



LifeSmarts

Learn it. Live it.

LifeSmarts Lesson: Retirement Planning

Content Vocabulary Worksheet KEY

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| 401(k) (slide 16) | Employer-sponsored retirement savings accounts that offer tax benefits (meaning that you pay less in taxes by saving your money in them) |
| Compound interest (Slide 22) | Interest that is calculated and paid on both the initial principal and the accumulated interest |
| Emergency fund (slide 30) | Money saved to help cover unexpected expenses |
| Employee contributions (slide 17) | Money contributed by an employee to an employer-sponsored retirement plan such as a 401(k) or a pension |
| Employer match (slide 18) | Money an employer contributes to an employee's retirement savings plan when the employee also contributes |
| Individual retirement account (IRA) (slide 21) | Tax-advantaged retirement savings accounts that are established by individuals rather than employers |
| Investing (slide 20) | Putting money into an asset (such as a stock, bond, or mutual fund) with the expectation that it will grow over time, but with the risk that it will not |
| Long-term care (slide 6; notes) | A variety of services that help meet both the medical and non-medical needs of people with a chronic illness or disability who cannot care for themselves for long periods; these services are not covered by Medicare |
| Medicare (slide 6; notes) | The federal health insurance program for people age 65 and older and some people with disabilities |

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| Pay Yourself First (PYF) (slide 31) | The idea that consumers should routinely and automatically put money into savings before spending on anything else |
| Pension (slide 15) | Employer-sponsored retirement plans that guarantee a certain monthly benefit for life |
| Retirement planning (slide 8) | The process of determining retirement income goals and establishing a plan to meet them. This includes estimating expenses, saving money, and deciding how to invest your savings |
| Saving (slide 20) | Setting aside income or money for future spending |
| Social Security Disability Insurance (SSDI) (slide 12) | A part of the Social Security program that pays monthly benefits to eligible workers under the age of 65 who cannot work because they have a qualifying severe disability |
| Social Security (slide 10) | A long-standing federal insurance program to provide benefits to older adults, their survivors, and workers who become disabled |