FROM DREAM TO REALITY:
RETIREMENT PLANNING 101

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Managing Director, Partner
Beacon Pointe Wealth Advisors
AGENDA

• Women and Money
• Living Longer and Other Game Changers
• The Road to Your Retirement Dream
• Pitfalls to Avoid

• BE FINANCIALLY HEALTHY AND LIVE YOUR BEST LIFE!!
Women Control Half of the Private Wealth in the U.S.
WOMEN AND MONEY

WOMEN CONTROL HALF OF THE PRIVATE WEALTH IN THE U.S.

• Earning more on their own
• Live longer
• Receive 70% of inherited wealth over next two generations
• Starting businesses twice as fast as men
90% of all women will be solely responsible for their finances at some point in the lives.
Women and Money

• Live on average seven years longer than men
• Take more breaks from the workforce to raise kids or take care of parents

Retirement account balances are smaller...and need to last longer
Women and Money

Educate
Empower
Engage
BEGINNING OF SESSION

Confusion
END OF SESSION GOAL

Calm
What percentage of surveyed workers and retirees are very confident about being able to live comfortably in retirement?
Quiz Time

What percentage of surveyed workers and retirees are very confident about being able to live comfortably in retirement?

13% workers/18% retirees
YOUR HAPPLY EVER AFTER

Do I Need a Bigger Nest Egg?

Four Game Changers

→ Living longer and healthier

→ Graying of America

→ Decline of the employer sponsored retirement

→ Having children later
What are the odds of a child born in this century living to Age 100?
WHY RETIREMENT HAS CHANGED

Living Longer

50%!
Years in Retirement for 65 Year Old Retiring Today . . .

- Expect to spend around 20 years retirement (Age 85)
- Understand there’s a 50% chance of a greater than 20 year retirement

Married?

- 45% chance one person has 25 year retirement (Age 90)
- 18% chance one person has 30 year retirement (Age 95)
GAME CHANGERS

Graying of America

50% increase 65+ population by time last boomer reaches age 65

13% 19%

2010 2030
Decline of the Employer Sponsored Retirement

- Pensions for life are disappearing
- <50% employers offer any employer sponsored way to save

You have to take responsibility for your own income in retirement!
YOUR LIFE

A growing family

A career in full swing

Aging parents
OVERLAPPING FINANCIAL PRIORITIES

Caring for loved ones
Planning for retirement
Saving for college
ROAD TO YOUR RETIREMENT DREAM

**Step 1:** Write Down Your Goals

**Step 2:** Understand Your Big Picture

**Step 3:** Understand What it Takes to Retire

**Step 4:** Develop a Plan
1) What age do I want to retire or work because I want to not because I have to?

2) Do I have the option of working fewer hours for less money?

3) Am I on track for retirement?

4) How can I live a purposeful and engaging retirement?

5) Do I have a game plan to achieve my dreams?
QUESTIONS TO ASK YOURSELF

6) Have I missed the bull market?

7) Does my investment asset allocation make sense for me given my age and level of risk tolerance?

8) Am I adequately protecting my wealth with insurance (life, disability, long term care)?

9) Have my estate planning documents been updated recently?

10) Can I afford to help my children (education, wedding, home)?
PICTURE YOUR RETIREMENT LIFE

What would you like to do?

- Work part-time
- Work a passion job
- Travel
- Hobbies

Where would you like to live?

- Downsize
- Relocate
- Two Residences
## Consider Your Options

<table>
<thead>
<tr>
<th>Brainstorm</th>
<th>Your Second Act</th>
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<tbody>
<tr>
<td>What Income will you need?</td>
<td>What makes you happy?</td>
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<td>What matters to you?</td>
<td>What do you do well?</td>
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<td>What do you do well?</td>
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Step 1: Write Down Your Goals
Step 1: Write Down Your Goals

Lifetime Goals
- Maintain Lifestyle
- Financial Fitness
- Purchase Second Home
- Pay For College

Legacy Goals
- Assist Grandchildren
- Be Charitable
- Protect Heirs
- Create Family Safety Net
You **MUST** know:

- what accounts you have and key people in your finances
- what you owe and own
- what you make and spend
Know Your Net Worth

- **ASSETS**
  - What you own

- **LIABILITIES**
  - What you owe

- **NET WORTH**
  - Assets Minus Liabilities

Are you heading in the right direction year over year?

