This project has been supported by an American Council on Education – Alfred P. Sloan Foundation Faculty Retirement Transition award to 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 1 – 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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