

Retirement Rules of Thumb

Financial Wellness Event



Kelli Send
kelli.send@francisway.com
262-781-8950



About Us

- Workplace Financial Education and Advice Services
- No Sales, No Hidden Fees
- Service Provided as a Stanford Benefit



FrancisWay.com/Stanford

Mark Your Calendars!

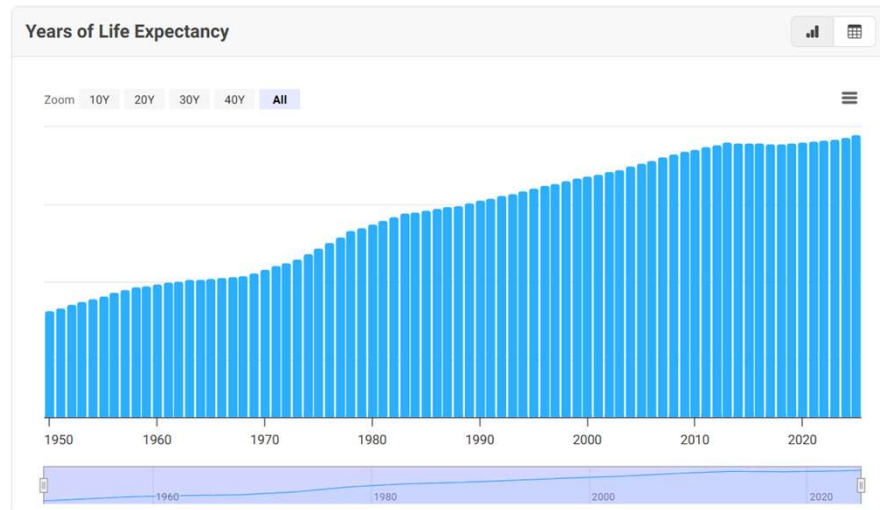
- 8/14/2025 – Smart Money Moves for All Life Stages
- 9/10/2025 – Why Saving Roth May Make Sense
- 10/8/2025 - Health Savings Accounts (HSAs) – Not Just for Today's Health Expenses
- 11/12/2025 – Hiring Your Own Financial Advisor
- 12/10/2025 – Mutual Fund Shopping



Cardinal
at Work | Retirement Savings
Benefits



Journey Might Be Longer Than You Expect



Source: <https://www.macrotrends.net/global-metrics/countries/usa/united-states/life-expectancy>

% of Working Income
You'll Need in Retirement

80%

Your Wage Replacement Ratio

- Rule of thumb: 75% to 80% of current wage
- Factors used to customize your ratio:

- ✓ No plan deferrals
- ✓ Not paying FICA taxes
- ✓ No mortgage payments
- ✓ The kids are up and out

- ✓ Health care costs up
- ✓ Supporting parents
- ✓ Big plans in retirement
- ✓ Boomerang kids



Define retirement lifestyle

- ✓ Where you will live
- ✓ Lifestyle you desire
- ✓ Activities





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 (0.06 factor)	Money lasts 20 years
Pull out 5% per year (0.05 factor)	Money lasts 25 years
Pull out 4% per year (0.04 factor)	Money lasts 30 years

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





59 1/2

- No 10% tax penalty for withdrawal of retirement plan pretax balances
- Tax-free withdrawals from Roth accounts (and five years)
- Age 55 exception: no penalty from current employer plan if you depart



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- Social Security early retirement – benefits may start.
- But monthly payment will be reduced for life.
- Benefits withheld if you keep working and exceed income limits.



65

- Eligible for Medicare



65-67

- Social Security Full Retirement Age - depends on your birth year.
- Earnings limits disappear



Full Retirement Age

Full eligibility for Social Security has gradually increased from age 65 to age 67. Find your birth year below to determine when you are fully eligible for Social Security.

Birth Year	Full Retirement Age
1937 or earlier	Age 65
1938	Age 65 and 2 months
1939	Age 65 and 4 months
1940	Age 65 and 6 months
1941	Age 65 and 8 months
1942	Age 65 and 10 months
1943-1954	Age 66
1955	Age 66 and 2 months
1956	Age 66 and 4 months
1957	Age 66 and 6 months
1958	Age 66 and 8 months
1959	Age 66 and 10 months
1960 and later	Age 67

The summary contained herein have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed.
Source: www.ssa.gov/pubs/EN-05-10035.pdf

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- Social Security benefits max out.



**Annual Social Security
Increase for Waiting to
Collect**

8%



Think Twice About Taking Social Security Early



The summary contained herein have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed. https://www.ssa.gov/OACT/ProgData/ar_drc.html



Staying Healthy In Retirement Will Be Expensive



- Triple crown of tax breaks
- Carry balances over year to year
- Pay for current medical expenses out of pocket
- Invest the balance for growth





- Build a retirement budget
- Divide needed income by 4% to determine needed balance
- Visit ssa.gov to pull your projected benefit
- Set up automatic savings increases in your retirement account
- Consider high deductible health plan at open enrollment



Thank you!

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