FROM DREAM TO REALITY:

RETIREMENT PLANNING 101

JILL BRODER STEINBERG ‘85, MBA
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.

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- Earning more on their own
- Live longer
- Receive 70% of inherited wealth over next two generations
- Starting businesses twice as fast as men

Women and Money

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

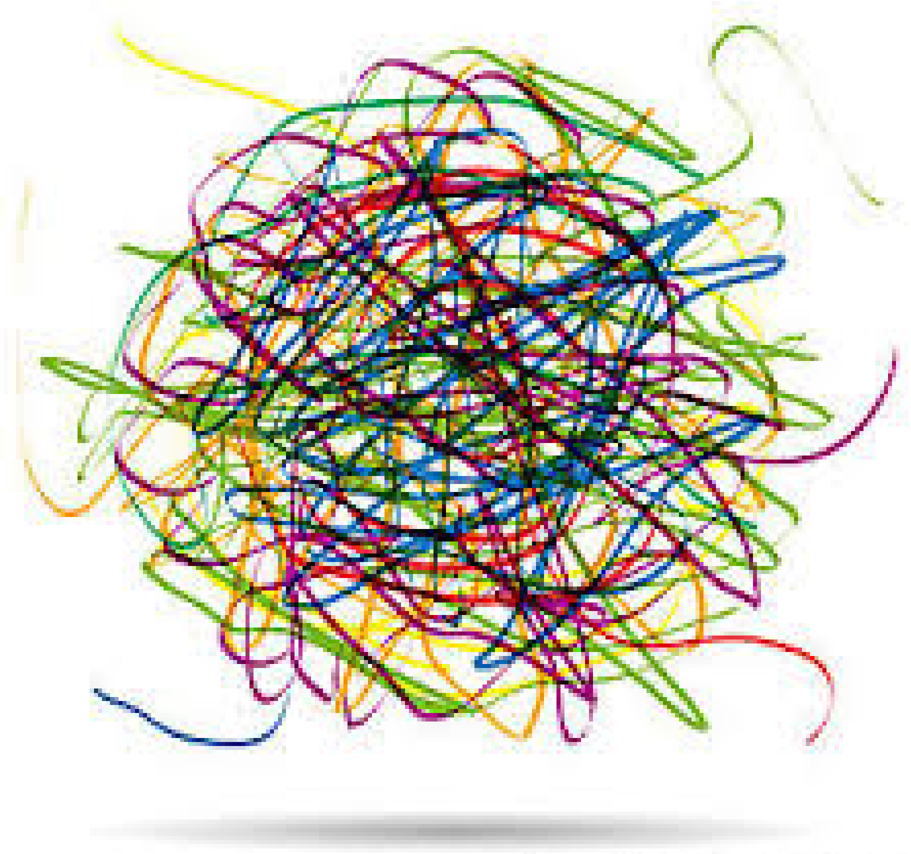
Educate

Empower

Engage

Beginning of Session

Confusion



End of Session Goal

Calm

Quiz Time

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

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

13% workers/18% retirees

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

Quiz Time

What are the odds of a child born in this century living to Age 100?

Living Longer

50%!

Living Longer

Years in Retirement for 65 Year Old Retiring Today . . .

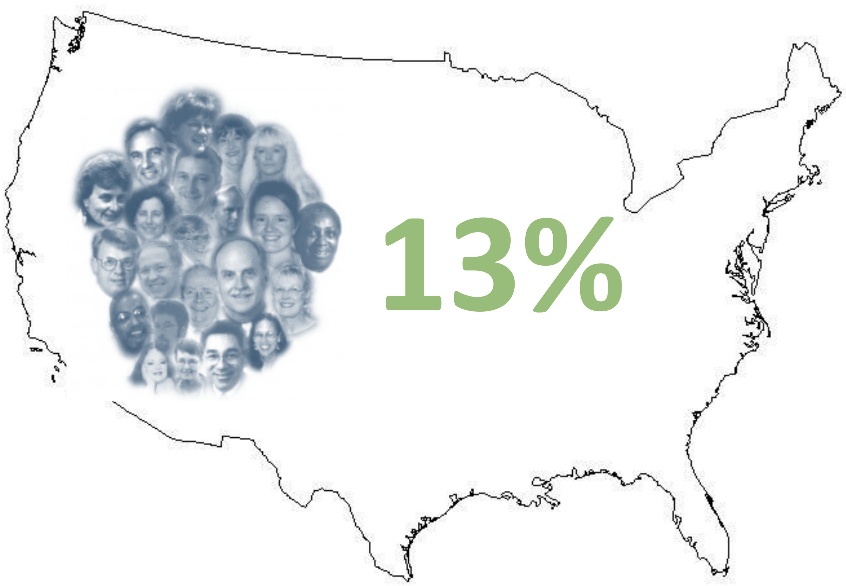
- Expect to spend around 20 years retirement (Age 85)
- Understand there's a 50% chance of a greater than 20 year retirement

Married?

