

~ Planning for Your Retirement ~

July 2009

# Planning for Your Retirement

includes a TRSL retirement timetable








Teachers' Retirement System of Louisiana

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## We're here to help. Contact us:

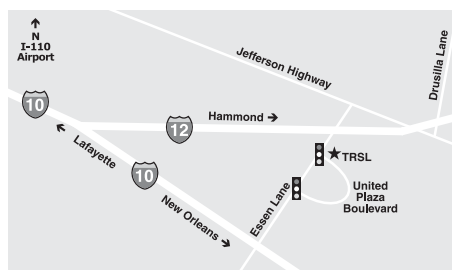
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Your questions will be answered within 1-2 business days.
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Toll free (outside Baton Rouge area):  
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Telecommunications Device for the Deaf (TDD): 225-925-3653  
After normal office hours, you can leave a message for a return call the following business day.
-  **Mail:** PO Box 94123, Baton Rouge, LA 70804-9123  
Send overnight or certified mail to our physical address below.
-  **Fax:** 225-922-2522
-  **Visit** 8401 United Plaza Boulevard, Suite 300  
Baton Rouge, LA 70809-7017  
Office hours are 8 a.m. - 4:30 p.m.  
Monday-Friday (excluding holidays)

## Member Access

Get secure, online access to your TRSL account information 24-hours a day through **Member Access** on our website. Click on the Member Access link at [www.trsl.org](http://www.trsl.org), and follow the easy instructions. If you have any problems with registration, contact the TRSL HelpDesk at [support@trsl.org](mailto:support@trsl.org).

## Directions to TRSL's office

TRSL is located in Baton Rouge in the Louisiana Retirement Systems Building at 8401 United Plaza Boulevard, which is just off Essen Lane between Interstates 10 and 12.



**From Lafayette:** Exit I-10 and turn left on Essen Lane, or exit I-12 and turn right on Essen Lane;

**From New Orleans:** Exit I-10 and turn right on Essen Lane;

**From Hammond:** Exit I-12 at Jefferson Highway/Drusilla Lane, turn left on Drusilla Lane, then right on Jefferson

Highway. Proceed to Essen Lane, and turn left. Turn at the United Plaza Boulevard traffic signal on Essen Lane at the sign that reads: "LA RETIREMENT SYSTEMS BLDG."

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## When it's time to retire

Retirement decisions last a lifetime. That's why TRSL wants you to make those decisions carefully, and only after getting the information necessary to help you make the best choices for you and your family.

By now, you've probably read the *TRSL Member Handbook: Regular Plan, Plan A, and Plan B*, which explains how retirement benefits are computed and various provisions about a TRSL retirement. If you are considering participation in the Deferred Retirement Option Plan (DROP), you should read the handbooks, *Beginning DROP* and *Ending DROP*.

We encourage you to take some time to carefully read this handbook. It will give you a good idea of the process you will go through to retire, and discuss many financial and budgeting issues you need to consider before retirement.

The sooner you start thinking and planning for your retirement, the better. And remember, don't hesitate to contact TRSL with your questions.



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# A timetable for retirement

TRSL recommends that you use the following timetable as a planning guide when you are two to three years away from retirement.

## Two to three years before retirement

- Review the accuracy of your years of service with TRSL. You can do this online through our Member Access portal located at [www.trsl.org](http://www.trsl.org). Or you can request a printout by calling 225-925-6446 or toll free outside the Baton Rouge area at 1-877-ASK-TRSL (1-877-275-8775).
- Ask your employer to review your years of service and certify or correct any questionable years or incorrect data.
- Resolve any issues involving the purchase or transfer of service credit. Any purchase or transfer should be completed well in advance of retirement or entering DROP. If you initiate a purchase or transfer shortly before your desired date to retire or enter DROP, the effective date of your retirement or DROP participation date is subject to change depending upon the completion of the purchase or transfer.

