



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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Money Tip for Students, May 2016

Now is the time to start planning for retirement

Retirement may be the farthest thing from your mind when you're still in school, but now is the time to start thinking about it. In fact, the farther away it is, the better off you may be, according to the Kentucky Higher Education Assistance Authority (KHEAA).

For decades, U.S. citizens have depended on Social Security for much of their retirement income. However, Social Security benefits for younger workers are not guaranteed.

Another source of retirement income for many people has been pensions. But many companies are scaling back or ending their pension plans.

When it comes to retirement, you should hope for the best but prepare for the worst.

Every time you get paid, set something aside for retirement. A little can go a long way. For example, if you save \$200 per month for 40 years without earning any interest, you will have saved \$96,000. If you can invest that money at 2.5 percent, you will have more than \$164,000 saved.

Develop and maintain a budget that includes saving as much as you can, then invest those savings wisely. When you begin your career, work with an investment professional to pick the plan that is best for you. Even if you don't have Social Security or a pension upon retiring, you will still have something to help get you through your retirement years.

KHEAA is the state agency that administers Kentucky's grant and scholarship programs, including the Kentucky Educational Excellence Scholarship (KEES).

KHEAA provides financial literacy videos at <http://itsmoney.kheaa.com>. KHEAA also provides free copies of "It's Money, Baby," a guide to financial literacy, to Kentucky schools and residents upon request at publications@kheaa.com.

For more information about Kentucky scholarships and grants, visit www.kheaa.com; write KHEAA, P.O. Box 798, Frankfort, KY 40602; or call 800-928-8926, ext. 6-7214.

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