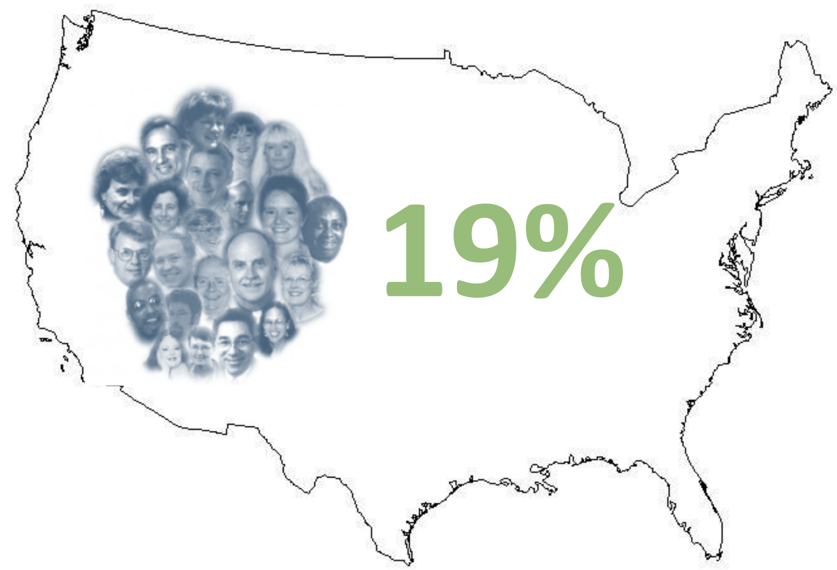
- 45% chance one person has 25 year retirement (Age 90)
- 18% chance one person has 30 year retirement (Age 95)

