

Growing Your Savings



generations
federal credit union

Growing Your Savings for Retirement

There are many variables that can affect the growth of your savings and what you will need for retirement. No matter what life stage you're currently in, saving now can better prepare you for the future. While planning can feel overwhelming, it's better to jump in and develop a strategy than it is to leave tomorrow to chance. At GFCU, we can help you understand your options and set up a retirement savings plan that works for you—both now and later.

Retirement Savings Factors

- Amount saved so far
- Annual savings rate
- Rate of return
- Estimated salary growth
- Current age
- Retirement age (typically 67)
- Additional retirement income
- Estimated spending in retirement
- Life expectancy (typically 97)

How much should you start saving?

Beginning early usually is best—the more time that you have to save, the greater the power of compounding interest and its effect on your savings. So if you are just starting to build your career, consider building your retirement savings at the same time.

How much do you need for retirement?

Your needs in retirement will depend on your annual budget and life expectancy. For budgeting, the Center for Retirement Research at Boston College estimates that most people need about 70% of their pre-retirement income. The next question is—for how long? While nothing is certain for any of us, for the purposes of financial planning, retirement age is typically at age 67 and life expectancy is generally estimated at age 97. That leaves 30 years of retirement for which you'll need to save.

But changing a few simple factors can have a big impact on your savings. For example, what if you started saving earlier? What if you saved more each year? What if you retired later, such as at age 70 instead of 67? Talking to a financial planner can

help you figure out the specifics of your situation and what you'll need to do to hit your savings goals.

What's the best way to save?

Many people have access to an employer-sponsored plan such as a Simplified Employee Pension (SEP) Plan, a profit-sharing plan or a 401(k). If you don't have access to an employer plan or you wish to supplement those savings, an individual retirement arrangement (IRA) is a solid choice that allows you to set aside money that will generate earnings. Most individuals are drawn to an IRA for its tax features, but often just as important is access to your IRA dollars. Unlike many employer-sponsored retirement plan assets, you can withdraw money from your IRA whenever you want (some penalties may apply).

Traditional IRA

Traditional IRA contributions are often tax-deductible, so the distributions generally are taxable and subject to an early distribution penalty tax. The early distribution penalty applies if you are under age 59 1/2 and do not meet one of the IRS penalty exceptions when you withdraw money.

Roth IRA

Unlike traditional IRAs, Roth IRAs don't require you to take disbursements when you reach age 70 1/2. Because Roth IRA contributions are not tax-deductible, any amount you withdraw from the contribution portion of your Roth IRA will not be taxed or penalized. If you meet certain requirements, the earning in your Roth IRA will be tax and penalty-free too.



What will you have?

To give you an idea of just how valuable saving with an IRA can be—at any stage in life—these charts illustrate how much you can accumulate with steady, annual IRA contributions. Note the differences in growth depending on your starting age and interest rate.

\$2,000 Annual Contribution				
Years to Retirement	Interest Rate			
	3%	5%	7%	10%
5	\$10,937	\$11,604	\$12,307	\$13,431
10	\$23,616	\$26,414	\$29,567	\$35,062
15	\$38,314	\$45,315	\$53,776	\$69,899
20	\$55,353	\$69,439	\$87,730	\$126,005
25	\$75,106	\$100,227	\$135,353	\$216,364
30	\$98,005	\$139,522	\$202,146	\$361,887
35	\$124,552	\$189,673	\$295,827	\$596,254
40	\$155,327	\$253,680	\$427,219	\$973,704

\$5,000 Annual Contribution				
Years to Retirement	Interest Rate			
	3%	5%	7%	10%
5	\$27,342	\$29,010	\$30,766	\$33,578
10	\$59,039	\$66,034	\$73,918	\$87,656
15	\$95,784	\$113,287	\$134,440	\$174,749
20	\$138,382	\$173,596	\$219,326	\$315,012
25	\$187,765	\$250,567	\$338,382	\$540,909
30	\$245,013	\$348,804	\$505,365	\$904,717
35	\$311,380	\$474,182	\$739,567	\$1,490,634
40	\$388,316	\$634,199	\$1,068,048	\$2,434,259

Let's talk about retirement.

At GFCU, we're here to help with IRAs and establishing a savings strategy. Let us know how we can help.

Speak to someone at Generations at any one of our branches, or call us at 210.229.1128. You can also visit www.MyGenFCU.org for more information.

"Banking with Generations is simple."

Member since 2013

"I have experienced only spectacular member service and a wealth of knowledge from each representative that I have ever had the pleasure to meet with!"

Member since 2001

"Great experience!!! I would do it again. Paperless, convenient and easy to do business with a professional financial institution!"

Member since 2004



"I enjoy knowing I can count on my credit union to stand behind me 100%... Every time I go to GFCU, I feel that it's all about me and no one else, and I love that!"

Member since 2013

210.229.1128

MyGenFCU.org



To be eligible for Generations Federal Credit Union membership, products and services, you must live, work, worship, volunteer, attend school or own a business in Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina and/or Wilson County, Texas. You are also eligible for membership if you are immediate family of a current member.

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