

Will You Be Ready to Retire?

A Guide to A.G.I.L.E. Retirement Planning

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Why is Planning Ahead So Crucial?

Age	Annual Contribution	Investment Return	Total Value at Retirement (Age 65)
20	\$5,000.00	8.00%	\$2,087,130.33
21	\$5,000.00	8.00%	\$1,927,528.09
22	\$5,000.00	8.00%	\$1,779,748.23
23	\$5,000.00	8.00%	\$1,642,915.03
24	\$5,000.00	8.00%	\$1,516,217.62
25	\$5,000.00	8.00%	\$1,398,905.20
26	\$5,000.00	8.00%	\$1,290,282.59
27	\$5,000.00	8.00%	\$1,189,706.11
28	\$5,000.00	8.00%	\$1,096,579.73
29	\$5,000.00	8.00%	\$1,010,351.60
30	\$5,000.00	8.00%	\$930,510.74
31	\$5,000.00	8.00%	\$856,584.02
32	\$5,000.00	8.00%	\$788,133.35
33	\$5,000.00	8.00%	\$724,753.10
34	\$5,000.00	8.00%	\$666,067.69
35	\$5,000.00	8.00%	\$611,729.34

Waiting just 5
years costs you
\$688,225.13...ouch!

Invest Now,
Invest Regularly



Compound Interest



@ 5% Interest Rate



Retirement is a Journey

A·G·I·L·E Retirement Approach



ASSESS YOUR GOALS

10 years before retirement

Develop a comprehensive plan to help ensure you will reach financial independence tax efficiently.



GET READY

2-9 years before retirement

Reach a solid financial position through a disciplined approach to managing changes in the years leading up to retirement.



IMPLEMENT THE PLAN

1 year before retirement -
1 year into retirement

Transition to financial independence and fine-tune your plan to prepare for post-retirement taxes and healthcare.



LIVE THE DREAM

In retirement

Stay focused on decisions related to taxes, Social Security, and investments to help ensure your savings last.



