

TRS FINANCIAL AWARENESS VIDEO SERIES

VIDEO #5: Getting Retirement Ready

Transcript

Meet Gail. Gail is a high school art teacher. She's been a TRS member for 25 years, but she's thinking about retiring soon. Although she loves teaching, Gail wants to devote more time to other things she loves, like traveling, spending time with her grandkids, and working on her paintings. Before Gail decides to retire, she needs to make sure she isn't making one of these common mistakes:

#1: Underestimating her financial needs during retirement.

Experts estimate that you will need at least 70 to 90 percent of your pre-retirement income to maintain your standard of living. While many retirees do find that their expenses go down, some are surprised to see them go up. Travel, medical expenses, long-term care, taxes, and more free time to "spend" are all big reasons your expenses could rise. To get a better idea of how much you will need, try living on your estimated retirement income for a few months while you're still working.

#2: Failing to consider the impact of inflation.

Your TRS benefit is not automatically increased for inflation, which means that over time, the purchasing power of your monthly benefit will decrease. Use a free online inflation calculator to see how inflation may affect your estimated TRS pension. Then make sure you can compensate for rising costs with your own personal savings.

#3: Retiring too early.

Retiring even a few years early can have a significant impact on your TRS benefit, as it will be calculated with fewer years of service credit and may also be reduced if you have not reached normal retirement age based on your membership tier. It will also reduce the time you have to increase your personal savings and pay off any outstanding debts, such as your mortgage. Use the retirement estimate calculator on MyTRS to see the difference a few more years could make to your retirement income.

Now that you're aware of these common retirement pitfalls, you can be just as prepared as Gail for a bright, colorful retirement.

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