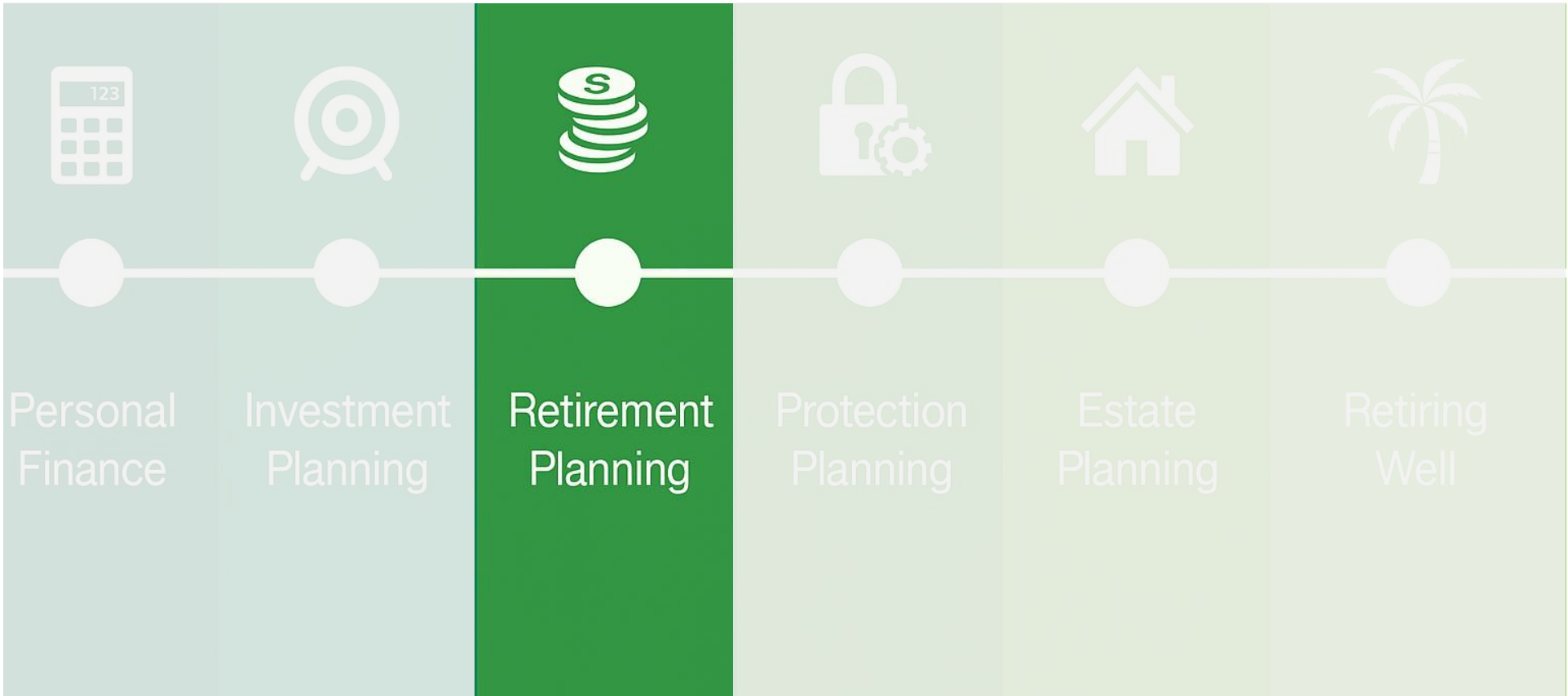




Retirement Planning

Part 1 Overview

Wellness Overview



What is Retirement Planning?

Agenda

- Determining Your Retirement Income Needs
- Saving for Retirement
- Types of Retirement Savings Plans
- Social Security Basics
- Distributions in Retirement
- Healthcare in Retirement

