
WEST VIRGINIA TEACHERS' DCP
NEWSLETTER | SUMMER 2024

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# Do you spend more time planning your vacation **than your retirement?**

**If your answer is yes,** you may want to reconsider your strategy. Retirement is something we all work toward but often put off planning for until we are ready to retire—then we are faced with regret that we didn't put in just a little effort along the way. So instead of modifying your retirement plans, **take action now** to get on track with your retirement planning so you can meet your retirement goals with confidence:

- **Periodically** – Check your investment allocations and rebalance or change investment options if they've strayed from your targets or your needs have changed.[1] **Schedule your free annual TDC Plan Review** with your Retirement Plan Advisor, **Chris Meadows**, to see if you are on track or if you need to make modifications to meet your retirement goals.[2]
- **When you have a major life change** – Review and update your beneficiary designations. Even if you have a will, you need a beneficiary for your TDC Plan retirement account so your assets go where you intend.
- **Age 40** – Build a budget and understand your net worth (what you own minus what you owe). The sooner you start planning for retirement, the more confident you can be to meet your financial goals.
- **Age 55 to 60** – Start considering the potential for long-term care insurance.
- **Age 62** – You may be eligible for Social Security, but think twice before taking benefits now. It could mean a 25-30% reduction in the amount you receive over your lifetime. If you are still working, the amount could be reduced even more.
- **Three months before age 65** – Consider signing up for Medicare at medicare.gov. Don't delay—missing your window could mean higher Medicare Part B and Part D premiums and lead to your supplemental coverage being denied.
- **Age 66** – Those born between 1943 and 1954 are eligible for full Social Security benefits. If you were born between 1955 and 1959, you may have to wait a few months longer. You'll reach full eligibility between two and 10 months after your 66th birthday.
- **Age 67** – If you were born in 1960 or later, you have reached the magic number for full Social Security benefits. This is also the age at which your Social Security benefits are no longer reduced if you are still working.[3] However, for each additional year you wait, there is an 8% increase in your benefit up to age 70.
- **Age 70** – Consider taking your Social Security benefit now.
- **Age 73**[4] – You need to start taking annual required minimum distributions (required by the IRS) from your retirement accounts. Make sure to do this to avoid any penalties.

To learn more about important milestones as you approach retirement, visit **wvteachersdcp.com** and click on the *Learning Center*. Use the calculators available in the *Wellness and Financial Resource Center* to understand when and how much you will be required to withdraw each year and the impact annual withdrawals may have on your retirement account. You can also access additional information about Social Security and register at ssa.gov or Medicare at medicare.gov. Schedule a meeting with Chris Meadows by phone at **304-542-5060**, toll-free at **833-498-8327** or by email at **chris.meadows@empower.com**.

# Five simple steps to **start living within your means** and avoid more debt

If you're spending more than you're earning, you are living above your means—and that leads to increasing debt and added stress! Here are five adjustments you can make to bring your income and your spending to a healthier balance:

1. **Evaluate your spending habits.** Start by writing down the big monthly expenses like rent or mortgage, utilities, car payments etc. Then, list common discretionary or nonessential expenses like entertainment or impulse purchases.
2. **Identify opportunities to cut back expenses.** Do you have multiple streaming or subscription services you can eliminate? Even many necessary expenses can be reduced by shopping around or negotiating with your current provider for lower rates.
3. **Create a budget you can stick to and monitor your spending.** If you're struggling to keep your monthly spending in line with the budget you've set up, try to identify the root of the issue. Look for patterns that can help you understand where you may need to seek additional help.
4. **Try to avoid adding to your existing debt.** Putting more on your credit cards than you can pay off each month may be unavoidable at times, but doing so means whatever you're charging will end up costing you a fair bit more in the long run due to interest charges—much more than you get in points or cash-back incentives.
5. **Set financial goals that prioritize saving.** Think about what kinds of things are important to you and save for them consistently. This might be modifications to your home before you retire or establishing an emergency savings fund. Saving money for your priorities can help you reduce debt and **focus on the things that matter for the long-term.**

**Remember, you want to go into retirement with the least amount of debt as possible—so get started now**. Changing to a more frugal lifestyle starts with adjusting your mindset. Rather than thinking of a budget as a limitation, try thinking of it as a game plan. Stick to the game plan, eliminate distractions and **you'll be on the path to a more confident financial future.** Use the budgeting tools available on your TDC Plan website by logging in to your account at **wvteachersdcp.com** for help getting started.

