

The Barrow County School System Retirement Guide for **PSERS Participants**



Save.
Invest.
Prosper.



Section 1

Savings Guide

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Save.
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Introduction to Your Retirement

As an employee of Barrow County School System, your retirement plan has three parts:

1



Your Basic Retirement Plan (PSERS)

2



Social Security

3



Retirement Savings Plan (RSP)

Parts 1 and 2 are mandatory. To decide whether you should be saving, or how much, in Part 3, you first need to determine a target date on which you'd like to retire and have a reasonable estimate of the benefits you'll receive from the first two plans – Social Security and PSERS – beginning on your target retirement date.

The benefits you receive from Social Security and PSERS are determined by three main factors: your earnings, your years of service, and your age when benefits begin to be paid.

We'll help you estimate your benefit amounts later in this guide, and you can get more specific information on the plan websites as well. **(Always start with our Barrow County School System Benefits page when you are looking for help with any of your benefits plans.)** But for now, let's say that your numbers – your salary, your years of service, and your benefit start date – indicate that you will have a monthly income from Social Security and PSERS that is **\$200/month less** than you'd like it to be on the day you retire. Here's an easy way to calculate a savings target:

$\$200 \times 12 \text{ months} = \$2,400/\text{Year}$

$\$2,400 \times 20 \text{ years} = \$48,000$ savings target if you want \$200/month for 20 years

$\$2,400 \times 30 \text{ years} = \$72,000$ savings target if you want \$200/month for 30 years

NOTE: These totals don't assume that you'll earn **any interest or investment income** on your money after retirement. So if you have \$48,000, you can pay yourself \$200/month for 20 years. No ifs, ands or buts.

The Value of Saving

Forcing yourself to save – or “paying yourself first” – will always be beneficial to you. Saving as much as you can, at every stage of your life, will give you freedom and flexibility to do the things you want and need to do later in life.

The easiest way to force yourself to save is to do it via payroll deductions, and before long, you won't miss the money in your take-home pay.

Another idea to maximize your savings is to increase it slightly each January. Saving 2% of your pay? You'll hardly notice moving that to 3% - and you'll be increasing your savings substantially. An extra 1% each January will make a huge difference in what you'll have in 20-30 years. You should never save less than 3% of your pay because BCSS is matching it dollar-for-dollar!

The other great thing about saving is the impact of **compounding** on your account. As your savings grow, the interest or investment return you earn on your money really helps to boost the value of your nest egg – particularly in your later years when your account balance is at its highest.

The earlier you start saving, the better off you'll be!



Pay Yourself First!

“The easiest way to force yourself to save is to do it via payroll deduction.”

Hitting Your Savings Target

So let's say the goal, from the example on page 3, is to have \$48,000 by the time you're 60. How much do you have to start saving now to get there? That depends on the years you have to save and what you can earn on your money. Here's a little chart to give you an idea:

	If You Save:	For:	And Earn/Yr	You'll Have
1	\$125/month*	22 Years	4%	\$52,779
2	\$75/month	30 Years	4%	\$52,057
3	\$100/month	20 Years	7%	\$52,096
4	\$75/month	23 Years	7%	\$51,170
5	\$125/month	20 Years	4%	\$45,849

As you can see on Line 2, if you have 30 years to save, you can exceed your \$48,000 goal by investing just \$75/month with a 4% return on your money. To get to your goal sooner, you would either need to save more each month (Line 1) or find a way to get more than 4% on your savings (Line 4).

