


This is your
launch date!




10-15 Years
To Go



Run a projection and set a target date

- Your retirement plan provider website
- www.saveandinvest.org
- Your financial advisor



10-15 Years
To Go



- Run projection – define target date
- Begin downshift in portfolio risk
- Consider a shift from Roth to pre-tax

Every situation is unique, seek qualified tax advice. Francis Investment Counsel does not provide tax advice.



Consider shift from Roth to pretax

- Roth is a tax break on growth
- Pretax is a tax break on contribution

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10-15 Years
To Go



- Run projection – define target date
- Begin downshift in portfolio risk
- Consider a shift from Roth to pre-tax
- Verify debt free by retirement

Verify debt free
by retirement

- Financial advisor
- Online calculator



10-15 Years
To Go

- Run projection – define target date
- Begin downshift in portfolio risk
- Consider a shift from Roth to pre-tax
- Verify debt free by retirement
- Build HSA balance
-
-

Build HSA balance

- Tax free contributions
- Tax free growth
- Tax free distributions
(for qualified medical expenses)



<https://www.irs.gov/publications/p969>

When poll is active, respond at polllev.com/timothyshirk857
 Text **TIMOTHYSHIRK857** to **22333** once to join


Health Savings Accounts should be used to pay current medical expenses.

True False

Start the presentation to see live content. For screen share software, share the entire screen. Get help at polllev.com/help

Build HSA balance

- Max out HSA contributions
- Pay for current expenses out of pocket
- Retain receipts for potential reimbursement
- Invest balance based on investment horizon



<https://www.irs.gov/publications/p969>

10-15 Years To Go

- Run projection – define target date
- Begin downshift in portfolio risk
- Consider a shift from Roth to pre-tax
- Verify debt free by retirement
- Build HSA balance
- Convert kids costs to financial priorities
- Consider catch up contributions

5-10 Years
To Go



Define retirement lifestyle



Define
retirement
lifestyle

- Where you will live
- Lifestyle you desire
- Activities

5-10 Years
To Go



Define retirement lifestyle

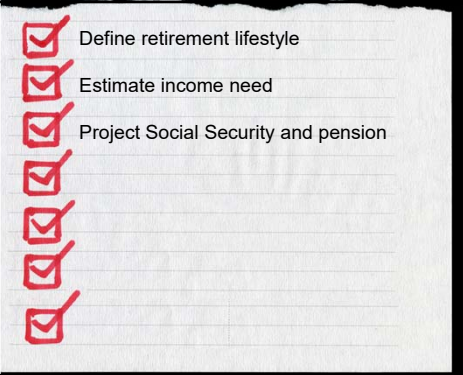
Estimate income need

Estimate income need




- Top down
 - Current income
 - Minus non-retirement expenses
 - Plus increased expenses
- Bottom up
 - Build retirement budget
 - Don't forget increased costs

5-10 Years To Go



- Define retirement lifestyle
- Estimate income need
- Project Social Security and pension



Project Social Security benefit

Required Retirement Income

- Social Security Benefit
- Pension Benefit

Annual withdrawals

(Don't forget to consider the time value of money!)

5-10 Years
To Go

- Define retirement lifestyle
- Estimate income need
- Project Social Security and pension
- Start building retirement cash position
-
-
-

Start building retirement account cash position



When market is down



When market is up

5-10 Years
To Go

- Define retirement lifestyle
- Estimate income need
- Project Social Security and pension
- Start building retirement cash position
- Consider opening a Roth IRA
-
-

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Qualified distribution rules from IRAs and Roth IRAs are the same; you must be 59.5 years old to take a penalty free distribution.

True False

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<https://www.irs.gov/retirement-plans/roth-iras>



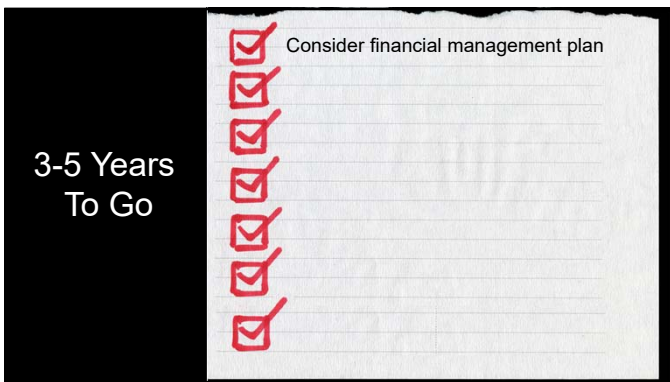
Consider opening a Roth IRA

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5-10 Years To Go

- Define retirement lifestyle
- Estimate income need
- Project Social Security and pension
- Start building retirement cash position
- Consider opening a Roth IRA
- Consider long term care insurance







Will you continue to invest or buy a promise?

