



UNITED TRIBES
TECHNICAL COLLEGE
LAND GRANT EXTENSION

UTTC LAND GRANT EXTENSION

UTTC Lifeskills Lessons – Money Matter\$

LESSON 8: Life Planning

LS0008

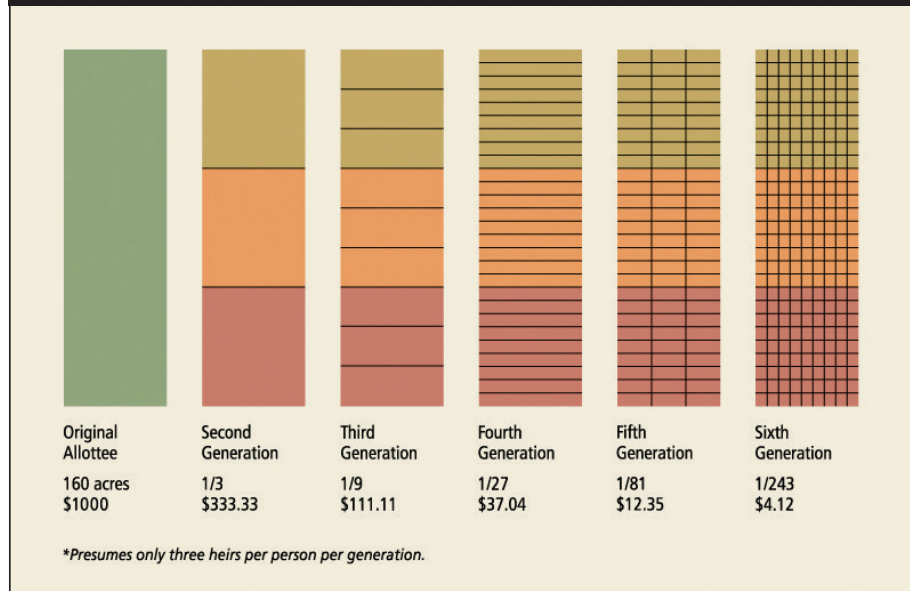
FACT\$:

- In 2012, thirty percent of young employed workers reported they had less than \$1,000 in savings and investments.
- A 65-year-old couple is estimated to need \$240,000 to cover medical expenses for both of them throughout retirement. Medicare is not available to anyone until they are age 65.
- It is expected that people age 65 who stop regular employment and paychecks, require about $\frac{3}{4}$ of the money they needed to live on each month before retirement.
- Half of current retirees surveyed say they left the work force unexpectedly as a result of health problems, disability, or getting laid off. If you think you'll just "work forever" instead of planning for retirement, you may want to think again.
- Nearly 75% of retirees have not saved enough to last their whole life. They also said they would save more if they could do it all over again.

RESOURCES

1. Building Native Communities...
Financial Skills for Families
2. Financial Education Southwestern
Indian Polytechnic Institute (SIPI)
3. www.ndsuxtesnion.com
4. www.indianwills.org

A Simplified Six-Generation Example of Undivided Heirship Fractionated Values and Lease Payment Values of Undivided Interest*



Courtesy of Indian Land Tenure Foundation

What is Estate Planning?

To many people, "Estate Planning" sounds like something only for the rich. Yet, few families today can do without it. Some people avoid estate planning because it deals with attitudes and feelings about death, property ownership, business arrangements, marriage, and family relationships. If you do not make a plan, state and federal laws decide what happens to your personal things, children, trusts, and everything you see as important. Talk about it. Make a plan. Bring in professional advisors, if needed. Implement your plan in case something happens to you.

What is an Indian Will?

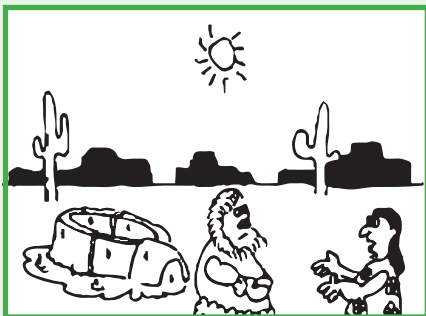
An "Indian Will" refers to a will or a typical will with language drafted for the express purposes of transferring certain types of "trust" interests which some tribal members may have in real property or ongoing streams of income from tribal trusts that were set up many, many years ago.