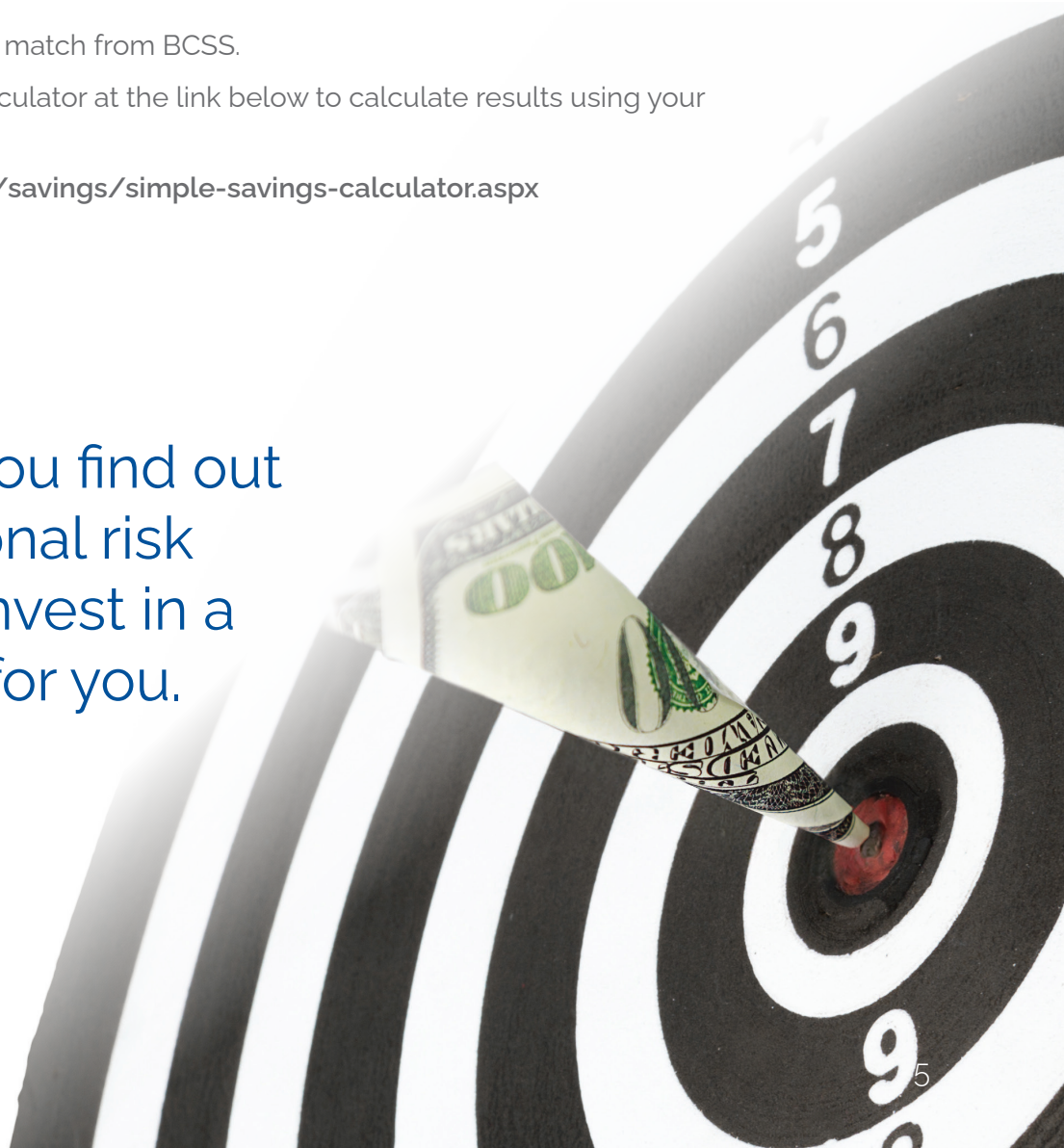
* Don't forget the dollar-for-dollar match from BCSS.

Try visiting the simple savings calculator at the link below to calculate results using your own numbers.

www.bankrate.com/calculators/savings/simple-savings-calculator.aspx



It's critical that you find out what your personal risk tolerance is to invest in a way that's right for you.



What's Your Personal Risk Tolerance?

Becoming a saver puts you into a special class of Americans! Let's face it – saving is not one of our strong points in this country. So how do you invest your hard-earned retirement savings? At Barrow County School System, we've made it easy for you to decide. Start with finding out your willingness to take some risks in your investing.

To determine your personal tolerance for risk, think carefully about these 5 questions and circle your answer from 1-5. A score of "5" means you **strongly agree**. A score of "1" means you **strongly disagree**. On the last question, just circle the answer with which you agree with most.

