INTRODUCTION / GOALS / OBJECTIVES

- Have you spent more time planning for your vacation than your retirement?
- There is no Biblical principle for retirement except for certain Levites who were made to retire at 50 after only working 20 yrs. … Num 4 & 8:25-26

Levites Had To Be Committed to and Meticulous In Their Duties Or They DIED

- If they didn’t wear the right underwear ….. Ex 28:42,43
- If they failed to wash their hands and feet ….. Ex 30:21
- If they looked at the holy artifacts ….. Lev 4:20, Num 18:3
- If they sacrificed wrong …….. Lev 10:1-2
- If they had a wardrobe malfunction ………. Lev 10:6
- If they left the tabernacle too early …… Lev 8:35; 10:7
- If they drank alcohol while on duty …….. Lev 10:9
- If they wrongly entered the holy of holies ………. Lev 16:2
- If they failed to put the incense on the fire …….. Lev 16:13
- And for the High Priest, if his bells didn’t tinkle ….. Ex 28:35

Question: How much will I need for retirement?

- Answer: Rule of thumb is 75% of your current annual income to maintain your present lifestyle
- Example: If you are making $80,000/year when you retire, you will need $60,000/year during retirement

Financial Seasons of Life

20-40……………….. Getting Started
40-60………………….. Moderate Portfolio
60+…………………… Presetnation Mode

- Only 35% of Americans are saving enough to retire.
- “For every 5 years you put off investing, you may need to double your monthly investing amount to achieve the same retirement income.” - Charles Schwab
- You can only pray so long for God to miraculously give you a bountiful retirement. BUT, He expects you to MOVE IN OBEDIENCE … Ex 14:14-15

A Word on Inflation

- The risk of losing money in investing is obvious, but the danger of losing value over time from inflation isn’t as clear.
- Inflation is the greatest threat to long-term saving. Even a 3% annual rate of inflation will halve the buying power of $1,000 every 20 years.
- At 4%, it only takes 15 years to reduce an investment by half. (Source: Investor’s Business Daily)
- Inflation has averaged 3.1% a year over the past 70 years
- The value of the dollar has declined 77% between 1971 & 1998

EXAMPLE: $10,000 put into the bank at 3%, with 3% inflation, for 20 years gives you $18,200; Subtract 50% for inflation for that 20 period and that leaves you with $9,100. Therefore you lost money

Compound Interest – The Rule of 72 says that your money will approximately DOUBLE in a certain number of years, as determined by dividing 72 by the % of interest you earn. This simple concept shows the effect of time & compound interest

- Compound interest is the eighth wonder of the world - investment grows geometrically rather than arithmetically

Summary:

<table>
<thead>
<tr>
<th>Age you Start</th>
<th>Annual Investment to have</th>
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<tbody>
<tr>
<td>20</td>
<td>$1,000,000 by age 65 at 10.6%</td>
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<tr>
<td>25</td>
<td>$1,202 (Equivalently $85/mo or $20/wk)</td>
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<tr>
<td>30</td>
<td>$2,920 (only $250/mo)</td>
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<tr>
<td>35</td>
<td>$5,000</td>
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<tr>
<td>40</td>
<td>$8,770</td>
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<tr>
<td>45</td>
<td>$15,800 (now $1300/mo)</td>
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<tr>
<td>50</td>
<td>$29,000</td>
</tr>
<tr>
<td>55</td>
<td>$60,000 (ouch, $5000/mo)</td>
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<tr>
<td>60</td>
<td>$161,000</td>
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Note: If you do not plan for retirement, then make friends with everyone, especially family (Luke 16:9), cause time is running out...

11-Retirement

Introduction to The U.S. Social Security System

(www.ssa.gov)

- Established during the Depression in 1935 by FDR
- Purpose: To provide a base of retirement income for workers
- It was never intended to ensure a secure retirement, but only to augment your savings plan
- It is a Pay-as-you-go system [Social Security taxes you pay now are immediately paid out to retirees as benefits. And when you retire, your Social Security benefits will be paid by tomorrow’s workers]
- Currently you pay 7.5%, and this is matched by your company. Social Security Tax makes up 6.2% and Medicare taxes constitute 1.45% (and these taxes are expected to go up under Obama-care)
- SSA now sends out annual Social Security Statements just prior to your birthday month.
- Tailled benefits equate to 13-24% of current salary
- SS benefits on $80,000 income is $10,400 - $19,200 per year
- SS is projected to go broke in 2042
- Max SS Earnings for 2015 = $118,500

<table>
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<tr>
<th>Year</th>
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<th>3.2 Workers</th>
<th>2 Workers</th>
<th>1.3 Workers</th>
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<tr>
<td>1950</td>
<td>1 Retiree</td>
<td>1 Retiree</td>
<td>1 Retiree</td>
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<tr>
<td>1993</td>
<td>1 Retiree</td>
<td>1 Retiree</td>
<td>1 Retiree</td>
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<tr>
<td>2070</td>
<td>1 Retiree</td>
<td>1 Retiree</td>
<td>1 Retiree</td>
<td>1 Retiree</td>
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</tbody>
</table>

Note: Social Security is basically a Ponzi scheme where new investors pay off the earlier investors. Ponzi schemes are a jailable offense for the rest of us. (FDR also took us off the Gold standard)

Retirement Pro’s and Con’s

Decreases in Expenses

- Taxes are less
- Primary home is paid for
- Expenses for children are diminished (college, clothing, etc).

Increases in Expenses

- Health Care & insurance costs (80% of health care costs are spent on the last 6 months of life)
- More recreation and entertainment
- Food, Fuel, & utilities may go up since you spend more time at home
- Home maintenance and property taxes will be higher
- …and sometimes, the kids or g’kids move back home

Note: Average annual cost of nursing home care was $57,000 in 1993. Prices range from $69 per day at a nursing home in Oklahoma to a high of $720 per day at a facility in Alaska, a survey sponsored by GE Financial. (Src: NY (Reuters), 3 Aug 2003)

Note: 401(k) Untapped resource. Though 40% of benefits managers say their companies offer 401(k) retirement accounts, less than 40% of employees actually use them