What is Cultural Burial Planning?

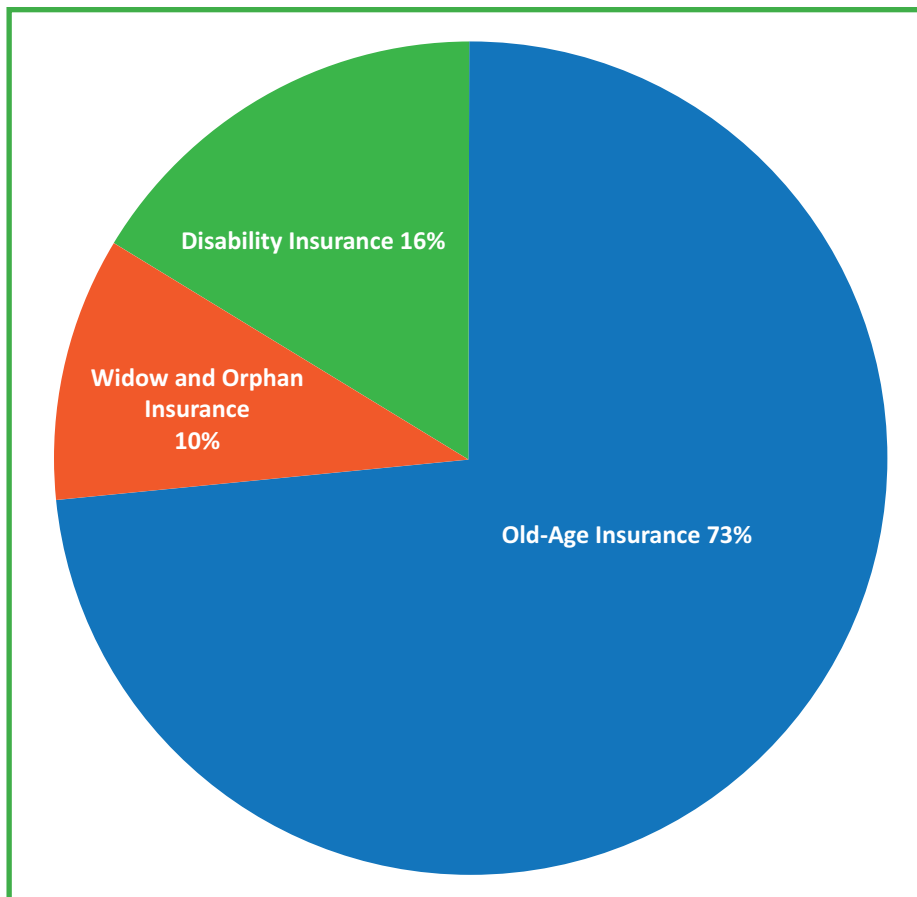
Many tribes do have distinct and very important traditions that would lead their members to strongly desire traditional burials and avoid other-culture practices such as autopsy, organ donation, embalming or even burial delays.

Cold Hard Thoughts

You are young. You do not plan on dying soon. You do not want to think about your burial and your retirement. You have little kids and can hardly afford groceries. You do not care about social security. But, what if you are killed in a car accident on the way home today? Have you considered your children? Who would you want them to live with? Who do you want to share your values, traditions, spiritual connection, and religion with your children? Make a plan. Write it down.



"I know you want to keep our traditions alive, but the old building techniques won't work now that we are retiring in the Sun Belt!"



Most Social Security benefits do support retirees via old-age insurance, but some also provide insurance in case people become disabled, widowed, or orphaned (SSI).

Is Social Security Safe For The Future?

The fact is that Social Security isn't going bankrupt, nor is bankruptcy really possible as the system is currently set up.

Historically, Social Security has collected more than it paid out. The extra money built up in a trust fund that collects interest.

But due to demographic and economic changes, it's expected that insurance payments will begin to exceed income in 2021. Around 2033, the fund has the potential to run out, if nothing changes.

But even then, the revenue Social Security collects each year would still be enough to pay out about three-quarters of scheduled benefits as far as the eye can see.

Medicare, which helps in paying for sickness costs, is not part of social security. People can begin receiving social security pension at age 62. Medicare is offered only at age 65. Many people find it important to take a private insurance policy to cover needed medical expenses even over and above Medicare. Medicare does not cover medication costs. Most elderly live on a fixed income making expensive medications a choice over other personal needs, like food. Planning for retirement and being a wise, independent elder is important



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LESSON 8: Reading a Paycheck Statement (Pay Stub)

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It's Payday! What does it all mean?