# Make your home retirement-ready—before you retire

If you are one of the many Americans who wants to stay in your own home for your golden years, you'll need to make sure your home will keep working for you as you age and your mobility and energy levels decrease. The time to start making those needed changes is now, before you've retired and transitioned to a fixed income. Here are some questions to ask yourself as you weigh where (and how) you'll live in retirement:

- **Are there ways I can reduce the amount of maintenance my home needs?** Simplify your home's exterior and interior so maintenance isn't as burdensome. Decluttering your space by getting rid of unneeded items can make your space more usable and you can potentially make a little money at the same time.
- **Do I need to make any modifications to my home?** Making sure your home will accommodate you as you age is critical—you will want to make it as mobility-friendly as possible. Don't put off large updates like bathroom renovations or low-maintenance landscaping as those can be costly, so do it while you've still got a regular paycheck coming in to help with the costs.
- **Is my home secure?** Making your home as safe and secure as possible is paramount to one's peace of mind. If you don't already have good exterior lighting and a security system, these may be things to consider.
- **Is my home energy-efficient?** Making your home as energy-efficient as possible can help you save once you are on a fixed income and utility costs are on the rise. Making sure your home is well-insulated goes a long way, but you can also do simple things like use LED light bulbs and buy energy-efficient appliances.
- **Is this the right home?** After evaluating your options, you may come to the decision that your current home may be too costly to modify or too large and expensive to maintain, and as a result just won't work for you in the long run. If this is the case, consider moving to a smaller, single-level home, or perhaps closer to your family or support system.

The earlier you start thinking about your living options in retirement, the better. **Just remember—*withdrawing large amounts from your retirement account after you've retired to pay for remodeling projects or other large expenses can negatively impact your ability to make your retirement savings last as long as you need them to in retirement.***

# **Invest in your health** for a higher quality of living in retirement

Take care of yourself, and you increase your chances of living a longer, healthier life in retirement—which could result in spending less money on healthcare costs, too.

- **Eat better** – Skip the processed foods! Make it simple and get back to the basics—start eating more fruits, vegetables and whole grains along with lean proteins. Cut back on salt, avoid added sugars and limit your alcohol.
- **Take a hike** – Moderate aerobic exercise, for at least 30 minutes five days a week, can help keep you healthier. Whether you like to walk with friends, go for a swim or show off your pickleball skills, get up and move!
- **Exercise your brain** – According to the Alzheimer's Association, stimulating your brain can help reduce the risk of cognitive decline as you age, along with a healthy diet and monitoring your cardiovascular health. Doing crossword puzzles, sudoku or even taking different routes on your daily walks can help stimulate your brain.[5]
- **Take care of your mental health** – When you retire, your social network often shrinks. That can lead to feelings of loneliness and depression, which take a toll on your physical health and may also increase your risk of dementia. You don't need a huge social circle, but find people who make you happy and spend time with them. Or get involved in your community and help others—now that's something that can really lift your spirits!
- **Sleep right!** – Poor sleep quality can increase your risk of possible dementia.[5] Try to get the recommended seven to nine hours of sleep each night.

You worked hard and saved for retirement, and you deserve to live your best life in retirement. Invest in your health and well-being so you can make the most of this new phase of your life!

