



National Life
Group®



Save for a Better Tomorrow

UNDERSTANDING HOW YOUR STATE PENSION PLAN WORKS

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ESTABLISH A CLEAR PICTURE

One of the most important, but often overlooked steps in preparing for retirement is to visualize what you want it to look like and to prioritize your life goals.

- What is my retirement date?
- Calculate how much income you need to live during retirement.
- Create a retirement income strategy that incorporates all of your anticipated sources of retirement income.

Experts say you'll need 70% to 80% of your pre-retirement income to cover expenses each year in retirement.

Are you one of the...

44% of Americans who worry they'll never be able to retire – an all-time high.²

23% of Americans who don't have any kind of retirement plan.³

25% of Americans in their 60's who could not last more than 3 months off of their savings – an all-time high.³

Picture Your Retirement

One of the most important, but often overlooked steps in preparing for retirement is to visualize what you want it to look like and to prioritize your life goals.

Build Towards Your Goals

Estimate your total retirement income

It's fine to use a percentage of your current income as a benchmark, but it's worth going through all of your current expenses in detail. Your next step is to assess how prepared you are to meet your needs over time as your transition to retirement.

What sources of retirement income will be available to you?

- Lifetime income: annuities, social security and pensions
- Savings: IRAs, CDs
- Earnings: full or part-time job
- Other assets: real estate and equity in your home

The biggest concern retirees have is running out of money.

There's no way to predict how long you'll actually live, but with life expectancies on the rise, it's probably best to assume you'll live longer than you expect. And, you may even run the risk of outliving your savings and other income sources.

Plan To Live Longer Than You Think

When you reach age 65...your lifespan could look like this:



65 Year-old
Male



65 Year-old
Female

Age	Probability	Age	Probability
70	91%	70	94.2%
75	79%	75	85.52%
85	43%	85	55.13%
95	7.29%	95	13.93%

Source: Finder.com, "Your Odds of Dying by Age and Gender" May 2019.

49%

of workers fear outliving their savings/investments.¹

38%

of Americans fail to save because they have too many other expenses.

58%

of Americans rated their retirement savings' adequacy C or lower.

YOUR STATE PENSION PLAN

Find Out More About Your State Retirement Plan

First and foremost, the retirement foundation for district employees is their state retirement system. The Florida Retirement System's (FRS) primary responsibility is to provide retirement benefits and services to teachers in public schools and community colleges. Having a good understanding of how your state pension works and the benefits it can provide is essential to your retirement well being.

The unfunded liability and budget shortfalls in pension systems are forcing states to take a hard look at the benefits being offered to plan participants. Be sure to monitor your FRS benefits for any changes.

This overview is designed to explain the Retirement System as it applies to most participants.

How the Plan Works

FRS benefits are based on age, years of service, and subject to a vesting schedule. Eligibility for a full lifetime retirement is dependent upon when you were enrolled in FRS.

Enrolled in FRS before July 1, 2011⁴

- Vested after 6 years of service and age 62, or
- Have at least 30 years of service

Enrolled in FRS after July 1, 2011

- Vested after 8 years of service and age 65, or
- Have at least 33 years of service

Your monthly FRS Option 1 benefit is calculated by:

1. Determining years of creditable service
2. Multiply by percentage value
3. Multiply by Final Average Compensation
4. Divide annual payment by 12 to get monthly payment

This is only 48% of income per month from what is being earned today!⁵

Example:

A participant, retiring at age 62 with 30 years of service, electing the standard payout option. Participant's salary in year preceding retirement is \$42,500.

Sample Calculation:

1. Determine Year of creditable service
2. Multiply by percentage value from chart - 30 (years of creditable service) X 1.6% (state factor) = .48

3. Multiply by final average salary – (5 highest years in this example)
- $\$40,689 \times .48 = \$19,530 / 12 = \$1,627$
per month

Your Worksheet:

(YOS)	_____
(YOS)	_____
X 1.6% (SF)	_____
=	_____
(AS)	_____
X	_____
= \$	_____ / 12
= \$	_____
per month	_____

Determining Total Service Credit

One full month of service credit is earned for each month a salary payment is made.

