

The Gap-Lesson Plan

Introduction

This interactive lesson plan uses *The Gap* video to help the presenter explain:

- The importance of setting a realistic income replacement goal.
- How to identify the financial gap between the educator’s CalSTRS retirement benefit and their retirement income goal.
- How to start a supplemental savings account to reduce their retirement income gap.

Objective

New and potential educators will expand their knowledge by learning:

- How to calculate their retirement financial gap.
- The importance of supplemental savings.
- How to research 403(b) plans.

Activity 1

Tools

Computer, laptop or smartphone

The Gap video

The Benefit of a Lifetime - The Age Factor fact sheet

Instructions

- ▶ Explain there are short educational videos at CalSTRS.com/videos.
- ▶ Play *The Gap* video for the educator.
- ▶ Introduce the gap concept.
 - Financial professionals recommend replacing 80-90% of a working salary to maintain a similar standard of living in retirement.
 - Setting a realistic income replacement goal is important.
 - On average, the CalSTRS retirement benefit replaces about half of an educators’ working salary.
 - The educator can estimate the percent their benefit will replace by multiplying the amount of service credit they will have at retirement by their age factor (found on *The Age Factor* fact sheet) at retirement.
 - The difference between the educator’s replacement goal and the percent the CalSTRS retirement benefit will replace is called the gap.
 - CalSTRS has tools and resources to help educators close their gap.

Time

6 minutes

Activity 2

Tools

403bCompare flyer

Instructions

- ▶ Introduce the *403bCompare* flyer.
 - Educators can decrease their gap by contributing to a supplemental savings account such as a 403(b).
 - A 403(b) is a tax-advantaged, voluntary supplemental savings account.
 - Educators can compare the fees, services and performance of 403(b) plans offered by their employer at **403bCompare.com**.
- ▶ Review the four bullet points.
- ▶ Answer questions.

Time

2 minutes

Additional Resources

- ▶ *Financial Awareness Series* flyer at **CalSTRS.com/workshops**
- ▶ *403bCompare* brochure

Action Items

- ▶ Encourage the educator to:
 - Attend a *CalSTRS and You* group session for assistance on identifying their gap.
 - Sign up for a *Plan for Your Future* workshop at **CalSTRS.com/workshops**.
 - Research supplemental savings accounts.
 - Visit **403bCompare.com**.