Welcome to...

Get Savvy
Grow Your Green Stuff

This month’s webinar presented as part of America Saves Week:

Feb 24 Job Benefits

UNIVERSITY OF ILLINOIS EXTENSION
investing in your financial health

UNIVERSITY OF ILLINOIS USFSCO
University Student Financial Services & Cashier Operations
Meet the Speakers!

Pam Atkinson
Consumer Economics Educators
University of Illinois Extension

Kathy Sweedler
In what state and/or county are you located?
Where are you in the job seeking process?

a. Not started
b. Applying
c. Interviewing
d. Receiving offers
e. Have a job
Why Do Benefits Matter?

Increase Your Standard of Living

Make the Most of Compounded Interest

Informed Employees are Best-Suited for Making Decisions on Employee-Sponsored Retirement Plans.
What kind of benefits might an employer offer?
Possible Benefits

- Retirement Plans
  - Defined Benefit
  - 401(k)
  - Etc.

- Time Off From Work
  - Vacation
  - Sick Leave
  - Maternity

- Savings & Investments
  - College
  - Mutual Funds
  - Stock Options

- Others
  - Wellness
  - Insurance
  - Etc.
Insurance

- Health
- Dental
- Vision
- Disability
- Life
- Unemployment
How much is health insurance worth as a benefit of employment?
How Much Is Health Insurance Worth as a Job Benefit?

~ $6,025 annually for single coverage

~ $16,834 annually for family coverage

Which job benefits does your employer offer?

Keep in mind that employers may not have all the benefits, ...AND you may not be eligible for some benefits.
Access to Job Benefits

- Retirement Benefits: 79%
- Medical Care: 87%
- Life Insurance: 78%

What Kind of Benefits Do You Need?
# Retirement Plans

<table>
<thead>
<tr>
<th>Type</th>
<th>Access</th>
<th>Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defined Benefit</td>
<td>28%</td>
<td>26%</td>
</tr>
<tr>
<td>Defined Contribution</td>
<td>55%</td>
<td>38%</td>
</tr>
</tbody>
</table>
Tax-deferred Savings Plan

- **Salary**: $100
- **Pay Taxes**: $0
- **Save**: $100

**Save in Tax-Deferred Plan**: $100

**Take Money Home**: $100

**After Taxes**: $72
### More Money to Grow

<table>
<thead>
<tr>
<th>Description</th>
<th>Tax-Deferred</th>
<th>Non-Tax-Deferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money from Salary</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
<tr>
<td>Investment Year 1</td>
<td>$5,000</td>
<td>$3,600</td>
</tr>
<tr>
<td>Value in Year 20</td>
<td>$28,022</td>
<td>$12,368</td>
</tr>
<tr>
<td>Value After Withdrawing Money &amp; Paying Taxes</td>
<td>$20,176</td>
<td>$12,368</td>
</tr>
</tbody>
</table>
Steps for Success

- Compare benefits when looking for a job
- Review your budget before choosing
- Coordinate benefits with spouse’s benefits
- Review choices annually
Alphabet Soup?

- Simple 401(k)
- 401(k)
- 403(b)
- Roth IRA
- Roth 401(k)
- 457
- SEP
- Simple IRA
- SURS
Employer Match: A Bonus

![Bar chart showing the value of employer match at different contribution levels. The chart compares 'Your Contribution's Value at Retirement' and 'Value With Employer's Match'. The contributions are divided into three categories: $50/$75, $100/$150, and $200/$300. The chart illustrates a significant increase in value with employer match.]
### Comparing Job Benefits

<table>
<thead>
<tr>
<th>Job A</th>
<th>Job B</th>
<th>Job C</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 day/month paid vacation</td>
<td>1 day/month paid time off for vacation OR sick leave</td>
<td>2 days/month paid vacation</td>
</tr>
<tr>
<td>1 day/month paid sick leave</td>
<td>Paid health insurance worth $300 a month</td>
<td>1 day/month paid sick leave</td>
</tr>
<tr>
<td>On-site child care + $100 discount monthly</td>
<td>Free lunch daily</td>
<td>5% salary ($180) contributed to retirement plan</td>
</tr>
<tr>
<td>Option to buy group health insurance; costs $300</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Comparing Job Benefits

**Job A**
- 1 day/month paid vacation: $160
- 1 day/month paid sick leave: $160
- On-site child care + $100 discount monthly: $100
- Option to buy group health insurance; costs $300
- ?

