

How Fees and Inflation Can Erode Retirement Savings

SUBMITTED BY: Brian Page

SUBJECT(S): Personal Finance

GRADE LEVEL(S): 9, 10, 11, 12

≡ **NBEA STANDARD(S):**

- Personal Finance, IV. Saving and Investing

≡ **RELATED ARTICLES:**

- [“Your Money and the 40-hour Workweek”](#)
- [“Student Essay: Saving for Retirement: ‘Time Is on Our Side’”](#)
- [“Live Long and Prosper: Planning for a Social Security Shortfall”](#)
- [“Introducing the Latest Stock Market Debutante: #TWTR”](#)
- [“Educator Toolkit: Financial Literacy”](#)
- [“5 Truths about Money During the Pandemic”](#)

JUMP\$TART NATIONAL STANDARD: Investing, Standard 2

CEE NATIONAL STANDARD: Investing, Standards 1 and 3

COMMON CORE STATE STANDARD: CCSS.ELA-LITERACY.WHST.11-12.9

CONTENT STATEMENT: Students will discuss the impact fees, penalties and inflation have on retirement savings

ESTIMATED TIME: 50 minutes

MATERIALS NEEDED: Chat Station Topic Sheets — all included ([Financial Planner Fees](#) (Third party); [Mutual Fund Fees](#); [401K Fees](#); [Compounding Inflation](#); [Early withdrawal fees and penalties](#)); Chat Station Handout; Master Chat Station Handout; Vocabulary Powerpoint; Projector and Internet access

KEY VOCABULARY/TERMS: Inflation, early withdrawal fees, expense ratio, management fees, sales charges (loads or commissions)

WHY THIS MATTERS TO YOU NOW: In the near future, teens will need to begin investing for retirement and inflation. Penalties and fees can have a big impact on their retirement savings over their lifetime.

1. Show students the video: [Want Free Money? Reduce Your 401\(K\) fees.](#)
2. Introduce students to [chat stations](#).
3. Setup the chat station topics:

- Financial planner fees (Third party)
- Mutual fund fees
- 401K fees
- Early withdrawal fees and penalties
- Compounding inflation

4. Distribute to students the Chat Station handout. Chat stations are discussion prompts that students visit around the room and have a quick discussion at the station.

5. Students are to spend 2-3 minutes at each chat station, completing the Chat Station handout. Model how they work before beginning Chat station topics and handouts:

6. Students use their handouts to participate in a classroom discussion. Teachers prompt the discussion with the following questions:

1. How do fees, penalties and inflation impact retirement savings?
2. What are some examples of penalties and fees that impact retirement savings?
3. Can you shop around to find investment options and financial planners with lower fees?
4. What are examples of penalties and fees that are avoidable?

HOMEWORK / FURTHER EXPLORATION: Have students read the article [Inflation: What It Is, Where It Comes From and How It Can Bite You](#) and discuss key takeaways as a classroom.

OPTIONAL: Introduce students to the United States Department of Labor article [A Look at 401K Plan Fees](#) and discuss the fees as a classroom.

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