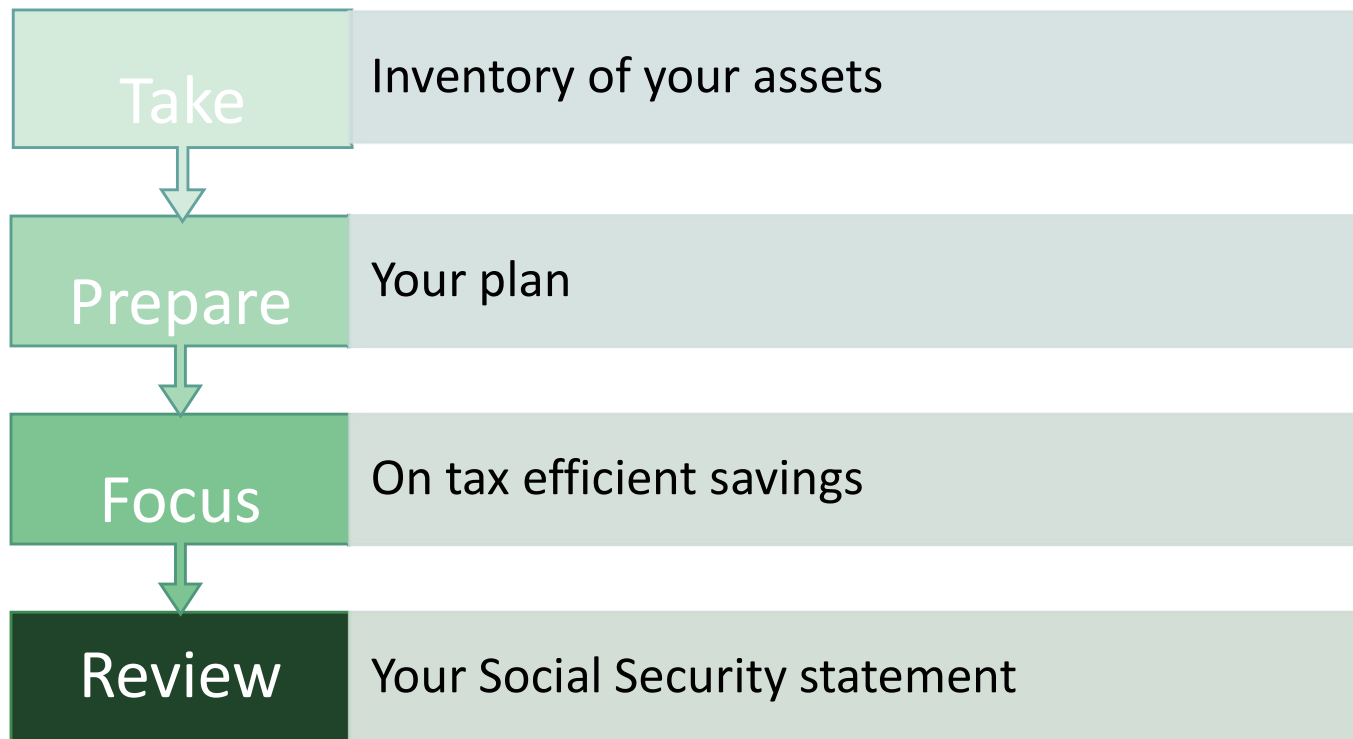
EMBRACE FAMILY & LEGACY

Beyond retirement

Take an active role in teaching the next generation how to handle wealth and the responsibility that comes with it.



Assess Your Goals – 10 Years Before



Take Inventory of your Assets

Net Worth Report

Description	Joe	Mary	Joint	Total
Investment Assets				
Employer Retirement Plans				
401(k) ABC Company	\$1,350,000			\$1,350,000
Individual Retirement Accounts				
Roth IRA - Inherited IRA		\$250,000		\$250,000
Taxable and/or Tax-Free Accounts				
EE Saving Bonds		\$95,000		\$95,000
Local Bank Checking	\$10,000			\$10,000
Total Investment Assets:	\$1,360,000	\$345,000	\$0	\$1,705,000
Other Assets				
Home and Personal Assets				
2012 Jeep	\$25,000			\$25,000
Business and Property				
FL Condo	\$125,000			\$125,000
Time Share	\$15,000			\$15,000
Cash Value Life				
Whole Life Insurance	\$30,000			\$30,000
Total Other Assets:	\$195,000	\$0	\$0	\$195,000
Liabilities				
Vehicle Loan:				
Jeep Loan	\$20,000			\$20,000
Total Liabilities:	\$20,000	\$0	\$0	\$20,000
Net Worth:				\$1,880,000



Prepare Your Plan

How much income will you need?

Sample Company Name, Sample Company Address, 95220				EARNINGS STATEMENT		
EMPLOYEE NAME	SOCIAL SEC.ID	EMPLOYEE ID	CHECK No.	PAY PERIOD	PAY DATE	
James Robert	XXX-XX-6565	454545	259248	01/23/14-01/29/14	01/31/14	
INCOME	RATE	HOURS	CURRENT TOTAL	DEDUCTIONS	CURRENT TOTAL	YEAR-TO-DATE
GROSS WAGES			1,000.00	FICA MED TAX	14.50	72.50
				FICA SS TAX	62.00	310.00
				FED TAX	159.50	797.48
				CA ST TAX	44.26	221.31
				SDI	10.00	50.00
YTD GROSS	YTD DEDCTIONS	YTD NET PAY	TOTAL	DEDUCTIONS	NET PAY	
5,000.00	1,451.28	3,548.72	1,000.00	290.26	709.74	

Gross Income

\$52,000

Replacement
Income

\$36,906



Focus on Tax Efficient Savings

Diversify by Account Type

1. **Tax-Deferred Accounts –**
457(b) Plan/IRA
2. **Tax-Free Accounts –**
Roth IRA/HSA
3. **Investment/Savings Accounts**



Review Your Social Security Statement

Earnings History

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1971-1980	\$ 2,142	\$ 2,142
1981-1990	87,102	87,102
1991-2000	246,069	246,069
2001	34,147	34,147
2002	34,846	34,846
2003	36,021	36,021
2004	38,032	38,032
2005	39,711	39,711
2006	41,829	41,829
2007	43,971	43,971
2008	45,170	45,170
2009	44,603	44,603
2010	45,666	45,847
2011	47,093	47,093
2012	48,560	48,560
2013	49,095	49,095
2014	50,605	50,605
2015	51,996	51,996
2016	52,108	52,108
2017	53,251	53,251
2018	53,966	53,966
2019	54,559	54,559
2020	54,489	54,489
2021	Not yet recorded	

