# *Pension statements: can you $urvive retirement?*

Will your County pension support you in your senior years?

It is a question most of us don't ask until it is too late. According to experts, many Americans struggle to make ends meet while trying to survive on Social Security benefits alone.

Proper retirement planning can help alleviate the fear of poverty in later years and pension statements issued to employees regularly by the County can be a useful tool in assessing the level of extra retirement savings needed.

Pension Statements for FY2018 based on the actual January 1, 2018 salary and years of service will be distributed to most Kent County employees by May 15, and employees are encouraged to carefully review the information contained therein.

The statements, prepared by the County's pension actuary – The Nyhart Company, feature a color bar chart to illustrate an employee's vesting progress and potential pension benefit.

Since retirement planners recommend that the average American have about 80% of total annual income available each year to maintain his/her standard of living in retirement, one chart estimates the County pension benefit if the employee works until Age 62, Age 65 and Age 67 alongside an 80% of salary estimate for each age bracket.

In order to project income available each year after retirement, an employee should add the estimated County pension figure, to the estimated social security benefit (if any), annual proceeds from other retirement savings (if any), pensions payable from previous employers (if any), possible financial investment income (if any), etc. The bar chart at the bottom of the statement only depicts the potential shortfall of achieving 80% of the estimated base salary paid by the County. If it appears that 80% of estimated salary will not be achieved, employees should consider setting up a deferred compensation account (457-*the IRS code section number of the public sector version of a 401K*) through payroll deduction or increasing the amount if already contributing.

The statement assumes generous 2% annual pay raises going forward, but no promotions or other potential pay adjustments are included. Under the County's retirement program, some employees can retire at age 60 with 15 years of service, age 55 with 20 years of service, or any age with 30 years of service, but the statement does not provide a benefit estimate for those scenarios unless the person is or will be 62 when eligible.

If an employee chooses to retire when eligible before age 62, estimated retirement income may be lower and is not reflected in any figures on the statement. If an employee regularly earns overtime, then extra retirement savings will be needed to achieve an 80% of total income goal. Remember - the County's pension benefit is based upon base salary only, overtime, longevity, and/or bonuses are not eligible for inclusion for pension purposes.

The pension statement does not include a social security benefit estimate, but employees can get a fairly reliable calculation on the social security website – www.socialsecurity.gov

Please carefully review the statement for accuracy and contact the Personnel Office at 744-2310 with any questions about the County pension program or information about setting up/increasing a deferred compensation account (457) contribution.

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