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**Net Worth Statement**

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<th>Net Worth Statement</th>
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Know Your Current Cash Flow

- **INCOME**

- **EXPENSES**

- Income Minus Expenses = CASH FLOW

- Is your cash flow positive or negative?
  - Are you able to save?
  - Are you dipping into savings?
Determine Future Income

- Social Security
- Employer Pension
- Part Time Earned Income
- Personal Savings
Determine Future Expenses

- Start with current expenses

- Decrease by things that will go away or lessen
  - Mortgages or debt payments
  - Expenses for children

- Increase by additional expenses you project
  - Second home
  - Assisting grandchildren
  - Travel
  - Health and long term care costs

- Don’t forget about inflation!
Where do you stand financially?

Rough estimate

Closer estimate

Specific for you

Online calculators

Financial Plan

<table>
<thead>
<tr>
<th>Age in Years</th>
<th>Savings Target</th>
</tr>
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<tbody>
<tr>
<td>45</td>
<td>3 x current salary</td>
</tr>
<tr>
<td>50</td>
<td>4 x current salary</td>
</tr>
<tr>
<td>55</td>
<td>5 x current salary</td>
</tr>
<tr>
<td>60</td>
<td>6 x current salary</td>
</tr>
<tr>
<td>65</td>
<td>7 x current salary</td>
</tr>
<tr>
<td>67</td>
<td>8 x current salary</td>
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</tbody>
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INCREASE YOUR CHANCES FOR SUCCESS

• Save early and often
• Increase income
• Decrease expenses
• Work longer
THE NEW “WORKING RETIREMENT”

Working Longer

• Personal Benefits
  - Social, mental and emotional benefits

• Financial Benefits
  - Potential to solve retirement shortfalls
  - Boosts retirement confidence
THE NEW “WORKING RETIREMENT”

Working Longer

Example of Working 4 More Years (70 versus 66)

- Increase lifetime Social Security by 23%
- Increase nest egg
  - Additional 401k contributions alone $98k (4 years of $24.5k)
  - Delay in use of nest egg
- Increase projected confidence in meeting expenses from 70% to 88%
STEP 4: DEVELOP A PLAN

HOW MUCH SHOULD YOU BE SAVING?

GENERAL RULE OF THUMB

50% of income on needs
30% of income on wants
20% of income on savings

Get savings on track now or live with less later
THREE BUCKETS OF SAVINGS

Short Term
0-3 years
- Emergency Reserve Fund

Medium Term
3-10 Years
- Bat Mitzvah
- College
- Graduate School
- Wedding
- Vacation Home

Long Term
10+ Years
- Retirement
Cover unexpected emergencies without relying on family or going into debt

Set aside 3-6 months of expenses
Save money by improving credit

Use funds from the 20% of your income bucket allocated for savings to pay minimum payments on lower rate cards and apply the balance to highest rate cards.

Once paid off, only charge what you can pay off monthly.

Pay off credit card debt
• After building emergency reserve fund and paying off credit cards, start saving for retirement

• Contribute as much as you can but at least the minimum amount to get the maximum employer match

• Invest automatically with every paycheck

• When you get a raise or bonus, consider putting half of it into your 401k

• Consider contributing to a Roth 401k if your employer offers it
### Traditional IRA/401k vs. Roth IRA/401k

**Consider Contributing to a Roth IRA or 401k**

<table>
<thead>
<tr>
<th>Traditional IRA/401k</th>
<th>Roth IRA/401k</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contribution to 401k is tax-deductible</strong></td>
<td><strong>Contribution is not tax-deductible</strong></td>
</tr>
<tr>
<td>Contribution to IRA may be tax-deductible depending on whether or not you are</td>
<td>**NO income limits on making Roth 401k contributions. Can contribute to a</td>
</tr>
<tr>
<td>covered by a plan at work and your income level</td>
<td>Roth IRA if your income is less than $135,000 (single) or $199,000 (married)</td>
</tr>
<tr>
<td><strong>Must take annual distribution at age 70 ½</strong></td>
<td><strong>No required annual distributions at age 70½ for Roth IRAs</strong></td>
</tr>
<tr>
<td>**All distributions are taxable as ordinary income when distributed (non-</td>
<td><strong>Qualified distributions are tax-free</strong></td>
</tr>
<tr>
<td>deductible contributions are tax- and penalty-free)**</td>
<td>• Five+ year old account, and</td>
</tr>
<tr>
<td></td>
<td>• Participant age 59 ½, death, disability, or qualified first-time home</td>
</tr>
<tr>
<td></td>
<td>purchase**</td>
</tr>
</tbody>
</table>
Maximize Contributions to Retirement Plan

