

TRS FINANCIAL AWARENESS VIDEO SERIES

VIDEO #2: WILL MY TRS PENSION BE ENOUGH?

Transcript

Meet Mary. Mary is a science teacher at a middle school. She's been a TRS member for 7 years. Mary has been worried lately that she's not saving enough for retirement, so when she discovers a new app that can call the future, she decides to check in on her future self.

FUTURE MARY: Well, hello, Mary! I didn't expect to hear from you!

MARY: Hi, Future Mary! Have you retired yet?

FUTURE MARY: Funny you should ask. I'm actually planning to retire at the end of this school year.

MARY: Do you mind me asking how much your TRS pension will be?

FUTURE MARY: Not at all. I'll retire with 32 years of TRS service credit and a final average salary of \$60,000. That will give me a standard annuity of over \$44,000 a year - almost 74% of my final salary.

MARY: Will that be enough?

FUTURE MARY: Maybe. But maybe not. Experts say you will need 70-90% of your pre-retirement income to maintain your standard of living. You could need more or less than that depending on a number of factors, like taxes or medical bills.

MARY: What else should I know?

FUTURE MARY: Two important things: one, don't assume you participate in Social Security. Most Texas school districts don't pay into the Social Security system. Check to see if yours does. Two, your TRS pension is not automatically adjusted for inflation. Although your pension may be enough to cover your expenses when you first retire, over time, your monthly annuity won't purchase as much due to inflation. You'll need to be able to cover the difference with your personal savings.

MARY: I feel like there's so much I don't know! How did you learn all of this?

FUTURE MARY: Easy! I watched TRS' Financial Awareness video series. That's when I realized I would almost certainly need to supplement my TRS pension with personal savings.

MARY: So you started your own savings in addition to your pension?

FUTURE MARY: I sure did! I opened a 403(b) retirement account right away and contributed as much as I could, even though I had to start small. Later on, I also opened a Roth IRA. As the years went by and my pay went up, I gradually increased my contributions to both.

MARY: Is there anything you would do differently if you could do it again?

FUTURE MARY: I would have started saving earlier. I know now that a little money saved early will earn much more in compound interest than a lot of money saved later. But it's never too late to start. A good retirement all comes down to this formula Mary...

MARY: TRS Pension Plan plus Personal Savings equals Financially Secure Retirement.

FUTURE MARY: That's right. You'll never regret the money you saved for retirement, only the money you didn't.

MARY: Thank you, Future Mary, I've learned so much! I'd better go now.

FUTURE MARY: Bye, Mary! Don't forget to start saving!

NARRATOR: If you called your future self right now, would you be as well prepared for retirement as Future Mary? If the answer is no, it's time to start planning. Watch the Estimating Your TRS Retirement Benefit video now to get started.

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