## One to two years before retirement

- Request an estimate of your retirement benefits by sending TRSL a completed *Benefit Estimate Request* (Form 10). You can also obtain an unofficial projection of your retirement benefits by using TRSL's online calculator at [www.trsl.org](http://www.trsl.org).
- Consider attending a one-day preretirement seminar. Check the workshop schedule on TRSL's website or call 225-922-2822 for a seminar being held in your area.

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## Four to six months before retirement

- Submit an *Application for Service Retirement* (Form 11A), or *Application for Deferred Retirement Option Plan* (Form 11F) if you are entering DROP rather than retiring.
- If you are applying for service retirement, submit a *Direct Deposit of Benefits* (Form 15D) to designate the financial institution that is to receive your funds.

## Two weeks after applying for retirement

- TRSL will acknowledge your application within two weeks of receipt. If you do not receive this acknowledgment, contact TRSL at 225-925-6446 (Baton Rouge area) or toll free at 1-877-ASK-TRSL (1-877-275-8775) to check the status of your application.

## TRSL sends retirement affidavit

- Once your application is processed, TRSL will send you an *Affidavit of Retirement Option Election* based on the most current information available to TRSL. The affidavit will list the benefit amount for each of the retirement options. TRSL will send this affidavit only after we receive a copy of your Social Security card.

## Within 15 days, return notarized retirement affidavit

- It is extremely important that this affidavit be completed, notarized, and returned to TRSL within 15 days of receipt. By selecting an option and returning the affidavit, you indicate under which option you wish to retire. This is a critical step in the retirement process. Remember that the option you select on your affidavit is irrevocable, no matter how your situation may change in the future!
- If you are planning to leave the country after retiring, it is in your best interest to see that your affidavit is completed and returned before you leave the states.

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- If you are entering DROP, this affidavit must be returned within 90 days of receipt or 90 days after DROP participation has begun, whichever is later. If you do not return the affidavit within that time, you will be removed from DROP participation effective the date you were to begin DROP. You will be required to remit your member contributions due back to your original requested DROP participation date, if applicable. If you still wish to participate in DROP after cancellation of your original application, you will need to submit a new *Application for the Deferred Option Retirement Plan* (Form 11F). Your DROP participation date will be effective on the date TRSL receives the new application or the beginning date of participation on the form, whichever is later. This may cause you to lose participation time in the DROP program.
  - It is your responsibility to coordinate your date of retirement with your employer and to inform TRSL of any change before cashing or depositing a retirement payment. Once you cash or deposit a retirement payment, you are retired as of the effective date of your retirement application, and your retirement cannot be canceled.
  - Any earnings in a TRSL-eligible position after the effective date of retirement are subject to the return-to-work laws.
  - Service retirement applications may be canceled before any benefit payment is cashed, including estimated benefit payments. DROP participants may not cancel their DROP participation once the designated beginning DROP participation date has passed. You do, of course, end your DROP participation if you terminate all TRSL-eligible employment or die.



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# Planning your retirement

It doesn't matter what age you are, or how many years you've been working; it's never too early to begin preparing for retirement. Moving from your chosen career to retirement is quite a transition, and proper preparation will make that transition easier.

Remember, we are living longer than our forefathers, thanks to better health care, exercise, and proper eating habits.

Consider that today, the average 65-year-old man can expect to live to age 80. A 65-year-old woman may live to 85. Life expectancy lengthens for every year lived beyond 65. Anyone in his or her 70s should plan on living well into their 80s. And, there is a rising percentage of 90- and 100-year-olds in the population.

This longevity makes it vital to pay attention to inflation and what it does to your dollars. Financial advisors say it takes about 85 percent of your pre-retirement income to retire comfortably. That's true according to today's living standards, but with continued inflation you must plan carefully, or your retirement income will not be sufficient 10 to 20 years after you retire.

## Financial planning

The principal objective for financial planning is security for the family. Many of us think financial planning is only for the rich; however, it is actually needed more by the average income earner who has more to gain through a well-thought-out plan.

Personal financial planning is nothing more than developing a plan to reach your overall financial goals and objectives. It is not emphasizing the use of particular investments to solve a specific financial problem. Instead, it focuses on your goals as the starting point in a financial process.