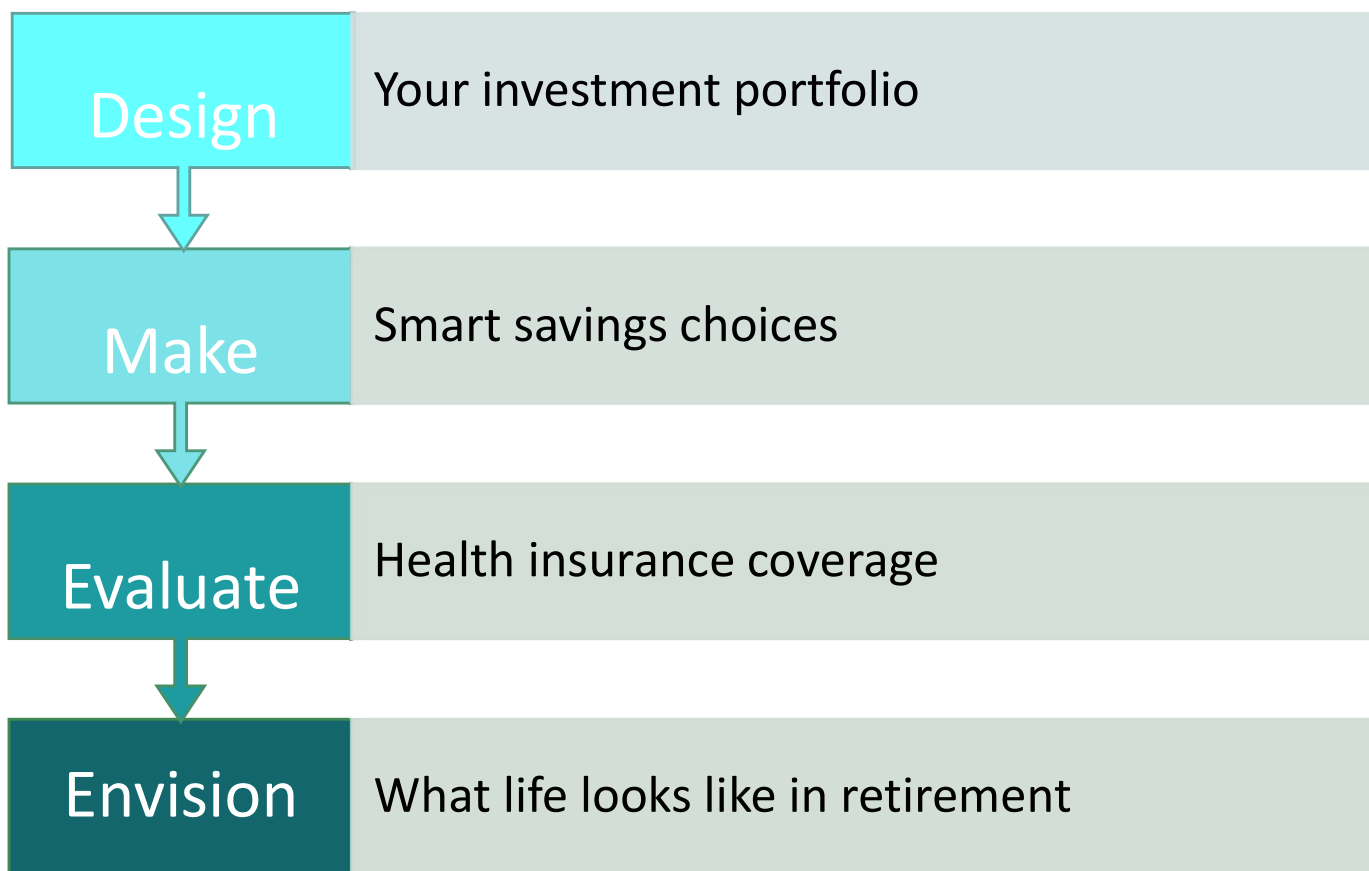
Monthly Estimates



Create an account at ssa.gov to obtain a statement and view more details!

