Securing Your Future Together

RETIREMENT PLANNING

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This material has been prepared for informational and educational purposes only. It is not intended to provide, and should not be relied upon for investment, accounting, legal or tax advice.
When is the best time to start planning for retirement?

When is the next best time to start planning for retirement?

Yesterday

Today
Saved for Retirement

- $0: 21%
- $1-$4,999: 10%
- $5,000-$24,999: 9%
- $25,000-$74,999: 10%
- $75,000-$124,999: 8%
- $125,000-$199,999: 8%
- $200,000 or more: 25%
- Don’t know: 11%

Average $84,821

BASE: ALL QUALIFIED RESPONDENTS - Gen Pop: (n=1979)
Q1825: How much money do you have saved for retirement (from all sources including 401(k), IRA, pension, bank accounts, etc.)?
Source: Northwestern Mutual 2018 Planning & Progress Study.
End of Year Assets of The Social Security Trust Fund (in Billions)

Graphic by Thomas Porostocky
Rules of Thumb

- You should have 70%-80% of your employment income in retirement.
- For the 70-80% Rule to work, housing should be free and clear.
- Vehicle(s) free and clear—newer model
- ALWAYS review your Empower quarterly statement.
- High cost of living area, not likely
- Be proactive in knowing what you’re doing: ✓ online advice or managed accounts ✓ date funds
Preparing for Retirement

• Invest for growth. “Diversification” is the magic word (stocks, bonds, mutual funds, real estate, etc.)

• Capitalize with your contributions and catch-up contributions (403 b, IRA’s (traditional & Roth)

• Longevity—how long do you plan to live?

• Where will you retire? Planning on downsizing on your home, moving to a low cost of living area?
Preparing for Retirement

• Reduce or eliminate your debt. Accelerate paying off debts (mortgage, car loans, personal loans, student loans, etc.)

• Quantify (calculate) your retirement income. Make a list of estimated income from all sources such as 403 (b), defined benefit (DB), Social Security, rental income, secure foundation, investments, savings, other pensions, etc.

• Calculate an estimation of all retirement expenses (food, utilities, tithes & offerings, travel, car insurance, mortgage or rent, real estate taxes, HOA dues, and homeowners insurance, etc.)
Preparing for Retirement

• Keep in mind medical costs. Medicare will be your primary (Social Security trust fund), supplemental plan (15 yrs. minimum NAD plan), SHARP (HRA).

• Are you planning on working?

• Early retirement?
Sample of Retirement Income Sources

- Social Security (www.ssa.gov)
- Defined Contribution (new plan Empower post-1999)
- Annuity Secure Foundation
- IRA (investment retirement account)
- Rental Income
- TRA (teachers retirement account)
- Savings account
### WWW’s to remember:

<table>
<thead>
<tr>
<th>Defined Benefit Plan Estimate</th>
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</thead>
<tbody>
<tr>
<td><a href="https://www.adventistretirement.org/employee/defined-benefit-plan/">https://www.adventistretirement.org/employee/defined-benefit-plan/</a></td>
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</tbody>
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<table>
<thead>
<tr>
<th>“Where Am I?”</th>
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<tbody>
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<table>
<thead>
<tr>
<th>Secure Foundation</th>
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<tbody>
<tr>
<td><a href="http://greatwestfunds.com/secure-foundation-lifetime-funds.html">http://greatwestfunds.com/secure-foundation-lifetime-funds.html</a></td>
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<table>
<thead>
<tr>
<th>Social Security Administration</th>
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<td><a href="https://www.ssa.gov/">https://www.ssa.gov/</a></td>
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</tbody>
</table>
Typical Retirement Income Curve

Retirement
- Social Security
- Interest Income & Pension Plan
- Principal Drawdown

Assumptions
- 80% Income Rep.
- 6% Investment Return
- Inflation 2.5%
Simple Math

Retirement Age: 67  Longevity, Age 90  =  23 Years
$200,000 Empower Account Balance

$200,000/23 years = $8,696 per year
$8,696/12 months = $725 monthly

| $1,500 | Social Security (no reduction) |
| $ 725  | Empower ($0 inflation, $0 interest) |
| $ 600  | Defined Benefit (Pre-2000) |
| $2,825 | Monthly Income Sources |
What to do if a shortfall is evident!