Continued Investment

- IRA or Company Plan
- Allows for continued growth
- Allows for a more moderate position

Purchase of a promise

- Purchase of immediate annuity
- Insures against running out of money
- Requires more conservative position

Watch the class "How to Turn Your Retirement Account Into Income"

Consider opening an IRA



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3-5 Years
To Go



Consider financial management plan

Consider long term care insurance

Consider long term care insurance

- 60 is generally better than 50
- Focus on benefit size over duration
- Beware of the impact of inflation
- Verify partnership plan
- Shop company and plan
- Don't overshoot

www.longtermcare.gov



3-5 Years
To Go



- Consider financial management plan
- Consider long term care insurance
- Update Social Security and Pension

1 Year
To Go



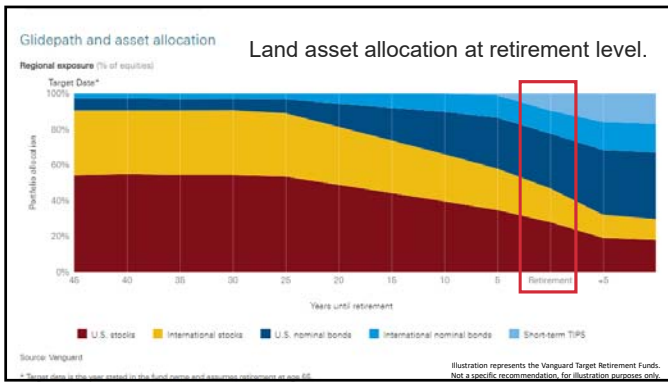
Asset allocation at retirement level

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Before your reach retirement, you should move all of your retirement account assets into bonds to avoid market risk.

True False

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3-7 years of required income withdrawal in cash position

Conservative
Cash
Money Market
3-7 Years Inc.

When market is down

Moderate
Stock/Bond Mix
Target Date
Remainder

When market is up

1 Year To Go

Asset allocation at retirement level

Interview and select an advisor

Interview and select an advisor

- Fiduciary vs. salesperson
- Look for "Fee Only" structure
- Consider CFP® certificate holder
- Review experience and disciplinary history

www.letsmakeaplan.org (CFP®)

www.finra.org (Broker)

www.sec.gov (Advisor)

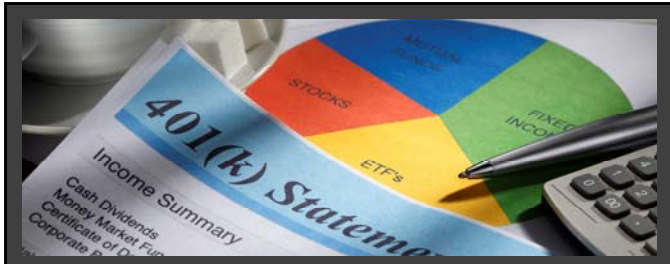


1 Year To Go

Asset allocation at retirement level

Interview and select an advisor

Consolidate retirement accounts



Consolidate multiple accounts

- May reduce fees
- Makes asset allocation simpler
- Allows for simpler withdrawals



Decumulation accounts

- Consider fees
- Consider asset specific distributions
- Consider source specific distributions

1 Year To Go

- Asset allocation at retirement level
- Interview and select an advisor
- Consolidate retirement accounts
- Determine Social Security file date

Determine Social Security file date

- View "Maximizing Social Security Benefits" for filing ages
- Apply for benefits 4 months in advance of start date
- Visit local Social Security office
- Apply online (unless survivor benefits)



www.csa.gov

1 Year To Go

- Asset allocation at retirement level
- Interview and select an advisor
- Consolidate retirement accounts
- Determine Social Security file date
- Familiarize yourself with Medicare
-
-

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Medicare enrollment is flexible and can be done at any age after 65 years old.