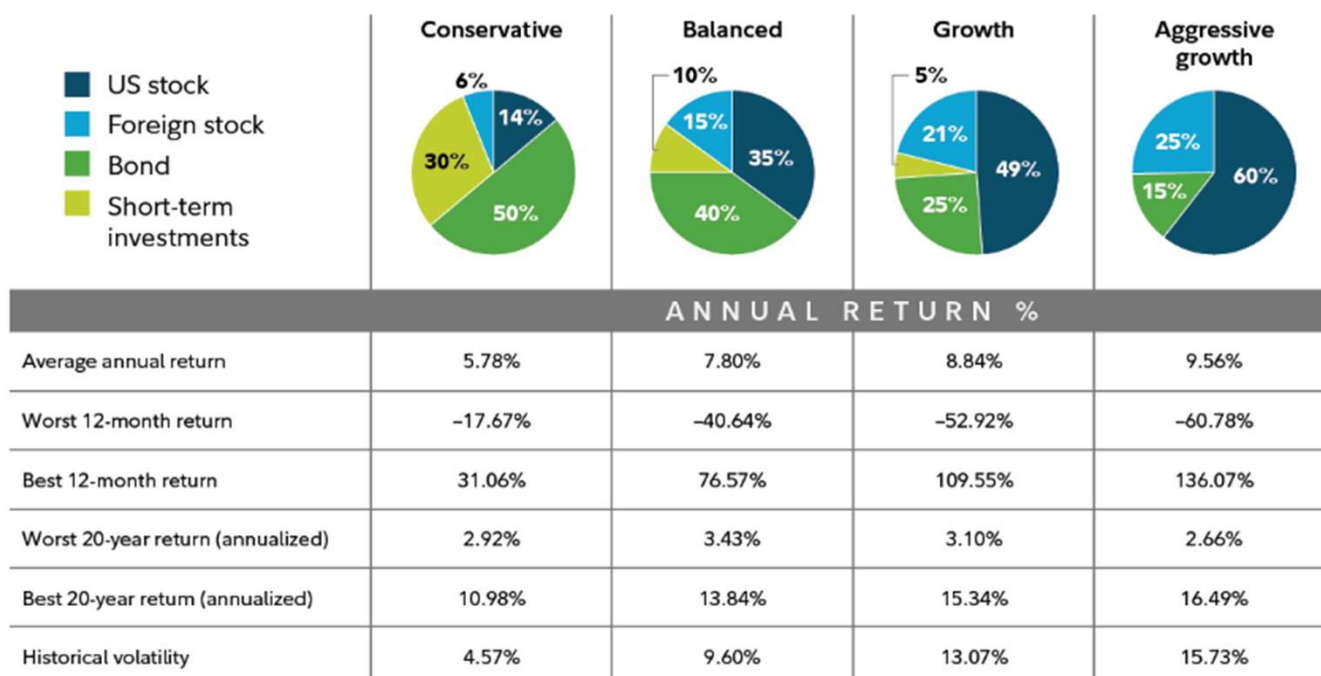


Get Ready – 2-9 Years Before



Design Your Investment Portfolio

The impact of asset allocation on long-term performance and short-term volatility



Asset mix performance figures are based on the weighted average of annual return figures for certain benchmarks for each asset class represented. Historical returns and volatility of the stock, bond, and short-term asset classes are based on the historical performance data of various indexes from 1926 through 2024. Domestic stocks represented by S&P 500 1926 – 1986, Dow Jones U.S. Total Market 1987 – most recent year end; foreign stock represented by S&P 500 1926 – 1969, MSCI EAFE 1970 – 2000, MSCI ACWI Ex USA 2001 – most recent year end; bonds represented by U.S. intermediate-term bonds 1926 – 1975, Barclays U.S. Aggregate Bond 1976 – most recent year end; short term represented by 30-day U.S. Treasury bills 1926 – most recent year end. It is not possible to invest directly in an index.