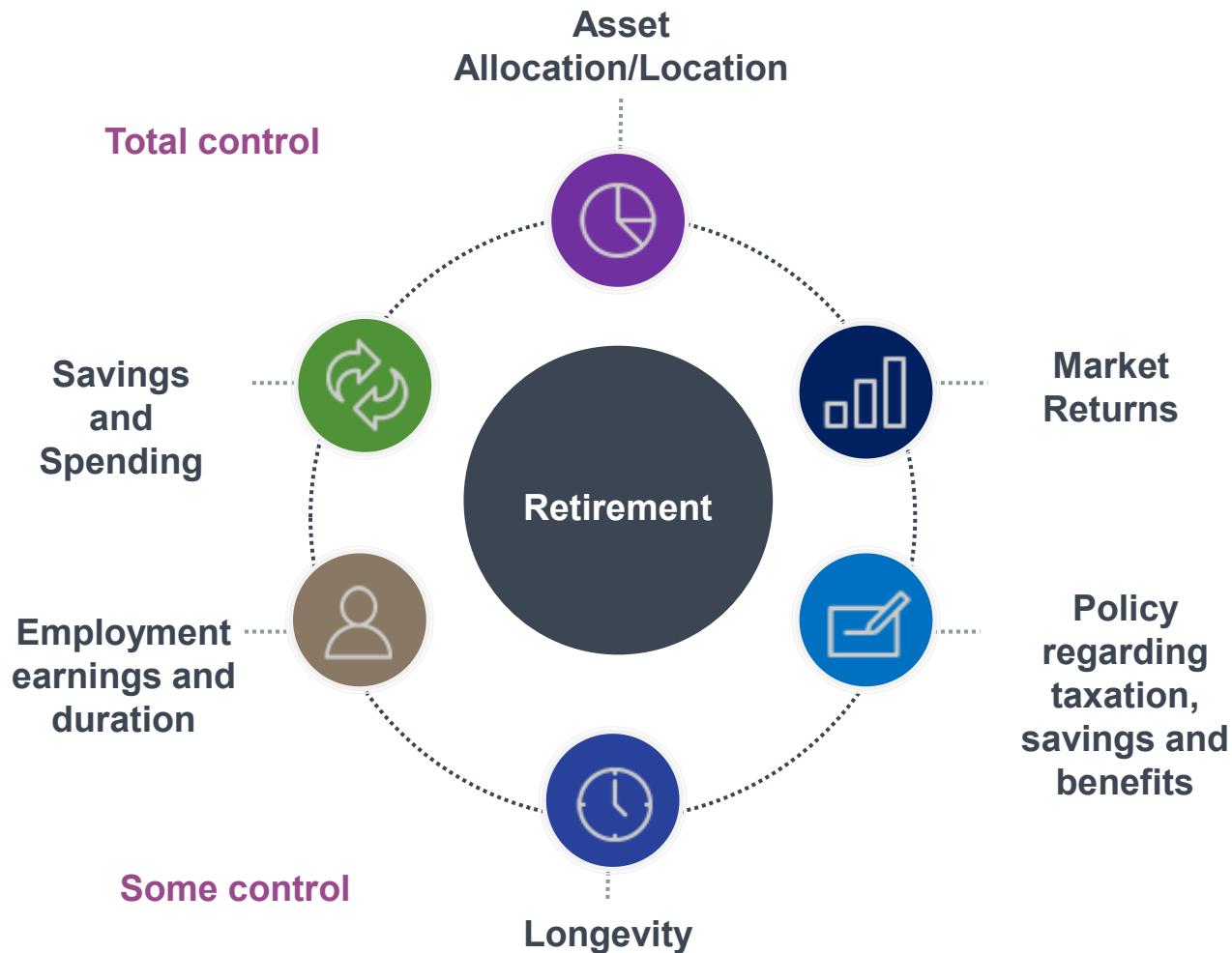




Retirement Planning

Part 2
Determining Your
Retirement Needs

Determining Your Retirement Income Needs



The Retirement Equation $f(x)$

A Sound Retirement Plan
Make the most of the things that you can control but be sure to evaluate factors that are somewhat or completely out of your control.



Determining Your Retirement Income Needs

– Questions to Consider

- What are my specific needs?
- What lifestyle are you trying to replace?
- What expenses will change?(or not change)
- How much income do I need?
- What sources will it come from?
 - Social Security
 - Pension
 - Defined Contribution (401(k), 403(b), 457(b))
 - IRA
 - Savings
 - Other?

