SPECIAL REPORT

The Top 5 Retirement Bloopers All Educators Make With Their 403(b) Retirement Plans.

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Have you ever had thoughts like these go through your mind about your retirement?

"I only have $7,287.20 (or whatever $ amount you have) in my 403(b) when I changed jobs / at the end of this semester / when I retired. Every last dime was hard-earned and it is not 'that much money'. I need to pay off my credit cards and I would like that new couch on sale. I think I'll just 'cash-it-out', no big deal, right?".

It's not a big deal until you uncover the tax ramifications and penalties which will average 40% all together (this includes the 10% penalty from the IRS, not included are surrender charges which your 403(b) provider may assess.).

However, if you are age 32 and INSTEAD OF CASHING OUT you saved those dollars until the age 62, you would have **$53,898.71** assuming an 8% return.* If you just put away another $2,000 each year, you would accumulate **$300,000** by the age of 62.*

Most people do not consider what this retirement blooper and others cost them in the long-term. Some of the following mistakes can be devastating and affect you for decades and into retirement.

Retirement Blooper #1: Not saving enough or putting off saving

Have you ever walked down the sidewalk and saw a bucket full of dollars sitting there? Would you ignore it? No. This is the same thing as not contributing to your 403(b).

Some schools will match a certain percentage of your pay or contributions. Even if they do not match, ever dollar you put in your 403(b) is like getting $1.25 because of the tax effects of saving. You do not pay taxes on the money you put into your retirement and best of all they grow tax-deferred. This means your $1 will grow faster in your 403(b) than in a normal savings account.**

You will probably have a longer retirement than you think. The average 65 year old man will live to the age of 84; the average woman, nearly 87, according to the American Academy of Actuaries. This means you need to start early and your savings, pensions, and Social Security should replace 80%-90% of your pre-retirement income.

Start early and save as much as you are comfortable with. By paying yourself first, you will learn to live with a bit less in your paycheck each month, but knowing you are only giving yourself a paycheck later in life. The money is still yours and is still there. See above about the time value of money and saving.

According to *CNN/Money*, a new study shows that baby boomers spend about an hour a month on financial planning, compared with 120 hours of watching TV. Whether you are retiring in 18 months or 18 years, start today and put together a plan for retirement. Saving for 18 months may make a difference in retirement even if it is a few hundred dollars.**

Retirement Blooper #2: Cashing Out Your 403(b)

The blunder of all blunders. When people leave jobs, their tendency is to make one common mistake: They cash it out right away or the amount was not significant and their employer sent them a check for their retirement.

Either way, you put it in savings for a reason, now do yourself a favor and keep it there. If your employer sends you a check, you have **60 days** to open an IRA and get it into savings.

Do not cash it until you are ready to write a check and put it right back into savings. This alone will save you a substantial amount of money over the years and into retirement. More and more individuals are changing jobs more frequently for various reasons

Retirement Blooper #3: Ignoring Your 403(b) Or Not Diversifying

Think you are diversified? Think again. Most individuals set up a diversified portfolio and think this "set up" diversifies them. *It does on that given day*.

However, the market **changes daily** and yesterday's winning stocks may be tomorrow's losers. The same goes with sectors such as bonds, small company stocks, healthcare, financials, etc.

A good fund and plan delivers this diversification and manages the allocation of your investment. Not many funds do this on an ongoing basis. There are many diversified funds or "Life Stage" funds, but most have "set" percentages that do not change with the market.

You can eliminate this if you watch your allocation and study the market daily or hire an advisor to make the changes for you. The other alternative is to use a fund like the a balanced fund to manage your wealth for you.

Some think they will just invest in a fixed account. However, after inflation, this may not be a good alternative either. Inflation can erode some of the best fixed accounts.

Procrastinating can cause you to lose some of your hard-earned savings. Get a well balanced asset allocation fund that manages your funds for you today!

Retirement Blooper #4: Relying Too Heavily On Social Security

Although we think Social Security will be there for you in the future. The truth is workers today are paying for the retirees of today. This means Social Security has some grim times in store in the future.

You should not rely too heavily on Social Security. It was never meant as a complete source of retirement income. The impact of Social Security on your retirement is diminishing and will continue to do so.

Our government will be faced with choices of delaying retirement or cutting benefits. Either of these scenarios will certainly affect you in retirement.

Using a well thought out retirement plan can eliminate this uncertainty or certainly lessen its impact on your choices in retirement.

Retirement Blooper #5: No Post Retirement Plan

Many individuals, who have done a great job saving, have not thought through the entire retirement process.

- How much will they have in retirement?
- How much will I be able to spend each month?
- What are my costs going to be on a monthly basis?
- Should I pay off my debt?
- What percentage of assets should be invested and what allocation?
- What assets should I use first in my retirement?
- Do I need a trust?

There are many questions to ask and answer. Using an advisor will give you an answer to these and many more questions. Make sure you have a disciplined plan for retirement so you do not outlive your assets.

Although these mistakes are not exhaustive, they are some of the more prominent mistakes which get made routinely. However, all can be avoided by gaining a little knowledge on how to eliminate as many of these as possible.

FREE Retirement Plan REPORT CARD

Not sure if you've already made a "retirement blooper" or just want to avoid one in the future? **Let Profit Cents review your current retirement plan and GRADE IT** on 1) savings amount, 2) savings timeline, 3) cash out events, 4) 403(b) usage, 5) diversification, 6) social security reliance and 7) post retirement planning.

Go to www.archerinvestment.com
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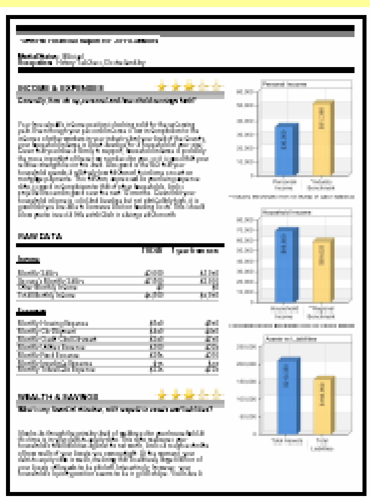
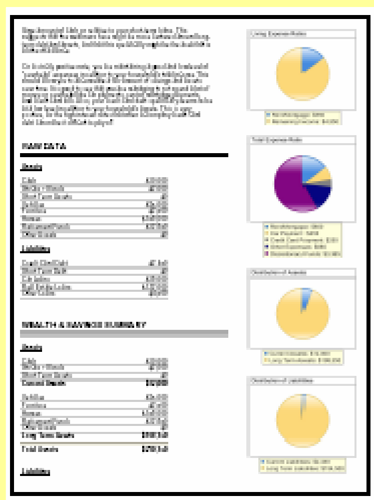
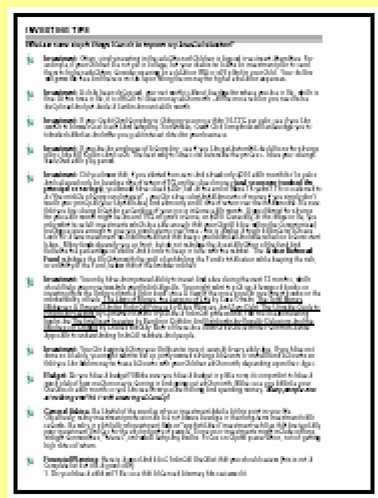
The analysis is FREE and there's no obligation to invest.

The **FREE Retirement Plan REPORT CARD** is a detailed report that analyzes your finances and retirement plan, creating charts and a narrative that offers ideas and suggestions on reaching your financial and retirement goals.

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