroll for the plan at any time. If an employee elects to sign up after their initial 30 days of employment, a Medical History Statement must be provided with the application.

To read more about LTD benefits, calculate your monthly premium, or download the packet to apply, visit www.indiana.edu/~uhrs and click on “Benefits.”

Want to look and feel younger?

Discover the closest thing to the fountain of youth through Tai Chi! Tai Chi is a Chinese martial art that integrates three main concepts into one exercise: relaxation, concentration, and body mechanics.

Tai Chi is linked to several health benefits such as improving blood oxygen levels, balance, coordination, and muscle building. Tai Chi’s main goal is achieving mind and body synchronization. It also serves as a memory and concentration booster for those who have trouble staying focused during a long work day. When practicing Tai Chi, a person learns to open their senses and clear their mind. Instructors of Tai Chi teach people to live in the present which serves as a major stress reducer.

Overall, Tai Chi is extremely beneficial and known to be easy to learn and perform. It consists of 20-60 low impact movements using the entire body, so people of all ages and body types can do it. Tai Chi only takes 20-30 minutes to do, so you could eat lunch and exercise. If there is enough interest, the Physical Plant will consider hosting an instructor during the lunch hour. Let Jamie Gayer know if you would attend.

So many of us suffer from nagging aches and pains. Be one of the few who take steps towards relief.
The Road to Retirement

Let’s take a look at two Physical Plant employees and their different roads to retirement saving.

Scenario #1:
• Utilities employee hired at age 25
• Annual salary of $48,880 (bi-weekly amount $1,880.00)
• At age 45, begins contributing 5% of pre-tax income
• Retires at age 65
• Estimated value at the time of retirement = $146,208
• Estimated Federal Income Taxes saved = $18,360
• Estimated value would supply employee funds for 7 years

Scenario #2:
• Building Services employee hired at age 25
• Annual salary $24,710 (bi-weekly amount $950.38)
• At age 25, begins contributing 5% of pre-tax income
• Retires at age 65
• Estimated value at the time of retirement = $182,235
• Estimated Federal Income Taxes saved = $14,925
• Estimated value would supply employee funds for 15 years

*the above calculations are based on a conservative growth rate of 4.5% and utilizing 30% of fund value per year in retirement.

Taking advantage of defined-contribution plans at work is a great way to accumulate thousands of dollars, with all kinds of tax benefits. The average Social Security benefit today is less than $13,000 a year with future funding unreliable. It’s increasingly important to understand how saving small amounts early, can pay off in a big way.

There are endless resources available on-line to help you prepare. Here’s some of the most helpful and reliable:

- www.tiaa-cref.org  click on Tools & Calculators
- www.fidelity.com/calculators-tools
- www.suzeorman.com/resource-center  click on Retirement Planning
- www.caniretireyet.com
- www.aarp.org/work/retirement-planning  click on Retirement Calculator

35% of Americans over the age of 65 rely almost entirely on Social Security payments.

Discovering lynda.com

Do you know lynda.com? It is among the best places on the web to learn new skills and build on existing ones. Founded in 1995, lynda.com has an extensive library of on-line tutorials designed to enable users to gain new skills or improve those they are already proficient in.

To give you an idea of just how diverse the content is across the more than 1,500 courses and 100,000 videos, here are some of the titles you can find: Family Photography; SharePoint Essentials; Adobe Photoshop; Excel 2013 Power Shortcuts; Web Design Fundamentals; Data-Driven Presentations with Excel and PowerPoint.

Training and Development Coordinator, Emily Haygood says what she likes most about the website is how it arranges the videos according to difficulty levels such as beginner, intermediate and advanced. The web-site’s high quality videos and exercises cater to different sets of people, in this case with various levels of aptitude on a subject.

An individual membership normally costs anywhere from $250-$375 per year, but Indiana University offers it to students, faculty, and staff for FREE!

“If you’re serious about improving your education and technical skills on creative and office software, but don’t have the time and money to attend a course on campus, this is a really good deal for you,” Haygood said.

Employees who need a quick class or two in a specific piece of software to hone their job skills will find Lynda.com much more useful than scouring through amateur YouTube videos.

Many courses even offer certification. These certificates can be a meaningful way to prove your job skills, or simply as awards for your own personal progress.

Whether you want to improve your knowledge for the job or for fun, Lynda.com will teach you best. To learn more about Lynda.com or check out a course of your interest, visit http://ittraining.iu.edu/lynda

University Information Technology Services
IT Training

lynda.com Online Training

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<td>Adobe and Microsoft Office applications: desktop publishing, graphic design, multimedia and video development, programming, statistics, web development and more</td>
<td>videos</td>
<td>free for IU students, faculty and staff only</td>
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IU staff, faculty, and students statewide can take advantage of free 24/7 access to the Indiana University's lynda.com service has been extended through 2020.

Overview of lynda.com
Top: Jay Elkins and friends celebrate his 36 years of service (left); Dale Lisby shares heartfelt goodbyes with coworkers (right)
Middle: Physical Plant employees attend retirement celebration (left); Jay Owens speaks about the highlights of his 42 years at IU (center); the guests honor retirees while enjoying cake and punch (right)
Bottom: Andrew Lowry praises JR Clark for 29 years (left); Bill Haines and Chris Eakins reminisce about his 27 years (center); Mark Menefee thanks Jake Carter for 38 years (right)