



- Police Officer: .02 X \$51,560 X 30 years = **\$30,936**

You can find your state's pension formula on the [National Conference of State Legislatures](#) website. In New Hampshire, there are no Social Security benefits to supplement pensions, so upon retirement, public safety officials will be taking a pay cut.

SHOULD I WAIT TO RETIRE?

While most of us are eager to retire, there may be some financial incentives in the public safety world to stay onboard a year or so after your eligible retirement age. Indiana offers a prime example.

In order to become eligible for pension as a firefighter in [Indiana](#), you'll need to work 20 years in the service. After 20 years, you'll receive 50 percent of the salary of a first-class firefighter as your pension. Any time put in after 20 years earns an additional 1 percent per six months until you reach your pension cap — 74 percent of your final salary. There are no Social Security benefits included in most cases for Indiana pensions.

In Indiana once you've hit 52 (retirement age after 20 years of service), if you haven't hit the 74 percent pension cap, rather than hanging up your boots, consider working a few additional years to help bolster your retirement savings. (You can always accumulate the pension cap quicker by working overtime.)

Editor's note: Both examples we've provided reference states that don't offer Social Security benefits with pensions, but there are many states that do. According to the [Social Security Administration](#), the average monthly benefit is \$1,335. If you're lucky enough to receive both a pension and Social Security income, you're in a strong position for retirement. But read on – we have more information for you.

WHAT OTHER FINANCIAL CONCERNS SHOULD WE CONSIDER FOR RETIREMENT?

Upon retirement, your expenses may change. Maybe you downsize your house or the kids are off to college, making trips to the grocery store less expensive, so stretching the dollar a little thinner doesn't scare you. But have you considered some of the curveballs life can throw at you?

- **Length of retirement is increasing:** According to the [National Institution of Aging](#), in 2010, an estimated 524 million people were aged 65 or older. By 2050, this number is expected to nearly triple to about 1.5 billion. The good news? We're living longer. But what does that mean financially, if our retirement funds need to stretch longer?
- **Pension gaps:** Will there be enough money in the nation's state-run retirement system for everyone to get paid? According to [research](#) from the Pew Charitable Trusts, our systems suffered a \$968 billion shortfall in 2013 (the most recent data) between the pension benefits governments have promised to their workers and the funding available to meet those obligations. Some states, like [New Jersey](#) and [Texas](#) have made headlines for their pension gap problems.
- **Health decline:** The longer we live, the more susceptible we are to injuries and illnesses. How will your medical benefits measure up when deductibles and co-pays start becoming a part of your spending regimen?

- **Personal changes:** A few grandbabies might change everything. You don't want to be living paycheck to paycheck during retirement if there is a possibility of family vacations to Disneyland or trips to see the kids, right?
- **Life happens:** Sometimes not in the way we want, either. Some states don't allow their public service employees to become eligible for their pensions until 10 years of service. What if something unpredictable gets in the way of the necessary 10-year mark – and ultimately, your plan of collecting a pension?

Once you assess your own pension situation, you may find you'll want a Plan B when it comes to retirement planning.

WHAT CAN YOU DO TO SAVE FOR RETIREMENT?

The sooner you start to save, the larger your nest egg will be upon retirement. (Don't fret if you're nearing retirement – better late than never when it comes to savings.). It's nice to know you may have a pension in your back pocket, but don't rely on it entirely. There are too many variables to predict what will happen between today and the day you're set to retire. What are your options if you're afraid your pension won't cut it?

DETERMINE AN INVESTMENT STRATEGY AND BACKUP RETIREMENT SAVINGS ACCOUNT. THERE ARE PLENTY TO PICK FROM:

- Roth **IRA**
- Traditional IRAs
- Mutual funds
- 403(b) plan
- CDs (Certificate of Deposit)
- Regular savings account

PAY YOURSELF FIRST

Now that you've selected your retirement account, use it. With every paycheck you earn, before you pay your bills, before you go on an online shopping spree, set aside a reasonable portion into your Roth IRA, 403(b), CD, or whichever backup savings account you've committed to.

CALCULATE YOUR CONTRIBUTIONS REGULARLY

There are some great calculators to help explain **compound interest**. Keep track of your monthly additions, current principal and interest rate on your retirement accounts. Monitor how fast your money is growing. Are you on track to build a substantial nest egg to supplement your pension? Do you need to add more

funds each month?

Yes, pensions are helpful. But do pensions unilaterally help you retire comfortably, or are there too many variables?

When it comes to your retirement, don't mess around with your money. Retirement is supposed to be an enjoyable time in your life, when you can reap the benefits of years of hard work. Make sure you plan accordingly.

About the author

The FireRescue1 Lifestyle content series is written for the off-duty firefighter. Here you'll find content on everything from the latest automotive and entertainment trends to tips and tricks for financial planning – all written from a firefighter's perspective, with an eye toward what makes you unique even when you're not at the station.

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- 4 Bill would give retired first responders over 50 access to Medicare  2
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