A. Earning a high investment return over the long haul is one of my most important objectives.

1 2 3 4 5

B. What happens to my account over the long haul is more important to me than what happens over 1 or 2 years.

1 2 3 4 5

C. To get higher, long-term returns, I'm willing to give up steady guaranteed returns.

1 2 3 4 5

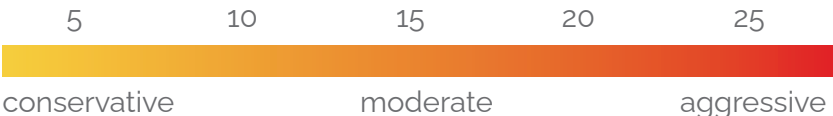
D. I won't fret about sharp up and down swings in the value of my account for the chance to get higher long-term returns.

1 2 3 4 5

E. I would probably switch investments if, in any 30-day period, my account value dropped by more than:

5% 10% 15% 20% 25%
(1) (2) (3) (4) (5)

Now add the numbers you circled above to see where you fall on the scale below. Neither the five statements nor your total score is meant to tell you which investments to choose. Rather, they may help you better understand your objectives and feelings about investment risk, so that you can select investments that are right for you.



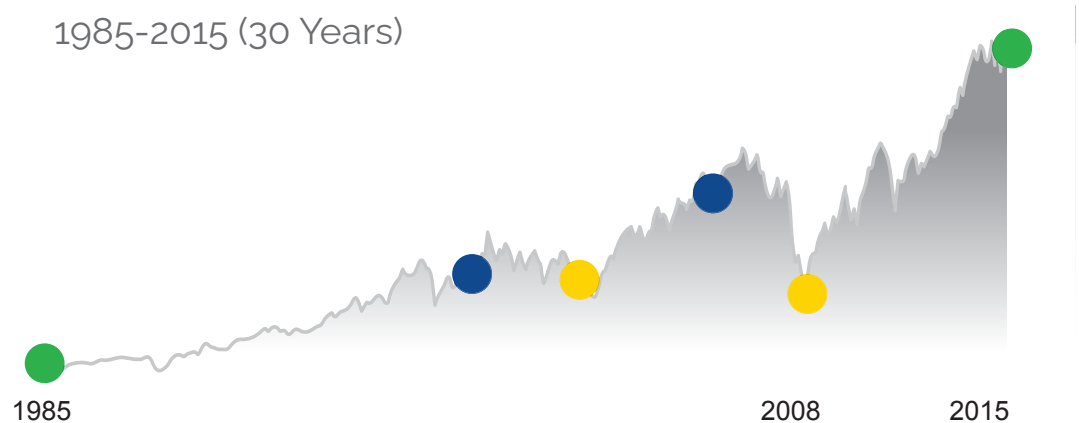
You Know Your Risk Tolerance, Now What?

Your score from the previous page gives you a very good idea of your risk tolerance and what type of investor you are. A low total says you're more conservative. A high total says you're a more aggressive investor. Why is this so important? Because staying the course with your personal strategy, whatever it may be, is critical to reaching your savings target. This graphic will help illustrate. It shows how the value of a group (index) of 2000 stocks fluctuated over 30 years. There are three things to note – indicated by **green**, **yellow** and **blue** dots on the chart.

Your risk tolerance can change over time as you become more confident as an investor, or as you get closer to your target date or retirement. For example, your account may have grown nicely over a long period of time, and now that you're only a few years from your target, you may want to be more conservative to protect what you've earned.

Why "Staying Your Course" is Important

Russell 2000 Stock Index
1985-2015 (30 Years)



A. ● Green Dots

If you invested your money in 1985 and didn't touch it until 2015, you would have a great deal of money in 2015. But you would have had to weather some scary lows (like in 2008) to do that.

B. ● Yellow Dots

If, when the market went down, you sold your investment (moved your money), you would have forfeited the opportunity to recover your losses. Note the steep decline in 2008. If you sold there, you would have missed the steep gains that followed. That might be what a person would do who was a more moderate-conservative investor, where a more aggressive investor would stay the course. Knowing yourself is key to staying the course you chose when your investments decline. Note that over 30 years, the steepest declines are followed by steep increases.

C. ● Blue Dots

If you listen to a friend who tells you their investments have been doing really well and invest like they do, you may find that you have bought at or near a peak which doesn't leave much room for growth. The highest peaks over the 30 years are often followed by the steepest declines.