# Newly retired? Avoid these **common money mistakes**

**Not balancing your investment allocations properly**[1] – There is no one-size-fits-all allocation, but if your portfolio is too conservative, your savings will likely not outpace inflation; if it's too aggressive, you may be locking in losses during periods of market volatility as you withdraw the money you need to live on in retirement. Find the right balance for your situation and revisit your choices periodically. Pay attention to the expense ratios of the funds you are investing in—high fees can eat away at your balance over time. **Take advantage of the tools and support available to you in your TDC Plan.**

**Dramatic lifestyle changes** – Now that you have more time on your hands, it's natural to want to celebrate with big vacations or major renovations. Before getting caught up in the excitement of your newfound freedom, take time to think about the long-term impact of your decisions. Understand your new "Retirement Budget" and space out major projects and purchases as your budget allows so your money stays invested and potentially growing for what is hopefully a long retirement.

**Failing to make a spending plan for your savings** – Not having a financial plan in place is one of the biggest mistakes people make when first going into retirement. Moving from saving mode to spending mode requires planning, too. Understanding things like when to start claiming Social Security benefits is important; it's more complicated than you may think, and your benefits may be permanently reduced if you claim them before reaching full retirement age. Meet with your dedicated TDC Plan Retirement Advisor, **Chris Meadows**, by phone at **(304) 542-5060**, toll-free at **(833) 498-8327** or by email at **chris.meadows@empower.com**, for help coming up with a spend-down plan. There is no cost to you to meet with him, and that's why he's here—for you!

## Even when you move on, **your TDC retirement account can stay put**

Are you moving on to a new job with a different employer? Or maybe your retirement date is within sight? In either case, you're on the cusp of a major life change. But there's something that can help make the transition easier: You can keep your existing retirement account right where it is. If you're happy with your TDC Plan account and the service and support you get, you can stay in your plan. Some of the reasons to consider keeping your account include:

- **The potential for lower fees** – All investment options and services come with fees. Because of its size, Empower (the recordkeeper for the TDC Plan) can keep fees highly competitive versus what you might get on your own if you leave your plan. Why is this important? It means that more of your money stays in your account, helping you build retirement income.
- **Access to the same account management and planning tools** – You'll continue to have access to the same website for managing your account and the same planning tools that help you make informed decisions about your current and future finances.
- **The support of a local plan representative** – When you need answers from a licensed retirement planning professional, you can always reach out to your local plan representative, **Chris Meadows**, with your questions.
- **A wide range of investment options** – You can continue to move the assets in your account to any of the investment options offered by your TDC Plan. So, as your financial circumstances change, you can keep your investment mix in sync with those changes.

Questions on keeping your TDC Plan account when your work situation changes? Reach out to your local plan representative, **Chris Meadows**, by phone at **(304) 542-5060**, toll-free at **(833) 498-8327** or by email at **chris.meadows@empower.com**.

### **THANK YOU** FOR YOUR FEEDBACK!

Thank you to everyone who took the time to complete the participant satisfaction survey earlier this year. Here are a few things we learned:

- 29% of you **met with your Retirement Plan Advisor** in the past year.
- **Personal email** was reported as the preferred method for receiving information about the plan and about saving/planning for retirement.
- 50% of you reported wanting to know more about **steps for nearing retirement.**

**We appreciate your feedback, and we will continue working to improve your TDC Plan.**

### FOR MORE INFORMATION

**Online**
**wvteachersdcp.com**

**Phone**
**(888) 988-3224**
Monday - Friday, 8 a.m. - 10 p.m. ET
Saturday, 9 a.m. - 5 p.m. ET

**Meet your representative**
Chris Meadows
**chris.meadows@empower.com**
**(833) 498-8327**

1 Asset allocation, diversification and/or rebalancing do not ensure a profit or protect against loss.
2 The Retirement Readiness Review is provided by an Empower representative registered with Empower Financial Services, Inc. and may provide recommendations at no additional cost to participants. There is no guarantee provided by any party that use of the review will result in a profit.
3 Social Security Administration, ssa.gov, as of May 1, 2024.
4 As of January 1, 2023, the IRS generally requires you to start taking required minimum distributions (RMDs) at age 73.
5 Alzheimer's Association, Reducing the Risk of Cognitive Decline Fact Sheet, alz.org, April 2022.
Investing involves risk, including possible loss of principal.
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