

The Busy Nurses' Financial Planning Workbook



A Joint Project of the
Center for American Nurses and
WISER, the Women's Institute
for a Secure Retirement



NurseFactsheet: 5 Things Women Need To Do For Retirement

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

**NURSES' INVESTOR
EDUCATION PROJECT**



5 Things Women Need To Do For Retirement

Investing a little time along with your dollars can make a big difference in your retirement security. This workbook can help you get started:

1) *Understand your finances and take charge of your retirement.*

Find out as much as you can. Talk to your spouse, and look at your current financial situation—everything from your credit cards to your daily expenses. Even if you are worried about the answers, it is better to find out now than when you are ready to retire.

WORKBOOK TOOLS:

- ☐ Budget Worksheet
- ☐ Figuring Out Your Net Worth
- ☐ Debt Warning Signs
- ☐ Get A Free Credit Report
- ☐ Credit Card Worksheet

2) *Take the first step to learn how much you will need to have a comfortable retirement.*

The big question is whether your guaranteed sources of income, like Social Security combined with retirement accounts and savings will be enough for a comfortable retirement. Look at what sources of retirement income you can count on and what you can expect to receive from them. If what you have so far does not seem like enough, make a plan to save more.

WORKBOOK TOOLS:

- ☐ Add Up Your Sources of Retirement Income
- ☐ Ways to Boost Your Savings Worksheet
- ☐ Retirement Readiness Checklist
- ☐ Social Security: What Every Woman Needs to Know
- ☐ Your Social Security Statement: What it Means and Why It's Important
- ☐ Managing Your Money in Retirement

3) *Take advantage of retirement benefits available at your workplace.*

Financial experts agree that there is no better place to grow money than at work because of the tax advantages. In addition, if your employer adds matching contributions, that is free money. The sooner you start, the longer the money will have to grow.

WORKBOOK TOOLS:

- ☐ The Working Woman's Pension Checklist

4) *Take time to educate yourself about Roth IRAs and mutual funds, long-term care insurance, and annuities.*

There is a wealth of information available on the Internet, and WISER's website is a great place to start. Look for free classes at local schools and seminars on public television, read magazines and articles on investing for retirement. Investing a little time along with your dollars can make a big difference in your retirement security.

WORKBOOK TOOLS:

- ☐ 10 Questions to Ask Before You Buy Long-Term Care Insurance
- ☐ Long-Term Care Options

5) *Take the time to sound your own alarm!*

This is your wake-up call: do not put it off! Many women face challenges meeting retirement income needs, but educating yourself will help you choose savings and investment tools wisely. Starting to plan now will give you more options later. The promise of retirement is having time for yourself after a lifetime of hard work.

NurseFactsheet: Budget Worksheet

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

NURSES' INVESTOR EDUCATION PROJECT



Budget Worksheet

HOUSEHOLD EXPENSES	MONTHLY	ANNUALLY
Rent or Mortgage Payment		
Real Estate Taxes		
Home Owners Insurance Premiums or Renters Insurance		
Telephone		
Other utilities (gas, electric, water, sewage, garbage, etc.)		
Home Maintenance		
Other Household Expenses		
TOTAL		

FOOD/CLOTHING/TRANSPORTATION EXPENSES	MONTHLY	ANNUALLY
Food		
Clothing		
Laundry/Dry Cleaning		
Auto Loan Payments		
Auto Maintenance (gas, oil, filters, etc.)		
Auto Insurance Premiums		
Other Transportation		
TOTAL		

PREMIUMS/PAYMENTS/SAVINGS	MONTHLY	ANNUALLY
Adult/Child Education (tuition, books, etc.)		
IRA, 401(K), 403(B)		
Medical/Dental/Eye Care/Prescriptions		
Dependent/Child Day Care		
Loan Payments		
Credit Card Payments		
Life Insurance Premiums		
Medical Insurance Premiums		
Disability Income Insurance Premiums		
Other Savings		
TOTAL		

NurseFactsheet: Budget Worksheet continued

MISCELLANEOUS EXPENSES	MONTHLY	ANNUALLY
Personal Care (Haircuts, etc.)		
Pets/Pet Care		
Entertainment (Include Vacations)		
Gifts (Birthday, Holidays, etc.)		
Membership Fees (Health Club, Magazines)		
Other Expenses		
TOTAL		
GRAND TOTAL		

(MINUS) TOTAL MONTHLY INCOME
 TOTAL MONTHLY EXPENSES

= EQUALS YOUR MONTHLY CASH FLOW

(MINUS) TOTAL ANNUAL INCOME
 TOTAL ANNUAL EXPENSES

= EQUALS YOUR ANNUAL CASH FLOW

NurseFactsheet: Your Net Worth

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

NURSES' INVESTOR EDUCATION PROJECT



Figuring Out Your Net Worth

To figure your net worth, first add up the value of all your assets. Next add the value of all your liabilities. Subtract the total value of your liabilities from the total value of your assets.