A conservative investor would never be able to sleep at night if all his money was invested in the stock market. But if he invested 2/3 of his retirement savings in a conservative investment (like one with a dependable guarantee) and the other 1/3 in a riskier investment, he'd improve his chances to earn a better return. The experts call this kind of diversification **asset allocation**. It just means deciding on where portions of your money should be invested based on a balance of your risk tolerance and your desire to earn the best return you can. **Staying the course with your personal strategy, whatever it may be, is critical to reaching your savings target.**

The Barrow County School System Retirement Plan

As we pointed out earlier, your retirement plan at Barrow County School System really has three parts, and you can't figure out whether you need to save, how much, or how to invest your savings until you have an idea what the first two Plans, Public School Employees Retirement System (PSERS) and Social Security, will provide. You can get a broader overview of PSERS on our BCSS website – but since this is a discussion about your savings, the focus here is on estimated benefits from the two plans.

Public School Employees Retirement System (PSERS)

PSERS provides a benefit at retirement that is guaranteed by the State of Georgia – and both the State and the Plan are very strong financially. Here's how the basic retirement benefit is calculated:

Years of Service (maximum 40 years) x \$17.00*

If you retired after 30 years, you'd receive a benefit of 30 x \$17.00 or about \$510/month for the rest of your life.

To learn more, you can visit the PSERS website:

www.ers.ga.gov/public-school-employees-retirement-system

or contact them by phone at: **404-350-6300**

*As of August 2024



Social Security

Social Security benefits are more difficult to estimate because there is no simple formula. If you're over 55, chances are you're getting a notice from Social Security each year that includes an estimate based on your actual age, years of service and pay. You can also go straight to the Social Security website to get an estimate — or, for a very general estimate, you can use the link below.

www.bankrate.com/calculators/retirement/social-security-benefits-calculator.aspx



Like PSERS, Social Security promises you a benefit at a certain age that is guaranteed by the Plan. But it's backed by the U.S. Government, not the state of Georgia. Unlike PSERS, Social Security is not well funded, and it will take many billions of dollars to get it healthy again. In the short term, the benefit promise is safe. In the longer run, it may be wise to plan to receive nothing. Today there are fewer than 2 active workers for each retiree on the plan, and that ratio is not improving. The other difference between PSERS and Social Security is the age at which you can start receiving the full benefit. With 10 years of service, you get the full benefit from PSERS at age 65. With Social Security, the age required to get the full benefit today is 67 – regardless of your service. If you were to retire today, and had reached age 67, here is a rough estimate of the monthly benefit you'd receive from Social Security at different income levels:

If your pay was	Your SS benefits would be
\$12,000/year	\$570/month
\$24,000/year	\$1,014/month
\$36,000/year	\$1,215/month

To calculate your Social Security benefit based on your actual age and earnings go to the Social Security website: www.ssa.gov/OACT/quickcalc/.



In the longer run, it may be wise to plan to receive nothing.



Total Expected Benefits

So from the two plans (PSERS and Social Security) our sample person, earning \$24,000/year, could receive, at age 67, a benefit of \$510 + \$1,123 for a total of \$1,633 – about \$400/month less than what they earned while working. You may want to work at another job or a part-time job to make up this difference. Or, you could start saving more now to supplement your income when you retire – or both!

Finally, there's nothing magical about targeting the exact monthly income that you were earning before retirement. You might decide you'd like to shoot for much greater savings because you have plans to travel and spend more than you did in your working years. Or, perhaps your mortgage will be paid off and you can be happy with much less income. Your personal situation and goals are what dictate whether and how much you decide to save.



Things to Keep in Mind

As you decide how much and where in our plan to invest your retirement savings, keep these points in mind:

1. Remember that, depending on your income level at retirement, a good portion of your retirement income is provided and secured by PSERS and (in the near future anyway) Social Security. The benefit promise in PSERS is as strong or stronger than the guarantee in any investment product. Another way to think of this is that much of your retirement income is guaranteed!
2. Having so much of your retirement income guaranteed enables even a conservative investor to take a bit more aggressive (more risk) approach to investing retirement savings in investments that have the potential for higher returns. **BUT...**
3. Be honest with yourself. Know your risk tolerance – conservative, moderate, or aggressive. If you are not prepared to **stay the course** when the market changes, then don't invest in higher risk investments. Moving your money when the market goes down assures you will **never** recoup your losses.

