

# It's Your Retirement: Are You Prepared?

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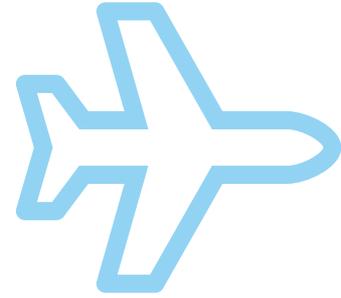
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# 5 Questions to Help You Prepare

1. Who?
2. What?
3. How?
4. When?
5. How much?

# Question 1: Who?

Whose retirement is it? Yours!



## Question 2: What?

What (exactly) will you be funding?



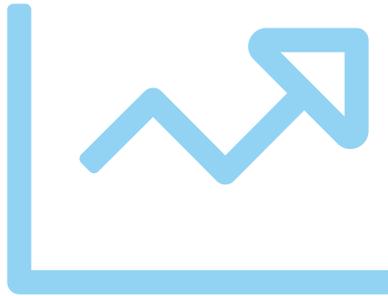
# Critical Retirement Planning Steps

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## **Plan**

Are you saving enough?



## **Invest**

Are your asset allocations correct for your goals?



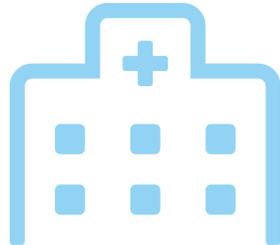
## **Review**

Are you reviewing your savings strategy on a regular basis?

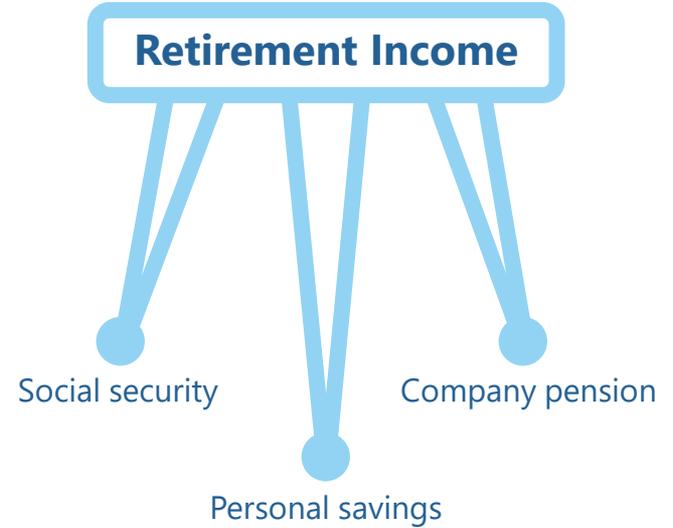
# Common Questions

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- Will I have enough?
- How much will my health care cost?
- Should we pay off the mortgage?
- Can I afford to buy a new car?
- Do I still need life insurance?



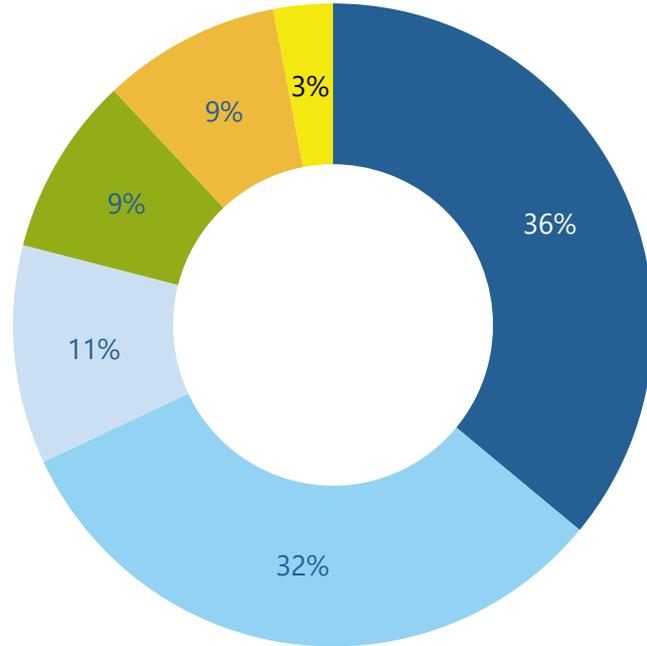
# Question 3: How?