Graying of America

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



2010



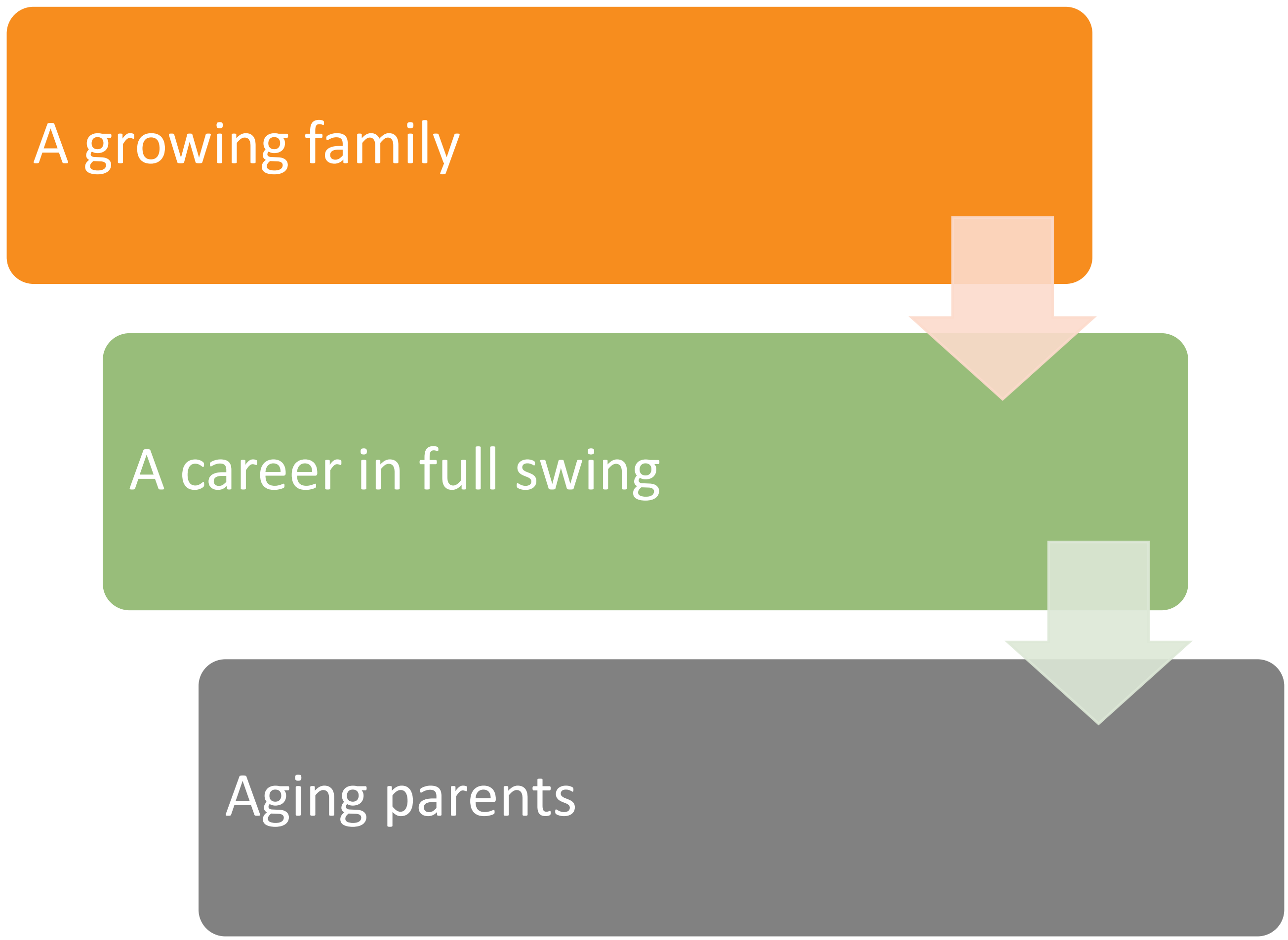
2030

Decline of the Employer Sponsored Retirement

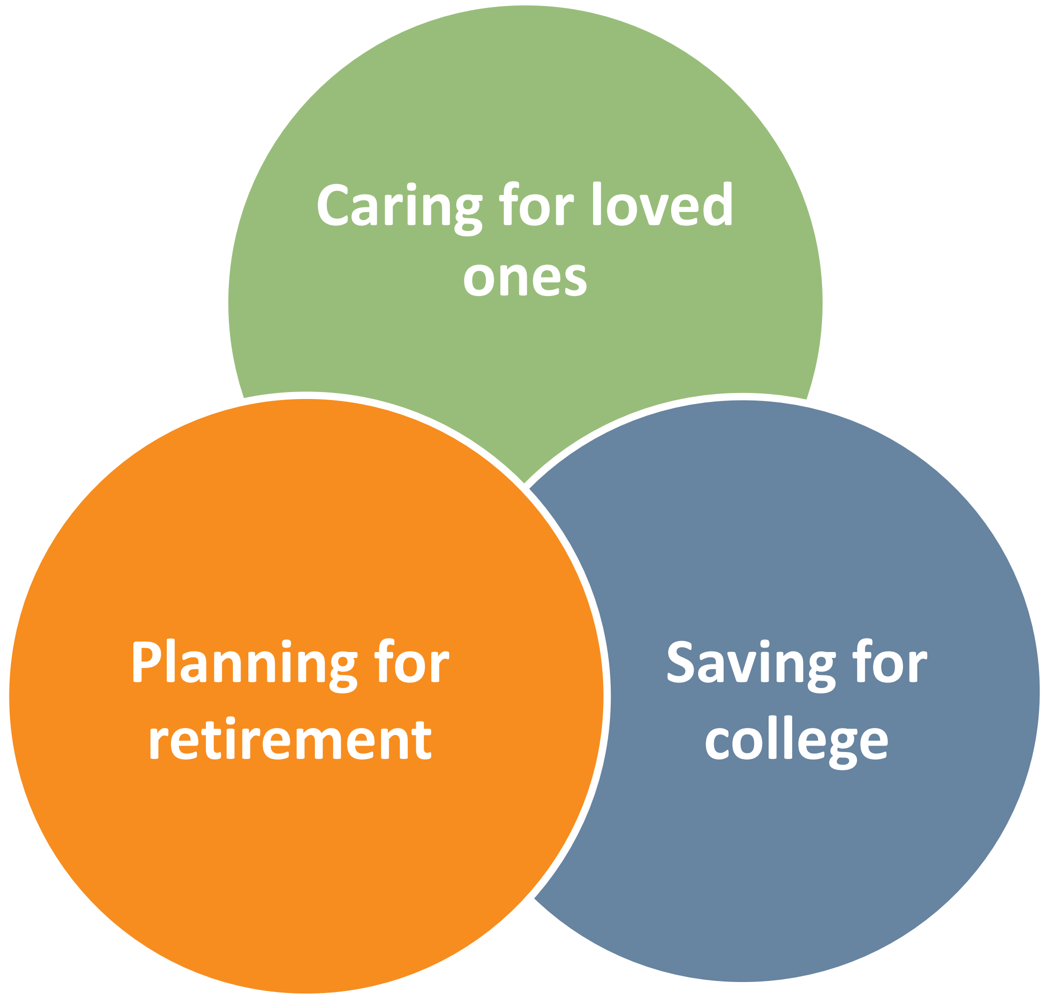
- Pensions for life are disappearing
- <50% employers offer any employer sponsored way to save

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

YOUR LIFE



Overlapping Financial Priorities



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

Questions To Ask Yourself

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

Brainstorm

What makes you happy?