The financial planning process should be considered a series of steps, that includes determining what your current financial condition is; deciding what you want your financial condition to be at retirement; setting specific goals and objectives to achieve that end; and implementing and monitoring a plan to meet those goals and objectives.

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## **Budgeting: Your expenses**

Begin your financial planning with a budget. Beginning in your 40s and 50s when income is higher and family needs are starting to taper off, planning should be geared more toward a good and secure life in older years.

With your partner, work out rough budget estimates of your future living costs. Some expenses will dwindle or disappear in retirement. For instance, unless you take another job, you won't have work-related expenses which can cost as much as five percent of a household budget. Housing costs are likely to be less as mortgages are paid off. Child-related expenses decrease as children grow up and leave home. And you can cut back on life insurance coverage.

Although your living expenses are likely to be lower in retirement, inflation will cause problems. Your pension dollars will buy less. When you draft your projected retirement budget, think of all the budget angles—savings here, added costs there.

Know what you're paying out. To help, keep a record of your expenses for a month or two. Make it a daily chore to list expenditures for the basic things in your life. At the end of a month, total your expenses for a better idea of monthly needs. It might take a second month to give you an even better picture of your spending pattern, and a guide to a budget.

Use the worksheet on page 11 to help you. It has two sets of blanks to be filled out, one for your current budget listings, and another for a projected budget when you later work out budget needs for your retirement. You can also purchase a standard budget book at an office supply store. Many are well designed, and instructions for their use are spelled out in some detail. Look through the budget books to find one that suits your needs.

### **Expenses to consider**

Don't overlook your "plastic money" in figuring expenses. Credit purchasing is too easily forgotten or ignored. The "Installment payments" listing on the worksheet is the catchall for the payments that must be made for things bought on credit. If you buy a \$515 appliance with a \$30 a month payment, list the installment as your monthly expense.

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Spur-of-the-moment purchases may cause some complications though. Suppose you and your spouse go out for an evening on the town and use a credit card at the restaurant. It's a deferred payment, but better considered a cash payout under "Recreation" to keep your budget from getting out of whack. Work out your own system for handling such things, but be consistent.

Remember that clothing needs can be seasonal. Estimate clothing expenses for a year, then divide by 12. Medical and dental costs also vary. Think back at least a year in estimating needs. It is also wise to set this estimate higher than your figures would indicate; extra money might be needed. Miscellaneous costs include such items as haircuts, laundry, cleaning, and all costs that don't fit into other categories.



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## Budgeting worksheet: Monthly expenses

| <b>Budgeted expenses</b>                            | <b>Current</b> | <b>Retirement</b> |
|-----------------------------------------------------|----------------|-------------------|
| Housing (include utilities, maintenance, etc.)      | \$             | \$                |
| Food and beverages                                  | \$             | \$                |
| Clothing*                                           | \$             | \$                |
| Transportation<br>(include gas, oil, repairs, etc.) | \$             | \$                |
| Installment payments                                | \$             | \$                |
| Medical and dental care*                            | \$             | \$                |
| Insurance<br>(personal, auto, and household)        | \$             | \$                |
| Taxes                                               | \$             | \$                |
| Contributions<br>(church, charities, any other)     | \$             | \$                |
| Recreation                                          | \$             | \$                |
| Miscellaneous*                                      | \$             | \$                |
| Savings and investments<br>(IRAs, etc.)             | \$             | \$                |
| Total                                               | \$             | \$                |

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## Cost-cutting tips

Many retirement advisors suggest cutting costs gradually as retirement approaches to see whether you'll be comfortable on a tighter budget.

- Get rid of unnecessary credit cards. Keep a major credit card with little or no fee attached, and use it minimally. Pay off the balance monthly to avoid finance charges. You could save approximately 20 percent annually by relying more on cash and less on credit purchases.
- Concentrate on paying off a mortgage early. You can cut years off your mortgage payments by increasing your monthly payments to add up to one additional payment per year. That extra amount pays off the principal early.

