MIAMI CHILDREN'S HOSPITAL

PURSUIT OF EXCELLENCE

PUBLISHED FOR THE NURSING STAFF OF MIAMI CHILDREN'S HOSPITAL

Florida Nurses Association Honors Barbara Lumpkin

Members of Miami Children's Hospital leadership team (pictured far left Jacqueline Gonzalez Senior Vice President/Chief Nursing Officer, Jill Tahmooressi Nursing Director, Patricia Messmer Nurse Researcher, Barbara Lumpkin Florida Nurses Association, Nancy Humbert Vice President Strategic Planning, far right) attended a Gala sponsored by The Florida Nurses Foundation in honor of Barbara Lumpkin RN. Barbara Lumpkin was being celebrated for her 32 years of nursing advocacy with the Florida Nurses Association.

Jackie Gonzalez Hosts Nursing Rounds

Retirement Investing 101

The following information is provided by Prudential Financial, which manages Miami Children's Hospital's 403(b) retirement savings and pension plans.

Saving for retirement is easier than ever. But it doesn't just happen—you need to take some important steps if you want to build a nest egg to finance your golden years. Following these simple guidelines can help.

Invest Now

Whenever you're expecting to retire and whatever you're planning to do after you've stopped working, saving and investing now could give you more financial freedom later. Whether you have 10 years until retirement or 50, the principle is the same—the sooner you invest, the more money you could potentially have later on. And don't forget that it's never too late to start. So make retirement saving a high priority.

Consider Your Future

Think about this sobering statistic: More than half of all U.S. adults have no money specifically saved for retirement. That's staggering, especially when you consider the estimates that show they'll need between 60 and 100 percent of their current annual pre-retirement income just to maintain their current standard of living in retirement. This number is obviously just an estimate—and you may need more or less depending upon how you plan to spend your time in retirement—but the point remains that some folks aren't going to have enough money to finance their livelihood after they stop working.

And Social Security probably isn't the answer. Today, the future of Social Security benefits is less certain than ever. And, even if you're eligible to receive Social Security benefits, the average retiree only receives about 40 percent of their pre-retirement earnings from Social Security. That leaves a hefty shortfall that needs to be made up somehow. And an employer-sponsored retirement program is one of the easiest, most effective ways to accumulate the money you'll need after you stop working.

Take Advantage of Your Retirement Program

If you are eligible, contributing to your retirement program is one of the most convenient and effective ways to invest for your future. Consider the following benefits MCH's 403(b) retirement program has to offer.

The Benefits

Save On Current Taxes

When you invest in a retirement program, you automatically get two tax breaks. First, your contributions to the program are made on a pre-tax basis*, so they actually lower your gross, taxable income and reduce your annual tax payments. Secondly, your investments grow tax-deferred. This means you don't have to pay taxes on the interest earned, or the deferred income, until you withdraw your funds at retirement, when your tax rate is likely to be lower than it is now.

Automatic Contributions

Your contributions are automatically deducted from your paycheck, so you don't have to physically make any deposits or write any checks. It couldn't be any easier.

Investing in your employer-sponsored retirement program will also help you capitalize on two proven investment strategies: compounding and dollar-cost averaging.

Compounding: Time is Money

When it comes to investing, compounding puts the power of time on your side. Compounding is the process by which the money an investment earns stays in the account to earn more money. With compounding, earnings on your principal investment are plowed back in to your account, adding to the total value of the account that then, in turn, potentially earns more and more over time. Obviously, the longer your money is invested, the more time it has to compound.

Here's a practical example: Assuming an average annual eight percent rate of interest, a one-time contribution will double every nine years. That means over 36 years, a $1,000 investment will compound to $16,000. *

** This compounding concept is for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. No taxes are considered in the calculations. Assumed eight percent rate of return for a portfolio that includes variable investments. Based on a hypothetical rate of return of eight percent annual interest compounded monthly. Please keep in mind that it is possible to lose money by investing in securities.*

Dollar-Cost Averaging: More Than Just Your Average Investment Strategy

Dollar-cost averaging may be a basic principle of investing, but its benefits are outstanding. By investing consistently—making regular contributions to your account to purchase shares in the same investments—you buy fewer shares when prices are high and more shares when prices are low, reducing the average cost of all the shares you buy. In the long run, dollar-cost averaging beats trying to predict when you should buy or sell. *

**Dollar-cost averaging and other periodic investment programs do not assure a profit and do not protect against loss in declining markets. Such a program involves continuous investment in securities regardless of fluctuating price levels and you should consider your financial ability to continue your purchases through periods of low price levels*

Assess Your Tolerance for Risk

Bear in mind that risk goes hand-in-hand with reward. The more risk you take, the higher the potential rewards. How much risk you can manage depends on a variety of factors, including how much time you have until retirement and how comfortable you are with shifts in the market.

The smartest investors understand that shifts in the market may have a greater impact in the short term than in the long run. And, in most cases, saving for retirement is a long-run proposition. As a general rule, the longer you have to invest, the more risk you can afford to take. Over time, your tolerance for risk will shift. Throughout the life of your savings program, this risk/reward balance can be managed by diversifying your investments. When you invest through your employer-sponsored retirement program, there are plenty of options for assistance in making these important choices.

Manage Your Account

Even a balanced portfolio of diversified investments can drift away from the desired asset mix over time. The stocks, bonds and cash in your portfolio can change in value for a variety of reasons—like a shift in the market, extra contributions to one fund, or withdrawals from another. No matter the reason, these shifts could leave your account with too many assets in one class of investments or another. This can both detract from portfolio performance and increase investment risk.

But you can easily reduce portfolio risk by adjusting the asset allocation to match your original target—an investment discipline known as rebalancing. So, check your current asset mix to make sure it is still consistent with your original program.

Consolidate and Simplify

If you have retirement savings from a previous employer or an individual retirement account (IRA), it's never been easier to move this money into your current employer's retirement program.

Reap the Rewards

When the day comes to retire, you'll be glad you took the time to plan, save and invest. Once you reach retirement age, as defined by your program, you may have a range of options for making periodic withdrawals, arranging for an annuity payout or taking a lump-sum distribution. Your choice will depend to a degree on how quickly you need the money and how you choose to pay taxes on the money you withdraw.