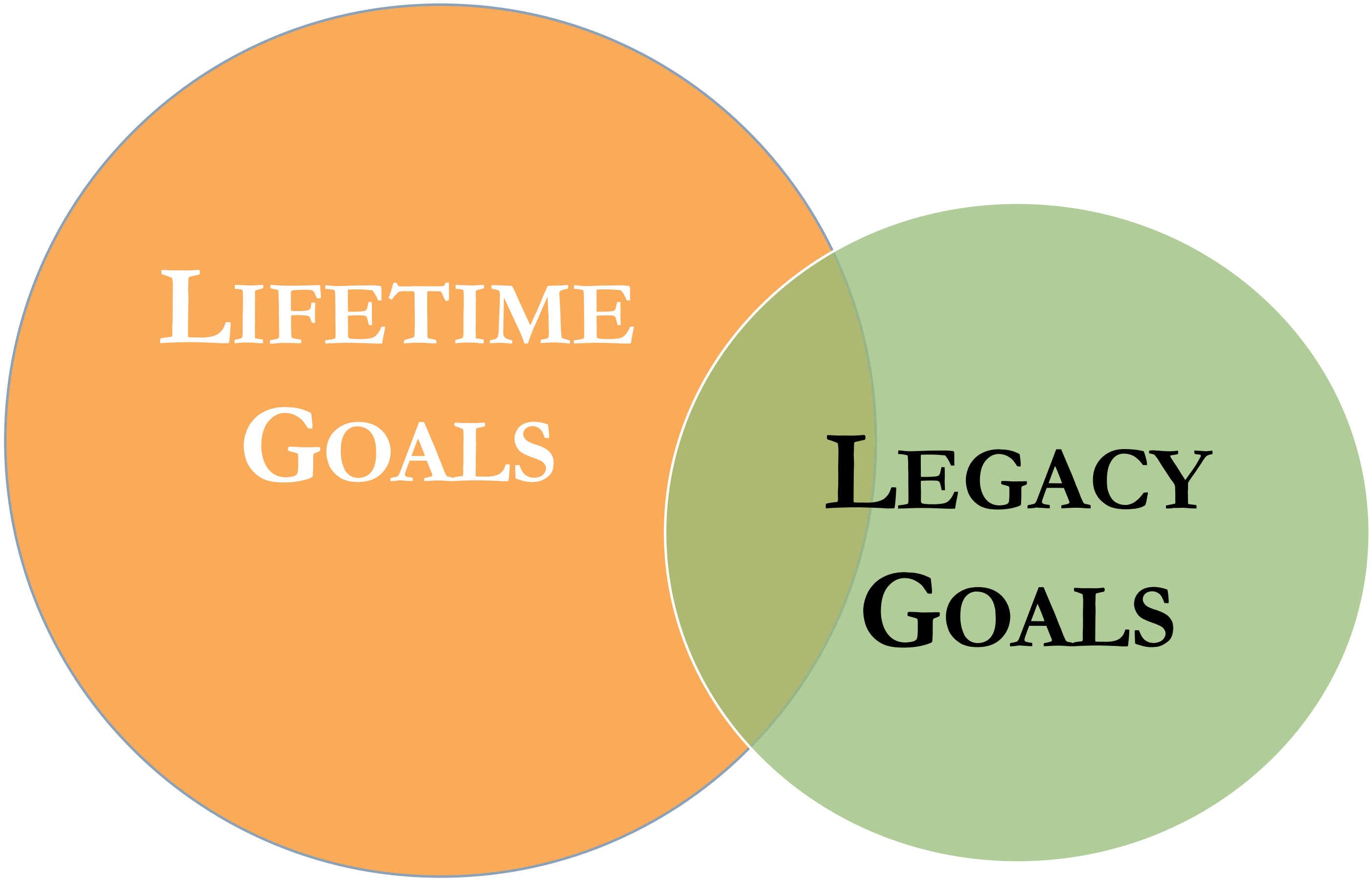
What matters to you?

