

# Planning for Your Retirement

## Overview

This lesson discusses the options available when planning for retirement.

## Lesson Objectives

Students will be able to:

- Identify and evaluate different retirement options.

## Lesson Procedures

- Have students read Lesson 6.1. Use the Introduction scenario in the lesson and have students respond to the questions at the end. Ask students if they know anyone who has retired and what they are doing since retiring.
- Review the concepts presented in the lesson to be sure students understand the different types of retirement incomes available. Remind students that the available options may differ from one person to another, depending upon where they work. Also remind students that it is their responsibility to plan for their retirement, not the government or the company where they work.
- Put students into small groups to work through Activity 6.1A which focuses on the differences between defined benefit and defined contribution retirement plans. Debrief the activity to ensure students understand the main points of each plan.
- Use Retirement Plans Activity 6.1B to help explain how to calculate employer match for defined contribution retirement plans. Debrief the activity.
- Conclude the lesson by reviewing the scenario with Lenzi, Lezli, and their grandparents.
- Use Lesson Review 6.1 to assess student learning.

## PERSONAL FINANCIAL LITERACY

### PASS OBJECTIVE

**Objective 6.1:** Describe the necessity of accumulating financial resources needed for specific retirement goals, activities, and lifestyles, based on life expectancy.

**Objective 6.2:** Explain the roles of Social Security, employer retirement plans, and personal investments (e.g., annuities, IRAs, real estate, stocks and bonds) as sources of retirement income.

**“Failing to plan is planning to fail.”**

*Alan Lakein*

## VOCABULARY

Annuity

401(k)

Defined benefit plan

Defined contribution plan

Individual retirement account

Social Security

# Longevity and Retirement

## Overview

This lesson examines the importance of considering longevity issues when planning for retirement.

## Lesson Objectives

Students will be able to:

- Examine the investment needs of different individuals and make recommendations for their retirement strategies.
- Evaluate longevity and life-span statistics to predict the numbers of years they will live in retirement and their expected income needs.

## Lesson Procedures

1. Have students read Lesson 6.2. Use the Introduction scenario in the lesson to discuss the reasons to consider life expectancy when planning for retirement. Ask students if their grandparents, great grandparents, or great great grandparents are still living. You may also want to ask other pertinent information, such as their ages, to engage students in thinking about their own potential longevity.
2. Discuss the lesson content. Use Activity 6.2 to reinforce student understanding of the relationships between retirement planning and life expectancy. Debrief the activity.
3. Conclude the lesson by revisiting the situation with Keisha and Annie. Ask students what they have learned from this lesson.
4. Use Lesson Review 6.2 to assess student learning.

## PERSONAL FINANCIAL LITERACY

### PASS OBJECTIVE

**Objective 6.1:** Describe the necessity of accumulating financial resources needed for specific retirement goals, activities, and lifestyles, based on life expectancy.

**Objective 6.2:** Explain the roles of Social Security, employer retirement plans, and personal investments (e.g., annuities, IRAs, real estate, stocks and bonds) as sources of retirement income.

**“Retirement may be an ending, a closing, but it is also a new beginning.”**

*Catherine Pulsifer*

## VOCABULARY

Life expectancy

Lifestyle

# When I'm 65

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## Overview

This activity is designed as an introduction to Standard 6.

## Materials

- One sheet of blank paper for each student.
- Pens or pencils

## Procedures

1. Give each student a sheet of paper and ask them to either draw a picture of how they see themselves at age 65 or write a short story or poem explaining what they expect life to be like when they turn 65. Have students share their artwork or stories with the rest of the class.
2. Debrief the activity with the students.

# True, False, Or It Depends

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## Overview

This activity is an easy, quick way to review Standard 6.

## Materials

- One sheet of paper for each student.

## Procedures

1. Read each of the following statements and have students decide if it is True, False, or It Depends. Have students write a brief justification for their answer.
  - People retire at the age of 65.
  - Social security is the most common retirement benefit.
  - A 401(k) is a retirement plan funded by your employer.
  - Your employer chooses what their 401(k) is invested in.
  - IRA's give you a pre-tax advantage.
  - An annuity gives you a guaranteed return.
  - Market risk deals with the rise and fall of prices.
  - You will need less income in retirement than during your working years.
  - People tend to underestimate their life expectancy.
  - Planning for retirement can wait for your later working years.
2. Debrief the activity with the students.

## Extending the Lesson:

Use the quotes in the Teacher Guides as an introduction or review of the lessons.

Have your students play the Longevity Game from the Northwestern Mutual Financial Network at [http://www.nmfn.com/tn/learnctr--lifeevents--longevity\\_game](http://www.nmfn.com/tn/learnctr--lifeevents--longevity_game).

Use the longevity calculator at <http://www.icmarc.org/xp/rc/planning/tools/retirement/longevity.html> to help students think about their potential lifespan.

Review some of the myths of retirement planning at:

<http://www.msn.com/en-us/money/retirement/15-money-myths-that-can-destroy-your-retirement/ss-BBtSmam>

## Resources:

Lessons:

Free lesson plans at <http://www.econedlink.org/>

Free lesson plans and other resources at <http://moneyisok.com/standards/standard-6-retirement-planning/>

Videos/Online Resources:

Free video Your Money Your Life/Saving for Retirement at <http://www.pbs.org/your-life-your-money/videos.php>

Free Videos at [www.bettermoneyhabits.com](http://www.bettermoneyhabits.com). Free lesson plans for some videos available under Better Money Habits tab at <http://www.econedlink.org/>

General personal finance resources available at:

- [www.federalreserveeducation.org](http://www.federalreserveeducation.org)
- [www.mymoney.gov](http://www.mymoney.gov)
- [www.jumpstart.org](http://www.jumpstart.org)