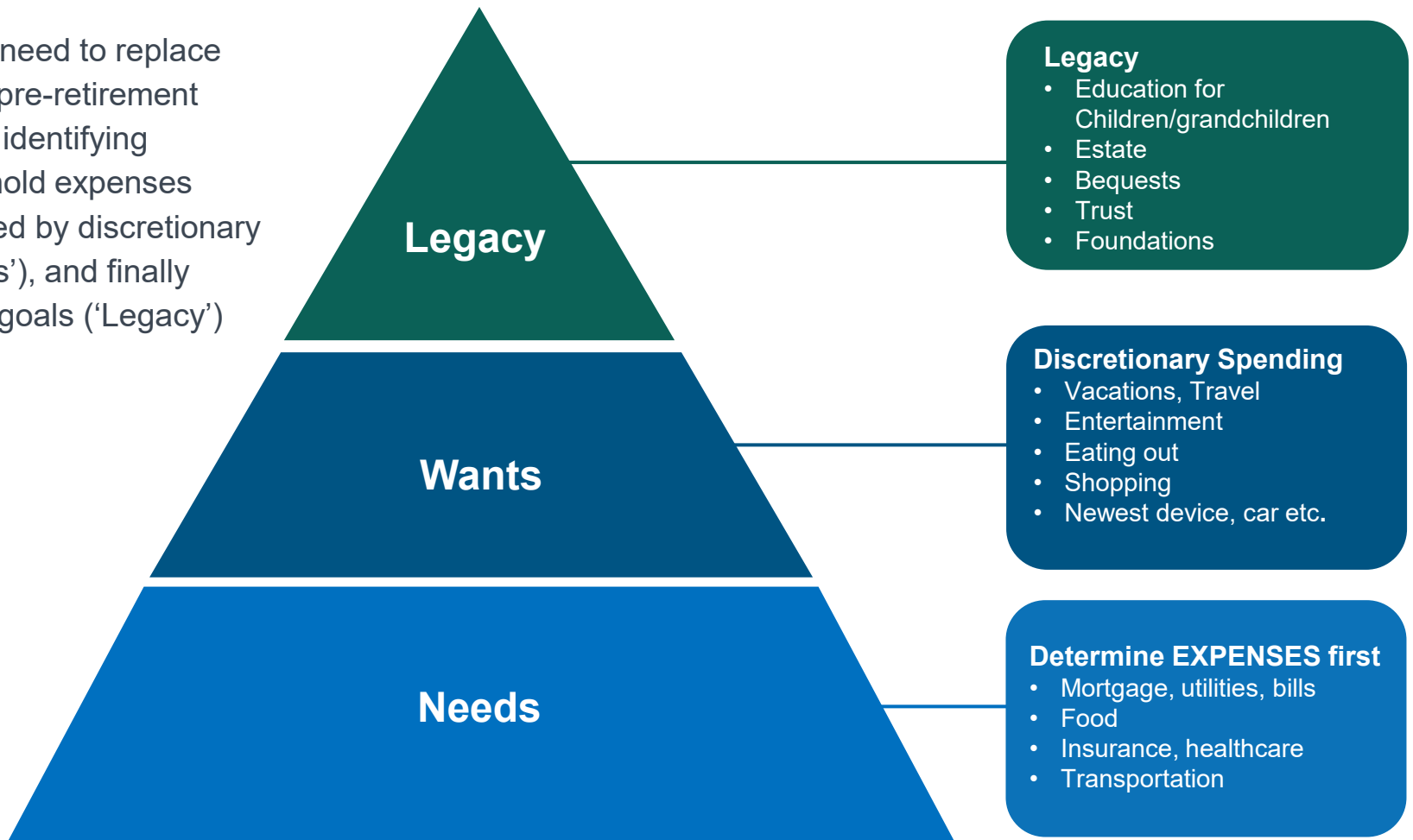


Retirement Planning Pyramid

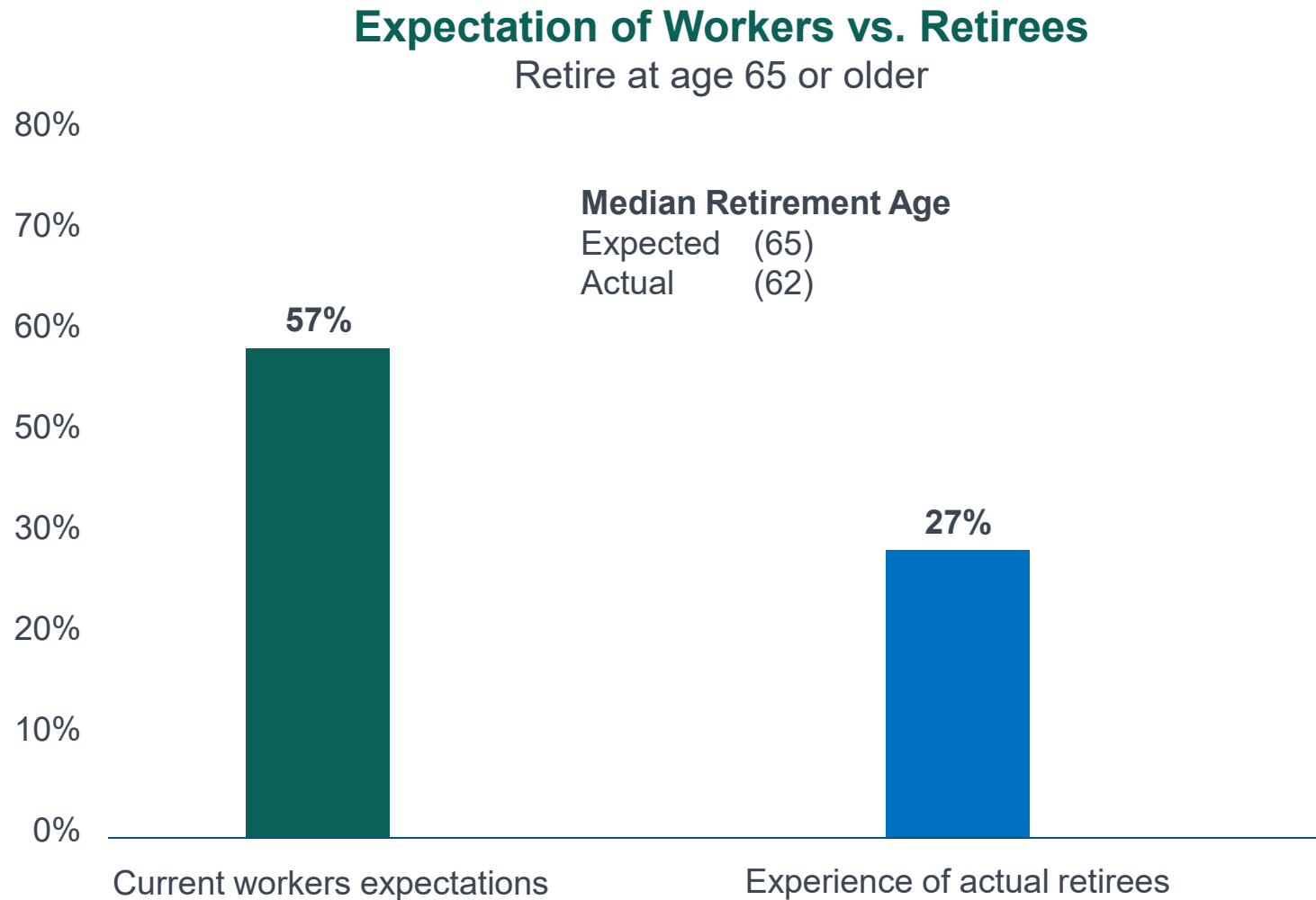
1 Step #1

How much income do you need to replace in retirement?

Most Americans need to replace 60–90% of their pre-retirement income. Start by identifying essential household expenses ('Needs'), followed by discretionary spending ('Wants'), and finally legacy or estate goals ('Legacy')



Determining Your Retirement Income Needs

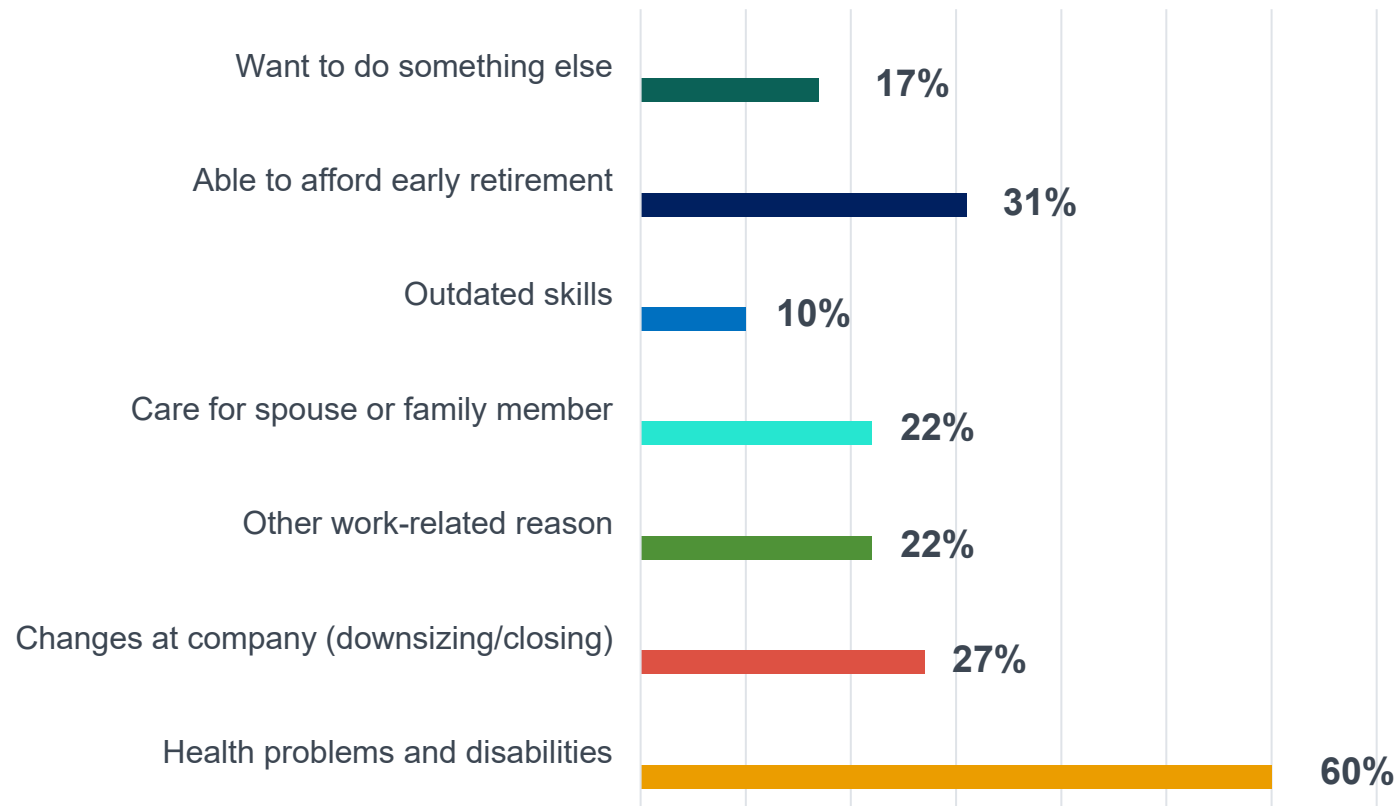


Source: Transamerica Center for Retirement Studies, 2023 Retirement Survey; EBRI 2023 Retirement Confidence Survey