If you follow these guidelines, you'll do well in the long run.
The most important thing is to **START NOW!**



Now that you
know how much
to save, check
out the **best
place to do it!**



Section 2

Retirement Savings Plan

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The BCSS Retirement Savings Plan (RSP)

Everyone needs to plan ahead for retirement. The sooner you start saving, the better off you'll be.

This Section tells you all about the Barrow County School System Retirement Savings Plan (RSP). We wrote it to be easy to understand. We hope you will find it clear and helpful.

Barrow County School System does a lot to help you prepare for and fund a comfortable retirement. But you have a responsibility too – to learn about the RSP, to save at least 3% of your pay to get the max match, to start early and to be smart about how you invest your money. The Retirement Savings Plan is the best place to do it!

Introduction

At Barrow County School System, we think saving for retirement is important. So much so, that we **automatically enroll** every new employee in the Plan, at a savings level of 3% of pay. Our hope is that all our employees will take the matter of saving for their future very seriously and look for ways to increase the amount you save, at every stage of your life. In fact BCSS now **matches** contributions of PSERS members **dollar-for-dollar** up to 3% of your pay. Which instantly **doubles your savings**. Take a look at this chart:

If You Earn:	and contribute 3% of your monthly pay:	BCSS Match	Total Monthly
\$12,000 / yr	\$30	\$30	\$60
\$24,000 / yr	\$60	\$60	\$120
\$36,000 / yr	\$90	\$90	\$180
\$48,000 / yr	\$120	\$120	\$240

The BCSS Retirement Savings Plan is easy to understand, with 12 investment “buckets” to choose from. It's one of the best plans of its kind! We're pleased that you're learning more about the Plan and adding to the security that your basic retirement plan, PSERS, provides. You've just read Section 1 of this booklet, so you're ready to learn more about the RSP!

Here are some frequently asked questions with simple answers:



What is the Barrow County School System Retirement Savings Plan (RSP)?

It's the single name we've given to our 403b and 457 savings plan options. The RSP enables you to save money for retirement via payroll deduction if you think you may want more income in retirement than PSERS and Social Security alone will provide. (You Do!)

Why does Barrow County School System have a plan like this?

We believe it's in everyone's best interest to save as much as they can at every stage of their life. The RSP makes that easy to do! Even though PSERS gives you a great benefit for what you put in – you'll need more income for a comfortable retirement. Social Security benefits are uncertain, so saving more, in your own Plan, is the safest course.

Why should I save for retirement in the RSP?

Because it's the best way to do it. Here's why:

- **Most importantly, because BCSS matches your contributions, \$1 for \$1, up to 3% of your pay.**
- **The Plan helps you save automatically – by payroll deduction.**
- **Your money can go into the Plan before taxes are taken out. That means more money goes into your account because no money is taken out in taxes.**
- **You get a simple way to invest your money.**
- **You don't have to be an expert investor – the Plan helps you find the choice that fits you best.**
- **You have a personal advisor whose only goal is to help you make the best decision for you!**
- **Plan expenses are very low.**

Dollar-for-dollar match

up to 3% of your pay — so your savings are **instantly doubled!**



When can I get in the RSP?

You can join, increase, decrease, or stop your savings at any time.

How much can I put in the RSP?

You should put in as much as you can. The annual maximum allowed by law for 2025 is \$23,500 (more if you're over age 50). If you earn \$36,000/year your monthly pay is \$3,000:

3% of \$3,000 equals \$90/month going into your savings.

That's \$1,080 in one year. You can save more if you want.

I'm not sure I can spare \$90/month.

You really can't afford **not** to. Why? Because BCSS will **match** your \$90 with an additional \$90 - immediately **doubling** your savings to \$180 each month.

Keep in mind that your \$90 can come out of your pay **before** taxes. So saving \$90 actually costs you about \$64 in take-home pay -- about \$16/week.

How can saving \$16/week give me much for retirement?

Easy. When you start early, your account has lots of time to grow. The more money you have in your account, the more investment income you can earn. If you save \$180 each month with the BCSS match, that's about \$2,160 each year.

