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Assisting Nursing Students to Plan for Retirement

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“Cathy Bellico is a 59-year-old registered nurse who graduated from nursing school at age 24 and began a career as a staff nurse. She took 10 years off, from age 28 to 38, to raise her children and then worked part-time at a physician's office for several years before taking a full-time position at a community health clinic. After earning her MSN, Cathy worked at a hospital until she retired at age 58. Her husband died the following year. Cathy is now a widow who has worked for 21 years and must count on Social Security, pension income, and savings for her retirement. But her income barely surpasses the poverty level. She must sell her house, find a part-time job to supplement her meager retirement funds, and survive with minimal health insurance until Medicare kicks in at age 65.” (deVries, 2000).

This scenario is not all that uncommon. The U.S Department of Labor highlights five reasons why women need to save for retirement. Of the 60 million wage and salaried women working in the United States as of March 2005, just 47 percent participated in a retirement plan. Women are more likely to work in part-time jobs that don't qualify for a retirement plan. Working women are more likely than men to interrupt their careers to take care of family members; therefore, they work fewer years and contribute less toward their retirement. On average, a female retiring at age 65 can expect to live another 20 years, 3 years longer than a man retiring at the same age. Finally, women tend to invest more conservatively than men and receive lower rates of return from their investments over time (U.S. Department of Labor accessed 4/8/08). These economic facts prompted faculty in our department to help students plan as they embarked or advanced their nursing careers.

A secure financial retirement depends on three factors: a Social Security retired-worker benefit, an employer-sponsored pension, and individual savings. Estimates call for employees to replace at least 60% to 80% of their pre-retirement income to maintain their lifestyle after retirement. Unfortunately, 57% of today's seniors have assets less than 5,000 (LaLanne, 2008).

Introduction

The Nursing Leadership and Management faculty felt it was very important to teach “career and retirement life lessons”. “Inadequate retirement savings is an issue that many nurses may face,...preparing for a secure retirement isn't taught in nursing school ” says Monica Vollmuth, (ANA's Congress of Nursing Practice and Economics, ____). In response, this content was included in a one credit senior seminar course.

Course Overview

This online seminar, which is a co-requisite with the student's Leadership and Management course, provides the opportunity for students to examine and analyze selected contemporary and self-development topics. The course outcomes are:

1. Combine self-knowledge, leadership tools and emotional intelligence to improve professional nursing practice.
2. Possess the appropriate leadership tools to make a significant contribution to the profession of nursing.
3. Develop an integrative life plan based on group and individual study.

The course is divided into five modules:

- Module #1: Inspired leadership and empowerment
- Module #2: Communication and effective leadership
- Module #3: Management and Ethical Negotiation

Module #4: Career Management & Integrative Life Plan

Module #5: Beyond the Professional Career to Retirement

To complete module #5, the focus of this article, students are divided among small groups to discuss and complete assignments.

Required Assignments

There are two required assignments that relate to retirement planning. First, the students are asked “Am I prepared for retirement?” The students then refer to a glossary of terms. The faculty have found that most students have never heard of a defined contribution retirement plan (401K) or ROTH Independent Retirement Account (IRA). Once they understand the language, they make an appointment with their employer’s human resource department and complete a retirement worksheet, which includes a forecast of annual expenses and retirement income based on a retirement calculator, <http://finance.yahoo.com/calculator/retirement/ret-02>. Many students are so young (in their 20’s); they actually do the retirement plan on their parent’s situation. Fifty percent of these students are shocked to find that their parents are ill-equipped to retire, and in fact, may be dependent on their children for financial support.

Secondly, students work as a group with a simulated case study and determine if the individual can retire at 59 ½, 62 or 65 years of age. Students are provided a list of helpful list of resources to help with this assignment. The case study provides a real life scenario that is directly applicable to their own retirement planning.

Student Comments

Student comments about completing this module have been overwhelmingly positive, even from those who had never even thought of saving for retirement. Students thank the faculty for “forcing” them to look into their future. The following are selected comments: “this was a real eye-opener for me”; “my parents are approaching retirement, and my dad has spoke to me about IRAs and things before, but I really haven't pay much attention”; “looking at my potential retirement picture was not my idea of a fun assignment... but as it turns out, it was in my best interest to become more aware of my financial status...we as nurses are frequently givers and sometimes we don't think to protect ourselves”; “oh my gosh, I am 55 years old, just starting my career as a nurse. I have not saved anything for my retirement. How can I ever catch up”?

Conclusion

After semesters of teaching this module, faculty have learned that there are essential facts for students to know/ask: They are as follows:

- Vesting information
- Start saving by matching the employer contribution plus 10% to a personal IRA right away (before the first check).
- Contribute to pre-tax and post-tax plans.
- Take advantage of the employer contributions
- Investigate their parent’s retirement plan (if applicable)

As we look at all the skills and knowledge nursing students need to commence or advance their academic career, it is essential to gain financial knowledge. Frequently, individuals will not do this unless they take a class that requires assignments to complete.

References

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