



MIDFIRST BANK

PRESENTS

MONEY MOMENTS 2018

Retirement Roundup

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Oklahoma PFL Standard 6: Retirement

Retirement might seem far away to students. While they are certainly not expected to begin saving for retirement now, it is important they understand the value of saving early to reach life goals and enjoy retirement when the time comes.

Objective

Understand the necessity of saving for retirement

Activity

1. Walk the students through the following case study.

Jessica learned in school about the importance of saving for retirement, so after graduating college she decides to put \$2000 a year in her retirement account. When she turns 31, she stops contributing to this account. In total, Jessica contributes \$18,000 over 9 years.

Trevor spends his first 8 years paying off student loans and does not begin contributing towards his retirement until he turns 30. From age 30 until he retires at age 66, he contributes \$2000 a year. In total, Trevor contributes a total of \$72,000 over 36 years to his retirement account.

Assuming both investment accounts had an average annual rate of return of 10%, Jessica and Trevor will have the following balances in their accounts at age 66:

	INVEST \$2,000/YEAR FOR 9 YEARS									INVEST \$2,000/YR FOR 36 YRS				
Total Investment	'18k									'839k				
Balance at age 66														
 Jessica	'2k	'2k	'2k	'2k	'2k	'2k	'2k	'2k	'2k					
AGE	22	23	24	25	26	27	28	29	30	40	50	60	65	
 Trevor										'2k	'2k	'2k	'2k	'2k
Total Investment	'72k									'658k				
Balance at age 66														

Even though Trevor contributed \$54,000 more, he ended up with \$181,000 less than Jessica! This is possible due to the miracle of compound interest!

2. Lead a discussion of the scenario with the following questions:
- What does this scenario tell you about saving for retirement?
 - How does debt affect your ability to save?
 - List some of your retirement goals. These can include traveling or the lifestyle you hope to live when you retire.
 - How will you meet those goals?
 - When should you start saving for retirement?