# How Much Money Do I Need to Save?

## Sources of retirement income

- Social security
- Earnings
- Asset income
- Private pensions
- Government employee pensions
- Other



# Question 4: When?

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In 1990, 1 out of 8 Americans was older than 65.



Today, 1 out of 6 Americans is older than 65.



In 2040, 1 out of 5 Americans will be older than 65.

# Question 4: When?

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Example: Mr. Retiree

Born 1961, \$75k/year income, age 59 in 2020

Age	Annual Social Security Benefits
62	\$17,304
66	\$24,048
70	\$32,580

Waiting until age 70 **gives you \$15,276 more!**

# Question 5: How Much?

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Experts recommend **75%–100%** of preretirement pay.

Example:

Yearly income at retirement:	\$50,000
Multiplied by replacement ratio:	<u>x 0.85</u>
<b>Income needed in retirement:</b>	<b>\$42,500</b>

# Sources of Retirement Income

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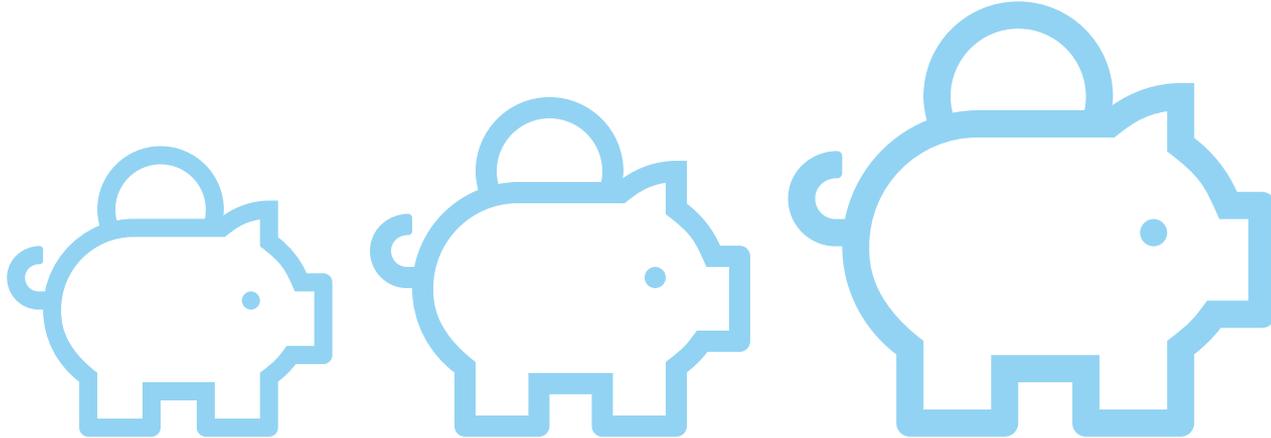
- Social security
- Company pension
- 401(k) plan: Join today!
- Investments
- Real estate
- Inheritance



# Does a Small Amount Matter?

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Just as a 1-degree variation in a flight path can take you off course, a 1% increase in contributions can make a big difference in your ultimate destination.