Assets

Bank accounts	\$ _____
Checking	
Savings	
CDs	
Money Market accounts	\$ _____
Personal property	\$ _____
Home value	
Home contents	
Automobile	
Boat/Recreational vehicle	
Collectibles	
Jewelry	
Investments	\$ _____
Stocks	
Bonds	
Mutual Funds	
ETFs	
Real Estate/REITs	
Life insurance (Cash surrender value)	
College savings plans	
Other investments	
Retirement savings	\$ _____
Employer-sponsored plans [401(k), 403(b), 457, SIMPLE, IRAs]	
Defined benefit (pension) plan	
Annuities (Cash surrender value)	
Other	\$ _____
Money you're owed	
Other assets	
TOTAL ASSETS:	\$ _____

Liabilities

Credit cards	\$ _____
Visa	
MasterCard	
American Express	
Other credit/charge cards	
Personal loans	\$ _____
Mortgage	
Additional mortgage/Home equity loan	
Car loan	
Education	
Investment loans	\$ _____
Brokerage account loan	
401(k) loan	
Life insurance loan	
Business loan	
Other investment loans	
Taxes owed	\$ _____
Real estate taxes	
Income taxes	
Other taxes	
Other	\$ _____
Current/unpaid bills	
Other debts	
TOTAL LIABILITIES:	\$ _____
Total Assets – Total Liabilities	
= Net Worth	\$ _____

NurseFactsheet: Debt Warning Signs

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

NURSES' INVESTOR
EDUCATION PROJECT



Debt Warning Signs

If more than one or two describe you, you may have too much debt:

- ☐ I am not sure how much I owe.
- ☐ I can only pay the minimum amounts due on my credit cards and other bills each month.
- ☐ The total amount of money that I owe isn't getting any smaller.
- ☐ I often pay my bills late.
- ☐ I often juggle who and how much I pay each month.
- ☐ I am borrowing from one credit card to pay another credit card.
- ☐ More than 20% of my monthly take-home pay goes to pay off debt (other than a home mortgage payment).
- ☐ I put off going to the doctor or the dentist because I cannot afford it now.
- ☐ I spend more than I earn.
- ☐ I would have financial problems right away if I lost my job or missed a paycheck.
- ☐ I borrow from friends or family and cannot pay them back.

Some ideas that may help you:

- ✿ Keep a record of your current living expenses for a month. Look for ways to reduce expenses so you can pay back your debts.
- ✿ Cut back on your credit card use. Leave your credit cards at home.
- ✿ Set up a plan for paying back your debts. Then inform your creditors, using WISER's sample letter, about the debt repayment plan that you are proposing to them.
- ✿ Get help from a nonprofit financial counseling agency. Check to see if your local state university (Extension Service) offers a free debt management service. They can help you set up a repayment plan and write to your creditors.
- ✿ For one-on-one credit counseling, contact the National Foundation for Consumer Credit at 800-388-2227 or www.nfcc.org or the Association of Independent Consumer Credit Counseling (AICCA) at 866-703-8787 or www.aicca.org.

** The most important thing you can do is to work on getting out of debt **

NurseFactsheet: Your Credit Report

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

NURSES' INVESTOR EDUCATION PROJECT



Get a Free Credit Report

As of September 2005, all US Citizens are eligible for one free credit report from each credit agency per year. To receive your free annual credit report visit www.annualcreditreport.com or call 1-877-322-8228.

You can also get a copy of your report for free anytime if:

- ✿ You have been denied credit for any reason and a credit report was used in making the decision. You have 60 days to mail proof of rejection to the reporting credit bureau;
- ✿ You are unemployed, actively seeking employment, or if an employer or potential employer has requested a credit report;
- ✿ You are receiving public welfare assistance; or
- ✿ You believe your credit report has been used to perpetrate a fraud.

Other Sources

Experts suggest looking at credit reports from all three agencies to get an overall picture, because your credit report may vary from one company to another.

