Golden lessons

Teachers can make retirement years better by planning ahead – now

The Money Pros are standing by to take your questions.

Q. I am a teacher and I am worried about having enough to live on in retirement. What should I be doing?

A. Many public sector employees should plan for less generous pensions. For instance, New Jersey has already frozen cost-of-living adjustments for 800,000 retired employees. New York faces deep budget challenges that could affect plans down the road.

Here are some suggestions for boosting your nest egg. Some of them require that you purchase financial products. You should carefully weigh the costs and benefits of each.

Enroll in your employer's 403(b) plan.

Public employees need to look beyond pensions and build their own retirement nest egg. A 403(b) plan is a tax-deferred retirement savings program that is typically available to employees of public schools and nonprofit entities.

Similar to a 401(k) plan, a 403(b) will provide tax relief and help you accumulate money to supplement your teachers' pension and Social Security.

Participants can accumulate savings by choosing a range of investments such as fixed annuities, variable annuities, and mutual funds. A qualified financial professional can help you make these key investment decisions.

If you are a new teacher, it behooves you to start saving as early as possible to benefit from the effects of compound interest. Contributions come straight out of your paycheck. Think of it as paying yourself first.

Consider supplementing your 403(b) with an annuity.

The maximum amount a person under 50 can put into a 403(b) plan is $17,000 a year. If you can save more of your income, do so.

THE MONEY PROS

Compounding inflation means that unadjusted pension benefits will meet less of retirees' needs as years go by.

A deferred or immediate annuity can help close this growing gap. Living longer in retirement can also mean depleting or completely exhausting assets over time.

As we age, it's likely that health-care costs and associated premiums will rise, making it critical for individuals to establish savings plans that accumulate assets to pay for these rising expenses.

Consider purchasing a deferred annuity several years before retirement and make monthly investments to accumulate money on a tax-sheltered basis.

Then at retirement, take systematic withdrawals to pay health-care premiums.

If your school offers it, consider purchasing disability income insurance to protect a portion of your income in the event an illness or injury renders you unable to work.

This can be critical because there are many gaps in benefit plans that are not readily apparent. In New Jersey, for example, teachers are not covered under the state's Temporary Disability Program.

Look beyond a retirement or savings account.

Besides these types of accounts, there are other ways to ensure you have enough money in retirement.

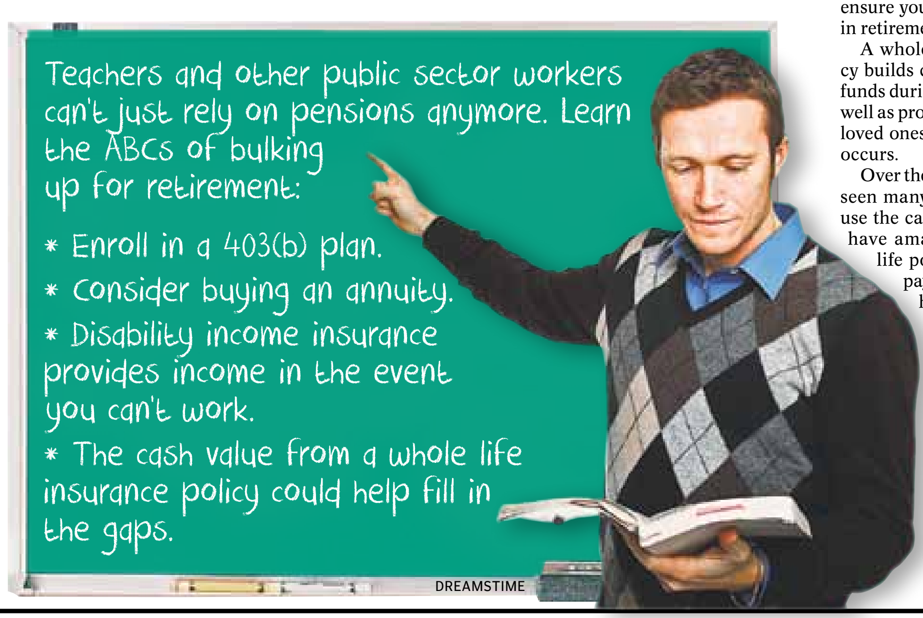
A whole life insurance policy builds cash value to provide funds during retirement years as well as protection for family and loved ones if an untimely death occurs.

Over the last two years, I have seen many clients strategically use the cash value savings they have amassed in their whole life policies to put a down payment on a retirement home or plan a vacation upon retirement without having to dip into their fixed retirement savings.

Jeff Duncan

Jeff Duncan is a MassMutual financial adviser.

Do you have a question for the Money Pros? Send it by email to pfurman@nydailynews.com.



DREAMSTIME

Jobs expo seeking diamonds in rough

TALK ABOUT a treasure trove. A big hiring event organized by the Gemological Institute of America (GIA) is coming to the city on Monday.

The industry group will hold a free career fair at the Javits Center featuring recruiters from more than 40 gem and jewelry companies including Harry Winston, Ivanka Trump Fine Jewelry, Montblanc, Saks Fifth Avenue, Tiffany & Co. and Zale Corp.

The Jewelers for Veterans Foundation, a group created to help find jobs for returning vets, will also be on hand to meet with and to assist U.S. military veterans in their job search.

The event, sponsored by JA New York, will take place from 8 a.m. to 1 p.m., with recruitment running from 10 a.m. to 1 p.m. To learn more, visit gia.edu.

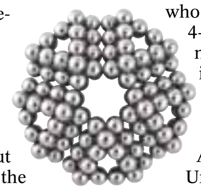
News Staff Report

Gov't rolls over Buckyballs

BY PHYLLIS FURMAN
NEW YORK DAILY NEWS

A FLEDGLING New York toy company on Varick St. that quickly rose to the top with a hot product is now at risk of losing it all.

Maxfield & Oberton, co-founded three years ago by 33-year-old Craig Zucker, is facing demise after the filing of a rare administrative complaint by the Consumer Product Safety Commission (CPSC) over its popular Buckyballs.



"They are driving us out of business," Zucker told the Daily News.

The CPSC claims Buckyballs – which are small, powerful magnets that mold into different shapes and are marketed to adults – are dangerous to kids when swallowed.

The government sites numerous incidents of kids under the age of 14 who were hurt. In one case, a 4-year-old suffered intestinal perforations after ingesting three magnets that he thought were chocolate.

The CPSC has also convinced retailers, including Amazon, Brookstone and Urban Outfitters, to pull the adult toy off their shelves.

"We strongly disagree with the commission's position," Zucker said. "We have a vigorous safety program that has been in place for three years. The product is labeled, marketed and intended for adults only."

Zucker and his business partner started the company on a shoestring in 2009, each investing $1,000. The product took off quickly and was on target to hit $25 million in sales this year. The company employs eight workers.

"It's probably the most popular gift product in the specialty gift industry," Zucker said.

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Access to life insurance cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse and may result in a tax liability if the policy terminates before the death of the insured.

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