

PERSONAL SAGE

Strategic Advice Guidance and Empowerment

Common Questions When Thinking about Retiring

VBA Benefits Corp. MP/Tier 2 Peer Group Conference

Presented by:

Name

Patrick Abelon, CRPS®

Senior PersonalSAGE Financial Wellness Coach

SageView Advisory Group

SageView Advisory Group | 800.814.8742 | sageviewadvisory.com

SageView Advisory Group LLC is a Registered Investment Adviser. Advisory services are only offered to clients or prospective clients where SageView and its representatives are properly licensed or exempt from licensure. This document is solely for informational purposes. Past performance is no guarantee of future returns. Investing involves risk and possible loss of principal capital.

No advice may be rendered by SageView unless a client service agreement is in place.



Preparing for Retirement

Questions you may
be considering



Will my money
last?

How do I
navigate Social
Security?

What are my
healthcare
options?

How should
my assets be
allocated?

Other
considerations

Plan to Make Your Money Last

Guidelines to follow

The biggest risk that retirees can face is running out of money.

65-Year-Old Male			65-Year-Old Female			65-Year-Old Survivor*		
61%	Probability of Reaching Age	80	71%	Probability of Reaching Age	80	88%	Probability of Reaching Age	80
41%		85	54%		85	73%		85
22%		90	34%		90	49%		90
8%		95	16%		95	23%		95
Average life expectancy = 17.6 more years			Average life expectancy = 20.4 more years			Average life expectancy = 24.4 more years		

How much should you withdraw from your retirement account annually?

Old Rule: The 4% Rule

As long as your withdraw 4% of your balance from your retirement accounts each year – no more, no less – your money should last 30 years.

New Rule: 3-4%

A more conservative approach to adjust for market volatility. Review periodically to make sure you're on track.



Pay for it

With your priorities in hand, it’s time to build a realistic budget

General Rule

Most experts say you’ll need between




70% to 80%

of your income to maintain your current standard of living in retirement.




Estimate your annual expenses

Start with your current annual expenses and adjust each one either up or down based on your retirement needs. Also add new ones as needed.

Decreasing Costs



-  Work-related expenses
-  Retirement savings
-  Taxes

Increasing Costs



-  Health care
-  Leisure travel
-  Entertainment

Now separate expenses into essential and discretionary. Note expenses that would be only one-time costs.

Essential

-  Food, housing, utilities
-  Healthcare, insurance, taxes

Discretionary

-  Entertainment, gifts
-  Travel, dining out

Pay for it

Estimate your annual income

Be sure to include all potential sources, such as:

- Lifetime income
 - » Social Security benefits, pensions and annuities
- Savings and investments
 - » Workplace retirement plan, IRAs, mutual funds, CDs, stocks / bonds and returns from these investments
- Earnings – full or part-time job
- Other assets
 - » Real estate and equity in a home or business

TOTAL INCOME EXAMPLE

Savings/Investments

401(k)	\$450,000
IRA	\$60,000
Mutual Funds	\$103,000
Stocks	\$23,000
Bonds	\$46,000
Total	\$682,000

Annual Income From Investments

\$682,000 x 4%	\$27,280
----------------	----------

Annual Income

Social Security	\$35,000
-----------------	----------

Annual Earnings

Part-time job	\$12,000
---------------	----------

Total Annual Income	\$74,280
---------------------	----------

Source: American Century Investments, 2019.

*This is intended as directional only and not to represent a true retirement readiness assessment. A full assessment requires a complete analysis of your financial situation.

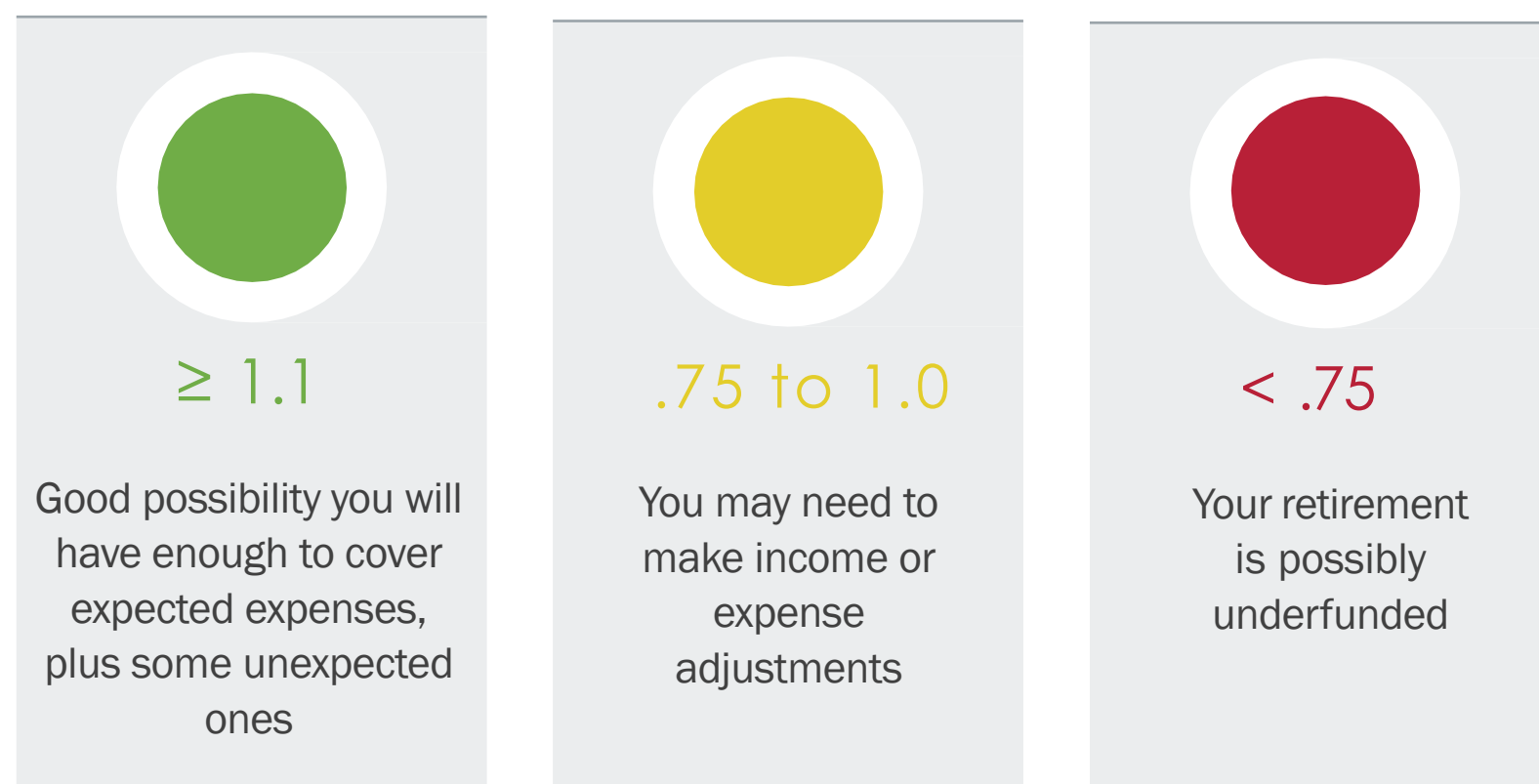
Pay for it

How much you have vs. how much you need

Reality check: are you on track to retire?