Equifax
888-202-4025
www.equifax.com

To create this score report, Equifax partnered with Fair Isaac, a California-based business whose credit scoring system is used by many creditors.

Experian
888-397-3742
www.experian.com

Experian uses its own scoring model, based on the same factors used by the Fair Isaac's model. Scorecard gives you a personalized credit-score analysis by telling you which of your accounts positively or negatively affects your score.

TransUnion
800-888-4213
www.transunion.com

TransUnion offers a bare-bones service: they give you a score, and a brief analysis of the factors affecting your score.

Things to Be Aware Of

There are many fraudulent websites that may seem to offer free credit report services; however, they are trying to take your money instead. Three main things to look out for when getting your free credit report are false websites, add ons, and companies using the name, "free credit report."

1. False Websites:

The only website approved by the Federal Trade Commission (FTC) is AnnualCreditReport.com. No other site is official and may be a scam. Some sites ask for personal information, including your credit card number, that they will use to put false charges on your card, or charge your credit card for services you did not request. To make sure you are at the approved website,

type the address directly into your browser or go through the FTC's website.

2. Add-Ons from Credit Reporting Agencies:

When you are on the correct website, you will have to enter your personal information three times; for each of the credit reporting agencies (Experian, Equifax, and TransUnion.) You can receive reports from all three at once, or return to the website throughout the year to request your report from each agency separately. However, this site will also showcase additional services available to you, such as sending a copy of your FICO score, credit monitoring, or other services. These are neither required to receive your credit report nor are they free.

3. Using the Name "Free Credit Report":

Some companies simply use the name "Free Credit Report," but they are not affiliated with the approved government agency. These companies may enroll you in a "monitoring program" or make you pay to receive your

credit score. The only truly free and approved website to receive your credit report is AnnualCreditReport.com.

Ways to Reduce Your Credit Card Debt

- ✿ Pay off the credit card with the highest interest rate first.
- ✿ Pay your credit card bill as soon as you receive it, especially if you are carrying over a balance, to reduce your interest charges.
- ✿ If you cannot pay the full amount, pay as much as you can each month.
- ✿ Look for low-rate and no annual fee credit cards. You can get a list of credit cards, interest rates and fees at: <http://www.indexcreditcards.com/creditcardlist.html>
- ✿ For one-on-one credit counseling, contact the National Foundation for Consumer Credit at 800-388-2227 or www.nfcc.org.

Source: "Free Credit Search: 3 Things to Be Aware Of," Financial Web <<http://www.finweb.com/banking-credit/free-credit-search-3-things-to-beware-of.html>>.

NurseFactsheet: Credit Card Worksheet

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

**NURSES' INVESTOR
EDUCATION PROJECT**



Credit Card Worksheet

More than two-thirds of people who have credit cards do not pay them off each month.

This worksheet will help you sort out what you owe and what company you owe it to, so that you can start to pay them off in full.

Creditor/ Credit Card	Amount Due	Interest Rate	Minimum Payment	Typical Monthly Payment	Interest Paid Each Month	Target Date Paid in Full

Ways to Reduce Your Credit Card Debt

- ✿ Pay off the credit card with the highest interest rate first.
- ✿ Pay your credit card bill as soon as you receive it, especially if you are carrying over a balance, to reduce your interest charges.
- ✿ If you cannot pay the full amount, pay as much as you can each month.
- ✿ Look for low-rate and no annual fee credit cards. You can get a list of credit cards, interest rates and fees at: <http://www.indexcreditcards.com/creditcardlist.html>
- ✿ For one-on-one credit counseling, contact the National Foundation for Consumer Credit at 800-388-2227 or www.nfcc.org.

NurseFactsheet: Get Your Ducks in a Row

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES



NURSES' INVESTOR
EDUCATION PROJECT

Add Up Your Sources of Retirement Income

This table will help you identify all your sources of retirement income. It also will help you estimate what benefits will be available for as long as you live, for your spouse as a widow or widower, and whether it will keep up with inflation.

