

# Will You Be Ready to Retire?

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

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Rodgers &  
Associates  
WEALTH ADVISERS



# 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

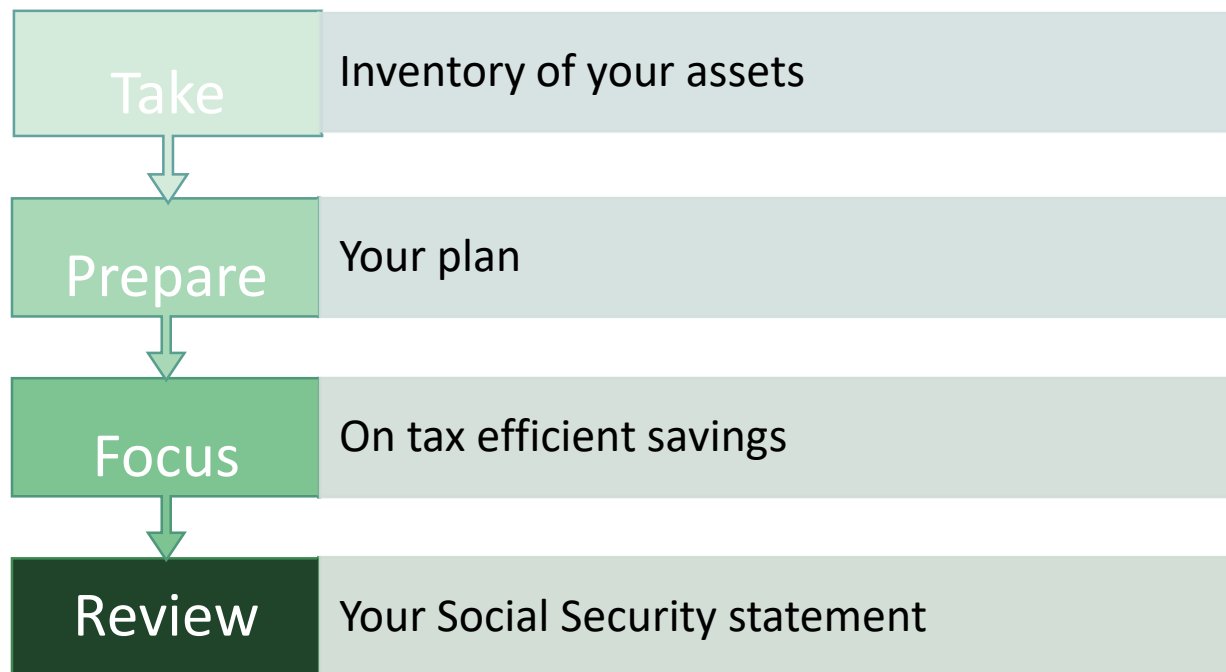
Beyond retirement

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



# 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**



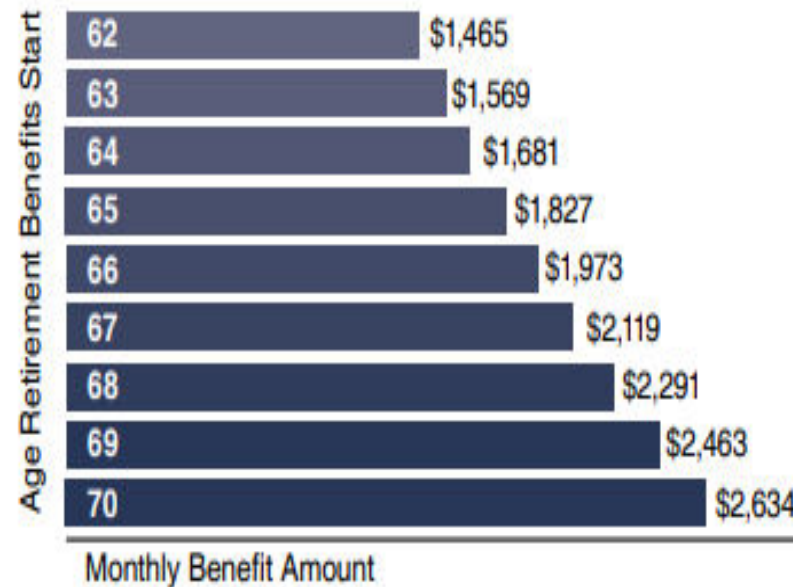


# Review Your Social Security Statement

## 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	

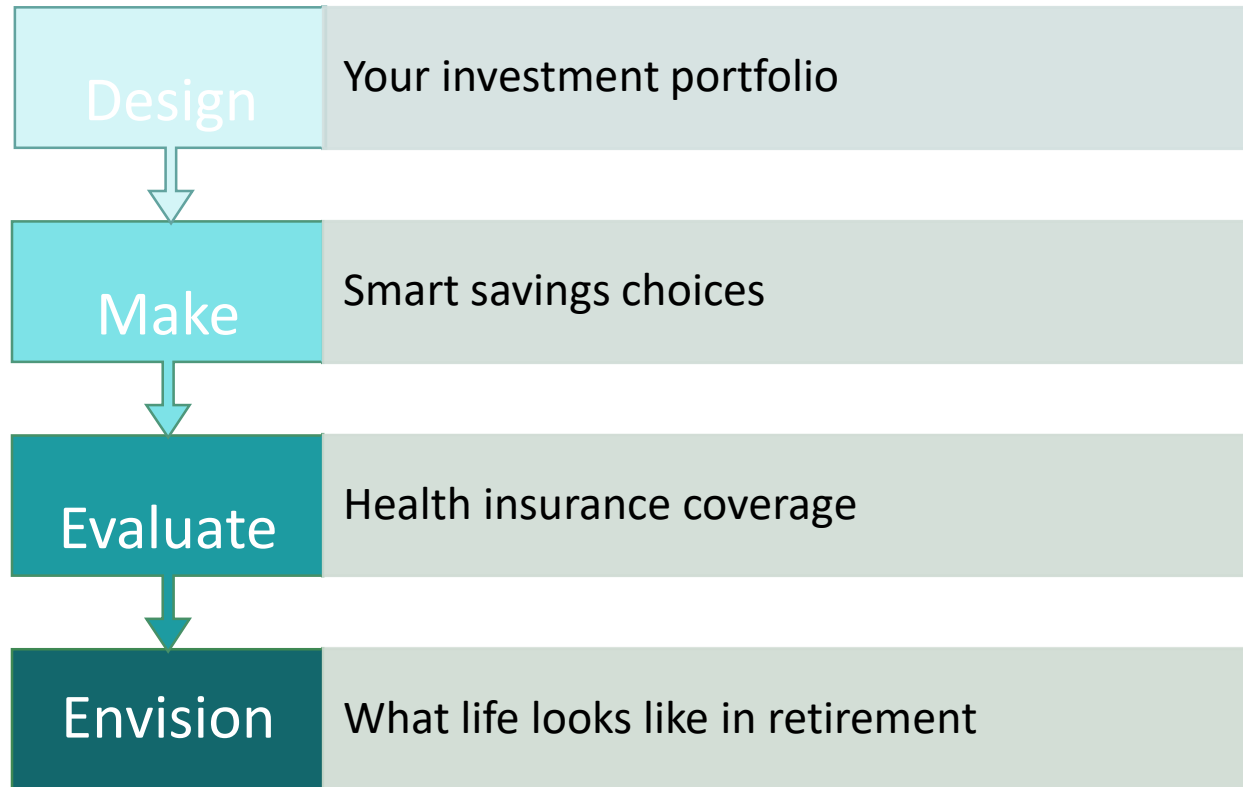
## Monthly Estimates



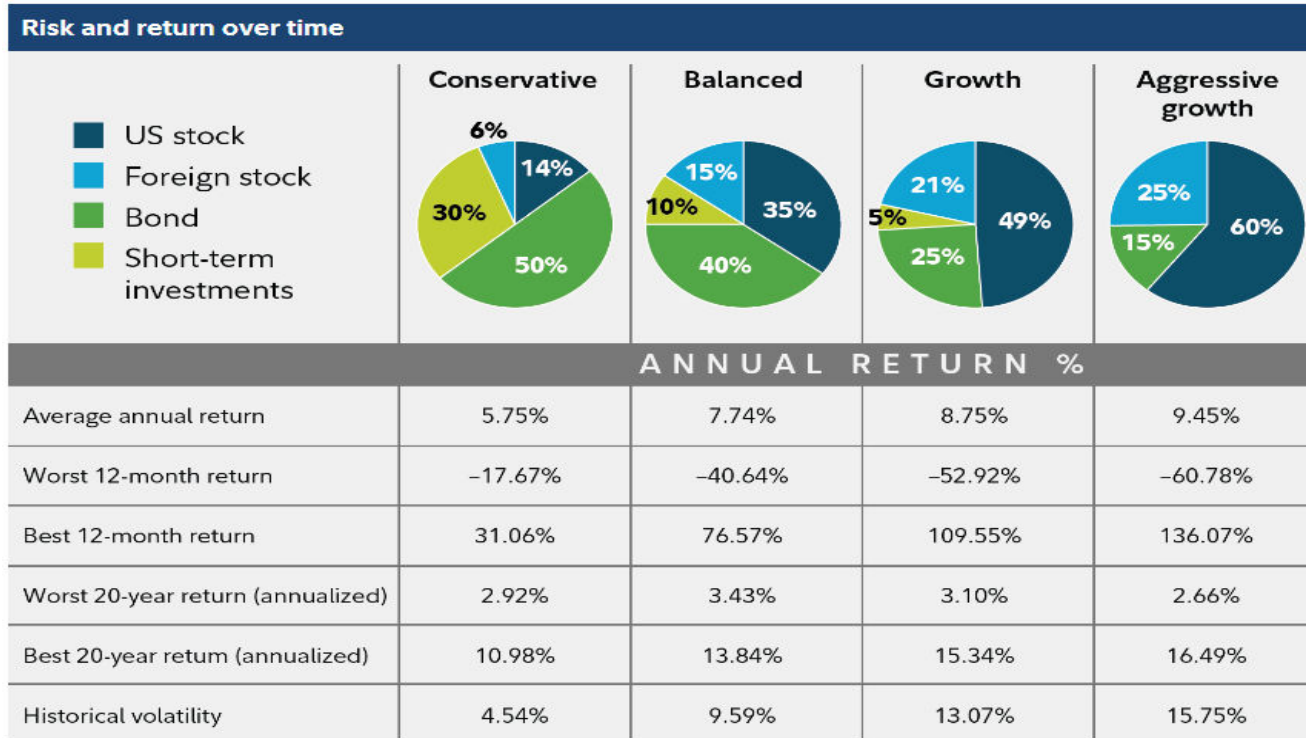
Create an account at [ssa.gov](https://ssa.gov) to obtain a statement and view more details!



# Get Ready – 2-9 Years Before



# Design Your Investment Portfolio



Data source: Fidelity Investments and Morningstar Inc. 2022 (1926–2022). **Past performance is no guarantee of future results.** Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only. It is not possible to invest directly in an index. Time periods for best and worst returns are based on calendar year. For information on the indexes used to construct this table see Data Source in the notes below. The purpose of the target asset mixes is to show how target asset mixes may be created with different risk and return characteristics to help meet a participant's goals. You should choose your own investments based on your particular objectives and situation. Remember, you may change how your account is invested. Be sure to review your decisions periodically to make sure they are still consistent with your goals. You should also consider any investments you may have outside the plan when making your investment choices.



# 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	\$23,000	\$7,500*
Post-Tax 457(b)	Growth, Withdrawal	\$23,000	\$7,500*
IRA	Deduction, Growth	\$7,000	\$1,000
Roth IRA	Growth, Withdrawal	\$7,000	\$1,000
HSA	Deduction, Growth, Withdrawal	\$8,300 (Family)	\$1,000**