With your estimated annual income and expenses in hand, use this formula to get a preliminary, ball park assessment of your retirement fitness.*

$$\frac{\text{Expected Annual Income}}{\text{Expected Annual Expenses}} = \text{Retirement Funding Fitness Ratio}$$



Source: American Century Investments, 2019.

*This is intended as directional only and not to represent a true retirement readiness assessment. A full assessment requires a complete analysis of your financial situation.

TOTAL INCOME EXAMPLE

Savings/Investments

401(k)	\$450,000
IRA	\$60,000
Mutual Funds	\$103,000
Stocks	\$23,000
Bonds	\$46,000
Total	\$682,000

Annual Income From Investments

\$682,000 x 4% **\$27,280**

Annual Income

Social Security **\$35,000**

Annual Earnings

Part-time job **\$12,000**

Total Annual Income **\$74,280**



Individuals

Employers

Financial Professionals

Institutional Investors

About Us



Log In

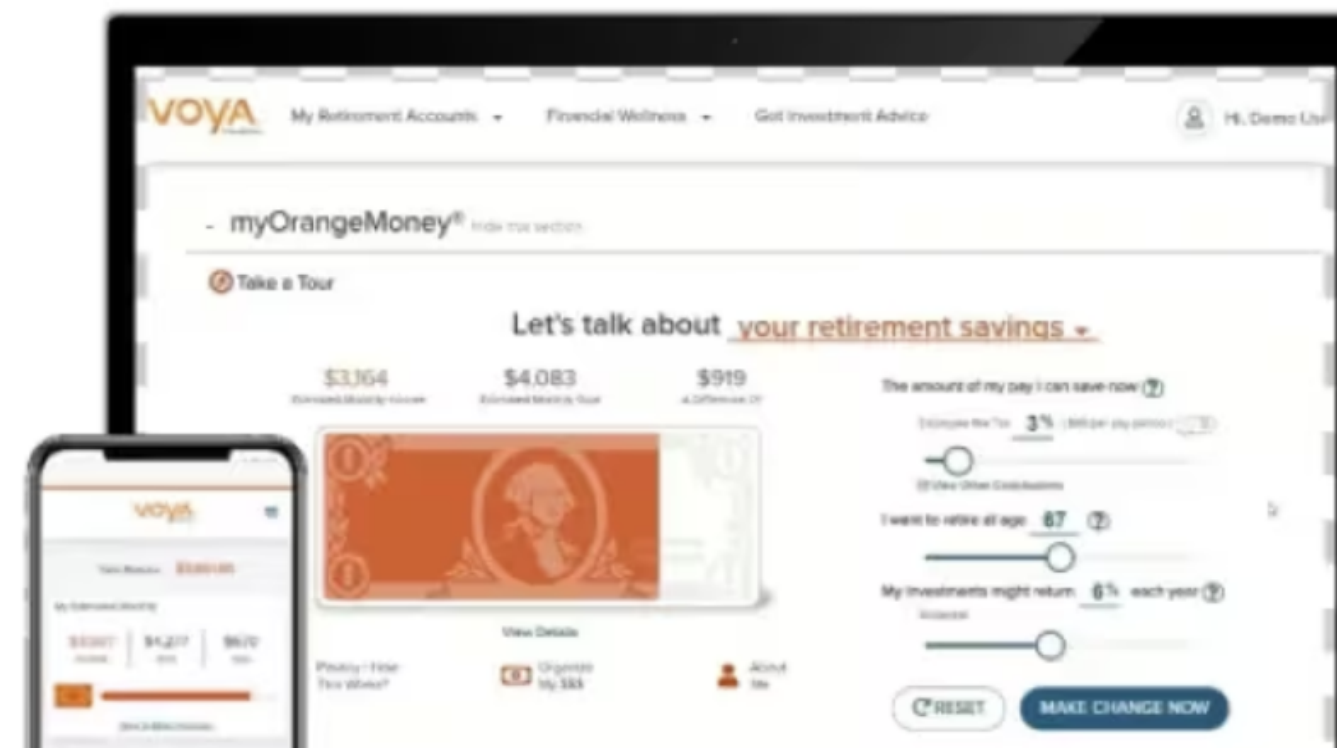


myOrangeMoney®

A colorful way to see retirement readiness

Let your employees *play* with their savings

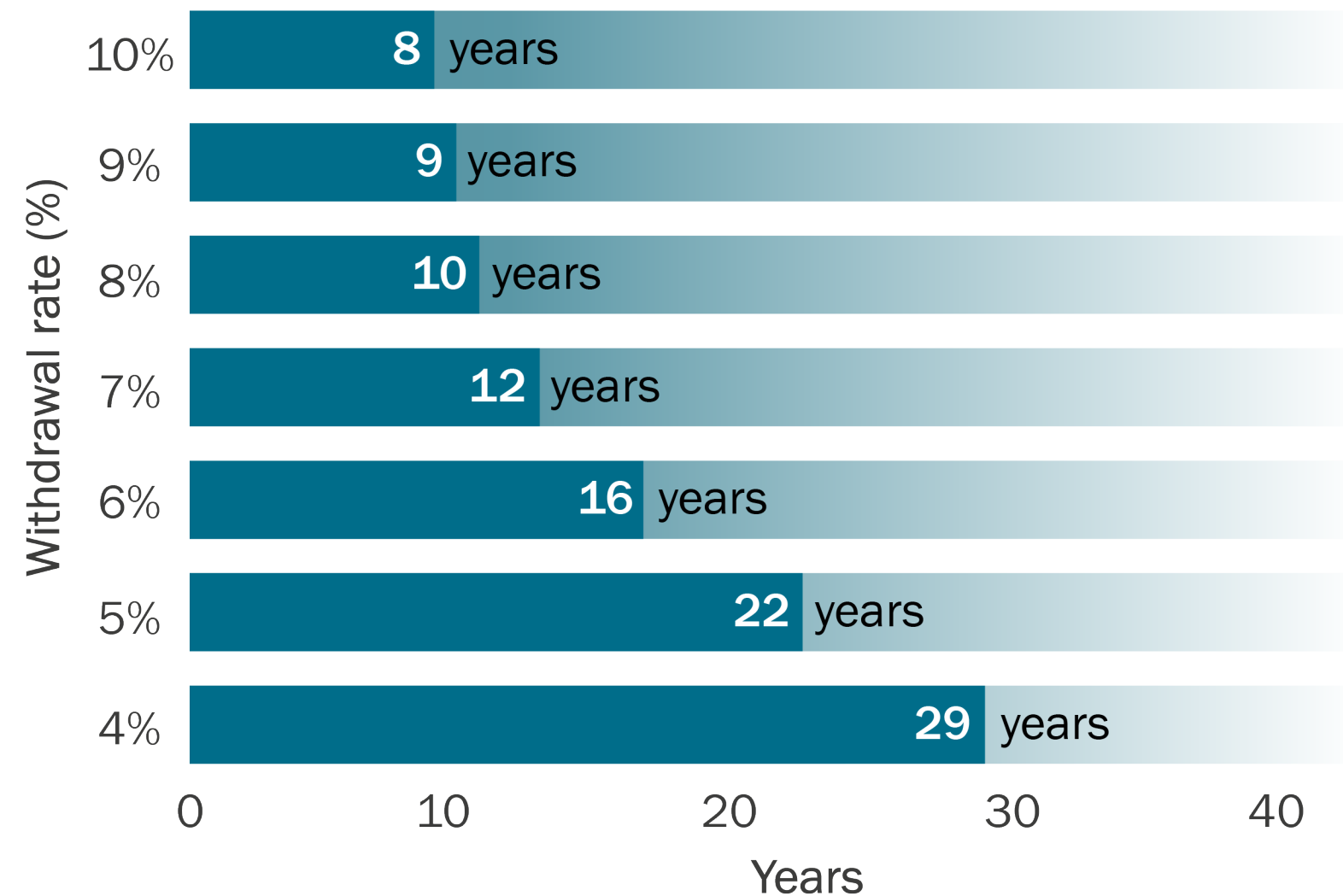
Turning the advice “Don’t touch your savings,” on its head, myOrangeMoney allows employees to continually interact with their money. They can instantly visualize the long-term impacts of their decisions by adjusting their savings rates and investment strategy. The user-friendly interface lets them toggle and play with different scenarios, which can be especially helpful as they move through different life stages and income levels over their careers.