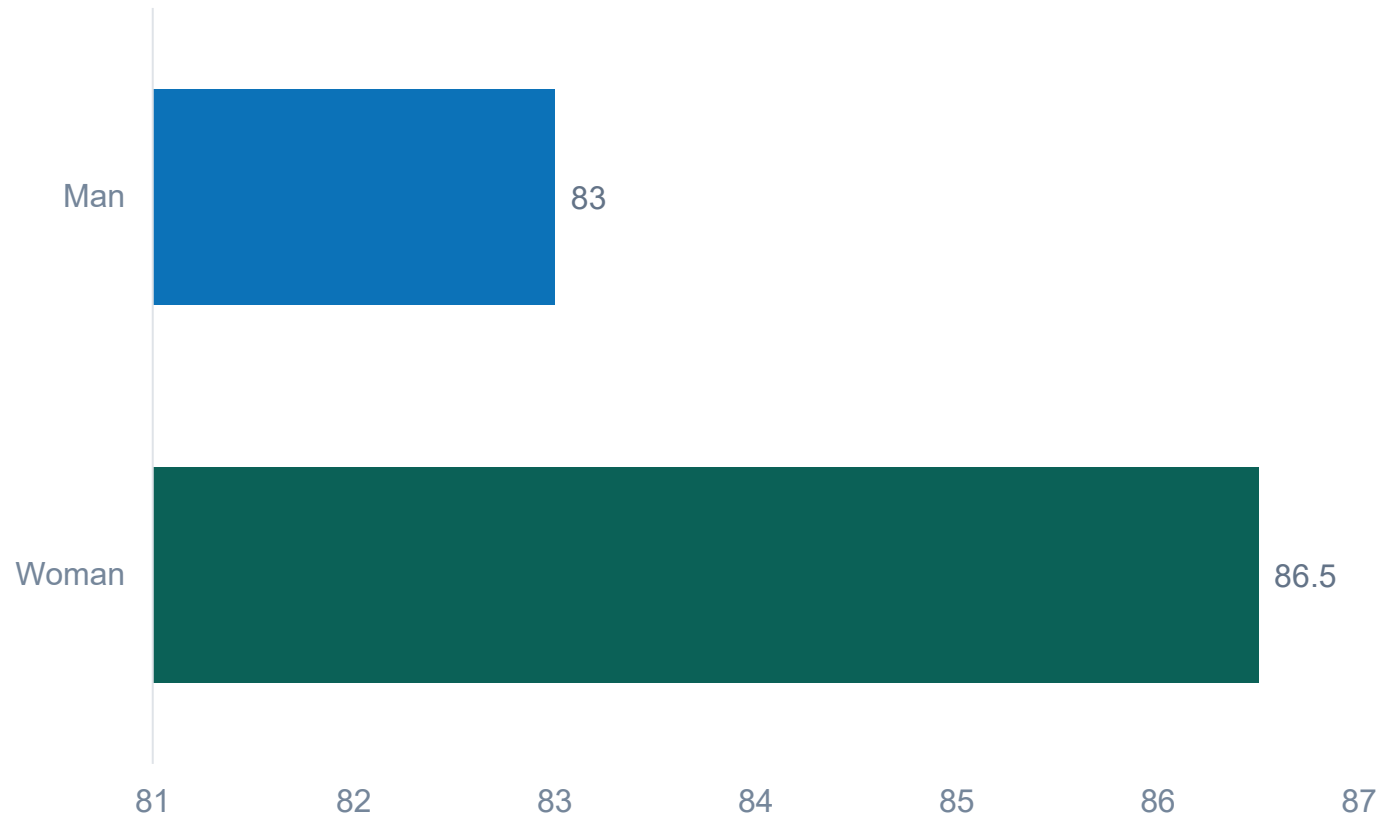
Determining Your Retirement Income Needs

