WMCHealth
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Saving for Retirement

Your Financial Wellness. Here.

Your Financial Wellness. **Here.**

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Sources of Retirement Income

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Replacement Income

Federal Government

Social Security

Employer

403(b), 401(a), 401(k), 457(b), Pension (Defined Benefit) Plan

Employee

Voluntary Savings – 403(b), 401(a), 401(k), 457(b)

Contribution level generally determines success

Getting Started: Initial Decisions

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Should I Contribute to the Plan?

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Should I Contribute to the Plan?

A lifetime is longer than most think.

Male Age 65	50% chance of living beyond age 85	25% beyond 92
Female Age 65	50% chance of living beyond age 88	25% beyond 94
Couple Age 65	50% chance of living beyond age 92	25% beyond 97

Source: Society of Actuaries Annuity 2000 Mortality Table

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Retirement Income Needs

Financial experts recommend targeting between **70% - 90%** of your pre-retirement income.

On average, those **65+ spend $3,800 per month**.

Social Security replaces about **40% of their working-life income**.*

A married couple retiring in 2020 may need as much as **$295,000 to cover healthcare** in retirement.**

*U.S. Bureau of Labor Statistics. "Consumer Expenditures in 2016; Social Security Administration. "Understanding the Benefits," Page 1. Access
**fidelity.com/viewpoints/personal-finance/

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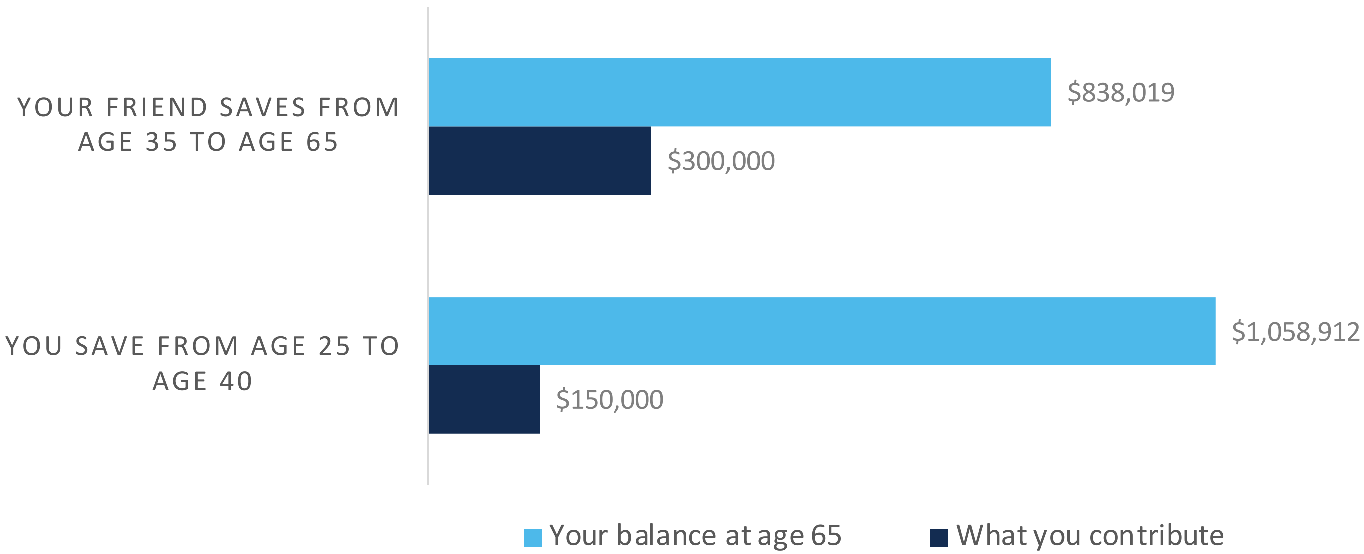
Starting Early



No substitute for starting early.

This hypothetical illustration assumes an annual 6% return. The illustration doesn't represent any particular investment, nor does it account for inflation.

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How much should I contribute each paycheck?