When we get our paycheck, most people just care about “When do I get my check?” or “How much did I get?”. But, as we get better at managing our money and understanding “Money Matters” we will pay attention to the other things written on the paycheck statement (a stub attached to the paycheck or for direct deposit checks it may be on a separate sheet of paper). Try to understand this information because it is important to managing your money today and after you retire. The recorded amounts are your money, even if it is not in your pocket or in your bank.

Detach below before depositing, and save for your records.			
Employee: LM, Fictitious	Gross Earnings		\$3,000.00
Pay period: July 20XX	Deductions:		
	• Federal Income Tax	\$349.00	
	• State Income Tax	117.00	
	• Social Security	180.00	
	• Medicare/Medicaid	45.00	
	• Insurance	175.00	
	• Retirement Savings Plan	200.00	
	• Charity	25.00	
	• Health/Child Care Plan	75.00	1,166.00
	Net Pay		\$1,834.00

RESOURCES:

1. Tribal Human Resource Director
2. Human Resource Department for any local business
3. <http://finance.yahoo.com/news/what-does-my-paycheck-mean-141214679.html>
4. Video - <https://www.youtube.com/watch?v=RnxGhIX8PVY> (2.5 minutes)
5. Video - <https://www.youtube.com/watch?v=dcxjStdHzfs> (9 minutes)
6. https://www.youtube.com/watch?v=f_c_OsHICL8 (4.4 minutes)

What is Always on the Paycheck Statement (stub)?

Paycheck statements can be detailed and include items like retirement plan contributions or hours available for sick leave or vacation as well as numbers for money withheld from your check. The following items will appear on every paycheck stub and consumers need to fully comprehend their definitions and value:

- **Gross Pay:** Includes the total amount of income that you earned during the current pay period. A pay period is determined by your employer, but is typically two weeks or monthly.
- **Net Pay:** Includes the amount of income that you actually take home after everything that is required is withheld. Net pay is the amount of money that you take straight to the bank!
- **Federal Tax Amount:** When you were first hired by your employer, you were required to fill out a W-4 form. This form covers any tax that you may owe to the Federal government in taxes. This money is deducted in equal amounts from each paycheck. The amount varies from employee to employee depending on the exemptions you chose to claim on your W-4 form.
- **State Tax:** Depending on the state where you live, you may or may not be required to pay a state tax. Most states require State tax to cover the amount of tax that you may owe to the state when your tax return is filed each year.
- **Social Security:** The Federal government requires every employee to have a certain percentage of their paycheck withheld for social security purposes. This entitles you to receive a monthly social security payment upon retirement. For wages paid in 2013, employees and employers pay 6.2 percent of their earnings to be withheld by the employer.
- **Medicare:** Like Social Security withholdings, Medicare withholdings are also mandatory. Every employee pays 1.45% of their paycheck toward Medicare, and every employer contributes an additional 1.45% on behalf of the employee. When you reach age 65 or if you become disabled before that age, you are entitled to coverage for a majority of their medical expenses.
- **Optional Withholding:** Items like child support or unpaid federal college loans will
- **Year-to-date (for pay and deductions):** The year-to-date fields on your paycheck stub show how much you have paid toward a particular withholding at any point in the calendar year.

Additional Items that May Appear on Your Paycheck Stub

The following items are not required, but your employer may print them on your paycheck stub. These things are also useful for money management and relevant to your employment status.

- **Insurance Deductions:** Monthly payments for such types of insurance as health (medical and dental), and life insurance.
- **Retirement Plan Contributions:** Plans such as 401(K) or 403(B) retirement savings plans.
- **Leave Time:** Including vacation hours or sick hours. Most employers will detail how many hours have been used to date, and how many hours are remaining for the calendar year.
- **Childcare Assistance:** If offered by your employer, this amount may appear on each paycheck as a pre-tax benefit.
- **Important Notices:** Employers often use a portion of the paycheck stub to communicate important pieces of information to their employees such as wage increases or notifications about tax filings.