## Budgeting: Your household income

Once you've come up with a figure for your monthly expenses, undertake the simpler chore of listing the salaries or wages of family members who contribute to the monthly household income. List all other income whatever the source, if it comes regularly, such as interest received, stock dividends, Social Security benefits, veterans compensation, etc.

Add your income figures. Subtract the expense total. The two totals should show a rough balance. If there is a favorable balance—there is more coming in than being paid out—you're in good shape. If the figures are badly out of balance—there is more being paid out than coming in—efforts should be made immediately to reduce the gap.



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## Budgeting worksheet: Retirement income

1. Annual pension (yours and your spouse's) \$ \_\_\_\_\_
2. Annual Social Security income (yours and your spouse's)\* \$ \_\_\_\_\_
- 3. Total guaranteed income in retirement (Total of above)** \$ \_\_\_\_\_
4. Estimated annual income from savings and investments, including IRAs, mutual funds, stocks, bonds, property, etc. \$ \_\_\_\_\_
5. Anticipated annual retirement income from other sources, including a retirement job \$ \_\_\_\_\_
- 6. Total projected income from retirement (Lines 3, 4, and 5)** \$ \_\_\_\_\_
7. Projected retirement expenses (Don't underestimate) \$ \_\_\_\_\_
8. Amount you need to add to savings income (If Line 7 is more) \$ \_\_\_\_\_
9. Reserve (If income Line 6 is larger) \$ \_\_\_\_\_

*\*Receiving a public pension may affect your Social Security benefits. Please contact your nearest Social Security office for details or consult their website at [www.ssa.gov](http://www.ssa.gov).*

If your projected income is less than your anticipated needs, review your financial planning for ways you may increase your assets for the future, as well as cut down on your liabilities.

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## Budgeting: Your net worth

As you start financial planning, it is also important to know your net worth. Most people only have a vague idea of their net worth. Technically, your net worth is your estate. Don't think of an estate as something only the rich have. You have an estate, however modest it might be. For most Americans, the value of a personal or family estate is likely to be larger than it is first thought to be.

Remember, your estate is basically the accumulated, and still accumulating, total of your assets. These assets can be a financial cushion throughout your life, but particularly so in retirement years. They can soften the impact if monthly income ever fails to cover your needs. They can be tapped, if necessary, when you need money to cover unexpected expenses.

Figuring your net worth takes time, a lot of thought, and discussion. It's a family project for a husband and wife, and possibly their children.

There are two major parts to a family net worth statement: *What we own and what we owe*. A third part is advisable: *What insurance protection do we have?* It is advisable because a net worth statement provides a good test of whether insurance coverage is adequate.

On the next page is a worksheet you may use in computing your net worth. After completing your worksheet, file it. You will want to review it next year.



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## Budgeting worksheet: Net worth

### Assets

|                                                                                         |          |
|-----------------------------------------------------------------------------------------|----------|
| Money in savings accounts                                                               | \$ _____ |
| IRAs, certificates of deposit, other time deposits                                      | \$ _____ |
| Series E and other government bonds                                                     | \$ _____ |
| Stocks or mutual fund certificates                                                      | \$ _____ |
| Bond certificates                                                                       | \$ _____ |
| Cash value of life insurance                                                            | \$ _____ |
| Pensions and annuities                                                                  | \$ _____ |
| Market value of automobiles, other moter vehicles                                       | \$ _____ |
| Market value of home and other real estate                                              | \$ _____ |
| Household furniture and appliances (Keep room-by-room inventory separate for insurance) | \$ _____ |
| Jewelry                                                                                 | \$ _____ |
| Sports and musical equipment                                                            | \$ _____ |
| Antiques and other collections (Keep separate inventory)                                | \$ _____ |
| Clothing (Particularly fur coats and other high-price items)                            | \$ _____ |
| Loans receivable                                                                        | \$ _____ |
| Cash value of any business you might have                                               | \$ _____ |
| Other assets                                                                            | \$ _____ |
| <b>Total Assets</b>                                                                     | \$ _____ |