Reasons for Early Retirement



Determining Your Retirement Income Needs

Expected Age at Death for 65-Year-Olds Today



Source: Social Security Administration

<https://www.ssa.gov/planners/lifeexpectancy.html>

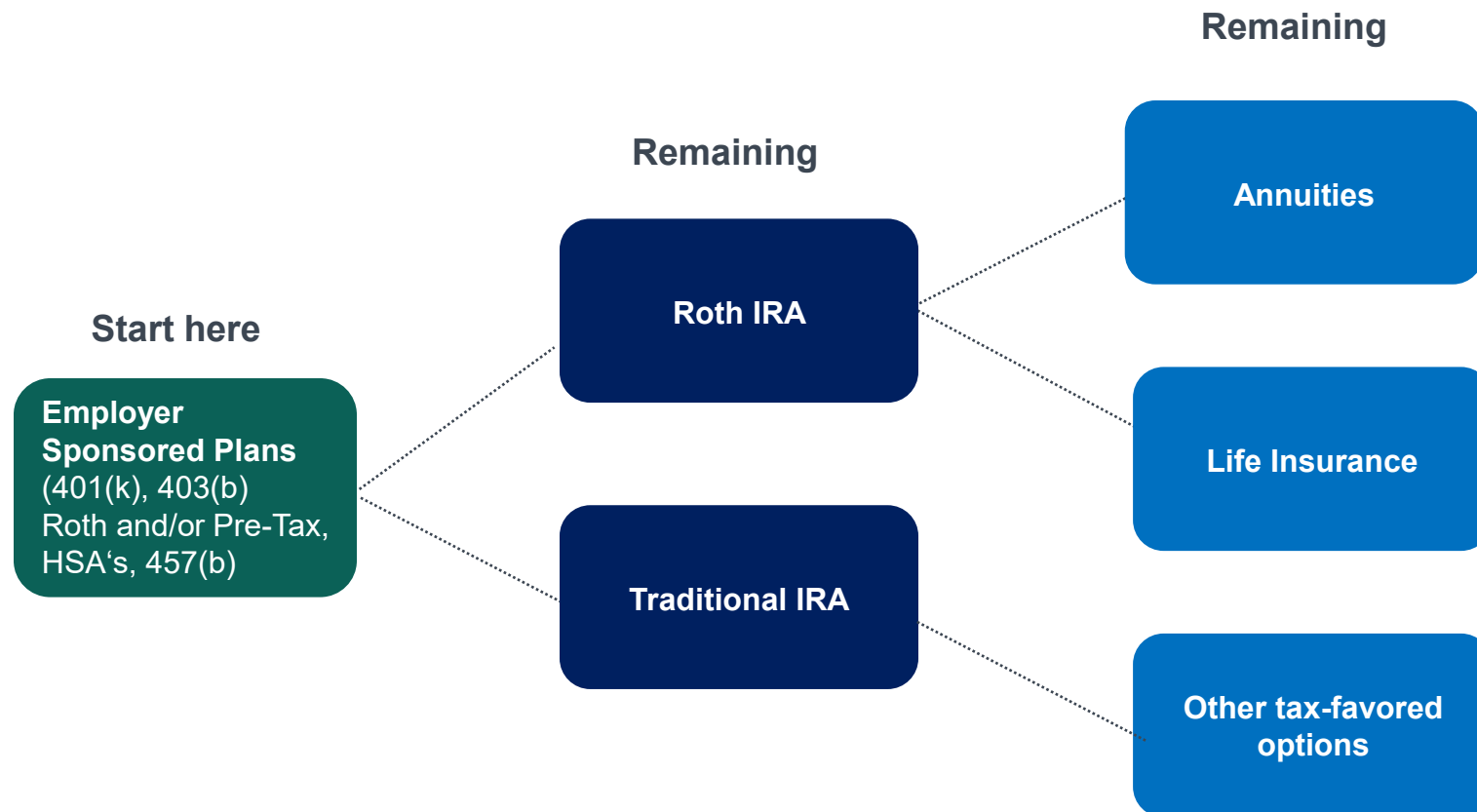




Retirement Planning

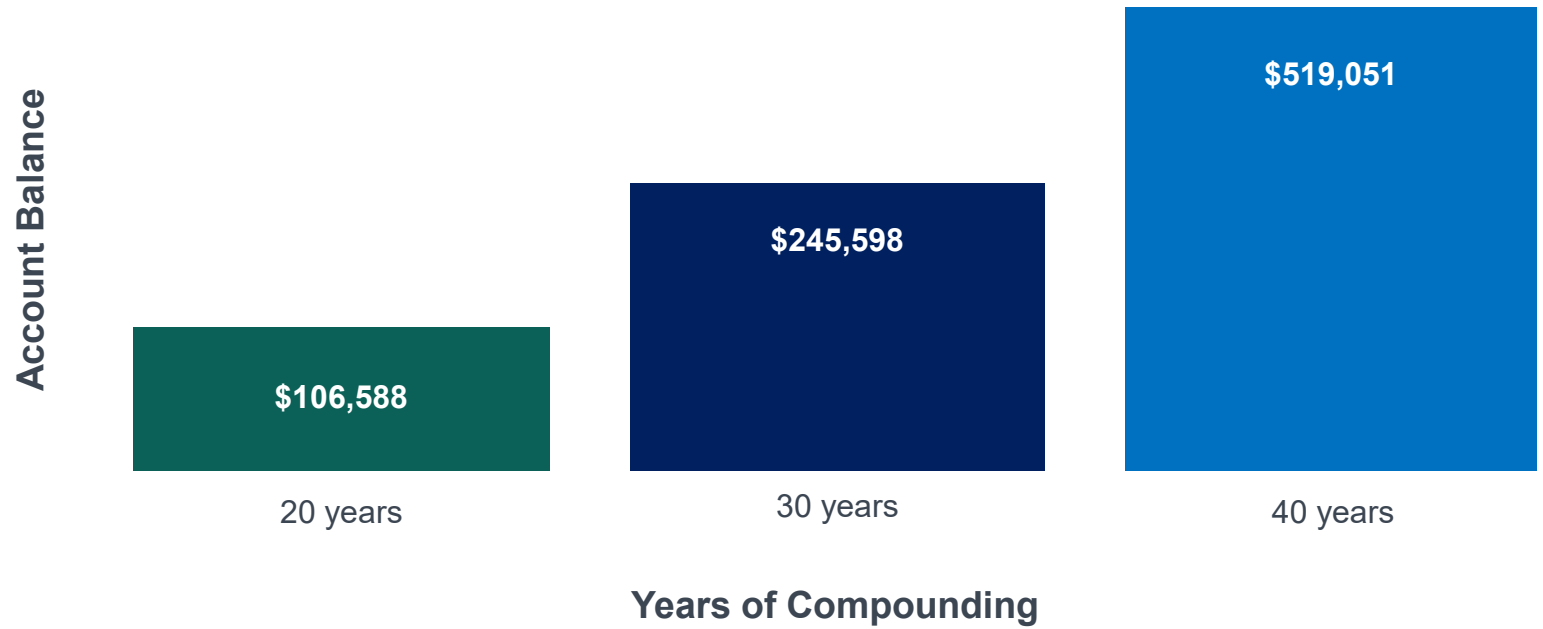
Part 3
Saving for Retirement

Saving for Retirement



Saving for Retirement

Time Value of Money
Start early!



*Assumes \$100 contribution, 26 pay periods annually, 7% compounded interest (annual)
FOR ILLUSTRATIVE PURPOSES ONLY



Retirement Planning

Part 4 Types of Retirement Savings Plans

Types of Retirement Savings Plans

Retirement Plan Type	Employer Sponsored Or Individual	Description	Elective Deferral Limits
401(k) Plan	Employer Sponsored	Any non-government employer can sponsor, allows Pre-tax and/or Roth contributions, employer matching.	Lesser of \$23,000 or 100% of participant's compensation (\$30,500 if age 50 or older). Annual Additional limit of \$69,000 applies
403(b) Plan	Employer Sponsored	Typically sponsored by nonprofit employers . Very similar to 401(k). Rules differ slightly from a 401(k) plan	Lesser of \$19,500 or 100% of participant's compensation (\$25,000 if age 50 or older). Annual Additional limit of \$57,000 applies Special “catch up” limits may also apply.
457(b) Plan	Employer Sponsored	Sponsored by government or nonprofit employers . Plan are non-qualified	Lesser of \$19,500 or 100% of participant's compensation. Special catch up limits may also apply.
IRA	Individual	Individual Retirement Account used by individual savers. Plan types may include Traditional IRA, Roth, SIMPLE and SEP's.	Lesser of \$7,000 or 100% of earned income (\$8,000 if age 50 or older). Participation and tax deductibility may be limited for higher income earners.