Source of income	Monthly	Can you count on getting the income amount for life?	Will the income keep up with inflation?	Can some or all of the income continue to be paid to your surviving spouse?
A. Social Security	\$ _____	Yes	Yes	Yes, offset by other Social Security benefits payable to the survivor.
B. Employer Pension - If paid as monthly income	\$ _____	Yes	Private plans usually do not. Public employee plans often will. What is your plan's track record?	Yes, if you use a joint and survivor form.
C. Employer savings plan account (401-k) - If paid as guaranteed monthly income	\$ _____ * Enter the estimated annuity income these funds could buy.	Yes	Not usually. Amount is fixed unless you use a variable or indexed annuity.	Yes, if you use a joint and survivor form.
D. Employer pension or savings plan account – if paid in a lump sum that's rolled over to an IRA and invested	\$ _____ * Enter the estimated annuity income these funds could buy.	Some risk of running out of money, depending on how well you manage investments and spending.	Depends on performance of your investments and the economy while you're retired	Depends on how you manage investments and spending during your lifetime.
E. Part-time work	\$ _____	No. In later years you're unlikely to find a suitable job that you can perform.	Probably, as long as you keep working.	No

Total from all sources

Initial income
Income you can count on for life
Income that can keep up with inflation

Amount

\$ _____
\$ _____
\$ _____

How to Calculate Total Amount

Add A, B, C, D, and E
Add A, B, and C
Add A and E, maybe B, C, D

NurseFactsheet: 16 Ways to Boost Your Savings Worksheet

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

NURSES' INVESTOR EDUCATION PROJECT



Use this worksheet to find areas to economize in your life and boost your savings.

1. How much do you spend on lunches?: Calculate approximately how much you spend on lunches out each month. \$ _____
(Ex. 8 lunches x \$8= \$64 month)
Now cut that number in half (or eliminate it) and put the savings on this line: \$ _____
2. How much do you spend on cable television each month? \$ _____
Reduce by \$20 or eliminate and put savings on this line: \$ _____
3. How much do you spend buying books/magazines each month? \$ _____
Eliminate this expense and put savings on this line: \$ _____
4. How much do you spend on call waiting, call ID and other non-essential telephone services each month? \$ _____
Eliminate this number and put savings on this line: \$ _____
5. How much are you paying in ATM withdrawal fees / debit card fees each month? (Ex. 12 withdrawals x \$1.50=\$18.00) \$ _____
Eliminate this number and put savings on this line: \$ _____
6. How much do you pay on average each month in checking or savings account maintenance fees? \$ _____
Eliminate this number and put savings on this line: \$ _____
7. How much do you pay on average for overdraft charges from bounced checks? \$ _____
Eliminate this number and put savings on this line: \$ _____

(over)

NurseFactsheet: *16 Ways to Boost Your Savings* continued

8. How much do you pay for check cashing services or buying money orders each month? \$ _____
Eliminate this number and put savings on this line: \$ _____
9. How much do you spend each month on fees for paying bills by phone? \$ _____
Eliminate and put savings on this line: \$ _____
10. How much do you spend on gas and parking or public transportation each month for traveling to and from work? \$ _____
How much could you save potentially by carpooling, walking, biking or switching to public transportation? Put savings on this line: \$ _____
11. How much do you spend on dinners out (including carry-out) each month? \$ _____
Cut in half (or eliminate) and put savings on this line: \$ _____
12. How much do you spend on clothing each month? \$ _____
Reduce by 20% and put savings on this line: \$ _____
13. How much do you pay each month for a health club? \$ _____
If you do not go very often, or have a cheaper alternative, enter the monthly savings on this line: \$ _____
14. How much do you spend on groceries each month? \$ _____
Reduce by 10% and put savings on this line: \$ _____
15. How much do you spend each month on buying coffee at coffee shops? \$ _____
Eliminate this number and put savings on this line: \$ _____
16. How much do you spend on gifts for family and friends each month? \$ _____
Reduce by 30% and put savings on this line: \$ _____

Total Spending \$ _____

Total Savings \$ _____

NurseFactsheet: Retirement Readiness

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

NURSES' INVESTOR
EDUCATION PROJECT



Retirement Readiness Checklist

Answer these six questions to see if you're really ready to retire!

1. Have you considered what annual income you will need in retirement? ☐ Yes ☐ No

Is it 75 percent of what you earn now? It could be more or less than that, depending on your basic needs. Remember that Social Security usually covers about 40 percent of an average earner's pre-retirement income. You need to know where the rest of the money will come from. *Try the online retirement planning calculator at: www.360financialliteracy.org to get started.*

2. Have you considered how long you might live in retirement? ☐ Yes ☐ No

Many people do not realize that retirement can last 20 to 30 years. It is important when planning to assume that you will have a long life in retirement. The longer you live the more likely inflation will erode the value of your savings. *While no one can ever know for sure how long they will live, consider your personal health and family history in order to make an educated guess about your life expectancy and thus, the extent of your retirement income needs.*

