

Financial *focus*

FINANCIAL SECURITY FOR YOUR GOLDEN YEARS



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Consider Benefit Income When Working After You Retire

As people live longer and healthier lives, working in retirement is becoming more of a reality in the plans of many retirees. And they're not always working for the money. In addition to the extra income, staying active and involved and enjoying work were listed as reasons for continuing employment during retirement. Wanting a little extra money or keeping their healthcare coverage were also cited, according to the 2014 EBRI Retirement Confidence Survey.

If work is part of your retirement plan, there are a few things to consider before you start scanning the want ads. What you earn in retirement could affect your retirement benefits.

Your EPCRP benefit

Some retirees who want to work find that they are drawn to the same field they retired from,

sometimes working for the same employer.

If you, as an EPCRP retiree, go back to full-time work for El Paso County, or for the other employers that participate in EPCRP, you will stop receiving pension payments for the period of time you are employed. Once your employment with an EPCRP employer ends, you will begin receiving your pension payments again. Your payments will be based on the service you earned before you retired, as well as the service you earned while you were re-employed. There are additional rules and pension offsets for members who take early retirement and later start working for an EPCRP employer.

For more details, contact EPCRP at (719) 520-7490.

Work and Social Security

Working in retirement only affects your Social Security if you've started receiving your benefit. How it affects your benefit depends on your age when you start working again. That magic number is based on your full retirement age. To find your full retirement age, visit www.socialsecurity.gov and click on the Benefits link at the top of the page. Under the Learn tab, click on Retirement. "Find your full retirement age" is a link on the right upper side of the page.

After you're older than your full retirement age, your Social Security benefit will not be affected, no matter how much you earn.

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Extra Savings Can Help You Build a More Secure Future

Financial experts recommend that retirement income replace anywhere between 70% and 100% of your wages or salary. You may need more or less, depending on your lifestyle, health and plans for retirement.

Your Social Security benefit and your pension from EPCRP will be the cornerstones of your retirement income. You can help strengthen your financial outlook in retirement by saving more.

Extra Options at Work

If you're looking for more ways to save for retirement, start with your employer. All of the employers that are part of EPCRP offer supplemental retirement savings accounts. These are a type of defined contribution plan called 457 plans. They are similar to 401(k)s in that any money you deposit into the account is tax deferred (which means you don't pay taxes on it until you take it out of the account). Contact your employer's human resources department for more information about your employer's 457 plan and

other options for retirement savings.

Many Choices, One Goal

As an individual investor, you have a lot of options for retirement savings. The following are just three among many choices. Remember to do your research and consult with a financial advisor to determine which investments will help you reach your retirement goals.

IRAs

Individual Retirement Accounts (IRAs) come in two basic types. A traditional IRA is tax deferred, like a 457. A Roth IRA only accepts after-tax money, so you don't have to pay taxes on it — or the interest it earned — when you start to withdraw it.

Mutual Funds

A mutual fund is a pool of money from individual investors that is then invested in a variety of stocks, bonds or a combination of both. There are many, many

different types of these funds around, including life-cycle or target-date mutual funds. The asset mix of these funds automatically shifts from higher risk to lower risk investments as you approach your target retirement date. The fees for these funds can be higher than fees charged by other mutual funds, so make sure you know what they are before you invest.

Annuities

An annuity is a contract with an insurance company. In return for your premiums, you get a stream of income for life from that company. Some annuity contracts include death benefits and other features. Before you sign on the dotted line, make sure an annuity is a good option for your individual financial situation.

For information on how to choose a financial advisor, visit www.cfp.net.

Sources: Bankrate.com, Forbes, AARP, CNN Money

**Life Doesn't
Stop When You
Retire**

Call EPCRP at (719) 520-7490 and let us know if you have any changes to your beneficiaries or marital status. This helps ensure that any benefits payable when you pass away are processed efficiently and according to your wishes.

Plus, keep EPCRP contact information with your important papers. This makes it easier for your loved ones to contact us.