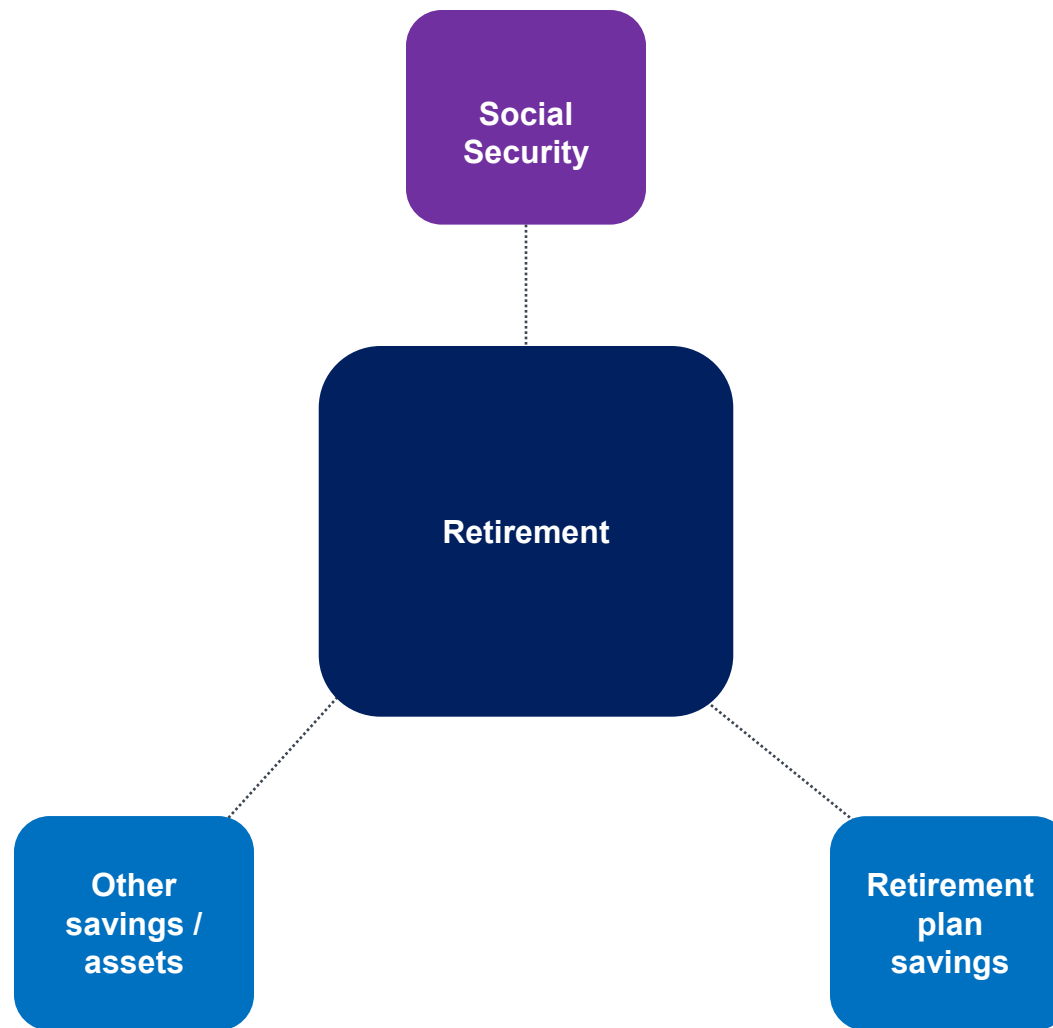


Retirement Planning

Part 5
Social Security Basics

Retirement Income Basics

An old analogy:
“Three-legged stool”



Social Security Facts

- 67 million Americans collect some form of Social Security retirement, disability or death benefit*
- Payroll tax paid is 12.4% (6.2% employee paid, 6.2% employer paid) of earning income up to \$168,600 in 2025.
- In 2016, Social Security will spend \$15.7 Billion more than it collects in taxes
- \$2.8 Trillion Trust fund will be depleted by 2034**
- If not replaced, avg. senior benefit to be cut by 23%**

*Fast Facts & Figures About Social Security, 2015

**Social Security Administration, CRFB calculations 2015



Social Security Facts

Full Retirement Age Depends on the Year You Were Born

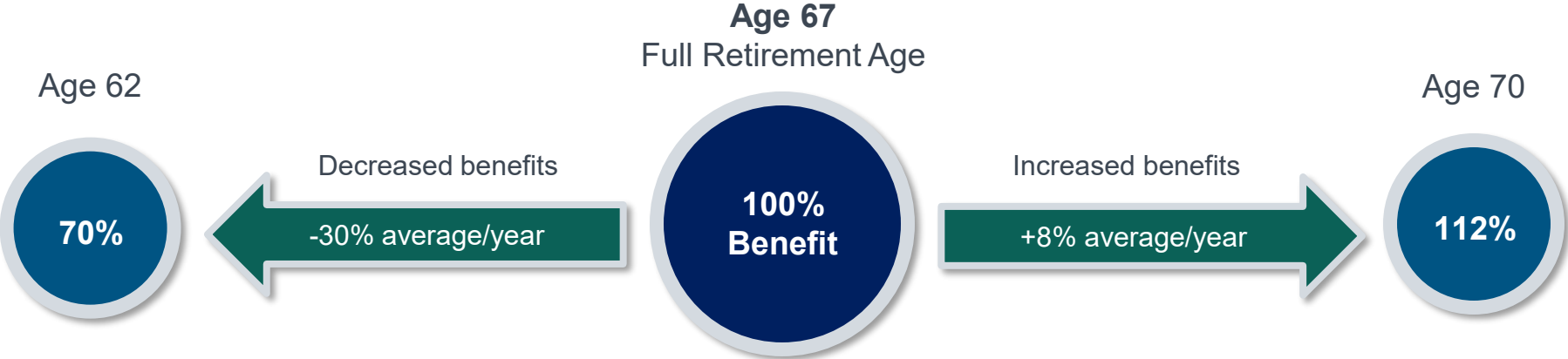
If you were born in:	Your full retirement age is:
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 or later	67



Social Security Facts

Timing & Trade-offs

Born 1960+



Assumed Average COLA 2.60% (2000–2024), and 3.2% COLA for 2024 Source: Social Security Administration, 2024 Trustees Report; ssa.gov



Social Security Facts

What's the future like and how to fix it? **OPTIONS COULD INCLUDE:**

- Allow individuals to invest some of their current Social Security taxes in "personal retirement accounts"
- Raise the current payroll tax
- Raise the current ceiling on wages subject to payroll tax above \$176,100
- Raise the retirement age beyond age 67
- Reduce future benefits, especially for wealthy retirees
- Change the benefit formula that is used to calculate benefits
- Change how the annual cost-of-living adjustment for benefits is calculated