3. Have you considered the cost of Medicare premiums? ☐ Yes ☐ No

They are automatically deducted from your Social Security check. *For 2008 and 2009, the Medicare premium is \$96.40 a month, and the Medicare prescription drug benefit premium averages \$25 a month in 2008 and \$28 in 2009.*

4. Have you considered the cost of health insurance outside of Medicare? ☐ Yes ☐ No

You may consider purchasing a "Medigap" policy in order to cover the costs that Medicare does not cover. *To find out which services are covered in your state, go to: <http://www.medicare.gov/coverage/ome.asp>.*

5. Have you thought about how you will handle your savings once you retire? ☐ Yes ☐ No

Unlike defined benefit (or "traditional") pension plans, in which plan administrators automatically pay out a set amount each month, you will be responsible for managing your own money saved through a 401(k) type plan. *WISER's Money Management Checklist can help you plan for managing your money when you are in retirement.*

6. Do you know how taxes will affect your retirement income? ☐ Yes ☐ No

If you receive money from a tax-deferred savings plan such as a 401(k), you will need to pay taxes on the amounts you receive. You also may have to pay taxes on your Social Security benefits. *Social Security's website: <http://www.socialsecurity.gov/planners/taxes.htm> lists tax requirements based on income and marital status.*

NurseFactsheet: Social Security

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

**NURSES' INVESTOR
EDUCATION PROJECT**



Social Security: What Every Woman Needs to Know

How can I collect benefits?

A working woman earns Social Security because she pays into the system at her place of employment.

She may collect benefits:

- ✿ as a spouse,
- ✿ as an ex-wife – if she was married 10 years or more, or
- ✿ based on her own work record.

She can only collect one benefit.

When can I receive Social Security Retirement and Medicare Benefits?

See the chart below to determine at what age you qualify for full retirement benefits.

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67

These benefits are not automatic. You must apply by calling the Social Security Administration at 800-772-1213.

You may also receive reduced benefits at:

- ✿ Age 50 if you are a disabled widow.
- ✿ Age 60 if your husband or ex-husband has died.
- ✿ Age 62 if you want to retire early.
- ✿ Age 62 if you are divorced, you were married ten years or more (and aren't currently married) and your ex-spouse is eligible for retirement benefits.
- ✿ Any age if you are a widow and must stay home to care for young children if you qualify for a survivor's benefit. This is paid until the youngest child reaches 16.

At age 65, you are eligible to enroll in Medicare, the federal health insurance program. Contact the Social Security Administration at 800-772-1213 several months before your 65th birthday for more information.

For how long can I collect Social Security benefits?

These benefits will continue for as long as you live and are adjusted every year for inflation.

Taxes

Your Social Security benefits may be taxable depending on your total income.

For instance, if you file a federal tax return and the combined income of you and your spouse is between

\$32,000 and \$44,000 you may have to pay taxes on half of your Social Security benefits.

If your combined income is above \$44,000, up to 85 percent of your benefits are subject to income tax.

Do I get benefits if I have left the paid workforce to care for my family?

Social Security benefits are based on an individual's earnings over 35 years, but a person who works for at least ten years will generally qualify for some benefits.

What is SSI?

SSI stands for Supplemental Security Income. It pays a monthly benefit to people over age 65 who have very little income or younger persons who are disabled and poor.

NurseFactsheet: Your Social Security Statement

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

NURSES' INVESTOR EDUCATION PROJECT



Your Social Security Statement: What It Means and Why It's Important

Workers and former workers above the age of 25 will automatically receive a Social Security statement in the mail from the Social Security Administration (SSA) each year. At any time, you can also request to have this statement sent to you.

Read your statement carefully to make sure that your earnings information is correct; your future benefits will be based on the recorded earnings from SSA.

This statement can also be used as a financial planning tool to help you estimate your income in retirement, and determine how much money you will need to supplement your Social Security benefits. The statement will also give you details about your spouse's and dependents' possible benefits if you die, as well as your disability benefits if you were to become disabled. The chart below is an example of the "Estimated Benefits" page of a Social Security statement:

Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...	
	your full retirement age (67 years), your payment would be about	\$1,578/mth
	age 70, your payment would be about	\$1,967/mth
	If you stop working and start receiving benefits at age 62, your payment would be about	\$1,088/mth
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now, your payment would be about	\$1,442/mth
*Family Survivors	If you get retirement or disability benefits, your spouse/children may qualify for benefits. You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:	
	your child	\$1,125/mth
	your spouse who is caring for your child	\$1,125/mth
	your spouse, if benefits start at full retirement age	\$1,501/mth
	total family benefits cannot be more than	\$2,762/mth
	Your spouse may be eligible for a one-time death benefit of	\$255

*Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security 3 months before your 65th birthday to enroll in Medicare.	
	Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2037, the payroll taxes collected will be enough to pay only about 76 percent of scheduled benefits.	
	We based your benefit estimates on these facts: Your date of birth Your estimated taxable earnings per year after 2009 Your Social Security number	April 5, 1969 \$43,117 XXX-XX-1234

Source: <http://www.socialsecurity.gov/mystatement/currentstatement.pdf>

Things to Be Aware of Regarding Your Retirement Benefits:

Knowing how much retirement income you can expect from your pension and Social Security benefits is essential to effective financial planning. Two provisions, the Government Pension Offset (GPO), and Windfall Elimination Provision (WEP), may decrease your retirement income, so it is important to know and plan for these provisions well before you retire.

Government Pension Offset

The Government Pension Offset provision affects the Social Security benefit you receive as a spouse or a widow if:

- ✿ you receive a pension from a job where you did not pay Social Security taxes, based on employment for a federal, state or local government agency, and
- ✿ you apply for Social Security benefits based on your spouse's work record.

How much is the offset?

- ✿ The offset will reduce your Social Security spouse or widow's benefit by about two-thirds of your government pension.

✿ For example:

- You get a monthly pension from your government job of \$600.
- You are also eligible for a \$500 widow's benefit from Social Security.
- Two-thirds of your government pension, or \$400, will be subtracted from the widow's benefit, and you will receive only \$100 from Social Security.

Windfall Elimination Provision

The Windfall Elimination Provision reduces the Social Security benefit you receive based on your own work record if you are also eligible for a federal, state or local pension from employment that was not covered by Social Security.

The Social Security Administration uses a modified formula to compute your Social Security benefits, resulting in a lower benefit. The structure of the modified formula can be especially harsh for low-paid workers.

Windfall Elimination does not affect a Social Security survivor's benefit unless the survivor (often the widow) is also a retired government employee.

NurseFactsheet: Money Management

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

NURSES' INVESTOR EDUCATION PROJECT



You Are Retired—Now What? Managing Your Money in Retirement

Once you reach retirement, you will face the challenge of deciding how and when you will take your money out to support yourself. When making these choices, you need to decide how you want to receive income after retirement. The choices include receiving monthly income through an annuity, managing your money and making periodic withdrawals, or having some income from an annuity plus some investments.

- ❑ **How will you manage all of your financial resources?** Plan how you will manage your Social Security income, pensions, and savings. For instance, if you have a solid base of ongoing income, you can invest your savings in riskier investments.
- ❑ **What is your life expectancy?** Design a plan for yourself that allows you to draw down your savings at a pace that's not too fast or too slow. Try to make your money last at least as long as you do. One rule of thumb is to spread your money beyond what experts say is your life expectancy, because that is just an estimate and you may well live longer.
- ❑ **How will you handle your daily expenses and bills?** In planning your investments, keep in mind that you will need to keep some funds easily accessible for every day expenses and bills. Also set aside a sizeable amount for unusual or unexpected items.
- ❑ **How will you account for increases in your cost of living?** As you invest for income and security, try to keep your income rising with inflation.
- ❑ **What if you don't have enough?** It may be necessary for you to adjust your living standards if your assets will not be able to meet your lifetime expenses.
- ❑ **How do you account for fixed assets?** Consider your home and other fixed assets as sources of income to meet your living needs.
- ❑ **What about taxes?** Stay informed about tax issues affecting retirees. For example, be sure to take the minimum required withdrawals from traditional IRAs after age 70 ½.
- ❑ **How involved should you be?** Keep track of how your investments are doing, how financial markets and products are changing, and how annuities might play a role in achieving your goals.
- ❑ **Who should you seek advice from?** Understand how to choose and use investment brokers and financial planners, and be well informed so you can understand their recommendations and advice.

NurseFactsheet: Pension Checklist

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

**NURSES' INVESTOR
EDUCATION PROJECT**



The Working Woman's Pension Checklist

What women need to know:

- ☐ Have you earned a pension(s)?
- ☐ Do you know how much your pension(s) will be?
- ☐ Do you know what happens to your pension if you change jobs?
- ☐ Do you know what happens to your pension if you retire early?
- ☐ Do you have pension information from all of your jobs?
- ☐ Do you know how much your Social Security benefit will be?
- ☐ Do you know how you can save for retirement if you do not have a pension plan?