### 2018 Contribution Limits

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Under 50</th>
<th>50 and Over</th>
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<tbody>
<tr>
<td>401(k)/403(b)</td>
<td>$18,500</td>
<td>$24,500</td>
</tr>
<tr>
<td>IRA</td>
<td>5,500</td>
<td>6,500</td>
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<tr>
<td>SIMPLE</td>
<td>12,500</td>
<td>15,500</td>
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<tr>
<td>Defined Contribution Plan</td>
<td>55,000</td>
<td>61,000</td>
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</tbody>
</table>

Plan for small business owners or self-employed
Prioritize Retirement

Retirement saving comes first before other goals

Barriers to Saving

• Lifestyle creeps with increased income

Putting children’s wants before your need

Solutions

Think of savings as a non-negotiable future bill

Save automatically

Save a percentage of increased income
Review Insurance and Estate Plan

Life and Disability Insurance

- Needs change over time
- Ladder policy expirations
- Term may still be affordable in your fifties

Estate Planning

- Keep up with life changes
- Keep up with law changes
- Review beneficiary designations
CONSIDER LONG-TERM CARE INSURANCE

70% of people age 65 and over will need some kind of long-term care during their life

LTC coverage helps pay for assistance with daily living activities

Traditional pay as you go, use it or lose it policies vs. newer asset based policies

Medicare does not cover LTC expenses
PITFALLS TO AVOID

Taking Social Security Too Soon

Delay if You Can, Particularly While Working Under FRA

Monthly Benefit Amounts Differ Based on Age Benefits Start
Example of $1,000 benefit at full retirement age of 66

- Increased 32% when a 62 year old takes at age 66
- Increase 76% when a 62 year old takes at age 70
PITFALLS TO AVOID

Failing To Enroll in Medicare On Time

Workplace Insurance Won’t Always Defer Medicare Enrollment

Initial Enrollment Period

- Three months before and three months after the month in which you turn 65

Special Enrollment Period

- Eight months after termination of employment or health care coverage
## Pitfalls to Avoid

### Underestimating Effect of Sequence of Returns

**Crunch Numbers with a Pro First**

**5K Annual Withdrawal on $100k Portfolio Assuming Different Sequence of Returns**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Portfolio A</th>
<th>Portfolio B</th>
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<tbody>
<tr>
<td></td>
<td>Return</td>
<td>Balance</td>
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<tr>
<td>0</td>
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<td>$100,000</td>
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<tr>
<td>1</td>
<td>-18.39%</td>
<td>$75,897</td>
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<tr>
<td>2</td>
<td>-19.14%</td>
<td>$55,710</td>
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<td>3</td>
<td>-4.59%</td>
<td>$46,475</td>
</tr>
<tr>
<td>4</td>
<td>18.47%</td>
<td>$46,766</td>
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<tr>
<td>5</td>
<td>6.79%</td>
<td>$42,466</td>
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<td>6</td>
<td>14.30%</td>
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<td>7</td>
<td>-15.39%</td>
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<td>8</td>
<td>14.59%</td>
<td>$24,495</td>
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<td>9</td>
<td>8.95%</td>
<td>$19,060</td>
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<tr>
<td>10</td>
<td>19.52%</td>
<td>$14,414</td>
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<tr>
<td>11</td>
<td>20.72%</td>
<td>$8,951</td>
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<td>12</td>
<td>16.21%</td>
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<td>13</td>
<td>21.03%</td>
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<td>14</td>
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<td>15</td>
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<td>17</td>
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<td>19</td>
<td>5.26%</td>
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<tr>
<td>20</td>
<td>19.61%</td>
<td>$0</td>
</tr>
<tr>
<td>21</td>
<td>26.57%</td>
<td>$0</td>
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**Portfolio A runs out of money by year 13 because of the negative returns it experienced at the onset of retirement.**

This is an illustration only and does not reflect an actual investment strategy. Actual performance will vary. Beacon Pointe Advisors cannot guarantee or predict investment returns.
Physical Health + Financial Health = Capacity to Live Well
END OF SESSION GOAL

Calm
The go-to guide for decoding the essentials of life and money.

- International Best Seller
- Ranked #1 in six business / finance categories
- Endorsed by *Barron’s & Financial Planning Magazine*
- Relatable Table of Contents
- Concise Entries making information easy to digest
- Glossary of Terms provided at the back of the book
- Great gift for Wedding and Baby Showers, Graduations, and more!

**Now Available on Amazon!**
Thank You!

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