

RETIREMENT

A BIBLICAL PERSPECTIVE

The Bible is virtually silent on the concept of retirement, and makes no mention of ceasing work at age 60 or 65. As you approach retirement, don't look at it as an end, but rather, look at it as a beginning. It is the start of the next phase in your service in God's kingdom. With proper planning, you can have the financial freedom to use your talents and abilities to fulfill God's next purposes for your life, even after your primary career is completed. In a robust economy; many investors mistakenly believe that strong investment returns will continue, and that there is no need to plan or save for a leaner future. On the other hand, some investors are so aggressive when it comes to retirement savings that they rob themselves (and their families) of opportunities to enjoy life and be generous toward others. Neither extreme is healthy-and neither reflects wise stewardship.

"Retiring at 65 is strictly an arbitrary idea, but it sticks in so many people's minds that they assume working after that age constitutes some kind of abuse of privilege."

Denton Cooley (age 74)

". . . and let us run with perseverance the race marked out for us."

HEBREWS 12:1

PREPARING FOR RETIREMENT

QUESTIONS TO CONSIDER

Should I retire from my current occupation?

How does retiring from this occupation help me fulfill God's purpose in my life?

When should I retire?

How will I continue to provide for my family?

What will I do next?

TOOLS FOR RETIREMENT PLANNING

U.S. tax policy has long encouraged people to save money for their retirement years by offering tax incentives. Generally, money is deposited into an investment account by an employer and/or employee and not taxed until the employee retires and begins to make withdrawals.

Traditionally, investors have had access to three primary types of retirement plans: Defined Contribution Pension Plans, Defined Benefit Pension Plans, and Individual Retirement Accounts (IRA). These retirement plan alternatives offer some significant advantages that should be considered in the financial planning process.

Defined Contributions Pension Plans

The popularity of this type of plan has gained momentum in recent years. Several different types exist, all giving the contributor flexibility and control in directing a percentage of his/her compensation on a pre-tax basis into an investment vehicle that can be accessed at retirement. As an employee benefit, most employers will match a portion of the contributions based on overall company performance.

Some of the most familiar plans include: the 401(k), which is generally offered by corporations and businesses to their employees; the 403(b), which is similar to the 401(k), but offered to employees of not-for-profit organizations; the Keogh Plan, which is used primarily by sole proprietors, usually in the form of a profit sharing or money purchase pension plan; and the SEP (Simplified Employee Pension) used by the self-employed or companies with a small employee base.

Defined Benefit Pension Plans

Prior to the introduction of Defined Contribution Pension Plans, this type of plan was predominately offered by corporations and not-for-profit organizations. These plans, much like annuities, offer employees a regular stream of income upon retirement. The employer contributes an "actuarially determined amount" sufficient to pay each participant a fixed or defined benefit at his or her retirement. Methods of defining the benefit may be based on a flat percentage of compensation, a percentage that increases with years of service, or a percentage that changes at certain compensations levels.

Individual Retirement Accounts (IRA)

Saving for retirement can also be accomplished in a tax-deferred manner through an IRA, although the IRS has certain limits on the deductibility of contributions. IRAs are also frequently used to receive tax-deferred rollovers from other retirement plans when an employee changes jobs or retires. A newer variation is the Roth IRA. Unlike the traditional IRA, contributions to a Roth IRA are not tax deductible. However, money invested in this type of IRA still accumulates tax-free, and distributions are not taxable, provided IRS guidelines are followed.

SCRIPTURAL INSIGHTS ON RETIREMENT

"Go to the ant, O sluggard. Observe her ways and be wise; which having no chief, officer, or ruler, prepares her food in the summer, and gathers her provision in the harvest."

PROVERBS 6:6-8

"Then I realized that it is good and proper for a man to eat and drink, and to find satisfaction in his toilsome labor under the sun during the few days of life God has given him-for this is his lot.

Moreover, when God gives any man wealth and possessions, and enables him to enjoy them, to accept his lot and be happy in his work-this is a gift of God. He seldom reflects on the days of his life, because God keeps him occupied with gladness of heart."

ECCLESIASTES 5:18-20

"And he said, 'This is what I will do: I will tear down my barns and build larger ones, and there I will store all my grain and my goods.' And I will say to my soul, 'Soul, you have many goods laid up for many years to come; take your ease, eat, drink and be merry.' But God said to him, 'You fool! This very night your soul is required of you; and now who will own what you have prepared?'"

LUKE 12:18-20

"With good will render service, as to the Lord, and not to men, knowing that whatever good thing each one does, this he will receive back from the Lord, whether slave or free. And, masters (employers), do the same things to them (employees), and give up threatening, knowing that both their master and yours is in heaven, and there is no partiality with Him."

EPHESIANS 6:7-9

"Do nothing from selfishness or empty conceit but with humility of mind let each of you regard one another as more important than himself; do not merely look out for your own personal interests, but also for the interests of others."

PHILIPPIANS 2:3-4

"I press on toward the goal to win the prize for which God has called me heavenward in Christ Jesus."

PHILIPPIANS 3:14

"I have fought the good fight, I have finished the race, I have kept the faith."

II TIMOTHY 4:7