Design Your Investment Portfolio

Mutual Fund

- Collection of Individual Investments, i.e. Stocks, Bonds
- Has Investment Manager/Team That Selects Investments
- Pays Dividends and Capital Gains Distributions
- Price Determined at the End of Each Day
- Varied Internal Expense Ratios (cost)

Exchange Traded Fund

- Collection of Individual Investments, i.e. Stocks, Bonds
- Usually Has a Passive Strategy or Filter(s) for Investment Selection Criteria
- Usually Pays Dividends Only
- Trades Intraday on the Exchanges
- Generally Lower Internal Expense Ratios (cost)



Make Smart Savings Choices

Tax Advantaged Account	Tax Benefit	2024 Contribution Limit	Catch-up Contribution
Pre-Tax 457(b)	Deduction, Growth	\$23,500	\$7,500*
Post-Tax 457(b)	Growth, Withdrawal	\$23,500	\$7,500*
IRA	Deduction, Growth	\$7,000	\$1,000
Roth IRA	Growth, Withdrawal	\$7,000	\$1,000
HSA	Deduction, Growth, Withdrawal	\$8,550 (Family)	\$1,000**

*For ages 50 and up, additional catch-up amounts available for those ages 60-63

** HSA catch-up contributions not allowed until age 55



Evaluate Health Insurance Coverage

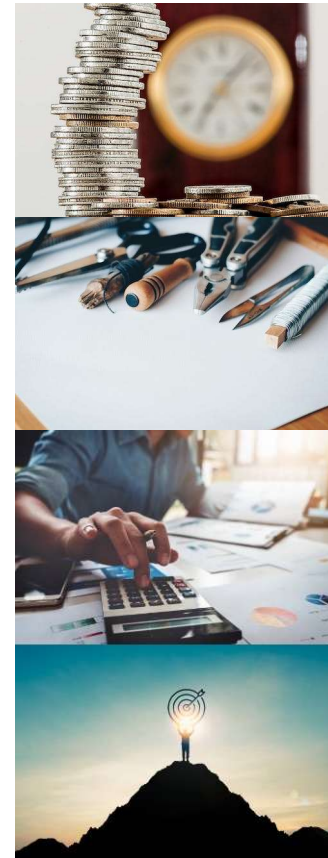
Health Care Options Before Age 65

- COBRA
 - Can temporarily keep current health insurance coverage
 - Generally expensive
- Affordable Care Act
 - Can select from multiple insurance plans on Pennie.com
 - May be eligible for generous income-based subsidies
- County Retiree Health Benefits
 - May be eligible as a Lancaster County employee
 - Years of service requirements apply