### Liabilities

|                                                             |          |
|-------------------------------------------------------------|----------|
| Mortgage on home or other real estate                       | \$ _____ |
| Unpaid taxes                                                | \$ _____ |
| Notes (Total unpaid, not current amount due)                | \$ _____ |
| Installment debts (Total unpaid, not current amount due)    | \$ _____ |
| Charge account debts (Total unpaid, not current amount due) | \$ _____ |
| Other personal obligations (Think hard and note everything) | \$ _____ |
| <b>Total Liabilities</b>                                    | \$ _____ |

**Total Assets** \$ \_\_\_\_\_

*minus (-)*

**Total Liabilities** \$ \_\_\_\_\_

*equals (=)*

**Your Net Worth** \$ \_\_\_\_\_

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## Investments and savings

You should begin now to look into savings and investment programs. It is never too early or too late to prepare for a long and enjoyable retirement.

Here are two examples of how a retirement fund can build over the years through compound interest. In addition to regular contributions to the plans, over the years all earnings are reinvested which build substantial capital.

|                                    | Number of years | Amount each year | Total invested | Total invested plus earnings |
|------------------------------------|-----------------|------------------|----------------|------------------------------|
| Example A:<br>6% compound interest | 1-5             | \$ 1,000         | \$ 5,000       | \$ 5,975.33                  |
|                                    | 6-10            | 2,000            | 15,000         | 19,946.97                    |
|                                    | 11-15           | 3,000            | 30,000         | 44,619.02                    |
|                                    | 16-20           | 3,000            | 45,000         | 77,635.50                    |
|                                    | 21-25           | 3,000            | 60,000         | 121,819.75                   |
| Example B:<br>9% compound interest | 1-5             | \$ 1,000         | \$ 5,000       | \$ 6,523.33                  |
|                                    | 6-10            | 2,000            | 15,000         | 22,000.81                    |
|                                    | 11-15           | 3,000            | 30,000         | 53,421.73                    |
|                                    | 16-20           | 3,000            | 45,000         | 101,765.96                   |
|                                    | 21-25           | 3,000            | 60,000         | 172,585.22                   |

Taken from *Ready or Not, A Handbook for Retirement*

Looking at these two examples, you can see that even a relatively modest amount of monthly savings grows into a substantial fund that can provide added income in your retirement years. These examples also show that even a few added points of interest on your investments (6% to 9%) can substantially increase the growth of such a fund.

In considering these examples, remember that the results shown do not reflect the effect of any federal, state, or local income taxes. Income taxes will greatly reduce the totals shown in the last column. An investment approach that takes advantage of any tax-free or tax-deferred investment programs available to you can be of great value.

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## Estimating how long your money will last

This chart shows you how long your capital will last if you withdraw a fixed amount each year. An asterisk (\*) means it will last indefinitely at that rate.

| Percent of capital withdrawn yearly | Number of years money will last if invested at these rates |    |    |    |    |     |
|-------------------------------------|------------------------------------------------------------|----|----|----|----|-----|
|                                     | 5%                                                         | 6% | 7% | 8% | 9% | 10% |
| 8%                                  | 21                                                         | 24 | 31 | *  | *  | *   |
| 10%                                 | 15                                                         | 16 | 18 | *  | *  | *   |
| 12%                                 | 11                                                         | 12 | 13 | 15 | 17 | 19  |
| 14%                                 | 10                                                         | 10 | 11 | 12 | 12 | 14  |
| 16%                                 | 8                                                          | 9  | 9  | 10 | 10 | 11  |
| 18%                                 | 7                                                          | 7  | 8  | 8  | 9  | 9   |
| 21%                                 | 6                                                          | 7  | 7  | 7  | 7  | 8   |

If you find that you can live on your retirement income without changing your lifestyle and without dipping into your pool of capital from time to time, you are fortunate. However, if you find that somewhere down the road you could run out of money, particularly if you live 20 to 40 years longer, then you must do some hard-nosed financial planning.

If you want to spend capital gradually, it's a good idea to pro-rate spending over double your life expectancy. For example, if you're a 70-year-old man in good health, plan to make your capital last at least 20 years more.