Your Second Act

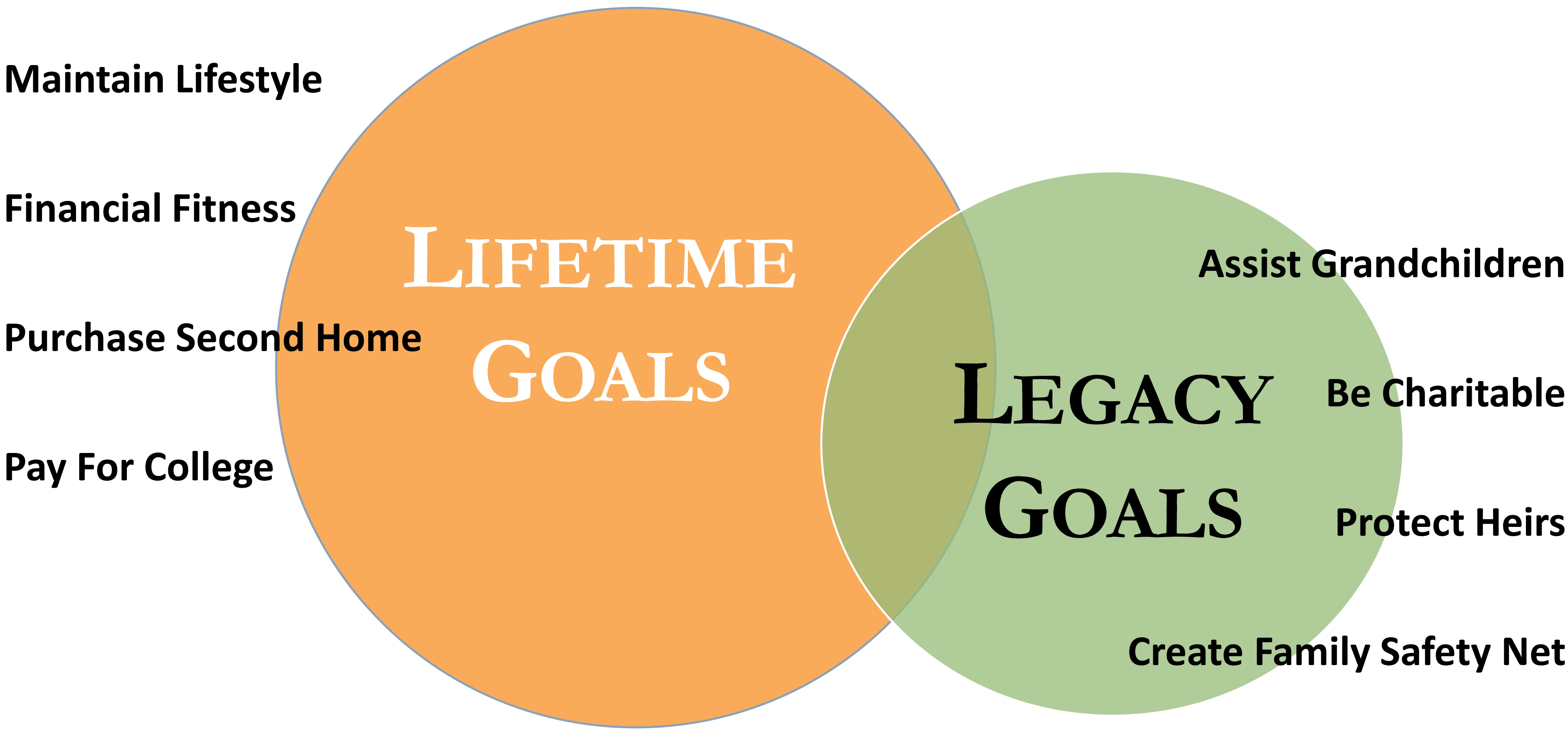
What do you do well?

What Income will you need?

Step 1: Write Down Your Goals



Step 1: Write Down Your Goals



Step 2 – Know Your Financial Picture: Key Data

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?

Net Worth Statement

Net Worth Statement

	Individual 1	Individual 2	Joint or Community Property	Total
Assets				
Bank Accounts				
Investment Accounts				
Home				
Cars				
Retirement Accounts				
Other				
Total Assets	$ -	$ -	$ -	$ -
Liabilities				
Student Loans				
Credit Cards				
Mortgage				
Other				
Total Liabilities	$ -	$ -	$ -	$ -
Total Net Worth	$ -	$ -	$ -	$ -

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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?