\$2,160 invested in RSP and earning 6% becomes \$2,290 in one year.

If you contribute \$180 per month and you earn 6% on your money, here's how just one year of contributions will grow:						
YEARS	5	10	15	20	25	30
\$ IN YOUR ACCOUNT	\$2,998	\$4,042	\$5,452	\$7,356	\$9,922	\$13,382

All that money from just **one year** of contributions earning 6%.



What if I save that amount continuously every year?

This chart shows how your account will grow from a continuing monthly contribution of \$90, earning 6%:						
YEARS	5	10	15	20	25	30
\$ IN YOUR ACCOUNT	\$12,562	\$29,502	\$52,352	\$82,774	\$124,748	\$180,824

Remember, you're accomplishing all of this at a cost of about \$16 a week less in take-home pay!

I think I can save, but I don't know much about investing.

Most people don't. When you save money – like in a savings account – you earn “interest” and your money grows. That's an investment. You don't earn much when you invest in a savings account, but there's no risk either. When you want the money, it's there for you – plus a little interest (your “investment return”). This is a very safe way to invest. Problem is, the cost of almost everything we buy goes up quicker than our investment! So you earn some interest, but you can't buy as much with the money when you're ready to use it.

Another common way some people invest is to purchase “stock” in a company – like Home Depot. Someone who bought Home Depot stock 20 years ago has doubled his money several times. But, folks who invested in companies that failed may have lost all their money. So this kind of investment can earn you a lot – or lose you a lot!

In a savings account, the money you put in is safe but you can't earn much on it. With a savings account, your risk is that you won't earn enough.

With company stocks, you may get a much better return on your money, but you can lose the money you put in if things don't go well for that company.



So how do I earn more with my RSP money and not take too much risk?

The Retirement Savings Plan makes it easy for you.

All the money contributed goes into "funds" that include many different types of companies and investments. Professional investment advisors helped us blend those funds together into 12 different "portfolios" – let's just call them "buckets". There is still risk in any investment, but mixing investments this way helps to limit it.

As a rule, lower risk (conservative) buckets will give you the most safety but a lower return on your money. Higher risk (aggressive) buckets can get you higher returns, but you could lose money in the short term.

Keep in mind that even the aggressive buckets in the plan are not nearly as risky as buying stock in just one company. Each bucket holds different types of investments. This way, when one investment is doing poorly in a bucket, others may be doing better. Since few investments go up or down at exactly the same time, this strategy helps lower your risk and improve your return.

Remember the last time you were in heavy traffic on I-85? Each lane moves at it's own pace. One lane is stopped. Another is moving. Investments move like that, too



How do I choose the bucket that's best for me?

The most important thing you need to do is think about how much risk you are willing to take with your money. Are you conservative, moderate or aggressive? Complete the Risk Tolerance Questionnaire on the next page will help you decide.

Remember This?

You've become a saver! Now how do you find the investment that fits you best? Our plan makes it easy!

Start here to determine your personal tolerance for risk, think carefully about these 5 questions and circle your answer from 1-5. A score of "5" means you **strongly agree**. A score of "1" means you **strongly disagree**. On the last question, just circle the answer with which you agree with most.

A. Earning a high investment return over the long haul is one of my most important objectives.

1 2 3 4 5

B. What happens to my account over the long haul is more important to me than what happens over 1 or 2 years.

1 2 3 4 5

C. To get higher, long-term returns, I'm willing to give up steady guaranteed returns.

1 2 3 4 5

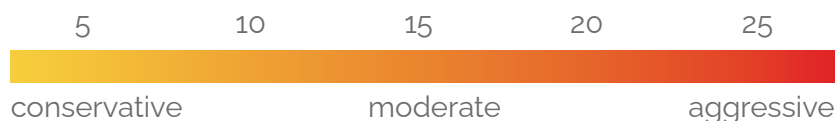
D. I won't fret about sharp up and down swings in the value of my account for the chance to get higher long-term returns.

1 2 3 4 5

E. I would probably switch investments if, in any 30-day period, my account value dropped by more than:

5% 10% 15% 20% 25%
(1) (2) (3) (4) (5)

Now add the numbers you circled above to see where you fall on the scale below. Neither the five statements nor your total score is meant to tell you which investments to choose. Rather, they may help you better understand your objectives and feelings about investment risk, so that you can select investments that are right for you.