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Start Small and Build Up

- Consider 1% increases to contributions each year
- Relatively small annual adjustment
- $30,000 salary | $300 additional per year - $11.53 / paycheck (less, after taxes)
- Cap increase at 10% (go higher, if comfortable)
- Significant long-term impact

Save part of each pay raise

- Make a commitment to put a percentage of each pay raise into the Plan

Look at a retirement calculator.

www.nerdwallet.com offers a retirement calculator, as do many other financial websites.

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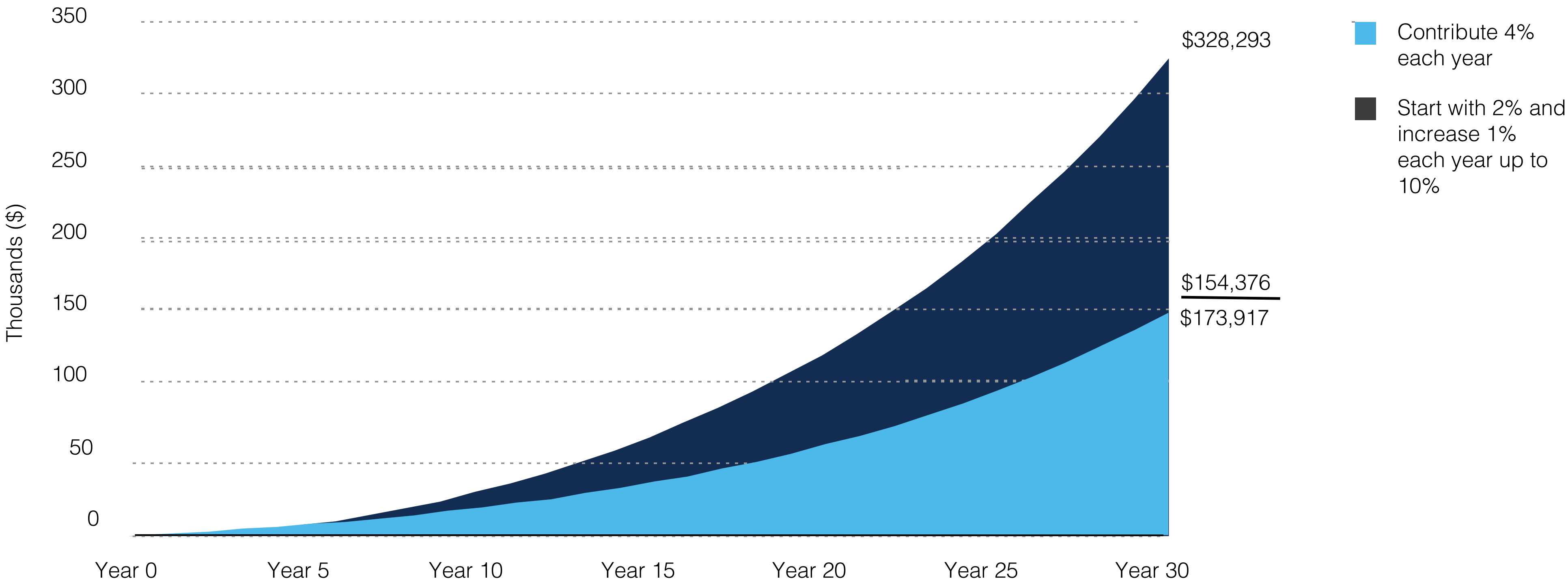
Increase Current Contribution

Take Advantage of Compounding Interest

1% makes a difference



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Hypothetical example; for illustration purposes only. Both examples assume $30,000 annual salary, 4% annual salary increases and 6% average annual return. Based on weekly contributions with tax-deferred earnings reinvested and compounded weekly. These examples are not meant to predict investment returns for any funds in the Plan. Your investment growth may be more or less than shown.

Whom shall I name as my beneficiary?