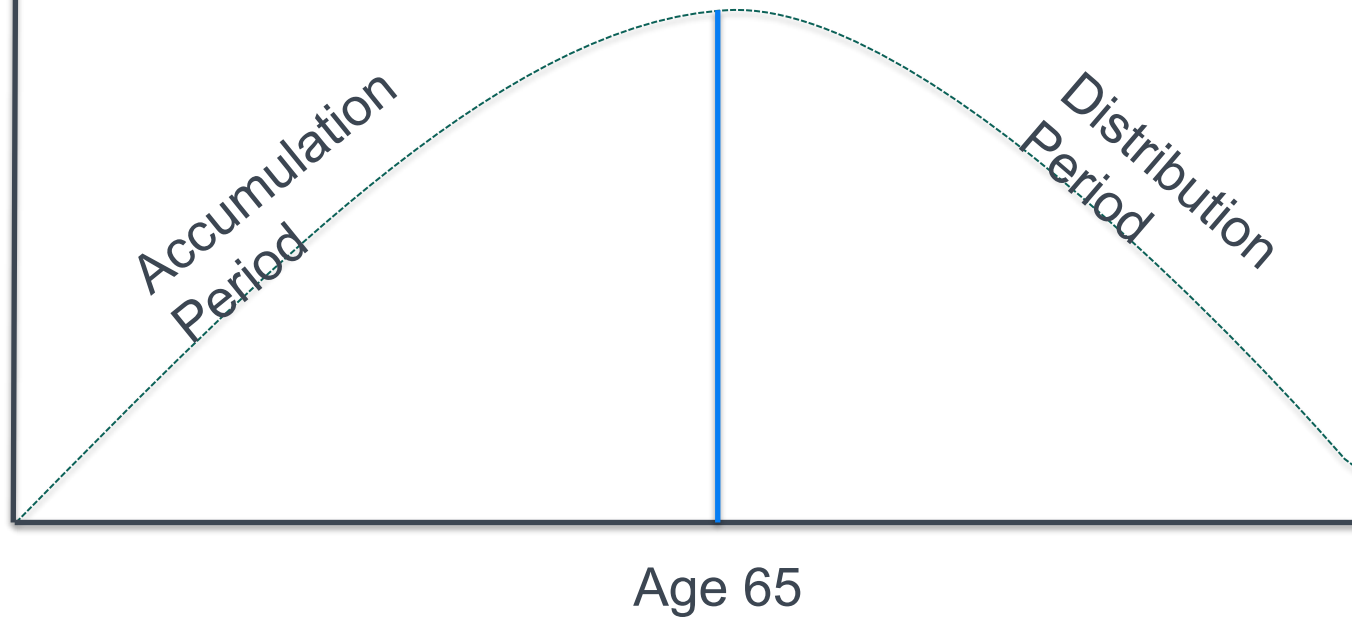


Retirement Planning

Part 6 Distributions in Retirement

Distributions in Retirement

Investable
Assets



Questions:

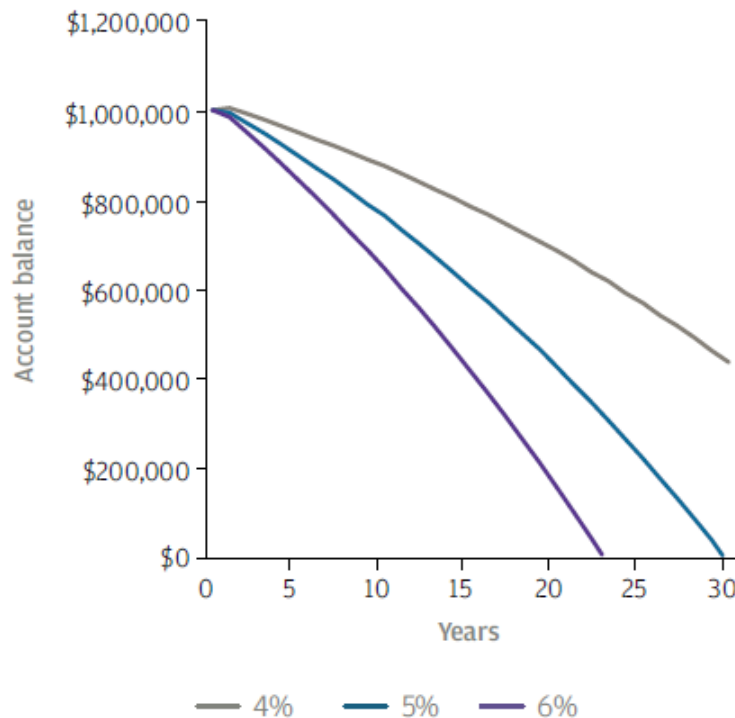
1. Self-fund? or
2. Partially insure?



Distributions in Retirement

Years of sustainable withdrawals for a portfolio for typical markets (50th percentile)

Projected outcomes for 40/60 portfolio at various initial withdrawal rates



Projected outcomes for various portfolios at 4% initial withdrawal rate



50th percentile means that 50% of the time you'll have better outcomes. Based on the high percentage of outcomes that tend to be clustered near the median, this may be considered the most likely potential outcome.

These charts are for illustrative purposes only and must not be used, or relied upon, to make investment decisions. Portfolios are described using equity/bond denotation (e.g. a 40/60 portfolio is 40% equities and 60% bonds). Hypothetical portfolios are composed of US Large Cap for equity, Global Aggregate Hedged for fixed income and US Cash for cash, with compound returns projected to be 7.00%, 3.25% and 2.25%, respectively. J.P. Morgan's model is based on J.P. Morgan Asset Management's (JPMAM) proprietary Long-Term Capital Markets Assumptions (10–15 years). The resulting projections include only the benchmark return associated with the portfolio and does not include alpha from the underlying product strategies within each asset class. The yearly withdrawal amount is set as a fixed percentage of the initial amount of \$1,000,000 and is then inflation adjusted over the period. Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward tradeoffs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve.



Distributions in Retirement

Retirement income options available from Defined Contribution retirement plans

- 401(k), 403(b), 457(b), IRA's
 - Distributions taken \leq Age 59 $\frac{1}{2}$ subject to 10% penalty
 - Distribution Options
 - Periodic Payments (subject to recordkeepers limitations if any)
 - Lump Sum payments
 - Rollover to IRA, or other Qualified Plan
 - Not considered a distribution
 - Required Minimum Distributions (RMD's) at 73 or 75 depending on birth year *
 - IRS life expectancy table (3-4%/year).
 - Can delay if employed and 401(k) assets reside with existing employer