Expense Worksheet

Expense Worksheet

	Monthly	Annual
Auto and Transport		
Auto Insurance		
Gas and Fuel		
Loan / Lease Payments		
Parking and Tolls		
Registration / Inspection		
Service and Parts		
Other		
Business Expenses Not Reimbursed		
Meals / Entertainment		
Subscriptions		
Continuing Education		
Professional Association Dues		
Other		
Education		
Books and Supplies		
Private School		
Room and Board		
Classes / Tuition		
Entertainment		
Sports Tickets		
Recreation / Hobbies		
Movies and DVDs		
Newspaper and Magazines		
Dining Out		
Club Membership Fees		
Coffee		
Theater Tickets		
Other		
Housing		
Furnishings		
Homeowners Insurance		
Home Improvement / Maintenance		
Homeowners Assocation Dues		
Electricity / Gas		
Home Phone / Cell Phone		
Internet / TV / Cable		
Waste Management		
Water		
Security System		
Mortgage Payment		
Second Mortgage Payment		
Property Taxes		
Pest / Bug Service		
Cleaning Service		
Pool Service		
Lawn and Garden		
Rent		
Other		
Pets		
Pet Food and Supplies		
Pet Insurance		
Pet Grooming		
Veterinarian		
Other		
Shopping		
Books		
Clothing - Adults and Children		
Electronics and Software		
Home Appliances and Décor		
Other		
Other		
Support / Alimony Payments		
Other		

	Monthly	Annual
Health and Fitness		
Dentist - Co-pays / Deductibles		
Doctor - Co-pays / Deductibles		
Eye care - Co-pays / Deductibles		
Vitamins		
Gym and Sports		
Pharmacy - Out of pocket		
Other		
Gifts and Donations		
Charity		
Cash Donations		
Other		
Gifts		
Holidays		
Birthdays		
Weddings		
Other		
Groceries		
Food / Beverages		
Household Supplies		
Other		
Insurance		
Disability Insurance		
Health Insurance		
Dental Insurance		
Vision Insurance		
Life Insurance		
Long-Term Care Insurance		
Liability (Umbrella) Insurance		
Other		
Children		
Allowance		
Support Payments		
Babysitter and Daycare		
Children's Activities		
Toys		
Other		
Loans/Credit Cards/Finance Charges		
Credit Card Payments		
Student Loan Payment		
Other		
Personal Care		
Hair / Nails / Facials		
Laundry / Dry Cleaning		
Health Club		
Cosmetics		
Spa and Massage		
Other		
Travel		
Airline Tickets		
Hotels		
Food / Beverages		
Rental Car and Taxi		
Entertainment Others		
Other		
Professional and Legal Fees		
Accountant		
Attorney		
Financial / Investment Advisor		
Other		
	$	$

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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!

Step 3: What Does It Take To Retire?

Where do you stand financially?

Rough estimate

Closer estimate → Online calculators

Specific for you → Financial Plan

Savings Checkpoints	
Age in Years	Savings Target
45	3 x current salary
50	4 x current salary
55	5 x current salary
60	6 x current salary
65	7 x current salary
67	8 x current salary

Increase Your Chances For Success

- Save early and often
- Increase income
- Decrease expenses
- Work longer

Working Longer

- Personal Benefits
    - Social, mental and emotional benefits
- Financial Benefits
    - Potential to solve retirement shortfalls
    - Boosts retirement confidence

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%

HOW MUCH SHOULD YOU BE SAVING?