An aggressive investor is comfortable with taking some risks on his investment. He's OK with losing money in the short-term if he can earn more over time.

A very conservative investor is more comfortable when his investment is safe and always goes up – even a little. He's OK with not earning much, as long as he's safe.

I figured out whether I'm a conservative, moderate or aggressive investor now. Now do I pick my bucket?

It's easy. Look at the "grid" on the next page. It shows all the buckets. Figure out how many years you have until retirement. Find that gray box on the grid. Then find your bucket to the right—conservative, moderate, or aggressive. That's all there is to it!

With these simple steps, you can be confident that you are investing your retirement savings in a way that **fits you best**. For most, you now have a strategy that will suit you for many years of saving and investing.

If your needs or attitudes change over time, you can always move your money to another bucket. But here's the most important thing: **be honest with yourself about how you feel about risk, because it's important that you're willing "stay the course" with whatever bucket you choose.**

What do I need to do next?

Make your choices! The best thing you can do is complete the Barrow County School System Retirement Planning Worksheet: **Can I Afford to Retire?** (Found at the end of this booklet)

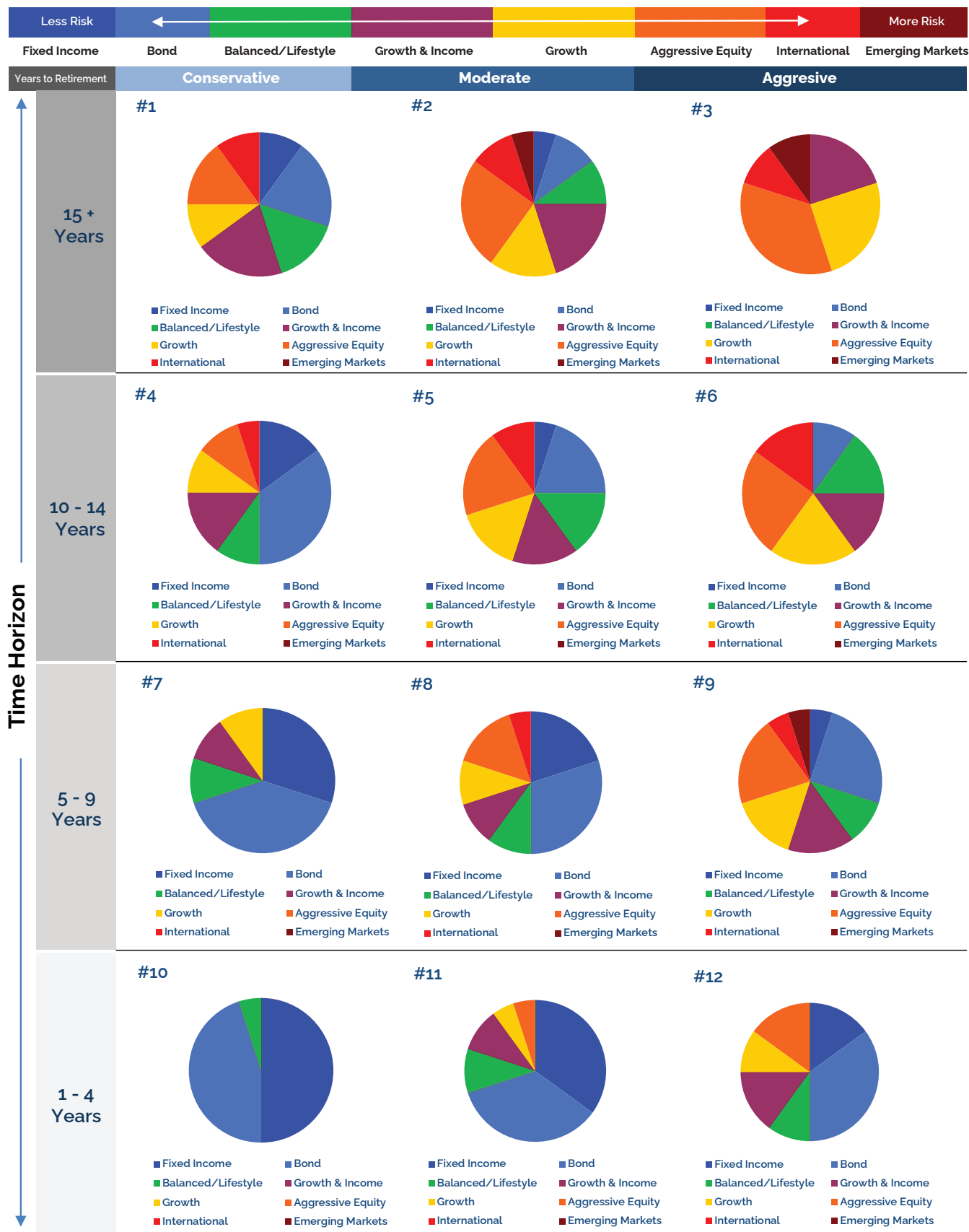
This tool will help you make an estimate of your monthly expenses. It will also guide you to consider your sources of retirement income, such as PSERS and/or Social Security, as well as personal savings. If you work through it, you'll have a very good idea of whether you can afford to retire.