Determining Percentage Value

The percentage value is determined by age or years of service and when the participant was enrolled in the program. The following table shows the percentage values at different levels.

Enrollees Prior to July 1, 2011	Percentage Value
Retirement at age 62 or 30 years of service	1.60%
Retirement at age 63 or 31 years of service	1.63%
Retirement at age 64 or 32 years of service	1.65%
Retirement at age 65 or 33 years of service	1.68%
Enrollees After July 1, 2011	Percentage Value
Retirement at age 65 or 33 years of service	1.60%
Retirement at age 66 or 34 years of service	1.63%
Retirement at age 67 or 35 years of service	1.65%
Retirement at age 68 or 36 years of service	1.68%

Source: MyFRS.com.

Determining Final Average Compensation

Final average compensation is also dependent on when the participant was enrolled in the FRS.

- Prior to July 1, 2011 – average 5 highest fiscal years
- After July 1, 2011 – average 8 highest fiscal years

Payment Options

FRS provides four different payout options from which you can choose. These options allow you to choose to receive payments for your life only, or you and your spouse's life. Detailed explanation of each option is provided on the FRS website. The options are as follows:

- Option 1 – level payments for life only
- Option 2 – Life with 10 years certain
- Option 3 – Life with 100% survivor benefit
- Option 4 – Life with 2/3 survivor benefit

Buying years of service

Participants may buy years of service to increase the benefit received. For more information about how many years may be purchased for specific situations please see the FRS retirement guide.

Payment increases

Florida laws provides for a cost of living adjustment (COLA). The COLA is determined by taking years of service accrued through July 1, 2011, divided by total years of service then multiplied by 3 percent.

Deferred Retirement Option Program (DROP)

When FRS members reach normal retirement age, they may elect to participate in the Deferred Retirement Option Program. Under this program participants effectively retire while delaying retirement. During the DROP period, monthly FRS benefits accumulate in a DROP account while participants continue to work and earn a salary, however no additional retirement service is credited. At the end of the DROP period, the participant must terminate employment or the DROP benefit will be forfeited and retirement benefits will be recalculated at actual retirement as if DROP was not participated in.

DROP election must be done within the DROP window that ranges for six months before normal retirement date to 12 months after normal retirement date. However members who are K-12 instructional personnel (including classroom teachers, pupil services personnel, librarians/media specialists, and other instructional staff) may elect to participate in DROP at anytime after reaching their normal retirement date.

Participants can elect to participate in DROP for up to 60 months. At the end of the DROP period, the money accumulated in the DROP account is distributed to the participant. The money can be paid directly to the participant and taxed as ordinary income or rolled into a qualified retirement account (IRA, 403(b), etc.) allowing taxes to be deferred until withdrawn.



You Have Questions, We Have Answers

Your representative is available to assist you in reaching your retirement dreams and to answer any questions you may have, like:

What retirement benefits will I get ?

You can obtain a personalized retirement benefit estimate by going to your online account. Your representative will use this information to help you see your overall retirement income picture and to identify any gap between your estimated retirement funds and your savings needs.

How much can I contribute to a supplemental retirement account?

The amount you can contribute to a retirement account depends on your earnings, your age, and other factors. Your representative will determine your appropriate contribution limit and can set up a customized savings program that works for you.

What happens if I change jobs?

You have control of your supplemental retirement account. The portability feature allows you to roll over the funds in this account into another retirement plan you may have. Or, you can leave your account in place and any balance has the potential to continue to grow tax-deferred.

What if I need money before I retire?

Your plan may contain provisions for loans and hardship distributions, and you may access your funds if you meet certain conditions. Taking an early distribution from your account should be considered carefully since taxes and fees may be imposed.

What product is right for me?

Your financial professional will determine which of the many savings vehicles are appropriate for meeting your current situation and future needs.

Make Savings Your Top Priority

- 1 Are you saving enough for your tomorrow?
- 2 Will your retirement money outlive you?
- 3 What percentage of your final salary will you be living on?
- 4 Do You Have a Retirement Gap? Is there a gap between the amount you've saved for retirement and the amount that you want and need?

