

NEWS FROM

KHEAA–Alabama

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Money Tip for Students, February 2018

Students should start thinking about retirement

Retirement may seem like a long way off for today's students, but it's not too early for them to start thinking about it, according to KHEAA–Alabama.

For decades, U.S. citizens have depended on Social Security for much of their retirement income. However, Congress can change the laws that govern Social Security at any time.

Many people have also relied on pensions, but many companies are scaling back or ending their pension plans. Changing jobs often means workers won't be able to build up a pension even if employers offer one.

People are also living longer, which means their retirement funds have to cover more years.

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 built up — and that's not much for retirement.

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. 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 a public, non-profit agency established in 1966 to improve students' access to college. It provides information about financial aid and financial literacy at no cost to students and parents. KHEAA also helps colleges manage their student loan default rates and verify information submitted on the FAFSA. For more information about those services, visit www.kheaa.com.

In addition, KHEAA disburses private Advantage Education Loans on behalf of its sister agency, KHESLC. For more information about Advantage Education Loans, visit www.advantageeducationloan.com.

For more information about financial aid and college planning, visit www.alstudentaid.com.