GENERAL RULE OF THUMB

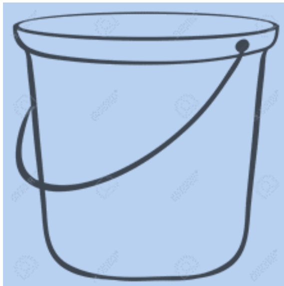
50% of income on needs

30% of income on wants

20% of income on savings

Get savings on track now or live with less later

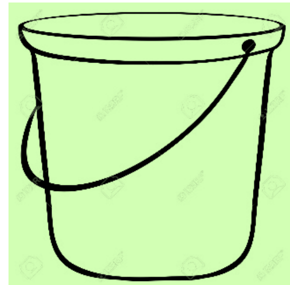
Three Buckets Of Savings



Short Term

0-3 years

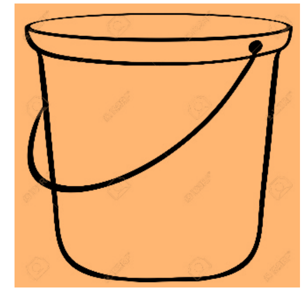
Emergency Reserve Fund



Medium Term

3-10 Years

Bat Mitzvah
College
Graduate School
Wedding
Vacation Home



Long Term

10+ Years

Retirement

Reinforce Emergency Fund

Cover unexpected emergencies without relying on family or going into debt

Set aside 3-6 months of expenses

Eliminate Credit Card Debt

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

Retirement Plan Savings Tips

- 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 vs. Roth IRA/401k

Consider Contributing to a Roth IRA or 401k

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

Maximize Contributions to Retirement Plan

2018 Contribution Limits

	Under 50	50 and Over
401(k)/403(b)	$18,500	$24,500
IRA	5,500	6,500
SIMPLE	12,500	15,500
Defined Contribution Plan for small business owners or self-employed	55,000	61,000