Plan to make your money last

Taking too much can deplete your savings too fast

Lower withdrawal rates can make your money last longer*



*Hypothetical Examples

These hypothetical situations contain assumptions that are intended for illustrative purposes only and are not representative of the performance of any security. There is no assurance similar results can be achieved, and this information should not be relied upon as a specific recommendation to buy or sell securities. Assumes a portfolio with 50% equity, 45% bond, 5% cash allocation over 30 years at a 90% confidence level, with the following average monthly capital market returns: Stocks: 7.90%, 18.90% standard deviation; Bonds: 5.00%, 4.95% standard deviation; Cash: 2.25%, 1.00% standard deviation. The correlation between Stock and Bond returns is 0.2. Inflation rate is assumed to be 2% annually and is included in each of the withdrawal rates depicted above.

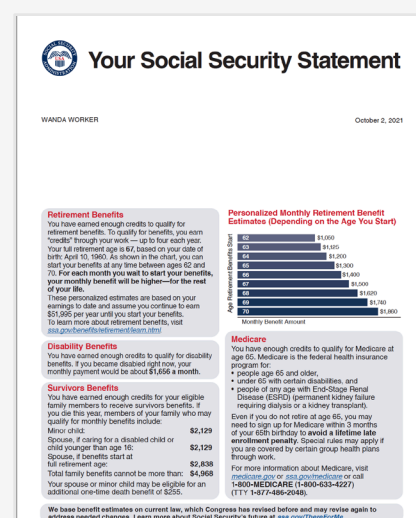
Standard deviation defines how widely returns vary from the average over a period of time.

Source: American Century Investments, 2019.



Who is eligible for Social Security benefits?

- Requirements include having 40 quarters of wages that were subject to Social Security payroll taxes (quarters do not need to be consecutive)
- Benefits are calculated based on the average of the 35 highest years of earnings
- The spouse of an eligible worker
- An ex-spouse who was married at least 10 years to an eligible worker
- A surviving spouse



Visit ssa.gov/myaccount/ to create a “my Social Security” account and view your Social Security Statement online.

Source: Social Security Administration: Fast Facts & Figures about Social Security, 2022

Social Security terms to know

Full Retirement Age (FRA)

is the age when you are entitled to receive your full Primary Insurance Amount (PIA)

Determining FRA

If you were born in:	Full retirement age
1943–1954	66
1955	66 + 2 mos.
1956	66 + 2 mos.
1957	66 + 6 mos.
1958	66 + 8 mos.
1959	66 + 10 mos.
1960 or later	67

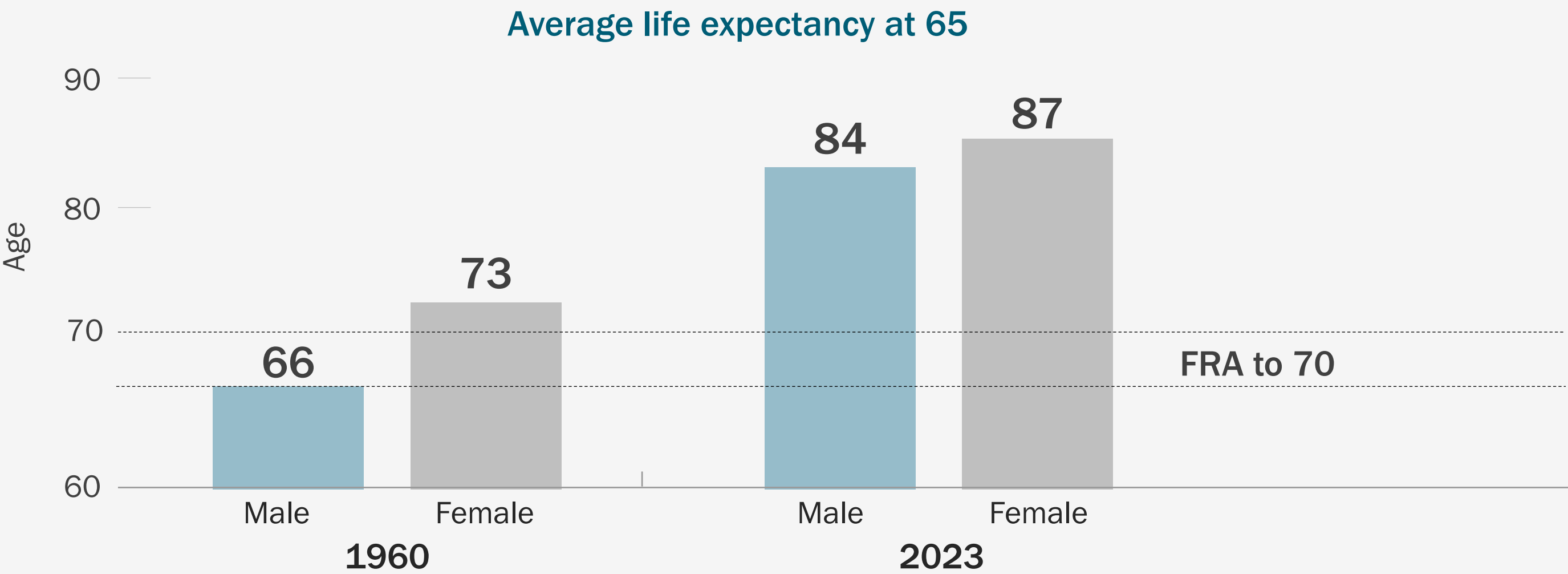
Collect Social Security before FRA and you'll receive a **reduced benefit**.