RETIREMENT

True

False

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Enrolling in Medicare

Initial Enrollment
(seven month period surrounding your 65th birthday)

Special Enrollment
(only for those who delay due to other coverage)

General Enrollment
(ability to enroll annually)

Enroll January 1 through March 31
Coverage begins July 1

Initial enrollment period

3 months < 65	2 months < 65	1 month < 65	Month you turn 65	1 Month > 65	2 months > 65	3 months > 65
Sign up to avoid a delay in coverage			If you wait, coverage will be delayed for:			
			1 month	2 months	3 months	

ORIGINAL MEDICARE	MEDICARE ADVANTAGE
Part A Hospital Insurance	Part C Combines A&B (&D)
Part B Medical Insurance	
Part D Prescription Drug Coverage	Part D Prescription Drug Coverage (some Advantage Plans offer drug coverage)
"Medigap" Medicare Supplement Insurance (for expenses not paid by Medicare)	No "Medigap" Insurance

1 Year
To Go

- Asset allocation at retirement level
- Interview and select an advisor
- Consolidate retirement accounts
- Determine Social Security file date
- Familiarize yourself with Medicare
- Finalize income strategy

At
Retirement



At
Retirement

- Manage Withdrawals

How Long Will Your Money Last?

Pull out 8% per year – Money lasts 14 years

Pull out 7% per year – Money lasts 16 years

Pull out 6% per year – Money lasts 20 years

Pull out 5% per year – Money lasts 25 years

Pull out 4% per year – Money lasts 30 years

Assumes 5% annual return and 3% annual increase in withdrawal for inflation adjustment. For illustration purposes only.

Withdrawal Rule of Thumb

If you know your balance, and need an income:

- Balance * Rule of Thumb = Income
- \$1,000,000 * .04 = \$40,000

If you know your income need and need to know your required balance:

- Income / Rule of Thumb = Required Balance
- \$40,000 / .04 = \$1,000,000

Assumes 5% annual return and 3% annual increase in withdrawal for inflation adjustment. For illustration purposes only.

Between
Ages 62
and 70



Apply for Social Security

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You will receive the largest benefit check if you wait until which age to apply for Social Security benefits?

62
65
Full Retirement Age
70
70.5
72

RETIREMENT

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When are You Eligible?

age 62 Early retirement – Benefits may start, but checks will be reduced for life. Benefits withheld if you keep working and exceed income limits.

When are You Eligible?

age 65-67 Full Retirement Age - depends on your birth year – earnings limits disappear.

When are You Eligible?

age
70

Increased benefits if you wait beyond FRA end.

At
Age 72



Begin required minimum distributions

Required minimum distributions (RMD)

- **IRAs (including SEPs and SIMPLE IRAs)**
 - April 1 of the year following the calendar year in which you reach age 70½, if you were born before July 1, 1949.
 - April 1 of the year following the calendar year in which you reach age 72, if you were born after Jun 30, 1949.
- **401(k), profit-sharing, 403(b), or other defined contribution plan**
Generally, April 1 following the later of the calendar year in which you:
 - reach age 72 (age 70½ if born before July 1, 1949), or
 - retire (if your plan allows this).

<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds>


At Age 72

- Begin required minimum distributions
- Transfer Roth 403(b) to Roth IRA

Every situation is unique, seek qualified tax advice. Francis Investment Counsel does not provide tax advice.

Roll your Roth 403(b) into a Roth IRA

- Roth 403(b)s and 401(k)s are subject to RMDs
- Roth IRAs are not subject to RMDs
- Roll Roth 403(b)s/401(k)s into a Roth IRA



<https://www.irs.gov/retirement-savings/401a-participant-employees/retirement-tools-required-minimum-distributions-rmds>

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At Age 72

- Begin required minimum distributions
- Transfer Roth 403(b) to Roth IRA
- Consider qualified charitable distribution

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Qualified charitable distributions (QCD)

- Distribution from an IRA (not SEP or Simple IRA)
- Over 70.5 years old
- Paid directly from IRA to qualified charity
- Can satisfy the required minimum distribution

<https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-iras-distributions-withdrawals>
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Prelaunch Checklist

What to do and when to do it!
timothy.shirk@francisinvco.com

RETIREMENT

Cardinal at Work | Retirement Savings Benefits
