Activity 6.1
Planning Your Retirement

Name_____ Date_____ Hour_____

Introduction

It's never too early to start thinking about retirement. Retirement income should pay for living expenses, the likelihood of more medical expenses, and leisure activities after retirement. One recommended retirement income plan suggests:

Source of Income	**Percentage of Total Retirement Income**
Social security/pensions	25%
401k or similar retirement savings plan	25%
Employer-provided accounts	15%
Non tax-deferred savings/investments	35%

You might also want to read:

- "How to Calculate Your Retirement Needs" in Tinker Federal Credit Union's Home and Family Finance section at **http://hffo.cuna.org/26669/article/491/html**

- "Estimating Your Retirement Income Needs" — 360 degrees of Financial Literacy — **www.360financialliteracy.org/Topics/Retirement-Planning/Retirement-Planning-Basics/Estimating-your-retirement-income-need**s

Directions

1. Decide how much retirement income you will need to live for 25 years after retirement. Look at one alternative of already having your house paid off and another in which you are still making mortgage or rent payments. What are your anticipated income sources and assets? Fixed and variable expenses?

2. Look at various retirement investments that can help you achieve your retirement goals. On a separate sheet of paper, make an investment plan with the long-term goal of retirement.

3. How will the age in which you start retirement savings affect the amount that needs to be saved?

Activity 6.2
How Does Social Security Work?

Name_____ Date_____ Hour_____

Directions
Read "Understanding Social Security" at 360 degrees of Financial Literacy (**http://www.360financialliteracy.org/Topics/Retirement-Planning/Social-Security/Understanding-Social-Security**). Based on the article, fill in the boxes for the following questions, and then solve for the message using the highlighted letters.

1. Eighty-seven percent of retired workers over 65 receive some type of ☐☐☐☐☐☐ Security benefits.
2. People usually receive Social ☐☐☐☐☐☐☐☐ at retirement or in case of ☐☐☐☐☐☐☐☐☐☐.
3. Your ☐☐☐☐☐☐☐☐ reports your earnings and the taxes you pay to the Social Security administration.
4. People 25 years and older will receive a Social Security ☐☐☐☐☐☐☐☐☐ annually.
5. The SSA defines disability as a ☐☐☐☐☐☐☐☐ or mental condition that lasts at least a year.
6. ☐☐☐☐☐☐☐☐ is the age that survivor's benefits stop for most children.
7. Eligible family members for Social Security benefits are ☐☐☐☐☐☐ and children.
8. Throughout your career, you and your employer pay Social Security of self-employment ☐☐☐☐☐ into a ☐☐☐☐☐ ☐☐☐☐.
9. You can earn up to four ☐☐☐☐☐☐☐ a year through working and paying Social Security taxes.
10. You need ☐☐☐☐☐ credits to qualify for Social Security retirement benefits.
11. When you die, family members may be eligible for ☐☐☐☐☐☐☐☐,☐ ☐☐☐☐☐☐☐☐☐.
12. The IRS notifies the Social Security administration about earnings for people who are ☐☐☐☐ — ☐☐☐☐☐☐☐☐.
13. Benefits are based upon ☐☐☐☐☐☐☐☐ records.

14. Disability benefits can begin in the ☐☐☐☐☐ full month after onset of disability.

15. You can ☐☐☐☐☐ for Social Security in person, on the phone, or online.

16. For each month you wait to receive Social Security retirement benefits, you receive a ☐☐☐☐☐☐☐ retirement credit.

17. If you are born ☐☐☐☐☐ 1938, you are eligible for retirement benefits at age 67.

18. Parents can qualify for survivor's benefits if they depended on you for their ☐☐☐☐☐☐☐.

19. You can apply for early ☐☐☐☐☐☐☐☐☐☐ benefits at age 62.

Solve for this message:

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Activity 6.3
The Rule of 72

Name_____ Date_____ Hour_____

Introduction

While there are a large number of online financial calculators available to assist you in predicting savings and investment growth, you can also "do the math" quickly with the Rule of 72. The Rule of 72 is an approximate formula that calculates how long it would take to double your money in a savings or investment vehicle. Simply divide 72 by the percentage rate of return.

72 ÷ interest rate of return = # of years to double your money

The Rule of 72 can also be used to figure out what rate of return is needed in order to double your money in a specific number of years. **NOTE:** Do not convert the percentage of interest into a decimal.

Directions

Solve the following problems using the Rule of 72.

1. You are placing $1000 in a savings account that earns 4% interest. How many years will it take for you to have $2000?

   _____

2. Wilson wants to double $2500 in five years. What rate of return does he need to do this?

   _____

3. Michelle is investing $500 in an investment with 8% interest. How long will it take to double her money?

   _____

4. How long would it take to double your money at 5.15%? 7.25%?

   _____

5. What rate of return do you need to double your money in six years? Eight years? Ten years?

   _____

6. What interest rate would be necessary to double a $100 investment in 24 years?

   _____

7. How many years would it take to double $100 if it earned interest at a rate of 8% per year?

_____

8. What interest rate would be necessary to double a $100 investment in 11 years?

_____

9. How many years would it take to double $100 if it earned 7.75% interest per year?

_____

10. Match each rate of return to the length of time it will take it to double.

_____ 9%	A. 24 years
_____ 7.2%	B. 10 years
_____ 6%	C. 8 years
_____ 3%	D. 12 years

11. At the end of three years, how much money would you have (including the amount you invested) if you invested 100 dollars and earned 6% simple interest?

_____

12. Which form of interest provides the greater return?

_____