How does filing early or later affect the monthly benefit?

Year of birth	Full Retirement Age	Age 62 benefit	Age 70 benefit
1943–54	66	75.00%	132.00%
1955	66 and 2 months	74.17%	130.67%
1956	66 and 4 months	73.33%	129.33%
1957	66 and 6 months	72.50%	128.00%
1958	66 and 8 months	71.67%	126.67%
1959	66 and 10 months	70.83%	125.33%
1960 & later	67	70.00%	124.00%

Consider longevity risk: We are living longer in retirement

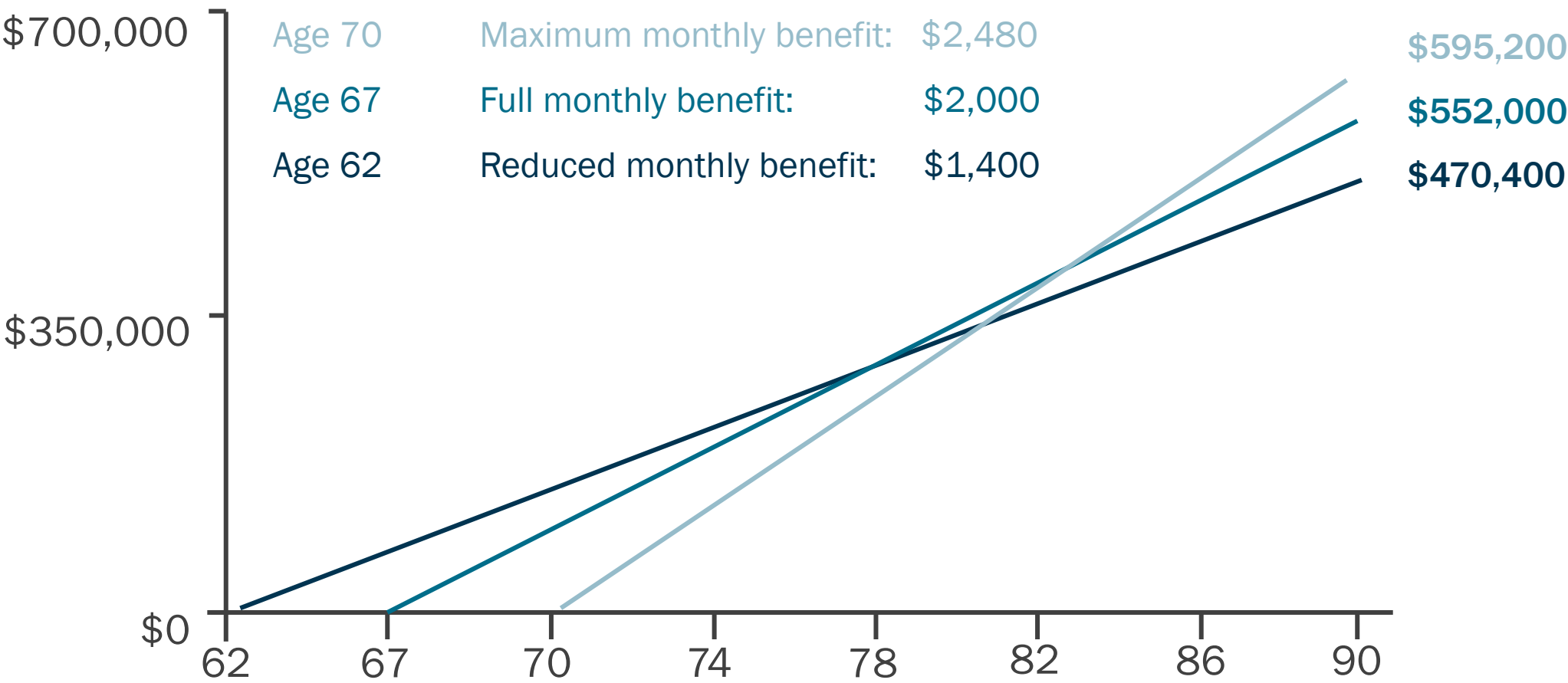
Retirement years could exceed working years



Source: Social Security Administration Life Expectancy Calculator, 2023. Figure assumes a person is in good health.

How claiming age affects lifetime benefits

By delaying, you might increase not only your *monthly* benefits but also your *lifetime* benefits, depending on how long you live.