1. Increase your retirement contribution to fill the gap

2. Sharpen your pencil to payoff all your debts including your mortgage and revolving debts) and save more
What to do if a shortfall is evident!

3. Are you planning on working longer or during retirement?

4. Think of a low cost of living area to live.

5. Pick an area where Medicare plans are well subsidized (HMO’s, PPO’s, etc.) and you have a choice of providers.
Every dollar counts towards retirement

Assumes a salary of $50,000 invested at various contribution rates at the end of each month. Conservative portfolio consists of 15% T-bills, 45% bonds, 40% S&P 500. Moderate portfolio consists of 10% T-bills, 30% bonds, 60% S&P 500. Aggressive portfolio consists of 5% T-bills, 20% bonds, 75% S&P 500. This is for illustrative purposes only and is not intended to represent any particular investment product. Account balances are rounded to the nearest hundred. Data as of 12/31/14.
Overview of Your Plan

- Defined Contribution 403 (b)
- Empower-TPA (Third Party Administrator)
- Pre-tax & Roth contribution
- Socially Screened Funds
- Auto enrollment
- Auto escalation
My estimated retirement income

Estimated monthly income: $5,992

<table>
<thead>
<tr>
<th>Name</th>
<th>Employer contributions</th>
<th>Income gap</th>
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<tbody>
<tr>
<td></td>
<td>$1,308</td>
<td>$1,639</td>
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</table>

<table>
<thead>
<tr>
<th>Plan savings</th>
<th>Social Security</th>
<th>Other assets</th>
<th>Income gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adventist Retirement Plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEFORE TAX CONTRIBUTION: 51% (to 100%)</td>
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403(b) - Employer Contribution
© $6,674.56 Annually (Estimated)

Plan Messaging
September 17, 2018
Adventist Retirement Plan
We will conduct scheduled website maintenance on Saturday, September 22nd at approximately 3:00 p.m. Eastern Time through Sunday, September 23rd, 2:00 p.m. Eastern Time. You may experience intermittent access to the
## Contributions

<table>
<thead>
<tr>
<th>Employer Base Contribution</th>
<th>Employee Pre-tax Contribution</th>
<th>Employer Matching Contribution</th>
<th>Total ARP Contribution</th>
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</thead>
<tbody>
<tr>
<td>5%</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>5%</td>
<td>2%</td>
<td>2%</td>
<td>9%</td>
</tr>
<tr>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>11%</td>
</tr>
<tr>
<td>5%</td>
<td>4%</td>
<td>3%</td>
<td>13%</td>
</tr>
</tbody>
</table>
A 1% increase will be made for each eligible employee, once a year, EVERY year—until they reach 7% of EED.

** This is ALL combined EED contributions. Roth, Pre-tax, etc.

When an employee reaches 7%, the auto-escalation will stop.
The Cost of Delay

- Susan
- Joe
- Samantha
It’s never too early to start investing

Assumes $150 invested at the end of each month and earning an annual rate of return of 8% compounded monthly beginning with the starting age and ending at age 65. This is for illustrative purposes only and is not intended to represent any particular investment product. Ending values are rounded to the nearest $100.
COMPOUND IT: Why it doesn’t pay to wait.

Assuming an 8% annual return, compounded monthly. Results are hypothetical and do not represent the performance of any actual investment. They do not take into account fees, expenses or taxes.
Me & My Money: Empower-retirement.com

Me & My Money
Retirement Planner Calculator: Empower-retirement.com

Empower Calculators
WWW’s to remember:

Me & My Money
http://www.empower-retirement.com/me_and_my_money/calculators.shtml

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