Should you spend capital at all? The answer depends on whether you have a good reason to leave it untouched as an estate to be passed on and live comfortably on your retirement income. Many people talk about "saving the money" for their children and grandchildren. Many grown "kids" are doing very well on their own and would prefer to see parents and grandparents enjoy the money accumulated through their years of work and savings. Be prudent, but don't deny yourself the pleasures you can enjoy in retirement years.

When planning your future finances, always allow for the unexpected. Because of increasing life spans, one or both of your parents may still be living when you retire. If they run out of money to pay their own way, you may have to chip in toward their living expenses. You may be

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seriously injured or suffer a costly illness. Some retirees even have to take in grandchildren for a time. And today, more and more children are returning home, bringing their families with them. All this should be taken into account when planning your retirement.

## **Deciding to hire a financial planner**

Although financial planners can help you make investment decisions, hiring a planner supposes you have discretionary income to invest. Experts say most investments should not be made until you have financed some very basic living items, such as housing, insurance, and a cash reserve fund for emergencies. If you find you cannot meet these (and other) necessary financial requirements, you may decide you need help, not in investment planning, but in basic money management.

If you have money to invest and decide you need a financial planner, ask how they get paid. Be careful. Some are simply salespersons for products they recommend. Fee-only planners charge a straight fee for their services. Be sure you get a written statement of their charges, and ask for a sample of a written financial plan.

## **Questions to ask**

If you're considering hiring a financial adviser, it's a good idea to talk to several candidates before making a decision. Basic questions to ask before you sign anything include the following:

### **Compensation**

1. How are you compensated? Do you get a commission for recommending specific products?
2. If you charge a fee for services, how is the fee calculated? Is there a cap on fees?
3. Does any member of your firm act as a general partner or receive compensation from investments you recommend?

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## **Education, work history**

1. What is your educational background?
2. How long have you been in this business? What did you do before you became a financial adviser?
3. What are your special areas of expertise?
4. Where do you get your research? Do you get it from Wall Street or is it third-party academic research?
5. Will you provide me with a list of clients I can call for references?
6. May I see documentation of your work history from the past 10 years, conflicts of interest, and lawsuits, as well as fees and methodology?
7. Are you a Certified Financial Planner? Do you belong to any professional organizations?
8. Who regulates you? Have you ever been disciplined by the Securities and Exchange Commission (SEC), or other regulatory organization, like the National Association of Securities Dealers?
9. Are you registered as an investment adviser with the SEC? Are you registered with the state?

## **Services**

1. Who will handle my account? Will it be handled by an individual or a team?
2. Will you provide a written analysis of my finances and your recommendations?
3. What is your investment philosophy?
4. Will you help me implement your recommendations?
5. Do you work with other professionals, such as lawyers, accountants, and stockbrokers?
6. Once we have a plan, how often will we review its progress?
7. How often will we meet?

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## Resources for finding a financial planner

Some organizations provide information about financial planners and investment advisers:

- The Financial Planning Association provides a list of planners in your area plus information to help you choose a planner. For referrals and free brochures, call 1-800-945-4237, or visit [www.fpanet.org](http://www.fpanet.org).
- National Association of Personal Financial Advisors provides names of fee-only planners in your area. The group also provides a list of questions to ask a potential adviser. Call 1-888-333-6659, or visit [www.napfa.org](http://www.napfa.org).
- Certified Financial Planner Board of Standards can tell you whether a financial planner is certified, call 1-800-487-1497, or visit [www.cfp.net](http://www.cfp.net).
- The American Institute of Certified Public Accountants can provide a list of CPAs in your area who are personal financial specialists. Call 1-800-862-4272, or visit [www.aicpa.org](http://www.aicpa.org).
- The Securities and Exchange Commission (SEC) can tell you whether a financial planner is registered with the SEC as an investment adviser. The SEC also provides educational materials. Call 1-800-732-0330, or visit [www.sec.gov](http://www.sec.gov).

