



It's easy to make mistakes or overlook essential planning elements. Here are some of the key errors to avoid:

Common Mistakes Teachers Often Make When Planning For Retirement

Not Understanding the Realities of Your Pension

Many teachers mistakenly believe their pension alone will be sufficient for retirement. However, pensions often provide only \$20,000 to \$50,000 per year, which may not fully cover retirement needs.

Failing to Supplement Your Pension for Maximum Monthly Income

You will want to consider additional retirement savings options beyond their pension:

- ✓ Maximize contributions to 403(b) or 457(b) plans if available.
- ✓ Create a diverse investment portfolio to balance risk and potential returns.
- ✓ Start saving early to take advantage of compound interest.

Misunderstanding Social Security Benefits

Many teachers make the mistake of factoring Social Security into their retirement plans when they may not be eligible. About 40% of public school teachers do not pay into Social Security and thus cannot claim benefits in retirement.

Poor or Non-Existent Budgeting

Many teachers fail to create a realistic retirement budget. It is easy to underestimate the expenses you will have in retirement or to overspend while still working. There are many decisions regarding taking on debt or paying off debt that must be considered in order to have the monthly income you want.

Neglecting to Consider Healthcare Costs

Teachers frequently underestimate healthcare expenses in retirement, especially if they retire before being eligible for Medicare. It's crucial to set aside funds for private insurance and potential supplemental coverage.

Failing to Plan for Inflation

Inflation is difficult to predict but some amount must be taken into account for inflation not just when you begin planning for your retirement but throughout your entire retirement. Since pension payments typically remain fixed, it's important to have additional investments that can keep pace with rising costs.

Tax Implications

Not considering the impact of taxes that may be imposed on multiple aspects of your retirement income. These must be professionally evaluated, especially if you are planning to move. Not every state is considered "retiree-friendly".

Going it Alone by Not Seeking Professional Advice

Making investment decisions without ongoing guidance can be difficult and risky. Consulting with a financial guide who specializes in retirement planning for teachers can help avoid costly mistakes. By being aware of these common pitfalls and taking proactive steps to address them, you can better prepare for a secure and comfortable retirement—the retirement you've.

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