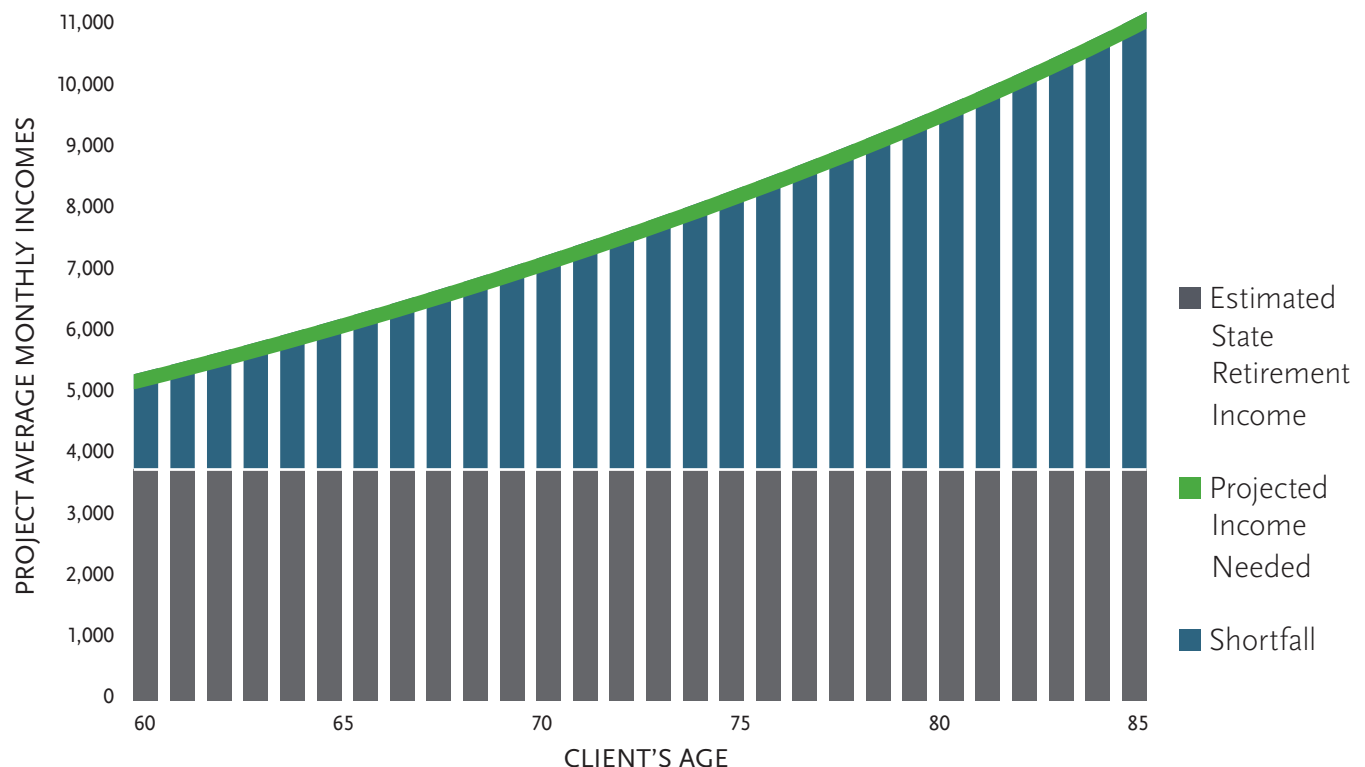
Identifying the amount you're short is the first step in fixing the problem.

Step One: Evaluate how much money you would need in order to retire at the age you desire and live the lifestyle you want.

Step Two: If there is a gap between your predicted needs and your predicted savings (and most people do have a gap), determine what you can do to get more money into your retirement savings. That's generally going to happen in two ways: save more or create a savings strategy geared toward your earnings goal.

Sample Gap Analysis Report – Prepared for Valued Policy Owner

Retirement Years



Source: The Retirement Analysis Kit (TRAK) Software by TrustBuilders, Inc. 2012 Version. www.tbinc.com. For illustrative purposes only.

ACT...