## Creating a will

After you have planned and begun to nurture an estate, protect it through a will to assure that if anything happens to you or your spouse, your assets will be distributed the way you—not the state courts—want them to be.

Only about one-third of all adults have wills although it isn't costly or difficult to make one. It can be a do-it-yourself project, using a form available at many stationery stores, but it's better done with the help of an attorney. However you do it, don't put off making a will. Your spouse should make one also.

Sometimes it's hard to persuade the young, or even those in middle age, to draft a will. However, wills are important even for those who are young, healthy, and looking ahead to many years of life.

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## Health and life insurance information

Some employers have contracted for health and life insurance for their employees through Louisiana state health/life plans, while other employers have contracted through independent insurance companies.

For information about your health and life insurance, contact your employer or your insurance company. Here are some questions to keep in mind:

1. Will my premiums remain the same or will they increase after I retire?
2. Will I continue to have dependent coverage?
3. Will my premiums be deducted from my retirement check, or will I be billed through my employer?
4. Will I remain covered if I am eligible for Medicare?
5. One important question you may want to ask yourself is, "*Do my loved ones have access to my insurance policies?*"

## Purchasing life insurance

A single person generally has no need for life insurance if he or she has no dependents. A minimal amount might be useful to pay medical and burial costs beyond what might be otherwise covered under medical and hospitalization and other forms of insurance. Money that would be put into insurance premiums can be invested more profitably.

Life insurance is not absolutely necessary for working couples with no dependents. Perhaps coverage can be limited to an amount needed to maintain mortgage payments that would be difficult on one wage or salary, and to lessen other strains on the survivor's earning power. Again, savings from not paying insurance premiums can be invested profitably, provided you discipline yourself to invest the savings regularly. An alternative is to take out insurance that has compulsory savings aspects. The return will be less than you might otherwise get, but there will be a cash accumulation.

### Life insurance options

- *Term Insurance* provides the greatest dollar amount of coverage for the least amount of money. However, the premiums for a specific amount

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of insurance become greater as you grow older. Since your needs for such protection grow less too, you can reduce the amount of your coverage as you see fit. Term insurance does not build any cash value.

- *Whole Life Insurance* provides a stipulated death benefit, but it also includes a savings feature, building cash value as the years go by. You can borrow against this cash value. If you eventually cancel the policy, you can cash it in, obtaining the savings that have built up. The chief problem with this type of policy is the low rate of interest usually earned in the savings phase of the plan. (Universal life is similar to whole life but ordinarily provides a better return on the savings portion of the policy because of the way the savings funds are invested.)
- *Variable Life Insurance* combines many of the advantages of whole life policies with those of a mutual fund investment. You have a guaranteed minimum death benefit as with whole life. However, the savings portion of the insurance is invested in a mutual fund (of varying types) that may provide you with greater growth and appreciation.

## Protecting yourself from scams

Telemarketing and internet scams defraud thousands of people every year. Never give your credit card, bank account, or Social Security number to a telemarketer or via e-mail.

Consumers with questions about possible phone- and internet-related scams can call the Consumer Protection Section in the Louisiana Attorney General's Office at 1-800-351-4889 or visit [www.ag.state.la.us](http://www.ag.state.la.us).

Many states offer "do not call" programs for consumers who wish to reduce telephone solicitations. The Louisiana Public Service Commission offers such a program to Louisiana residents. For more information on the Louisiana "Do Not Call Program," dial 1-877-676-0773 or visit [www.lpsc.org](http://www.lpsc.org).

**Remember, TRSL does not endorse any insurance or other products. If you receive a call, mail, or e-mail from a company claiming to work with TRSL, please contact TRSL immediately.**

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**The Teachers' Retirement System of Louisiana is an equal opportunity employer and complies with the Americans with Disabilities Act.**

*Revised July 2009*

This public document was published at a cost of \$2,602.47. Five thousand copies of this document were published by the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, to inform TRSL members of issues they must face when preparing for retirement. Printing of this material was purchased in accordance with the provisions of Title 43 of the Louisiana Revised Statutes.



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