

NAME: _____

DATE: _____

INSTRUCTION

Three-Legged Stool

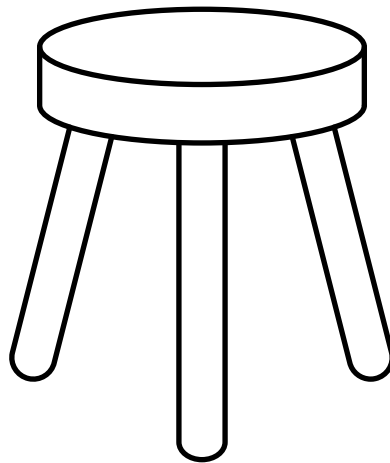
What + Why: Explore how different retirement income sources can work together to create stronger financial stability later in life.

Retirement planning can work like a three-legged stool. Each “leg” supports financial stability during retirement. A stool with one strong leg and two missing legs still falls over.

As you learn about each “leg,” think about:

- Why might relying on only one retirement income source be risky?
- Which “legs” seem strongest in Amara’s pathways?

Label each leg of the stool using the retirement income sources.



Social Security

Social Security is a government retirement program funded through payroll taxes during a person's working years. It provides monthly income to eligible recipients in two main situations: after reaching retirement age (67 for most people currently in the workforce), or if a person becomes disabled and is unable to continue working.

However, Social Security usually replaces only part of a person's previous income, so it is often not enough to fully support someone on its own when they are no longer working.

Think About It

Why might Social Security alone make life less stable long-term?

Employer-Sponsored Retirement Plans

Employer-sponsored retirement plans, such as 401(k), 403(b), or 457(b) plans, allow workers to save and invest money for retirement over time. Pre-tax contributions are often automatically deducted from paychecks, and some employers also provide matching contributions that add extra money to the account.

Withdrawals are typically intended to begin at retirement age (59½ or later without penalty), and the balance grows tax-deferred until then. Because these plans depend on consistent contributions over many working years, starting early and contributing regularly can make a significant difference in the long-term balance.

Think About It

Why might employer matching contributions be valuable?

Personal Investments

Personal investments are long-term savings managed directly by the individual. These may include IRAs, Roth IRAs, or other personal investment accounts.

People can choose how much to contribute and how to invest the money over time. Personal investments can provide additional financial support before and during retirement and help strengthen long-term financial stability.

Think About It

How could personal investments help strengthen someone's long-term planning "stool"?

Amara's Retirement

Use the **Long-Term Planning Pathways (Age 67+)** table in your case study materials.

Which pathway's three-legged stool would best support Amara at age 67? Explain your thinking.