\*Additional catch-up contributions may be allowed by plan

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



# Evaluate Health Insurance Coverage

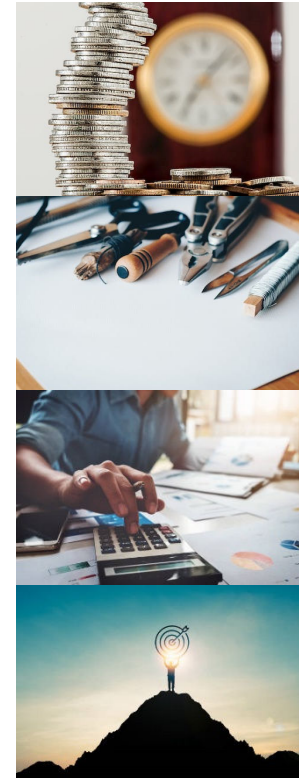
## Health Care Options Before Age 65

- 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

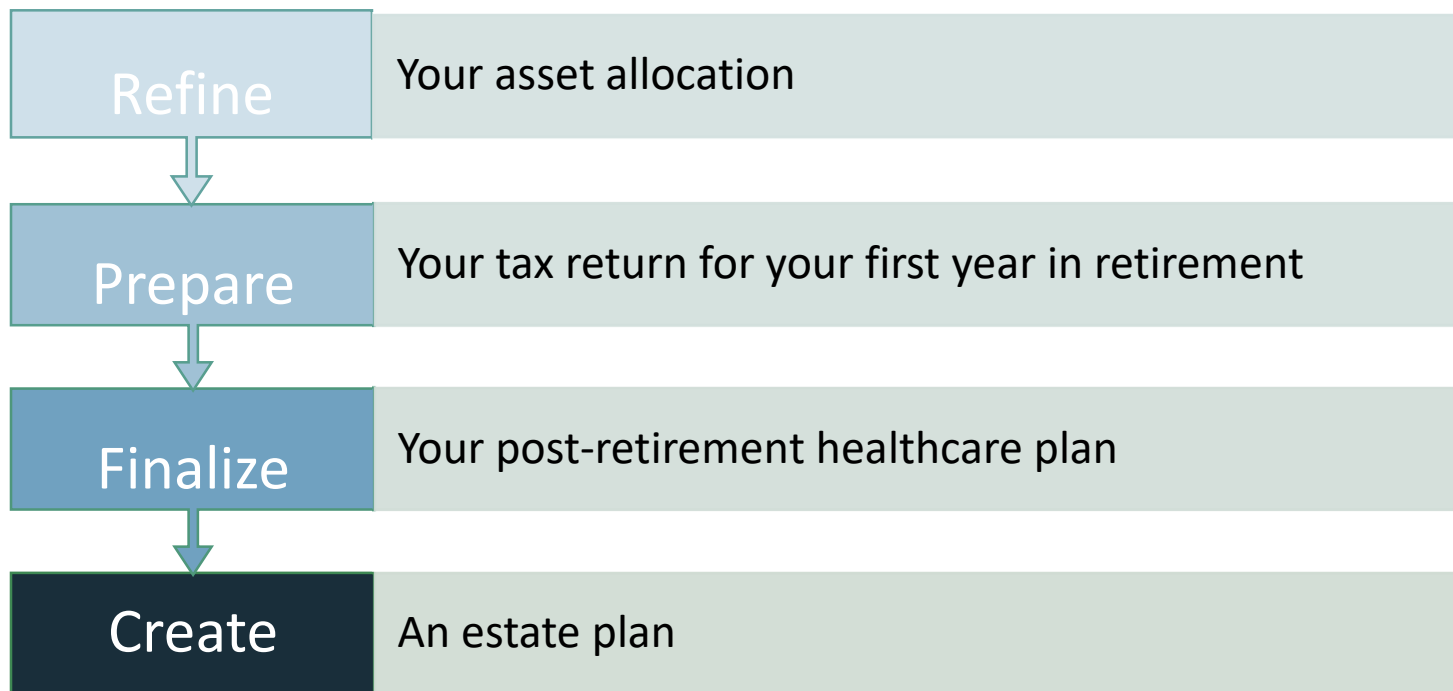


# Envision What Life Looks Like in Retirement

- 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

## History of Bear Markets

Thursday, March 28<sup>th</sup>, 2024

11:00 AM

**Register at [Rodgers-Associates.com](https://Rodgers-Associates.com)**



# Thank You!

**Rodgers &  
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WEALTH ADVISERS

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