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Types of Beneficiaries

Primary

- Receive(s) benefit when you pass away
- Can be anyone (cannot go directly to a minor (under age 21); use trust
- If married, ERISA requires spouse at least 50% unless he/she signs waiver
- Need full legal name(s) & percentage allocation to each

Contingent

- Receive(s) benefit if ALL Primary Beneficiaries deceased
- Can be anyone (cannot go directly to a minor (under age 21); use trust
- Need full legal name(s) & percentage allocation to each

Overrides will for these assets.

Quicker receipt of account.

If No Beneficiary is Listed

Retirement plan assets must go through probate.

- Legal proceeding
- Time-consuming and potentially expensive
- Result may not reflect your preferences

Review beneficiary every year to re-confirm.

- Can change anytime

Where should I invest my plan assets?

Two Approaches

1. **Would you like to select your own investment options?**
2. **Are you comfortable deciding how much to invest in each fund?**
3. **Do you have the time and desire to monitor your portfolio and make changes as necessary?**

- If you answered "No" to questions 1-3 then a Hands Off approach may be appropriate for you
- If you answered "Yes" to questions 1-3 then Hands On approach may be appropriate for you

Hands-Off Approach

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Target Date Funds

Asset-allocation funds in which the share of each asset class is automatically adjusted to lower risk as the desired retirement date approaches.

Also known as “Age-Based Funds”

Professional manager chooses asset allocation; adjusts allocation over time

Fund name based on targeted year of retirement (e.g. 2030 fund)

User selects fund targeting year closest to expected year of retirement

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Target Date Funds

Target funds typically used as default investment option

If participant does not make investment selection, defaulted to fund/model closest to year participant will turn age 65 as follows:

Year Of Birth	Default Fund/Model
Prior to 1948	2010
1948-1952	2015
1953-1957	2020
1958-1962	2025
1963-1967	2030
1968-1972	2035
1973-1977	2040
1978-1982	2045
1983-1987	2050
1988-1992	2055
1993-1997	2060
1998-2002	2065

Hands-On Approach

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Regular Investment Lineup

Determine your risk tolerance and time horizon.

- Evaluate the appropriate percentages of stocks and bonds based on your circumstances

Choose individual funds to create your mix.

- Remember to diversify your investments
- While performance is an important way to assess an investment, it should not be the only item used in an analysis. You also want to consider risk, expense ratio, investment objective, etc.

Monitor your investments.

- Over time, you may want to rebalance or consider a new mix as your circumstances change