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

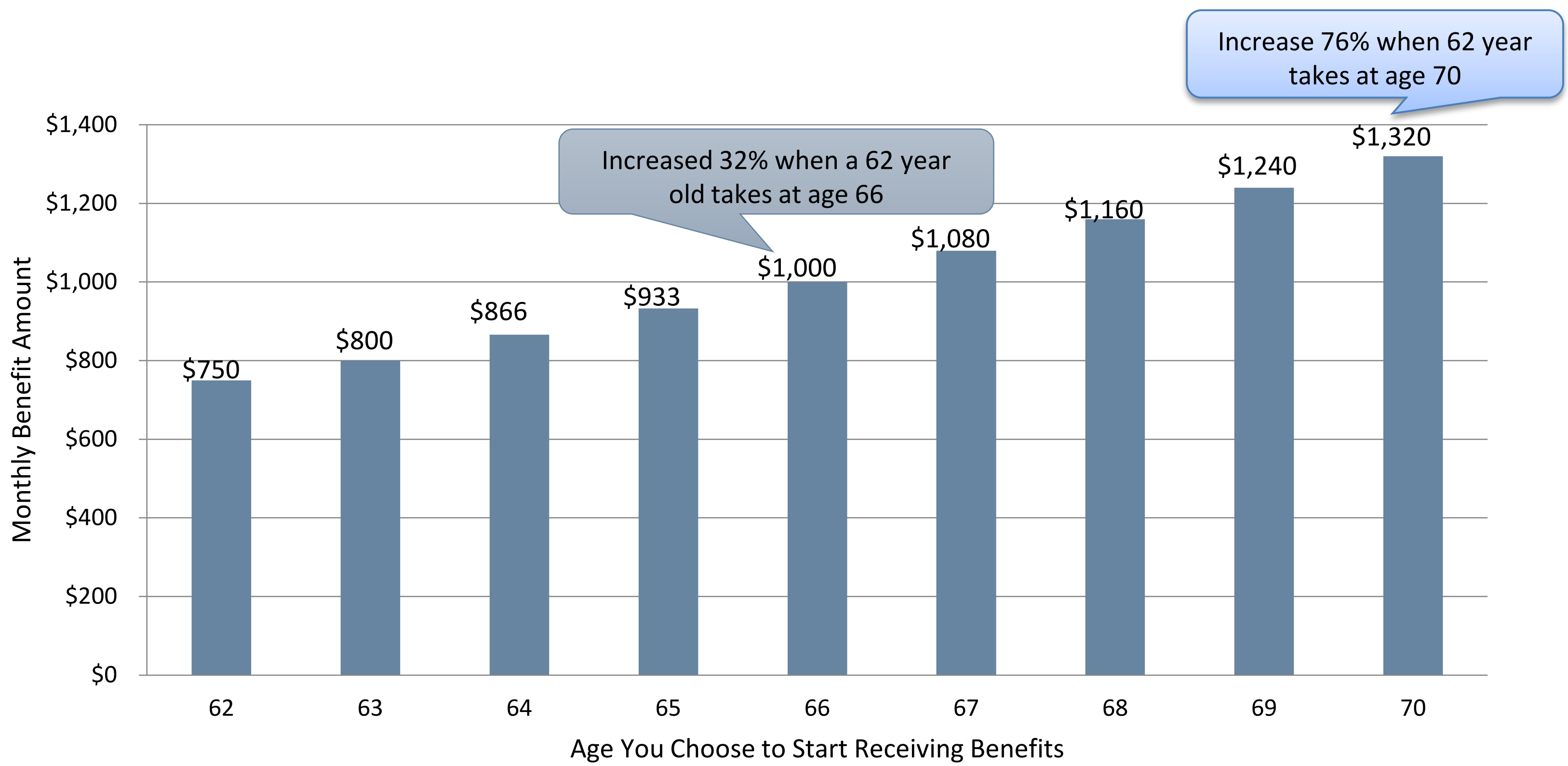
Medicare does not cover LTC expenses

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



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

Underestimating Effect of Sequence of Returns

Crunch Numbers with A Pro First

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

	Portfolio A		Portfolio B	
YEAR	**Return**	**Balance**	**Return**	**Balance**
0		**$100,000**		**$100,000**
1	-18.39%	$75,897	26.57%	$117,710
2	-19.14%	$55,710	19.61%	$132,420
3	-4.59%	$46,475	5.26%	$132,017
4	18.47%	$46,766	16.57%	$145,733
5	6.79%	$42,466	33.60%	$185,347
6	14.30%	$40,537	21.23%	$216,210
7	-15.39%	$28,376	13.92%	$238,332
8	14.59%	$24,495	-1.61%	$227,608
9	8.95%	$19,060	21.03%	$267,002
10	19.52%	$14,414	16.21%	$302,148
11	20.72%	$8,951	20.72%	$356,303
12	16.21%	$2,267	19.52%	$417,486
13	21.03%	$0	8.95%	$447,225
14	-1.61%	$0	14.59%	$504,454
15	13.92%	$0	-15.39%	$420,896
16	21.23%	$0	14.30%	$473,083
17	33.60%	$0	6.79%	$497,730
18	16.57%	$0	18.47%	$581,367
19	5.26%	$0	-4.59%	$548,004
20	19.61%	$0	-19.14%	$437,456
21	26.57%	$0	-18.39%	$351,295

Portfolio A runs out of money by year 13 because of the negative returns it experienced at the onset of retirement.

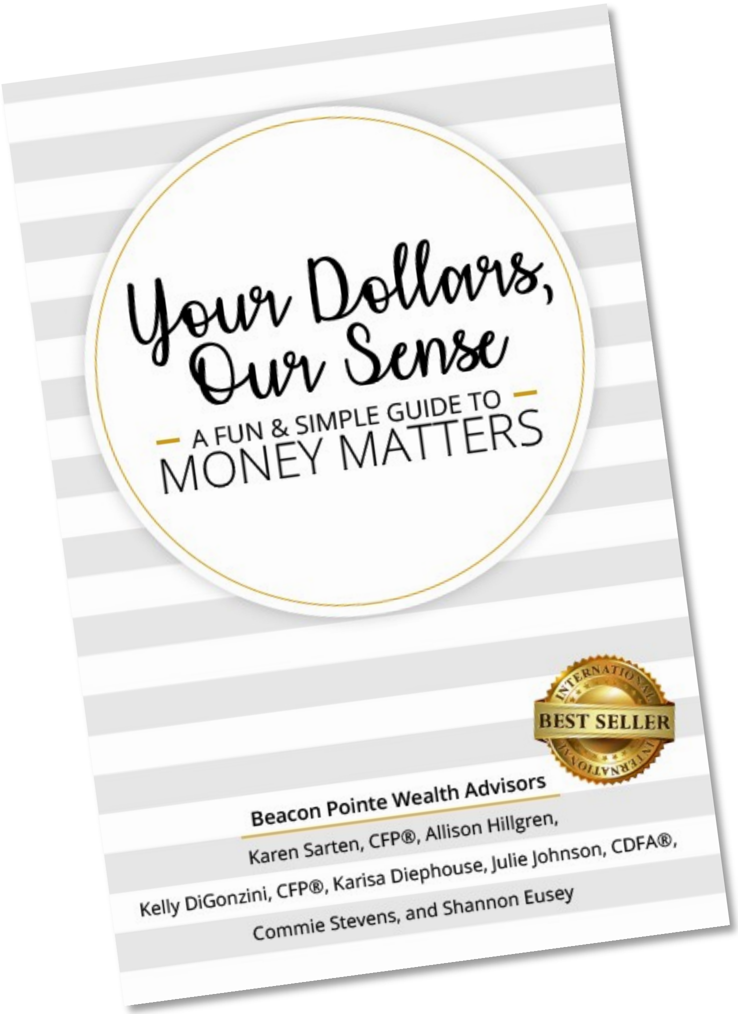
This is an illustration only and does not reflect an actual investment strategy. Actual performance will vary. Beacon Pointe Advisors cannot guarantee or predict investment returns.

Financially Healthy

End of Session Goal

Calm

ADDITIONAL RESOURCES



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- Ranked #1 in six business / finance categories
- Endorsed by *Barron's* & *Financial Planning Magazine*
- Relatable Table of Contents
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jsteinberg@beaconpointe.com
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