


Financial Success



 Horace Mann

PPT-00126 (10-17)

Make your money work for you



Budget



Credit



Protect



Save

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Managing your money

The key to financial success

1
Determine net income

2
Calculate monthly expenses, including money you want to save for emergency fund, retirement, etc.

3
Create a budget and stick to it



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Understanding your net pay

Knowing how your net pay is determined can help you establish a budget

Gross pay = Amount before deductions are taken _____	
Deductions can include:	
• State retirement system contribution	_____ (Varies: see your state handbook)
• State & federal income tax	_____ (Varies: review with tax professional)
• FICA & Medicare	_____ (7.65%)
• Union (or association) dues	_____ (Varies: review with your union/association)
• Health, vision, dental insurance, Section 125	_____ (Varies: review district benefits summary)
• Individual insurance	_____ (Varies)
• Other deductions (such as 403(b) contributions)	_____ (Varies)
Net pay : Gross pay – deductions = \$ _____	

Establishing good credit

- Charge only what you can afford
- Keep track of spending
- Limit number of credit cards
- Pay off as much as possible each month



Credit score

- Ranges from 300 to 850
- Affects borrowing power and interest charged
- Pay bills on time
- Get your free credit report once every 12 months at annualcreditreport.com



Protecting your assets



Auto insurance



Home/renters insurance



Life insurance

Auto insurance

Factors that can affect your rates

- Distance to work
- Type of car
- Where you live
- Driving record
- Type of coverage
- Available discounts



Home/renters insurance



- Most home buyers are required to have homeowners insurance
- Renter's belongings are not covered under landlord's policy
- The average cost of renters insurance is just \$12.50/month

Life insurance

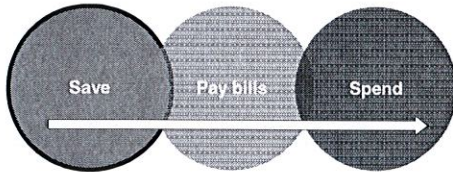
Life insurance can help pay for:

- Funeral expenses
- Your mortgage
- Outstanding loans and credit card debt
- College tuition

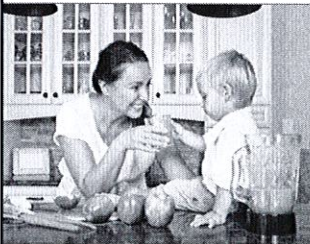


Pay yourself first

A savings plan is vital to your financial success



Saving for retirement



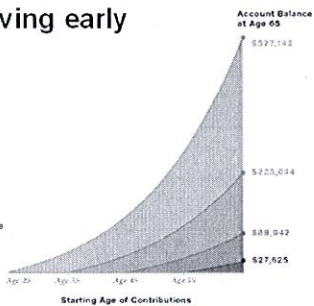
Many experts say you will need 80% of your pre-retirement income to maintain your lifestyle in retirement.

- Is there wiggle room in your budget?
- Are there places you could save a few dollars?
- Are there any expenses you could completely eliminate?

It pays to start saving early

The sooner you start, the more you can save and the higher monthly income you may have in retirement.

Assumes contributions of \$150 a month with 8% annual earnings. These results are hypothetical and for illustrative purposes only and do not reflect the performance of any specific investment.



Retirement Savings Contributions Credit (Saver's Credit)

You may be able to take a tax credit for making eligible contributions to your IRA or employer-sponsored retirement plan

- 50%, 20% or 10% of your retirement plan or IRA contributions up to \$2,000 (or \$4,000 if married filing jointly)

- Based on your income and filing status

Maximum income for a credit (changes for 2018)

- \$31,500 (\$47,250 if head of the household)
- \$63,000 if married and filing jointly

Eligibility (must meet all three)

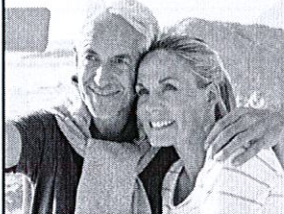
- Age 18 or older
- Not a full-time student
- Not claimed as a dependent on another person's return

State Teachers' Retirement System

- Do you know how your State Teachers' Retirement System works?
- Is there a gap between what you need and what you have for retirement?
- There are a number of ways to save for retirement.



Traditional 403(b) contributions



- Tax-deferred
- Taxes are payable when amounts are withdrawn
- Can only withdraw money
 - upon reaching age 59½
 - if severed from employment
 - in case of disability
 - in case of certain hardships (if allowed by the plan document)
- 10% federal penalty tax for early withdrawal (before age 59½)

Designated Roth 403(b) contributions

- After-tax
- Withdrawals of contributions are tax-free
- Withdrawals of earnings may be tax-free



Traditional IRA

- All or part of your contributions may be tax-deductible
- There are limits to how much you can contribute
- Eligibility requirements for tax-deductible contributions based on:
 - Income
 - Filing status
 - Participation in other retirement plans

- You can withdraw funds at any time
- You do not pay income taxes on contributions or earnings until you withdraw funds
- You must begin taking required minimum distributions when you reach age 70½

Roth IRA

- After-tax contributions
- There are limits to how much you can contribute
- Eligibility requirements to make a contribution are based on:
 - Income and
 - Filing status
- You can withdraw funds at any time

- You do not pay income taxes on earnings until you withdraw funds
- No income tax or federal penalty tax on earnings if over 59½ and have had the Roth IRA for five years

Staying on track

- You can start out small – the key is to start early
- Increase the amount of contributions each year
- Take advantage of time and compound earnings



DonorsChoose.org

- Horace Mann is a national sponsor
- Connects teachers in need of classroom resources with donors that want to help
- Schools served by Horace Mann representatives have received more than \$250 million in funding to date



Thank you for your interest

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