



# focus on Retirement

## The Importance of Saving for Retirement

Retirement might feel like a long way off, especially if you're in your twenties, or just out of school. What most people don't realize is that it will likely be your biggest and most important savings goal. The earlier you start saving for it, the longer your money has to benefit from the effects of it. The reality is, retirement costs money, and since most people don't plan to work when they're retired, the money to pay for retirement has to come from somewhere else. The more you save now, the more likely it is that you'll have the money you need later. A retirement savings plan is one of the best ways to save now for your future. And it doesn't have to be a big mystery.

Things you should know:

- Retirement can last for 30 years or more.
- A common rule to follow is that a retiree will need up to 80% of his/her annual income today to retire comfortably.
- The average benefit amount paid monthly by the Social Security Administration is \$1,177.



The following table illustrates the time value of money. It shows what the monthly savings amounts will be worth in the future, assuming a 6% annual return:

Future Retirement Savings Value—Assuming 6% Return

Monthly Savings	After 5 years	After 15 years	After 20 years
\$50	\$3,506	\$14,614	\$23,218
\$200	\$14,024	\$58,456	\$92,870
\$500	\$35,059	\$146,136	\$232,176

Establishing a budget is a great way to keep you on track for reaching your retirement goals. Keeping an eye on spending and having money left at the end of every month is also important. Avoiding debt and not relying on credit cards can also save you lots of money down the road on potential interest that you would have to pay back. The decisions you make now to get on track for retirement will have far reaching consequences that can last a lifetime.

What are you waiting for? Start saving today!

## New Planning Tool Available

For those participants with website log-in access through Noble-Davis Consulting, Inc. ([www.noblepension.com](http://www.noblepension.com)), we have an exciting new tool for your retirement toolkit. The MyRetirement tool appears at the upper right corner of your summary page after you log-in. It estimates the amount your current account balance will provide when you reach retirement age. If you click on the "Analysis" tab, you will be taken to the MyRetirement planning site. Here, you can enter information about your spouse (if applicable) and your other investments or retirement plans. You can then enter information about your desired retirement age and withdrawal needs to see if you are saving enough. There is even a "what if" section that allows you to see what extra savings today will bring you in retirement. At the end, you can print a comprehensive summary report. Try it today!

# Repeal of the Defense of Marriage Act

This past June the U.S. Supreme court struck down the Defense of Marriage Act's (DOMA) provision that defined marriage as between a man and a woman. Although the decision does not override state laws defining marriage, the IRS and Department of Labor clarified that legally married couples are treated as married for federal tax purposes regardless of residence or domicile. The result is recognition of spouses in same-sex marriages for retirement plan purposes – 401(k), profit sharing and pension plans.

As of the date of this publication the following states and District of Columbia recognize same-sex marriage: California, Connecticut, Delaware, Iowa, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, Hawaii (12/2/13), New Jersey, New York, Rhode Island, Vermont and Washington and the District of Columbia. Illinois' law is scheduled to take effect 6/1/14. If you are legally married under state law in these states, you are married for retirement plan purposes regardless of your current state of residence or domicile.

Before the change, a participant's same-sex spouse was not eligible for the spousal protection and distribution rights under retirement plans.

Effective September 16, 2013, these rights will be



in effect. If you have not already done so, you should confirm that your marriage status is up to date with your employer. As a plan participant, you should also review your beneficiary designation. If you had previously named your spouse as sole beneficiary you will not need to make a change. If you had named a non-spouse beneficiary or co-

beneficiary you will need to complete a new form. If you want to name a non-spouse beneficiary or co-beneficiary, you will need to get your spouse's consent to do so.

Other areas of retirement plans which are affected by this change include:

- Hardship distributions for qualifying expenses for the spouse
- More favorable required minimum distribution calculations (for participants age 70 ½)
- Loans and distributions that require spousal consent
- Protection of spousal benefits in the event of a divorce (under a Qualified Domestic Relations Order)
- Rollover options for death benefits

Please refer to your Plan's Summary Plan Description (SPD) for more details about your plan.

## The Senility Prayer

*God grant me the Senility to forget the people I never liked anyway, the good fortune to run into the ones I do, and the eyesight to tell the difference.*

This newsletter provided courtesy of Noble-Davis Consulting, Inc.