You have gathered information about retirement. You have taken the time to evaluate your needs. You are now ready for an action plan! With the efforts you have made over the years, you will deserve to fully enjoy what life has to offer.

Accumulating funds for retirement can sometimes seem impossible.

First, find simple ways to save. Small contributions to your retirement plan can add up to big savings over time.

		In 20 years you'd have	In 30 years you'd have	In 40 years you'd have
\$5 (7/month)  Lottery Ticket	\$35 per month	\$13,506	\$25,437	\$43,099
\$3.45 (30/month)  Specialty Coffee	\$105 per month	\$38,328	\$72,189	\$122,311
\$4.95 (30/month)  Take-Out Lunch	\$150 per month	\$54,754	\$103,127	\$174,729

This is a hypothetical example for illustrative purposes only - not representative of any particular investment. All figures assume a 4% annual rate of return compounded monthly and do not include any matching contributions made by an employer which are available in some qualified retirement plans.

Make Savings Your Top Priority

Save Regularly.

Make sure to set up systematic payroll contributions to help you get you closer to your goals. You not only defer taxes on the money you contribute, any earnings on your savings also have the potential to compound tax deferred until withdrawal.

Here is a pre-tax savings example for you:

	Post-tax	Pre-tax
Gross Income per Paycheck	\$4,500	\$4,500
Pre-tax contributions	\$0	\$266.66 ⁶
Standard tax deductions	\$686.33	\$619.67
Post-tax retirement contributions	\$200	\$0
Take-home pay	\$3,613.67	\$3,613.67

This hypothetical example is for illustrative purposes only. This example is based on a teacher claiming single and zero allowances and in the 25% tax bracket not considering state or local taxes. Taxes are due at time withdrawals are made from your plan.

Ensuring you have enough income to support the retirement you envision requires an ongoing plan that you put in place well before you retire.

ENJOY...

Make Savings Your Top Priority

What's your tomorrow?

Do you dream about being able to pursue hobbies?

Is there a dream vacation you have always envisioned?

- 1 Follow your dreams...
- 2 Now is the time to put your retirement income strategy in place
- 3 Experience the financial security and retirement lifestyle you have always dreamed of.

We can help you get there...We are the right choice for retirement income.

National Life Group offers excellent 403(b) annuities through Life Insurance Company of the Southwest. We have helped thousands of people working in the education field save money for their futures.

DID YOU KNOW...

indexed annuities offer protection, safety, guarantees and income?

Our flexible fixed indexed annuities provide safety, guarantees and income for life and allow you to:

- Contribute to your employer sponsored savings plan with the peace of mind that the money will be there when you need it.
- Receive a guaranteed⁷ stream of income for life without giving up control of your money.
- Leave any balance in your annuity to your loved ones.

Your retirement dreams are just that; yours. Follow them. Make them happen. Talk to your financial professional today.

A person wearing a blue long-sleeved shirt is seen from the side, looking out over a body of water. The background is a soft-focus view of a lake or ocean with a distant shoreline. A green horizontal band is overlaid on the image, containing the text "DREAM, PLAN, ACT," in white. Below this band, a dark blue rectangular box contains the text "Call your financial professional today!" in white.

DREAM, PLAN, ACT,

Call your financial professional today!



ENJOY...



1 "Saving for Retirement: The Quest for Success" February 03, 2022, <https://www.investopedia.com/articles/retirement/05/061305.asp>

2 "Retirement Confidence Index" January 18, 2021, <https://www.simplywise.com/blog/retirement-confidence-index/>

3 "This is the No. 1 Fear of Americans Facing Retirement" January 19, 2021, <https://401kspecialistmag.com/this-is-the-no-1-fear-of-americans-facing-retirement/>

4 "31+ Retirement Statistics You Need to Know in 2022" February 08, 2021, <https://legaljobs.io/blog/retirement-statistics/>

5 Projection is for the Standard Payout. Elections with survivorship options will reduce income.

6 Taxes are due when amounts are withdrawn. All withdrawals made from annuities with pre-tax contributions are taxed as ordinary income. Withdrawals prior to age 59½ may be subject to a 10% Federal Tax Penalty.

7 Guarantees are dependent on the claims paying ability of the issuing company.

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