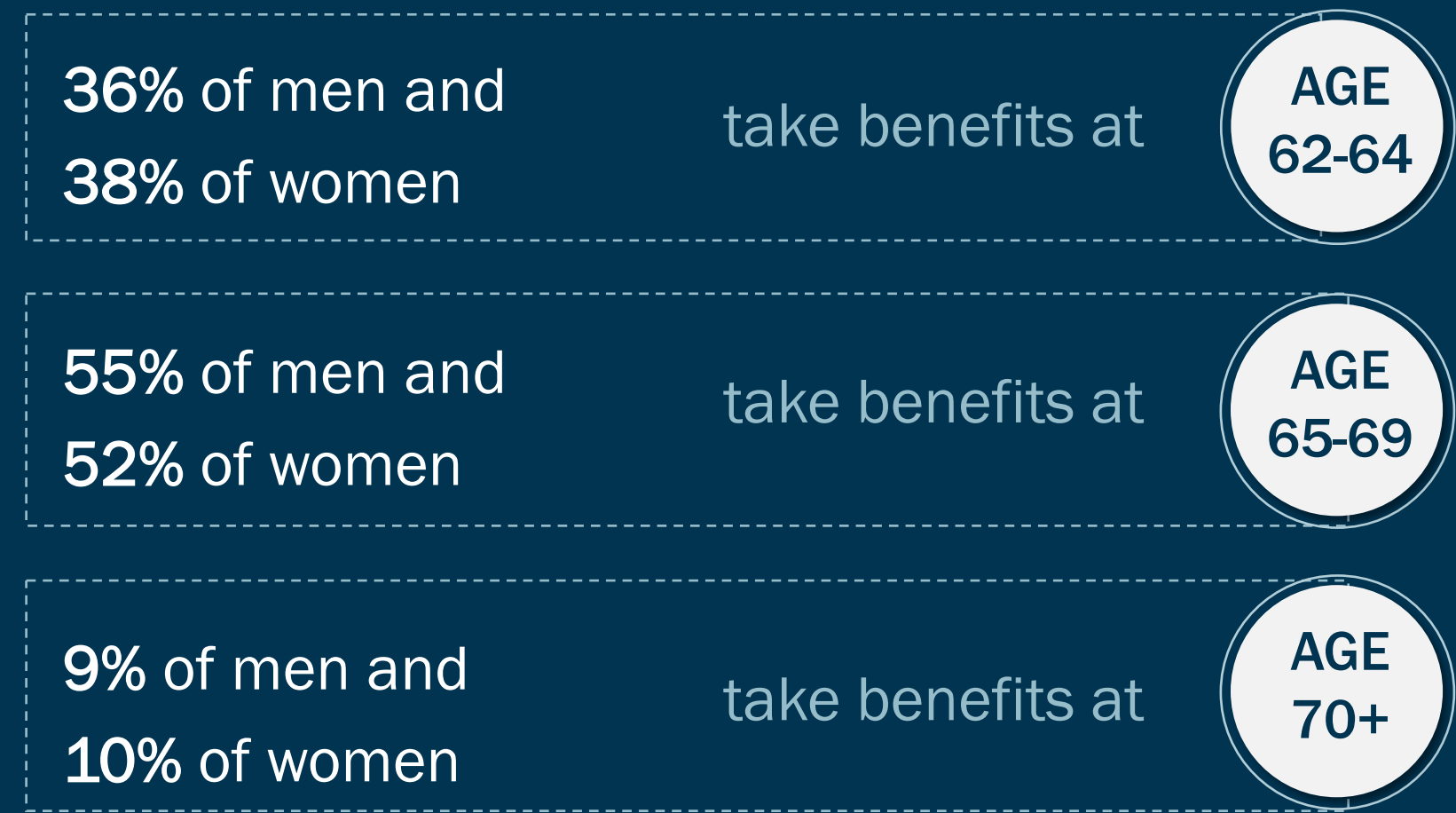


Assumes \$2,000 primary insurance amount at age 67.
This hypothetical example is based on Social Security Administration rules and is used for illustrative purposes only. Actual benefits and results will vary.

Social Security by the numbers

In 2023, over 63 million Americans per month received a Social Security benefit, totaling over one trillion dollars in benefits paid during the year.¹

Who is taking their benefits when?



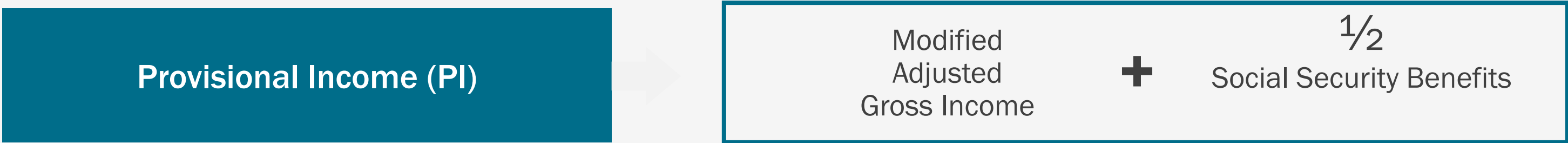
¹ Social Security Administration, [Monthly Statistical Snapshot](#), September 2023.

² Social Security Administration [Annual Statistical Supplement](#), 2023.

Working while taking Social Security

When Retiring	Limits	Consequences
Before FRA	\$23,400 per year for 2025	For every \$2 over the limit, \$1 is withheld
Year turning FRA	\$62,160 per year for 2025	For every \$3 over the limit, \$1 is withheld from benefits until the month they reach FRA
After FRA	None	No limit on earnings

Provisional income: Federal tax on benefits



Percentage of Benefits Subject to Tax	Single Filers' PI	Married Filers' PI
0%	\$25,000	\$32,000
Up to 50%	\$25,000–\$34,000	\$32,000–\$44,000
Up to 85%	Above \$34,000	Above \$44,000

Provisional income typically includes

- ✓ 50% of Social Security benefits
- ✓ Income from municipal bonds
- ✓ Wages
- ✓ Business income
- ✓ Interest
- ✓ Capital gains
- ✓ Dividends
- ✓ Traditional IRA distributions
- ✓ Rental income

May Not Include:

- Tax-deferred buildup inside IRAs, 401(k)s, and annuities
- Income from Roth IRAs
- Non-taxable income from life insurance
- HSA distributions when used for qualified medical expenses

Spousal benefits

If you are married and collect early, your spousal benefits are reduced

Percentage Of Spousal Benefits

Client age	62	63	64	65	66	67
Percentage of spousal benefits for person whose Full Retirement Age (FRA) is 66	35.2%	37.9%	42%	46.1%	50.0% FRA	(N/A)
Percentage of spousal benefits for person whose Full Retirement Age (FRA) is 67	32.7%	35.2%	37.9%	42%	46.1%	50.0% FRA

Source: Social Security Administration, 2023.

Maximizing divorced spousal benefits

Divorced benefits*

The ex-spouse may be entitled to up to 50% of an ex-spouse's benefits if:

- Marriage lasted at least 10 years
- The couple has been divorced for at least 2 years
- The ex-spouse is currently unmarried

Divorced survivor benefits

If one spouse dies, ex-spouse may be eligible for benefits if:

- Ex-spouse was entitled to Social Security or disability insurance at time of death
- Marriage lasted at least 10 years
- Ex-spouse has not remarried prior to age 60

You should seek the advice of a legal or tax advisor or contact Social Security to assist with questions.

* Provision is subject to final instruction from the Social Security Administration..

Maximizing survivor benefits

Important for large differences in benefit amounts and/or life expectancies

Eligibility

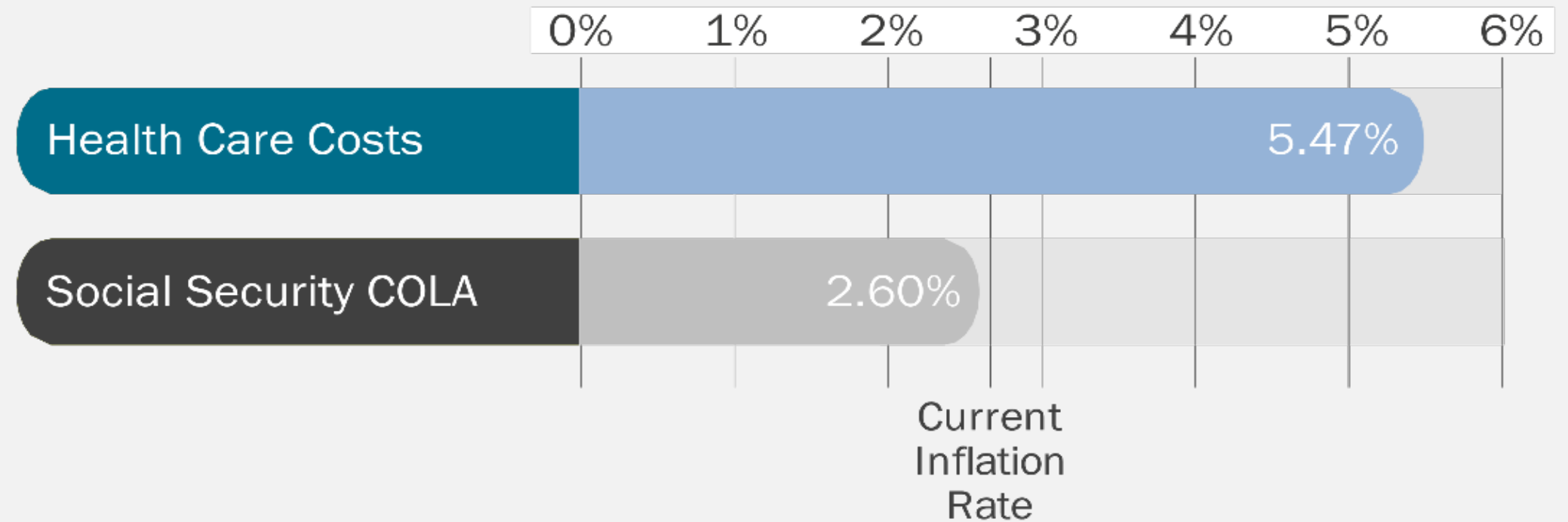
- Married to spouse for at least 9 months
- Married to an ex-spouse for at least 10 years and did not remarry prior to age 60
- Receive the highest benefit if eligible for multiple survivor benefits
- If eligible for own benefit and a survivor benefit, one may be activated early without reducing the other

Works best if the younger spouse is expected to outlive the older spouse.