# Risks We All Face in Retirement

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## Longevity

Outliving our savings



# Risks We All Face in Retirement

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## Asset Allocation

The risk of mistakes and  
keeping up with **inflation**



# Big Picture Perspective

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## Stocks, bonds, bills, and inflation

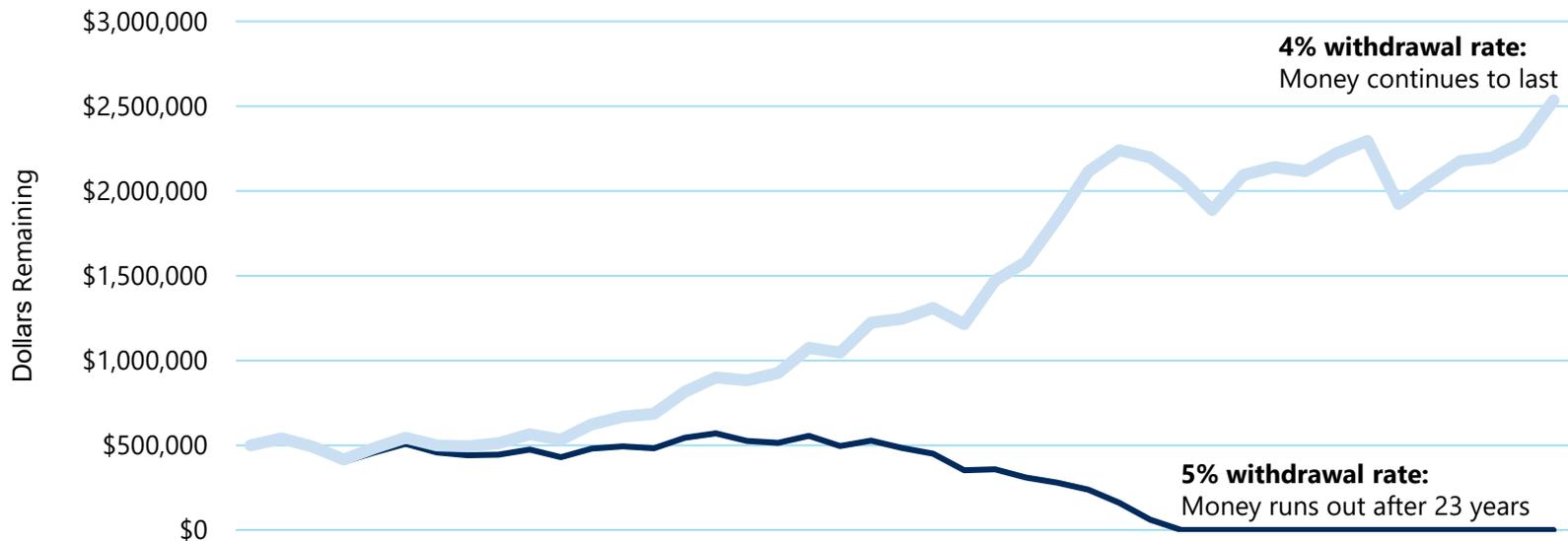
January 1, 2012, through December 31, 2021

- **Small stocks** delivered an average annual return of about **10.0%**
- **Large stocks** delivered an average annual return of **7.2%**
- **Bonds** delivered an average annual return of about **6.7%**
- **Treasury bills** delivered an average annual return of about **1.9%**
- **Inflation** has averaged about **2.1%** a year

# Savings Withdrawal Rate Risk

**Prudent withdrawal rates can extend the life of a portfolio.**

If you had retired in 1972 with \$500,000...



# Risks We All Face in Retirement

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- **Longevity** and outliving our savings
- **Asset allocation** mistakes and keeping up with inflation
- **Savings** withdrawal rate
- **Cost** of health care

# Housekeeping

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- Update your will
- Living will
- Health care proxy
- Power of attorney
- Living trust
- Update beneficiary designations
- Get organized!



# Take Action Now!

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- Join your 401(k) plan.
- Increase your contributions.
- Review your asset allocation.
- Spend some time thinking about your daily choices.
- Get your financial house in order.

**You will be glad you did!**

# Questions?

Contact Info for Presenter

Contact Info for Human Resources

Investments are subject to risk, including the loss of principal. Some investments are not suitable for all investors, and there is no guarantee that any investing goal will be met. Past performance is no guarantee of future results. Talk to your financial advisor before making any investing decisions.