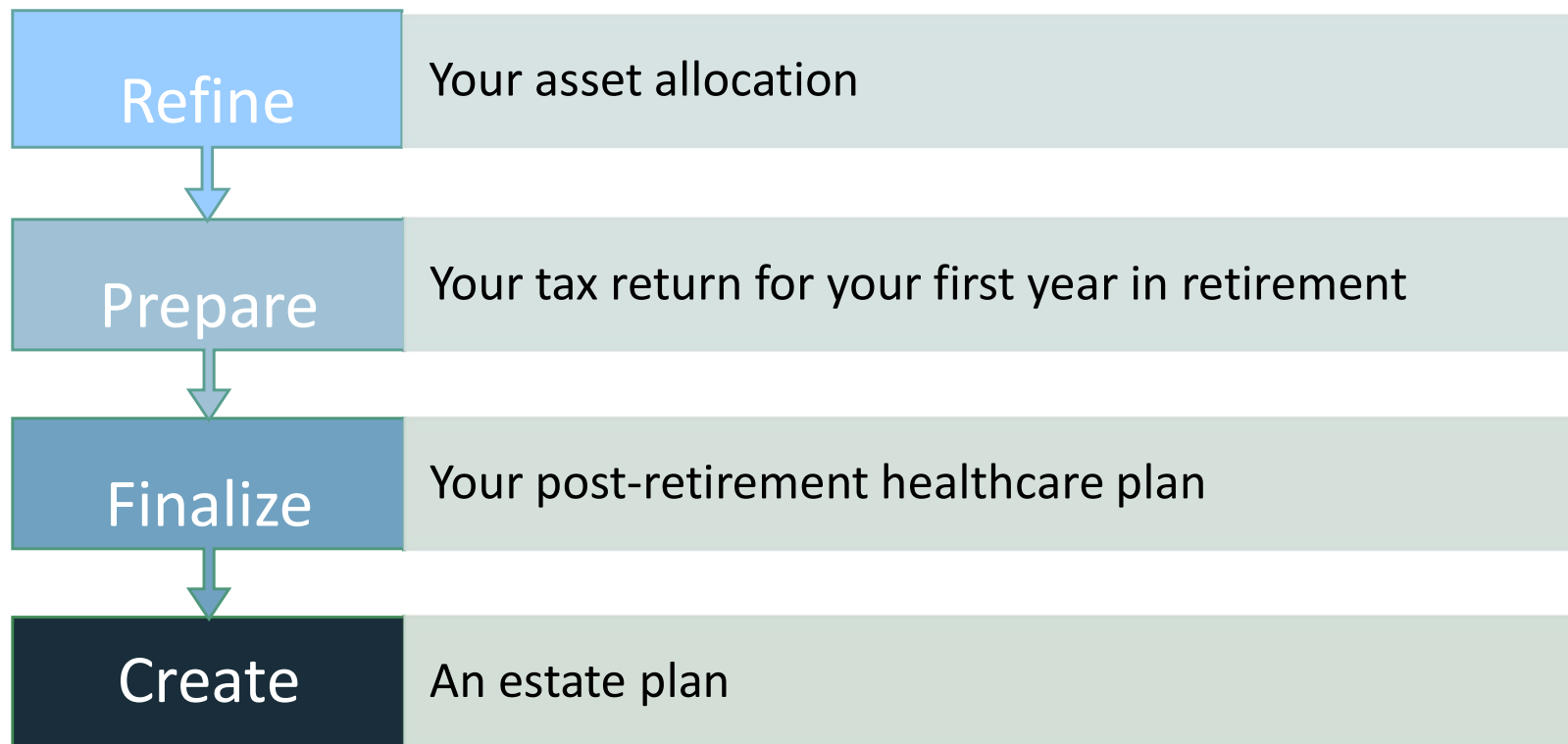


Envision What Life Looks Like in Retirement

- Where will your savings be spent?
- What new hobbies will you explore?
- How will you navigate your finances?
- How do you define a fulfilling retirement?



Implement the Plan – 1 Year Before Through 1 Year After



Refine Your Asset Allocation

Balance Short-Term Income Needs with Long-Term Growth

Short-term income needs – Bonds

Long-term growth – Equities

Prudent Withdrawal Strategy = 4% Rule*

Assuming a 50/50** portfolio and 30-year retirement, a first-year withdrawal of 4% followed by inflation-adjusted withdrawals in subsequent years should be safe.

EXAMPLE: James Robert retires with a total investment portfolio of \$300,000 invested in a 50/50 portfolio. He can take out \$12,000/yr. indexed at inflation for his retirement as a prudent withdrawal rate.

*William P. Bengen 1994 Journal of Financial Planning, Determining Withdrawal Rates Using Historical Data

** 50/50 portfolio consists of 30% Large Cap stocks, 20% Small Cap stocks and 50% Bonds



Prepare Your Tax Return for Year 1

Understand Your Retirement Paycheck

- Pension
- Social Security
- Withdrawals from portfolio

Tax Savings Opportunities

- Roth Conversions
- Long-term capital gains and qualified dividends
- Health savings accounts distributions
- Retirement plan contributions



Finalize your Post-Retirement Health Plan

Traditional Medicare

- Part B pays 80% of non-hospital costs
- Requires a supplemental health insurance policy
- Requires a drug plan coverage (Part D)

Medicare Advantage

- All inclusive coverage (includes hospital, non-hospital, and drug coverage)
- Government subsidizes private coverage
- Provided within a network of providers
- Can include some dental and vision, plus extras such as gym memberships



Create an Estate Plan

Beneficiary Designations

- Applies to all retirement plans, life insurance and annuity contracts
- Beneficiaries receive assets without regard to will
- Should be reviewed every year

Estate Documents

- Last Will and Testament
- Living Will
- Durable Power of Attorney
- Healthcare Power of Attorney



Live the Dream...



Upcoming Seminars

The Basics of Starting a New Garden

March 24, 2024 at 11:00 am

Aging in Place

April 8, 2024 at 11:00 am

Register at Rodgers-Associates.com



Thank You!

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