Deemed filing rules do not apply to spousal benefits.

Be Mindful of Healthcare Costs in Retirement

Planning is critical. Healthcare costs are forecast to grow faster than Social Security's cost of living adjustment (COLA).



Healthcare costs in retirement

An average 65-year-old married couple retiring today may pay:

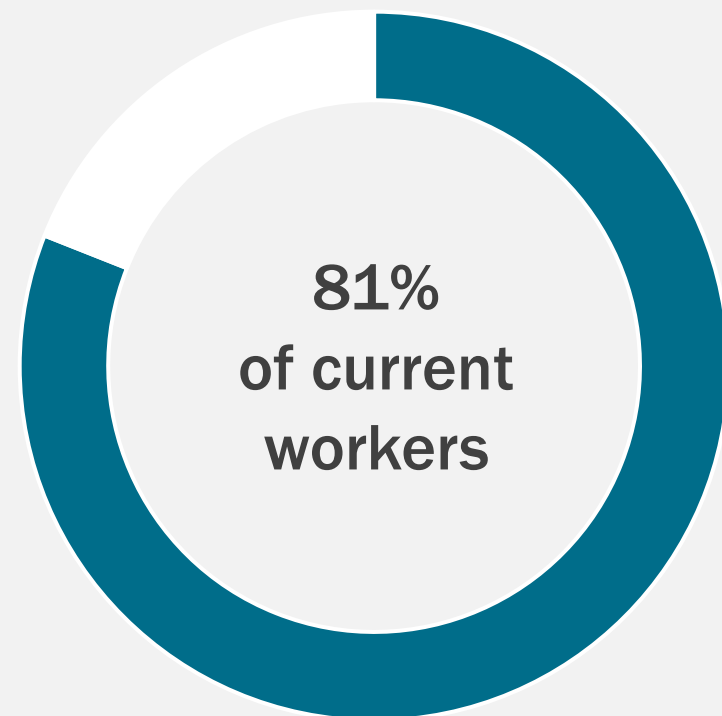
\$404k

For retirement health
care costs*

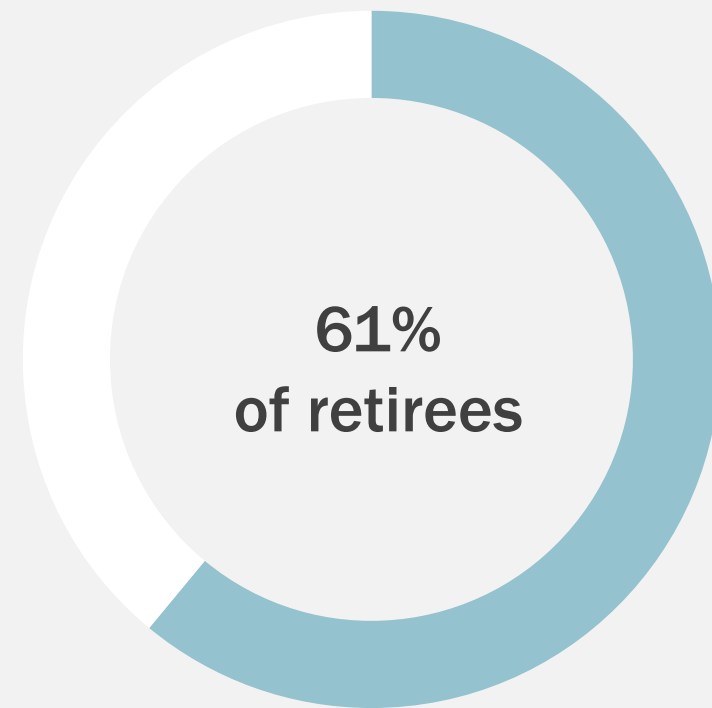


*Includes all average expenses not covered by Medicare, such as additional premiums for Medicare Parts B and D, supplemental insurance, deductibles, copays, and costs for hearing, vision and dental care.
Source: HealthView Services 2017 Retirement Health Care Costs Data Report.

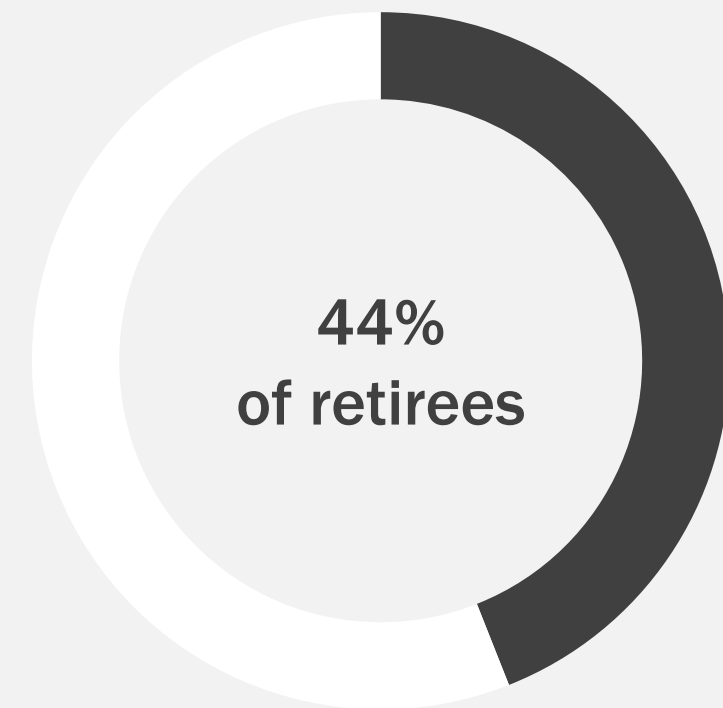
Be Mindful of Healthcare Costs in Retirement



haven't calculated how much they'll need to pay for health care in retirement



61%
of retirees



44%
of retirees

say that they've already spent more on health care than they expected

Source: 2018 Retirement Confidence Survey. Employee Benefit Research Institute

Medicare won't pay for everything

What's not covered by Medicare Part A and Part B?

- Long-term care
- Most dental care
- Eye exams related to prescribing glasses
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing aids and exams for fitting them
- Routine foot care

Determine What's Right For You



1 | SHOP

Do an annual comparison.