What information women need to ask their spouses:

- ☐ Have you earned a pension(s)?
- ☐ Do you know how much the pension will be upon retirement?
- ☐ Will I receive a benefit in the event that you become disabled or die?
- ☐ Do you know how much that benefit will be?
- ☐ When are you entitled to retire and receive a full or partial pension benefit?
- ☐ Do you know whom to talk to at work about this?
- ☐ Does your job allow you to save through a tax deferred savings plan such as a 401(k) plan or a 403(b) account?

- ☐ When should we discuss our overall retirement strategy to plan for our future?
- ☐ Do you have an Individual Retirement Account? Am I the beneficiary?

What women need to ask their employers:

- ☐ Does the company offer a pension plan? A savings plan?
- ☐ Does the pension plan cover or include my job?
- ☐ Can my pension benefits be reduced by Social Security or other government payments?
- ☐ How long does it take to earn a legal right to the pension?
- ☐ Do we have a tax deferred savings plan such as a 401(k) or a 403(b)? Does it offer employer matching contributions?
- ☐ What is the present value of my pension, and what would happen if I changed jobs today?

What women need to know if contemplating divorce:

- ☐ Did I find an attorney who is knowledgeable about splitting pension benefits in divorce?
- ☐ Am I eligible for a portion of my spouse's pension?
- ☐ Will I qualify for a portion of my spouse's Social Security benefit?
- ☐ How can I ensure that my husband does not give his pension benefits to someone else?
- ☐ Can I ensure that my spouse does not select lifetime benefits in lieu of a joint and survivor annuity?

NurseFactsheet: Long-Term Care Insurance Checklist

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

**NURSES' INVESTOR
EDUCATION PROJECT**



10 Questions to Ask Before You Buy Long-Term Care Insurance

- ☐ Yes ☐ No **Does the policy include protection against inflation?** This is an important feature, without it your policy will be worth very little when you need it.
- ☐ Yes ☐ No **Does the policy guarantee that premiums remain level?** The company should guarantee that it will charge you the same as other policy holders of the same age, however, the premiums can still be raised for that age group across-the-board. Some policies will guarantee that the rate will not change for a specific period of time.
- ☐ Yes ☐ No **Does the policy cover home health care benefits and all levels of nursing home care, including skilled, intermediate and custodial care?** Find out how the policy will cover each of these types of care, the benefit amount for each and how long benefits will last.
- ☐ Yes ☐ No **Does it provide comprehensive benefits for both home care and nursing home care?** Make sure that the policy covers less severe impairments and allows you to stay in your own home.
- ☐ Yes ☐ No **Is the maximum benefit period one year or more?** The maximum benefit period varies widely. Choose coverage for the maximum number of days or amount of benefits that you can afford, but at least one year of care.
- ☐ Yes ☐ No **Is the policy renewal guaranteed?** Choose a policy that guarantees that you can renew if you pay the premiums on time regardless of your health or age.
- ☐ Yes ☐ No **Is the deductible affordable and does the policy have a waiting period of 100 days or less?** Most policies require that you pay for needed care from your own money for a certain number of days before coverage starts. Find out what the rules are and decide if this will be feasible for you.
- ☐ Yes ☐ No **Will the policy cover dementia if an individual is diagnosed down the road?** Many policies cover conditions like Alzheimer's and it is important to ask this question. Dementia is a common cause of nursing home admissions.
- ☐ Yes ☐ No **Will you be able to keep up with the policy premiums?** Important provisions, such as inflation protection and nonforfeiture, increase the cost of the benefit. A nonforfeiture benefit ensures that even if you cancel your policy or stop paying premiums, you will still receive some part of your benefits. Your premium should not be more than 7% of your income when you buy the policy.
- ☐ Yes ☐ No **Have you learned as much as you can about the insurance company?** Try to pick a company that is financially sound and has a good reputation.

If you did not check "Yes" for every question listed above, continue to learn more about long-term care insurance and your options. Check out WISER's Long-Term Care fact sheet to get started!

NurseFactsheet: Long-Term Care Options

FROM THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT
and the CENTER FOR AMERICAN NURSES

**NURSES' INVESTOR
EDUCATION PROJECT**



Long-Term Care Options

Long-term care is an issue of pressing concern to many Americans. When a loved one can no longer live independently, family members confront the emotional challenge of deciding what to do next and the financial shock of long-term care expenses.