Common Abbreviations Used on Paycheck Stubs

- YTD: Year-to-Date
- FT or FWT: Federal Tax or Federal Tax Withheld
- ST or SWT: State Tax or State Tax Withheld
- SS or SSWT: Social Security or Social Security Tax Withheld
- MWT or Med: Medicare Tax Withheld

Money Matters are Important Improve your Money Management Skills

If you need further explanation on how to read your paycheck stub or if a particular calculation doesn't seem correct, consult your employment Human Resources Department. Don't put it off. Improve your money management skills by being proactive. If information printed on the statement is incorrect, ask to have it corrected. It is ultimately your responsibility to ensure that you are being properly compensated.

Name: John Dawson		Email		EARNINGS STATEMENT			
SSN: ###-##-8742		Check Date: 09/23/15		IMPORTANT - KEEP FOR YOUR RECORDS			
Week Worked	Employee Name	Customer	Department	Type	Hours	Pay Rate	Total Pay
6/28/2015	Dawson, John	Liberty Shipping	Corporate	Vac	8.00	\$15.00	\$120.00

Tax Name	Taxable Grs.	Tax Amt.	YTD Tax	Deduct. Type	Amount	YTD Deduct.	Bank Name	Amount	Account No.
Federal Income	\$31.60	\$0.00	(\$13.84)	Child Support	\$20.00	\$20.00	Bank of America	\$0.00	####2034
FICA EE	\$151.60	\$9.40	\$12.50	Health Care Pl	\$15.00	\$15.00	Bank of America	\$0.00	####9677
MED EE	\$151.60	\$2.20	\$2.93	401K	\$120.00	\$120.00			
MN WH	\$31.60	\$0.00	(\$4.29)	Health Care Pl	(\$46.60)	(\$46.60)			
				AdvanceBank	\$0.00	(\$926.63)			

YTD Gross	\$170.00
Gross Amt.	\$120.00
Net Amt.	\$0.00

Check Number	90102448
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Plan	Accrual Hrs.	Balance
PTO	-8.00	9.00



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LIFE PLANNING

OBJECTIVES:

1. To recognize that planning is important in all areas of life.
2. To allow participants to discuss pay stubs and meanings of the figures and programs listed.
3. To discuss good ways to prepare a will, burial plan and Indian trust will.
4. To understand how social security and Medicare systems work.
5. To consider the need for planning for your children's future.

PROCEDURE:

1. Write objectives on the board.
2. Distribute the Lesson 8 Talking Sheet.
3. Facilitate discussion relating to pay stubs using Lesson 8 Handout
4. Ask for a volunteer to open session with a prayer, announce the session will open with a minute of silence, or verbalize a short (2-3 sentences) to thank the creator for a purposeful long life.
5. Facilitate discussion relating to will development, burial wishes, and trust land.
6. Facilitate discussion regarding social security, Medicare, Affordable Care Act and Indian Health Services.
7. Facilitate discussion relating to calculation of needs for retirement, based on age.
8. Allow participants to write tentative plans for their children's future.

RESOURCES FOR INSTRUCTION SUPPORT:

1. UTTC Extension Money Matters Lesson 8 Talking Sheet
2. UTTC Lesson 8 Lifeskills Handout – Pay Check Statement
3. www.socialsecurity.gov
4. Contact information for local Tribal Land Office
5. List of local funeral home directors who currently follow Native American burial wishes
6. <https://us.aha.com> - or other retirement needs calculator
7. <http://finance.yahoo.com/news/what-does-my-paycheck-mean-141214679.html>
8. Video - <https://www.youtube.com/watch?v=RnxGhIX8PVY> (2.5 minutes)
9. Video - <https://www.youtube.com/watch?v=dcxjStdHzfs> (9 minutes)
10. https://www.youtube.com/watch?v=f_c_OsHICL8 (4.4 minutes)

TIME:

50 minute



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EVALUATION

On a scale of 1 to 5, with 1 being least confident and 5 being most confident, please circle one per question.

Not Confident

Very Confident

Please rate how confident you are in preparing a will.

1 2 3 4 5

Please rate how confident you are in sharing your wishes for your burial with others.

1 2 3 4 5

Please rate how confident you are in understanding social security and Medicare.

1 2 3 4 5

Please rate how confident you are in documenting and sharing your wishes for your children or other family members, in case of unplanned events.

1 2 3 4 5

New things I learned or understand better because of the lesson

Comments