Next, set up a session to discuss your worksheet with our BCSS-dedicated advisor from Corebridge. They'll be able to answer your questions, confirm your goals and devise a plan that will help you get there—including selecting your investment "bucket". Ask them about retirement **PathFinder** to get an easy-to-understand picture of what it will take to meet your retirement objectives.

Don't forget to name your beneficiary and keep that information current.



Investment Buckets



Notes:

This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

To Do List:

[illegible]

Can I afford to retire?

Barrow County School System Retirement Planning Worksheet

TYPE OF EXPENSE	MONTHLY COST
<u>Home</u>	
Mortgage or Rent	_____
Taxes & Insurance	_____
Maintenance	_____
Fees	_____
<u>Utilities</u>	
Gas	_____
Electric	_____
Water/Sewer	_____
Phones	_____
Cable	_____
Internet	_____
<u>Transportation</u>	
Car Payments	_____
Gas	_____
Insurance	_____
Maintenance	_____
<u>Insurance</u>	
Life Insurance Premiums	_____
Medical Insurance (pre-65)	_____
Medicare Premiums	_____
Medicare Supplement	_____
<u>Debt</u>	
Monthly payments	_____
<u>Food</u>	
Groceries	_____
Eating Out	_____
<u>Personal Care</u>	
Hair Cuts	_____
Prescriptions	_____
Out-of-Pocket Medical Costs	_____
Clothing	_____
Make-up	_____
Other	_____
<u>Entertainment</u>	
Travel	_____
Hobbies	_____
Movies, etc.	_____
Other	_____
<u>Donations</u>	
Church	_____
Other	_____
Other	_____
<u>Pets</u>	
Food	_____
Care	_____
Total	_____

This is your estimated monthly **expenses**

INCOME SOURCE	Monthly Income YOU	Monthly Income YOUR SPOUSE
Social Security	_____	_____
Other Work Income	_____	_____
Retirement Benefit	_____	_____
Veteran's Benefits	_____	_____
Other	_____	_____
Other	_____	_____

Totals

1 _____ **2** _____

SAVINGS

YOU YOUR SPOUSE

Retirement Savings _____

IRA _____

Personal Savings _____

Totals

3 _____ **4** _____

* To calculate a monthly income from a lump sum of money, estimate how many years you expect to live. Multiply that number by 12. Now divide your lump sum by that number to get a very conservative estimate of your monthly income.

Lump Sum Amount Add 3 +4 _____ Line 1

Years to live _____ x12 _____ Line 2

Divide Line 1 by Line 2 _____ Line 3

enter in B. below

TAXES

YOU YOUR SPOUSE

Federal _____

State _____

FICA _____

Totals

5 _____ **6** _____

YOUR ESTIMATED INCOME CALCULATED

A: Add Boxes 1 + 2 = _____ A _____

B: Enter amt from Line 3 = _____ B _____

C: Add Boxes 5 + 6 = _____ C _____

D. Add A+ B minus C _____

This is your estimated monthly **income**

Do you have enough to retire?



Questions? Visit the Barrow County School System Benefits website.