**Job B**
- 1 day/month paid time off for vacation OR sick leave: $160
- Paid health insurance worth $300 a month: $300
- Free lunch daily: $100

**Job C**
- 2 days/month paid vacation: $320
- 1 day/month paid sick leave: $160
- 5% salary ($180) contributed to retirement plan: $180
- $320
How far will my salary go in another city?

- http://www.bankrate.com/brm/movecalc.as
When you’re saving for the future, starting **NOW** makes a big difference.
Time Value of Money: The Miracle of Compounding!

Let your money earn money by reinvesting it!

For example, earn interest on your interest in a savings account, OR invest in a retirement plan and reinvest your dividends.

Retirement
Let Your Money Work For You

Invest $100 at 5% Interest for 30 Years and Watch Your Money Grow
### The Impact of Time on Money

<table>
<thead>
<tr>
<th>Age</th>
<th>Contributions Made Early</th>
<th>Contributions Made Later</th>
</tr>
</thead>
<tbody>
<tr>
<td>22-30 (9 Years)</td>
<td>$4,000 annually</td>
<td>$0</td>
</tr>
<tr>
<td>31-65 (35 Years)</td>
<td>$0</td>
<td>$4,000 annually</td>
</tr>
<tr>
<td>Total Saved</td>
<td>$36,000</td>
<td>$140,000</td>
</tr>
<tr>
<td>Amount Available at 65</td>
<td>$1,063,244</td>
<td>$862,843</td>
</tr>
</tbody>
</table>

*Assumes money earns 9% return*
Turn Your Dreams Into Goals

Goals Are:

- **Specific**
- **Measurable**
- **Achievable**
- **Realistic**
- **Timed**
## Example of a Financial Goals List

<table>
<thead>
<tr>
<th>Date</th>
<th>Goal</th>
<th>Total Dollar Amount</th>
<th>Target Date to be Done</th>
<th>Date Done</th>
<th>Dollar Amount Needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1/1/2014</td>
<td>Have house down payment</td>
<td>$6,000</td>
<td>12/31/2017</td>
<td></td>
<td>$167/ mo. Or $42/ wk.</td>
</tr>
<tr>
<td>1/1/2014</td>
<td>Sign-up for retirement savings plan</td>
<td></td>
<td>9/15/2014</td>
<td></td>
<td>$250/ paycheck</td>
</tr>
</tbody>
</table>
As a result of today’s webinar, what do you plan to do?

a. Ask questions about benefits from future employers.
b. Set financial goals.
c. Save money for retirement within two years of graduating from college.
d. More than one of the above.
e. None of the above.
Tweet Chat Wednesday

@ More Than Coupons

12:00 PM CST

HASHTAGS

#UIMoney

Or

#GetSavvy

FOLLOW

@ILStudentMoney

@finwellnessuie

@Pennies4Pigs

@WalletWarrior

@RetireWellUIExt

http://goo.gl/TuH1rW
Register for...

Get Savvy
Grow Your Green Stuff

This month’s webinar presented as part of Money Smart Week:

April 21 Love Your Loan
Stay in Contact with Us!

Financial Wellness
web.extension.illinois.edu/financialwellness

Student Money Management Center
studentmoney.uillinois.edu
Financial Literacy Badges Program

Know the difference between Net & Gross pay.

Learn about your paycheck and other aspects of income through the Earning Badge!

More information about the Financial Literacy Badges Program can be found here: GO.UILLINOIS.EDU/FLBADGES

The Financial Literacy Badges Program is coordinated by USFSCO’s Student Money Management Center. Please direct any questions to studentmoney@uillinois.edu. Launch of the Financial Literacy Badges program is supported through the Financial Literacy Counts Grant from HigherOne.
Questions?
Thank You