2 | EVALUATE

Your health by staying on top of preventative care.



3 | MANAGE

Compare coverage and cost. Confirm your doctor/hospital are in the network.

Resources:

Department of Aging
State Corporation Commissions
AARP
Medicare.gov

Premiums
Deductibles
Co-Pays

Plan to make your money last

Diminish volatility impact

SAGE
VIEW



Balance market highs and lows by having a mix of investment types.



Align your asset allocation with how much risk you're willing to take, so you're less likely to panic in case of a downturn.



Reevaluate withdrawals during market declines, since you may not recover those losses when the market rebounds



Position your Portfolio Appropriately

1. Match spending to risk

Align investment risk to cover the types of expenses you have.

Lower-Risk Investments

- Short-term government
- Intermediate-term government
- Corporate bonds

Use lower risk / lower volatility investments for essential expenses, especially in the first three to five years.

Stock Investments

- Growth
- Value
- International

Use stocks for discretionary expenses, to address longevity and inflation risks, and fund legacy wishes

2. Choose the right asset allocation

Having the appropriate mix of stocks, bonds and cash may improve your odds of retirement success.

You may want more stock exposure when:

- Your retirement time frame is longer
- Inflation is higher
- Your withdrawal rate is higher
- You have a higher risk tolerance

You can have lower stock exposure when:

Market risk is high

Your retirement is well-funded and conservative investments will sustain your retirement income

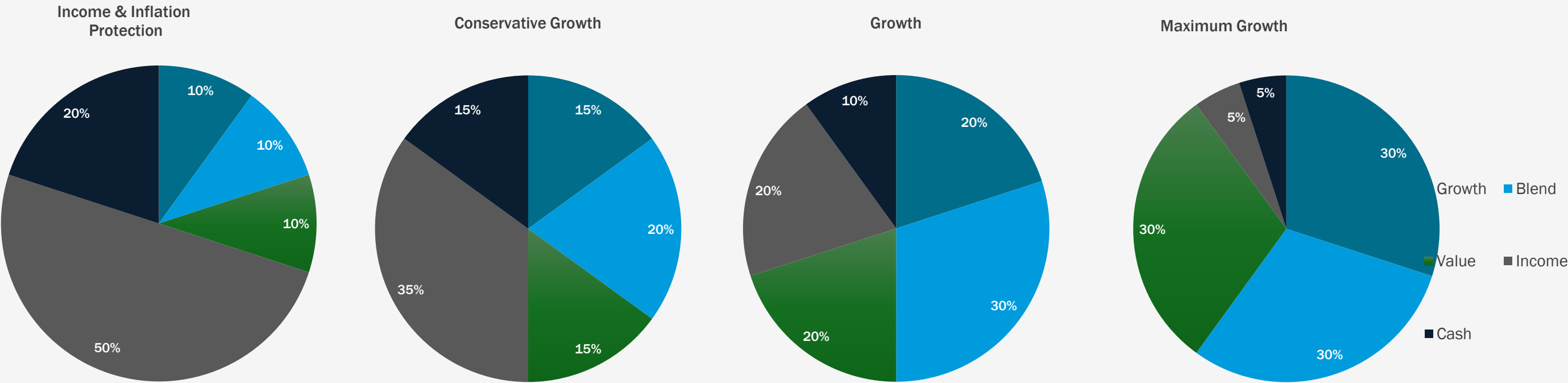
3. Enhance diversification

- Spreading your money across different asset types has historically been successful for managing volatility
- Diversification may also help increase the probability that your money will last



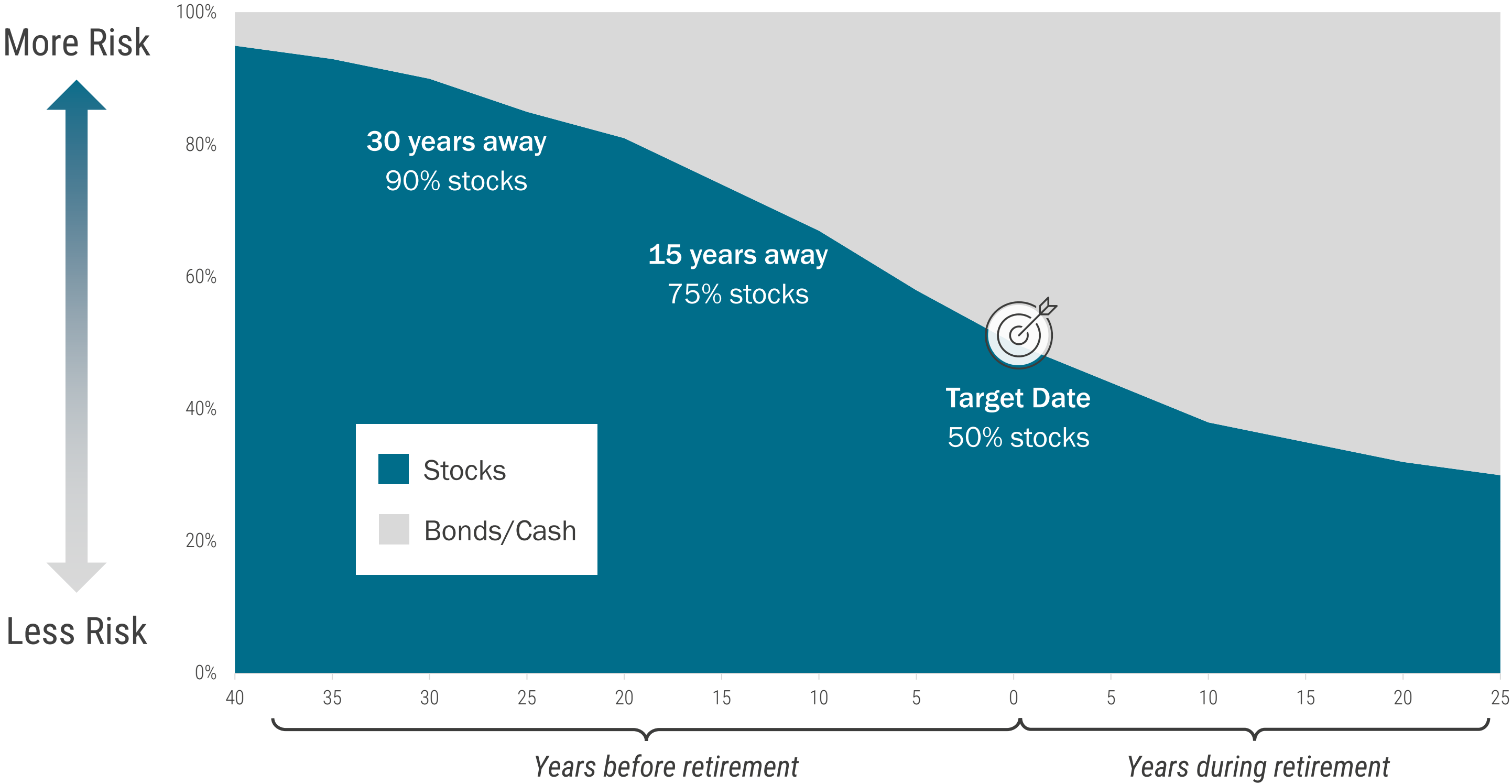
Do It Myself: Sample Portfolios for Various Risk Tolerances