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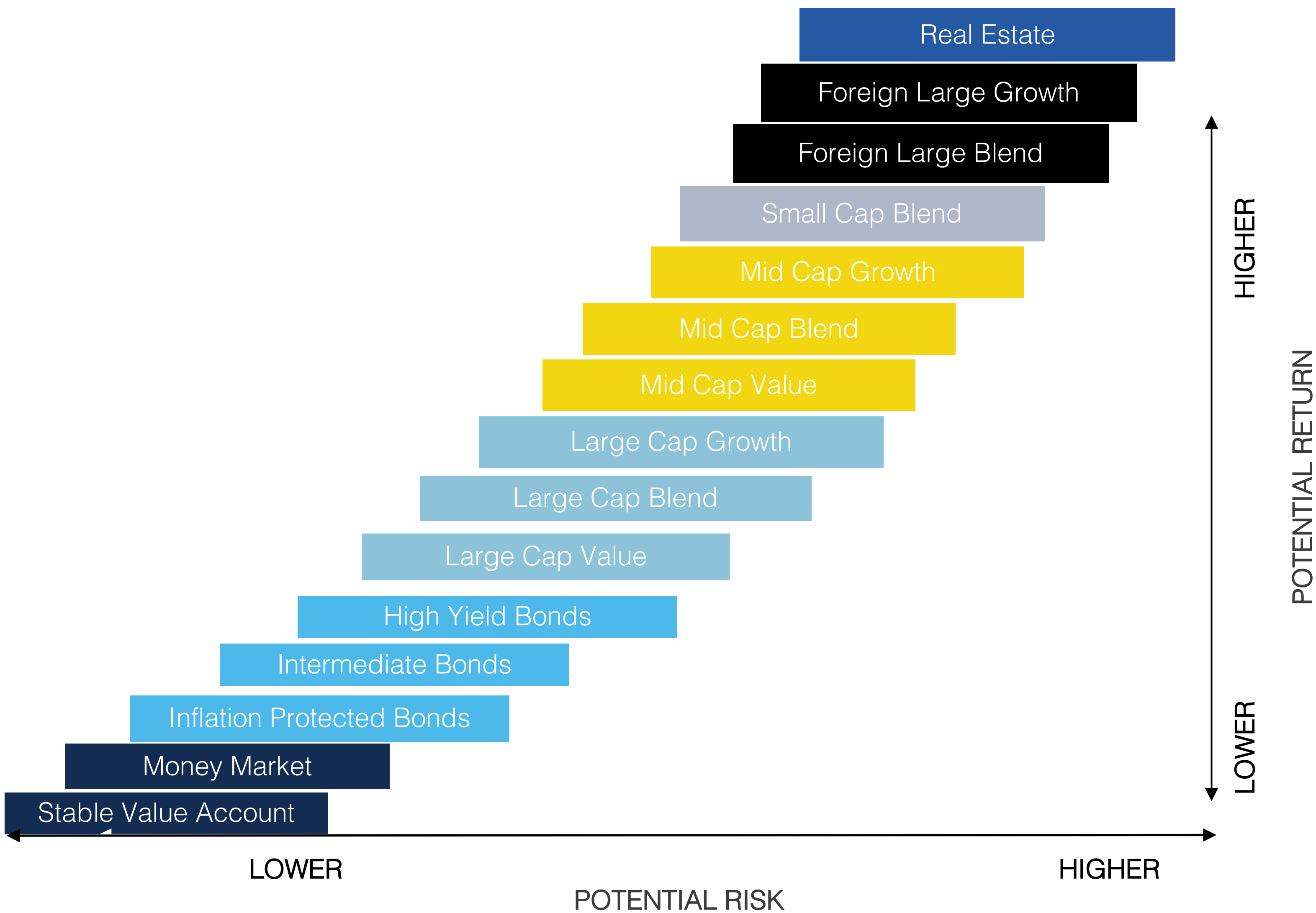
Investment Allocation



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The Right Investment

The right investment is to maintain a diversified portfolio, as per the Modern Portfolio Theory, because:

There is no perfect investment or asset class

What performed well this year may not perform well next year

What underperformed this year may do well in the future

Having a mix of asset types will tend to bring you more return for less risk, over the long term.

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Investment Allocation

Not everyone **can contribute** more.

- Can still potentially increase account value
- Consider adjustment to investment allocation
- Influencing factors:
    - Time horizon
    - Risk tolerance

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What do I need to do?

Ask yourself if you have the time and desire to pick and monitor investment ongoing.

- If "No" – a 'Hands Off' approach may be appropriate
- If "Yes" – a 'Hands On' approach may be appropriate

If you're already enrolled, ask yourself these questions:

What investments are you in?

Are they appropriate for your risk tolerance?

Do you need more diversification, growth, stability, etc.?

Do you need to make some changes?

Resources

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Resources

Retirement

www.doughroller.net

www.money.cnn.com

www.money.usnews.com

www.investopedia.com

www.investor.gov

www.fool.com

www.investor.vanguard.com

Budgeting

www.mint.com

www.simplifimoney.com

www.pocketguard.com

www.goodbudget.com

www.everydollar.com

www.resourcesforliving.com

Managing Debt

www.chipper.app

www.gochanged.com

www.qoins.io

Investing

www.acorns.com

www.robinhood.com

www.stashinvest.com

Social Security

www.ssanalyzer.com

www.aarp.org

www.ssa.gov

Other

www.creditkarma.com

www.nerdwallet.com

www.thebalance.com

www.smartasset.com

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Endnotes

- Estimate based on a hypothetical couple retiring in 2020, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2017. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.