



*This project has been supported by an  
American Council on Education –  
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San José State University*



# Financial Literacy

## Introduction

# Overview

- Purpose & Target Audience
- Financial Literacy Modules
  - Module I – Time Value of Money (TVM) and the Power of Compounding
  - Module II – Paystub and Benefits
  - Module III – CalPERS Retirement Benefits
  - Module IV – Supplemental Savings Programs
  - Module V – Guidelines and Tips for Retirement Savings

# Purpose

- Efficient aggregation of relevant information about pay, retirement benefits and investing for SJSU faculty members
- Overview of key aspects for the financial life of SJSU faculty members. **NOT** an in-depth analysis
- Financial literacy modules are **NOT** a substitute for the information and knowledge gained by contacting SJSU HR department, CalPERS, and financial advisors

# Target Audience

- ALL SJSU faculty members
  - Any rank
  - Any stage of the career
- Especially relevant for faculty members in the early stage of their career
  - Long investment horizon
- Pay and benefits related SJSU and CalPERS but also “common sense” investment principles

# Examples

- Examples of SJSU pay stubs, CalPERS annual statements and investment situations
- Investment assumptions (rate of returns, inflation rates, etc...) are only for illustrative purposes and do not represent a forecast

# Module I – Time Value of Money (TVM) and the Power of Compounding

- Time Value Of Money (TVM)
  - The Power of Compounding
    - Future Value of a single Cash Flow and a series of Cash Flows (Ordinary Annuity)
    - Examples
    - Graphs
    - Equations

# Module II – Paystub and Benefits

- Paystub
  - Wages, Taxes and Deductions
- Benefits
  - Health, Dental and Vision Plans
  - Flexible Spending and Insurance Benefits
- CalPERS Retirement program and Supplemental Savings Program



# Module III – CalPERS Retirement Benefits

- CalPERS Facts at a Glance
- CalPERS Annual Statement
- Retirement Formula
  - Benefit Parameters
  - Options
  - Example
- Health Benefits
- PRTB and FERP

# Module IV – Supplemental Savings Programs

- CSU 403(b) TSA program
  - Tax Sheltered Annuity overview
- Savings Plus Program
  - 401(k) plan
  - 457 plan
  - Comparison 401(k) and 457
- Traditional vs. Roth Programs

# Module V – Guidelines and Tips for Retirement Savings

- Retirement Investment Planning
- Target Portfolio, Life Cycle and Investment Strategy
- Diversification
- Taxes



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