Goal:	Income & Inflation Protection	Conservative Growth	Growth	Maximum Growth
Risk Tolerance:	Moderate to low	Moderate	High to Moderate	High
Time Horizon:	5 years or less	5 - 10 years	10 – 20 years	20 years or more



The sample portfolios take into consideration the investment time horizons shown, historical inflation rates, and risk and return relationships of the asset classes shown. You should not consider this investment advice. No other assumptions have been made. In applying the sample portfolios to your individual situation, consider your assets, income, and investments, e.g., the equity in your home, other retirement plan and IRA assets, and your savings, in addition to your plan account. You may wish to consult a financial representative to review your financial situation. Call your plan’s toll-free number if you have any questions. Short-term trading fees of up to 2% may apply to certain exchanges. See fund prospectuses for details.

Do It For Me: Target Retirement Date Fund



Consider the Costs of Long-term Care



Nursing Home

\$7,513/month/Semiprivate



Assisted Living

\$4,051/month



Home Health Aid

\$4,385/month⁴

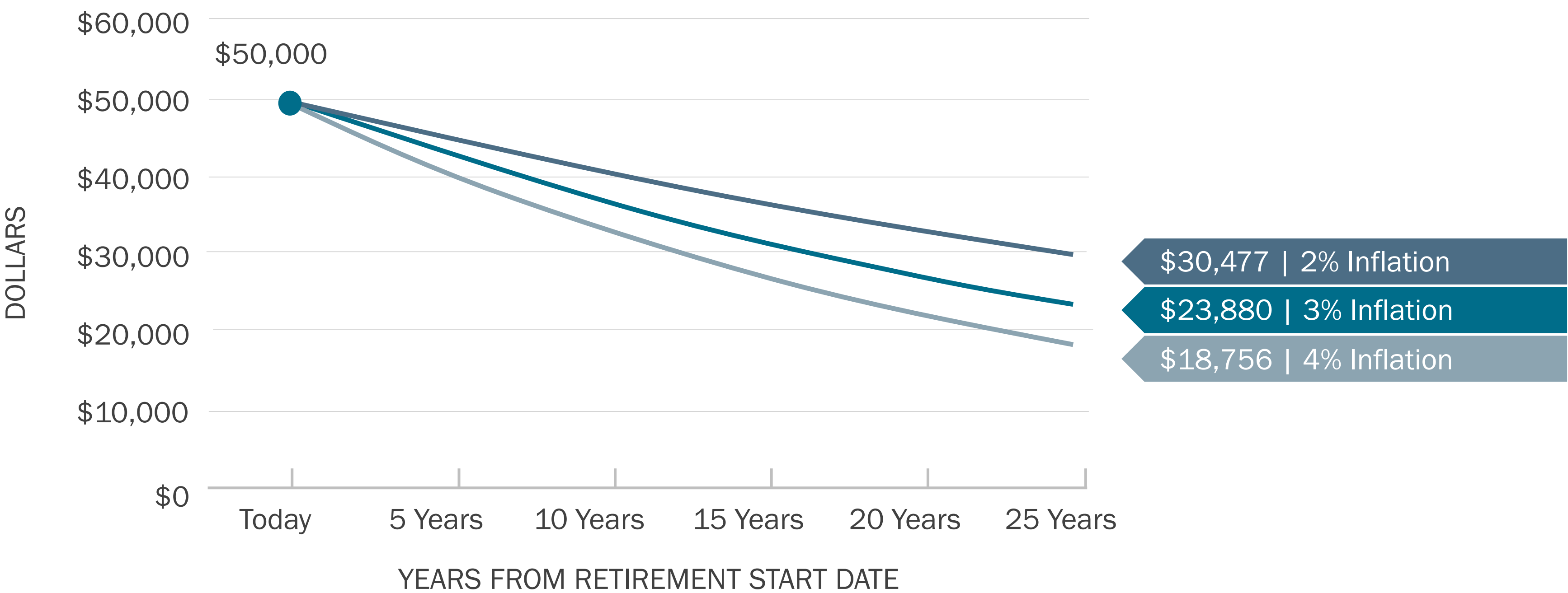
1. Genworth, 2017. Cost of Care Survey

2. <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

Source: Inspired Meetings

Inflation

Even low inflation could damage purchasing power



All numbers were calculated based on hypothetical rates of inflation of 2%, 3%, and 4% (historical average from 1926 to 2012 was 3%) to show the effects of inflation over time; actual inflation rates may be more or less and will vary.

Basic Estate Planning Documents

While you are living

- Financial Power of Attorney
 - » Manage your business and financial affairs
 - » Many variations of POA – General, Limited, Durable, Springing
- Health Care Proxy and Living Will
 - » Make health care decisions, works closely with your health care team
 - » Can be very specific, relieves caregivers and reduces confusion or disagreement
- Trusts: Revocable, Irrevocable
 - » Legal fiduciary arrangement that allows a third party (trustee) to hold assets on behalf of beneficiaries
 - » Specifies exactly how and when assets pass to the beneficiaries

Basic Estate Planning Documents

After you pass away

- Last Will and Testament
 - » Legal document that coordinates distribution of your assets and can appoint guardians for minor children
 - » Designates an executor to fulfill your stated intentions
 - » Identifies beneficiaries and provides instruction on how and when they will receive assets
 - » Assets that pass through the will must undergo the probate process
- Trusts: Irrevocable, Testamentary
 - » Legal fiduciary arrangement that allows a third party (trustee) to hold assets on behalf beneficiaries
 - » Specifies exactly how and when assets pass to the beneficiaries

Dedicated Financial Coach for State Bankers Association Participants

Patrick Abelon, CRPS®
Senior PersonalSAGE Financial Wellness Coach

pabelon@sageviewadvisory.com

Patrick is a Retirement Plan Consultant, based out of our Virginia office. Patrick has over 26 years of experience working with plan sponsors and participants and serves as a dedicated resource to State Bankers Association. He has his Series 7, 63, and 65 licenses.

Your plan recordkeeper:

Voya

www.VoyaRetirementPlans.com

1-800-584-6001



A black and white photograph of a person standing on a rocky cliff, fishing with a rod and reel. The ocean is visible in the background, and the sky is overcast. The image is partially covered by a dark teal overlay.

THANK YOU!

SAGE
VIEW

SageView Advisory Group

4000 MacArthur Blvd, Suite 1050, Newport Beach, CA 92660 | 800.814.8742 | www.sageviewadvisory.com

SageView Advisory Group LLC is a Registered Investment Advisor. Advisory Services are only offered to clients or prospective clients where SageView and its representatives are properly licensed or exempt from licensure. This document is solely for informational purposes. Past performance is no guarantee of future returns. Investing involves risk and possible loss of principal capital. No advice may be rendered by SageView unless a client service agreement is in place.