*RMD by April 1 of year following attainment of age 72





Retirement Planning

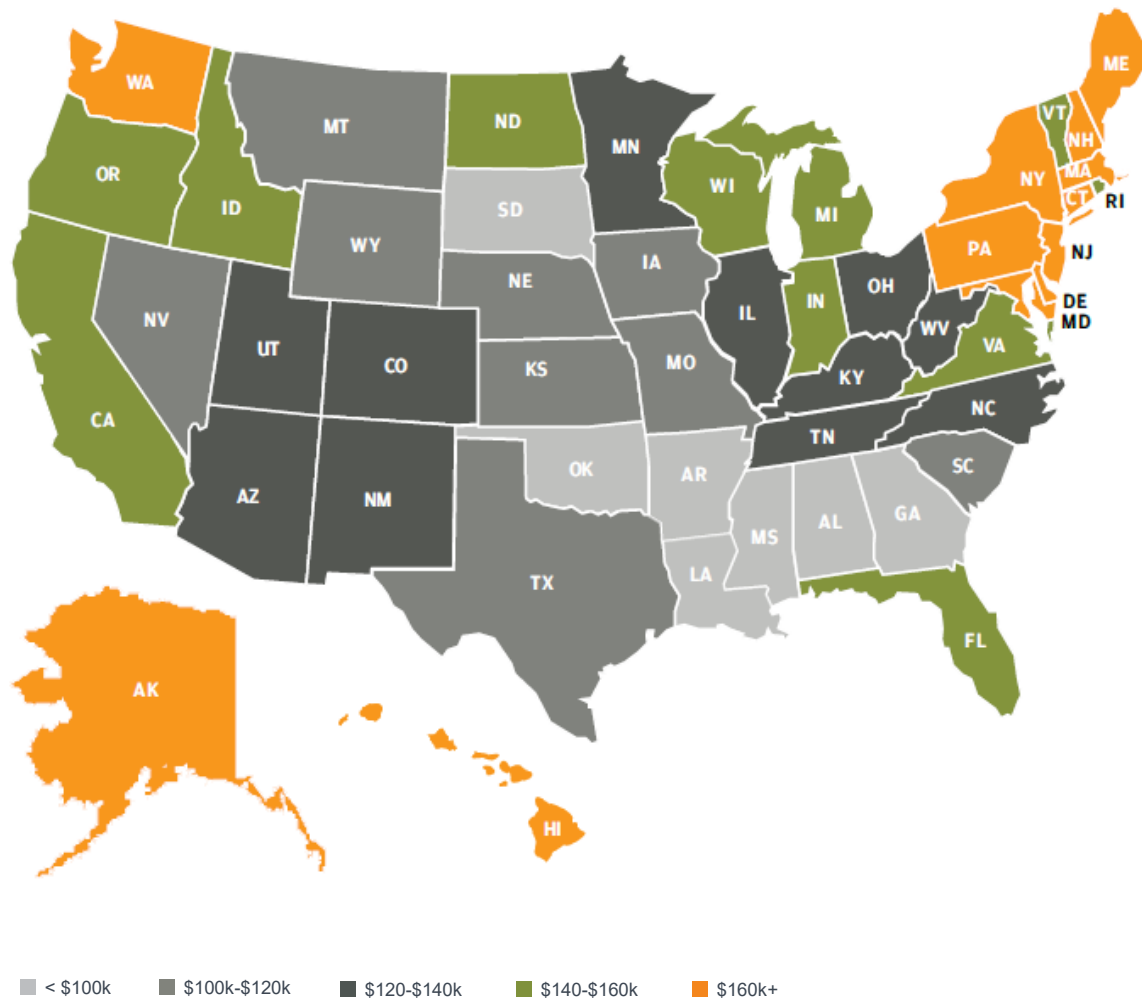
Part 7
Healthcare in Retirement
& Next Steps

Health Care in Retirement

Healthcare Insurance Options Retirement	Description
COBRA	Offered for 18 months post employment
Medicare	Most Americans automatically become entitled to Medicare when they turn 65. Automatically enrolled in Part A if receiving Social Security benefits
Medicare (Part A)	Hospital only insurance, home healthcare, inpatient, hospice
Medicare (Part B)	Office visits, lab/x-ray, PT
Medicare (Part C)	Medicare Advantage if less out-of-pocket costs are desired
Medicare (Part D)	Prescription drug plans
Long Term Care	Covers cost of care in-home, in an assisted-living facility or nursing home



Health Care in Retirement



THE COST OF CARE

Many people realize nursing home care is expensive, but there is significant cost variation depending on where care is utilized.

Health Savings Accounts (HSA) are the most tax efficient savings plan in America and allow tax-free contributions and distribution.

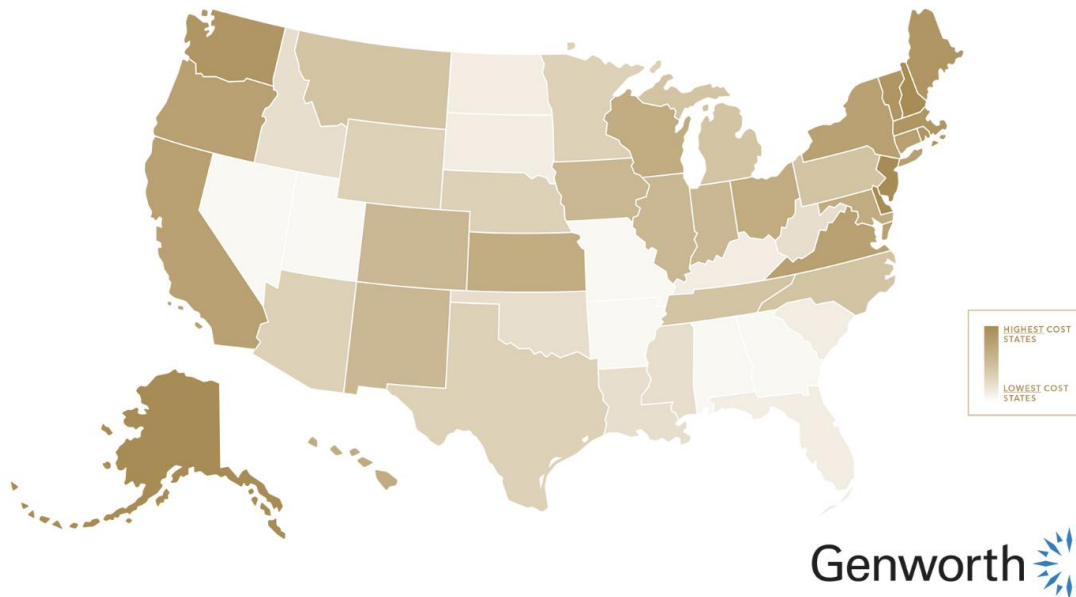
Source: Genworth Cost of Care Survey 2023, based on annual median costs for private nursing home rooms. www.genworth.com



Health Care in Retirement

Genworth Cost of Care Survey 2019

Assisted Living Facility Median Cost



5 STATES WITH **HIGHEST** COST OF CARE

ASSISTED LIVING FACILITY	MONTHLY*
1. District of Columbia	\$11,288
2. New Hampshire	\$7,021
3. New Jersey	\$6,400
4. Delaware	\$6,035
5. Alaska	\$6,000

5 STATES WITH **LOWEST** COST OF CARE

ASSISTED LIVING FACILITY	MONTHLY*
1. Missouri	\$2,881
2. Arkansas	\$3,175
3. Alabama	\$3,250
4. Georgia	\$3,335
5. Nevada and Utah	\$3,400

Genworth Cost of Care Survey 2019, conducted by CareScout®, June 2019
* Based on annual rate divided by 12 months
In California, Residential Care Facility

Health Savings Accounts (HSA) are the most tax efficient savings plan in America and allow tax-free contributions and distribution.

Source: Source: Genworth Cost of Care Survey 2019, conducted by CareScout, based on median monthly costs for assisted living facilities.



Retirement Planning Take-Away's

- Determining your retirement income or lifestyle replacement needs
- Understand the most efficient ways to save for retirement through work and on your own
- Understand the types of retirement savings plans available in America
- Leverage employer sponsored retirement plans for ease of payroll deductions and faster realized tax benefits
- Understand Social Security basics and plan ahead for this fixed income source
- Understand where your retirement income is sourced and manage appropriately
- Calculate distributions strategies in retirement on your own or with the help of an advisor and technology.
- Estimate healthcare needs in retirement

*RMD by April 1 of year following attainment of age 70 ½



Helping employees take
control of their financial
wellness with simple,
accessible tools.



RPAG Wellness
rpagwellness.com