Retirement Board

Richard Bengtsson
BOARD MEMBER
Member Elected

Mark Lowderman
TREASURER
Current El Paso County
Treasurer

Rebecca Ellis
VICE-CHAIR
BOCC Appointed

David Guest
ASSOCIATE BOARD
MEMBER

Board meetings are held on the fourth Monday of every month, except for June and December.

Nicola Sapp
CHAIRWOMAN
Member Elected

Michael Pennica
SECRETARY
BOCC Appointed

Michael Varnet
ASSOCIATE BOARD
MEMBER

Contact the retirement office (719) 520-7490 for the location.

www.epcretirement.org

Trim the Fat in Retirement, and Still Have Fun!

Unless you have won the lottery, have a large pension or have a sizable nest egg set aside in savings, chances are good that you'll have to watch your money closely during retirement. As MSN notes, one of the easiest ways to make sure you have more money during retirement is to pay attention to where your pension and savings are going, and cut back on unnecessary expenses wherever you can. By trimming the budgetary fat wherever possible, you can probably free up funds for enjoyable activities like trips to see the grandkids. Consider the following ways to cut back.

Trim the Technology

While different types of technology can be nice — for example, it can be great to watch your favorite

football team on the cable sports channel — a lot of times we end up paying for services we rarely use. Take a close look at your various technology-related bills and see if you can cut out any services entirely or even switch to a different plan. If you are paying a hefty monthly fee for satellite television, switching to a streaming media player like the Roku or Apple TV can save you hundreds or even thousands of dollars. In addition, if you have a cell phone, examine your bill and see if you can lower your monthly minutes, or change to a different company that offers a more affordable plan.

Watch Grocery Expenses

As you probably know, groceries can be extremely expensive. Of

course, so can eating out on a regular basis. In order to get a handle on just how much you are spending on food and beverages, write down all of your expenses for a few weeks. Once you have a tangible list in front of you, you can easily see potential ways to cut costs. Maybe your twice-a-week coffee and muffin breakfast could be once a week instead? Also, try to plan meals around what's on sale each week at the grocery store. And while you don't have to use a ton of coupons and bring home a super size package of toilet paper at one time, even using just a few coupons each time at the store will help to lower your overall costs.

Retirees: 1099-R Forms Coming Soon!

Your IRS 1099-R for 2014 should arrive in your mailbox by the end of January. The 1099-R shows all the income you received from EPCRP during 2013, and you use it to file your tax return.

Now is also a good time to review your withholding and make sure it is adequate for the coming year. Your withholding amount should be based on your total retirement income, not just what you receive from EPCRP. Consulting a tax professional can help you determine the right withholding level for you. The IRS also has an online withholding calculator on its homepage at www.irs.gov.

You may change the withholding for your EPCRP pension payment at anytime during the year. If you would like to make a withholding change, contact the EPCRP offices at (719) 520-7490.

Your tax forms were all mailed by the January 31 deadline. If you haven't received your 1099-R from yet, please call EPCRP directly for a replacement copy.

El Paso County Retirement Plan



Thomas Pfeifle
EXECUTIVE DIRECTOR

Dana Fuller
SENIOR RETIREMENT
COUNSELOR

2880 International Circle,
Suite N30
Colorado Springs, CO 80910

Phone: (719) 520-7490
Fax: (719) 520-7495

www.epcretirement.org

Consider Benefit Income When Working After You Retire (cont'd)

It's a little more complicated if you are at or below your full retirement age when you start working.

The Social Security Administration will withhold a \$1 for every \$2 you earn above a certain earnings threshold. When you are at your full retirement age, SSA will withhold \$1 for every \$3 you earn above another earnings threshold.

You will get that money back. After you stop working, your new benefit payments will reflect any money that was withheld.

For more information, visit the Social Security website and type "How Work Affects Your Benefits" to reach a brochure of the same name.



www.epcirement.org



El Paso County Retirement Plan

2880 International Circle, Suite N030
Colorado Springs, CO 80910

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