Over the next thirty years, as baby boomers reach retirement, America's elderly population is expected to double from 35 million to nearly 75 million. As a result, the number of Americans who will need long-term care (in nursing homes or at home) will skyrocket.

Experts predict that the costs of long-term care will increase dramatically over the next several decades. In fact, the annual cost of a nursing home stay is expected to increase from \$40,000 today to \$97,000 (in today's dollars) by 2030. Most individuals and families simply cannot afford to bear these costs.

Public Programs for Long-Term Care

Long-term care covers a range of services for individuals who need assistance with the activities of daily living—such as bathing, walking, taking medication, shopping, cooking and driving. Long-term care can be provided in a private home or in a nursing home. In either case, long-term care is expensive.

Current public programs offer limited protection against the financial costs of long-term care. Contrary to what many people believe, Medicare covers very little in the

way of long-term care. Medicare is mostly an acute care program covering hospital and physician bills. The program pays for only limited home health care and nursing home costs—usually following a hospital stay.

When individuals need non-skilled care, either at home or in a nursing home, they typically pay for it themselves. Only when most of their resources are gone—or in the event that they have no resources to begin with—do individuals qualify for Medicaid coverage of long-term care services. As a result, many individuals impoverish themselves before they get assistance from the Medicaid program.

Private Long-Term Care Insurance

Private long-term care insurance can help protect people with a disability or chronic health condition from the high costs of long-term care. Whereas the Medicaid program focuses almost exclusively on institutional care, private long-term care policies cover a wide range of services, such as assisted living, to help people live at home.

Long-term care policies can be purchased on an individual basis and, increasingly, through group plans offered by employers. Most policies pay a fixed dollar amount—usually \$50 to \$250 per day—for long-term care services. Policyholders can choose the amount, as well as the length of time benefits will be paid and the deductible period.

The affordability of long-term care insurance partly depends upon the age of purchase. People who purchase

policies at younger ages pose lower risks to insurance companies, and therefore pay lower premiums. Typically, premiums purchased before the age of 65 are much lower than policies purchased after the age of 65.

Long-Term Care is a Women's Issue

Women have a particular stake in doing everything they possibly can to protect themselves from the high costs of long-term care. Here are some of the reasons why:

- ✿ Women typically live longer than men and, if married, tend to outlive their husbands. A woman born in 1960 has a life expectancy of 73 years, compared to 67 years for a man born in the same year.
- ✿ As they grow older, women are more likely than men to live alone, without a spouse or other family member to provide home care. By the time a woman reaches the age of 75, the chances that she is living with a spouse have dropped below one in three.
- ✿ At any age over 65, women are more likely than men to need assistance with daily living.
- ✿ Women are the primary caretakers in our society. They are more likely than men to have caregiving responsibilities for impaired family members and they often use their own assets to pay for this care.
- ✿ The typical woman age 65 and over has an income of approximately \$13,000 – less than one-third the cost of an average nursing home for a year.

Making a Wiser Choice

It is important for women to plan early so that the high cost of long-term care does not threaten their financial security. Private long-term care insurance can provide peace of mind to women who can afford to buy it. But as is the case when purchasing any insurance policy,

women should scrutinize the policies before making a decision.

In recent years, both the federal government and the states have taken steps to make it easier for individuals to purchase private long-term care insurance. The federal government passed the Health Insurance Portability and Accountability Act in 1996 which allows individuals to apply long-term care insurance premiums and out-of-pocket expenses toward the 7.5 percent base for medical expense deductions in their taxes. To get the deduction, the policy must be tax-qualified. This law also says that benefits received from qualified long-term care policies are not taxable.

State Legislation

Recently, all 50 states have adopted laws or regulations pertaining to long-term care insurance.

- ✿ Twelve states have established some type of state tax incentive (a deduction or credit) for long-term care insurance premiums: Alabama, California, Iowa, Kentucky, Maine, Maryland, Minnesota, Montana, New York, North Carolina, North Dakota and Wisconsin.
- ✿ At least 19 states have passed laws to make private long-term care insurance available as a benefit to state employees: Alabama, Alaska, California, Colorado, Connecticut, Florida, Georgia, Kansas, Montana, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oregon, South Carolina, Vermont, Washington and Wisconsin.
- ✿ In 2000, the Federal government passed the Federal Long Term Care Insurance Program (FLTCIP) which allows all Federal employees and their qualified relatives to buy long term care insurance.

For further information, contact your state insurance department to find out what your state regulations entail.

