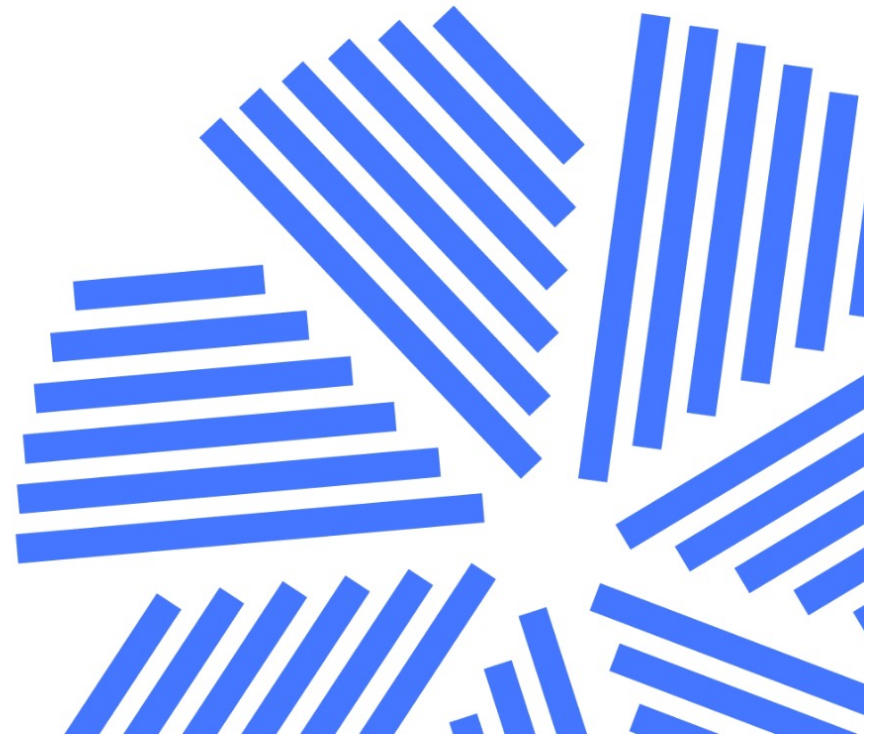




Investing for Retirement

Speaker Names

Date



Disclaimer

This presentation is the property of the CFA Society Boston. It may not be copied, duplicated, or disseminated in whole or in part without the prior written consent of CFA Society Boston.

The comments, suggestions, and advice provided in and during this presentation are of the applicable presenter and not of their respective employers or CFA Society Boston, its members, employees, or volunteers.

Please see the additional disclaimer provided at the end of this presentation.





CFA Society Boston

- Non-profit professional society of over 6,000 investment professionals
- New England's largest investment professional membership organization
- Founded in 1946, CFA Society Boston is a founding society of CFA Institute.



CFA Institute

- Global association of investment professionals
- Sets the standard for professional excellence and credentials
- Champions ethical behavior in investment markets
- Respected source of knowledge in the global financial community



SPEAKER BIOGRAPHIES



Speaker Name bio...



Speaker Name bio...



Speaker Name bio...



Investing for Retirement

Presented by:
CFA Society Boston



Image by Nattanan Kanchanaprat from Pixabay



Why We're Here



Image by Rawpixel on Freepik

Goal is to provide:

- a practical overview of planning for retirement,
- an understanding of the resources available to you through employer sponsored plans and
- lay groundwork for your successful retirement



Preparing For Retirement



Retirement is the biggest financial life milestone and one that we all face



Although your retirement date may be many years in the future, planning for it **now** makes sense



Some aspects of retirement planning are **in our control** and others are **outside of our control**



Today we'll discuss what **you can do** to financially prepare for retirement and how to handle the factors that are outside of our control



Retirement Planning Success Factors



Goals & Aspirations



Investments



Contribution to Retirement account



Savings Tenure



Annual Income



Accumulated Retirement Assets

Calling Out the Unknowns

At what AGE will you retire

Stock & bond RETURNS ... now to retirement ... and during retirement

How much money will you ACCUMULATE by retirement

How you'll convert retirement savings to a PAYCHECK

How much PENSION / SOCIAL SECURITY INCOME will you receive in retirement

Your EXPENSES in retirement

HOW LONG will you be in retirement

INFLATION

What do we know about Retirement?



Overall spending likely to be lower than during peak years



Health care costs will likely be significant



Life expectancy continues to increase



Retirees with purpose are happier than those without purpose. Remedied with volunteer and paid part-time work, relationships, hobbies, etc.

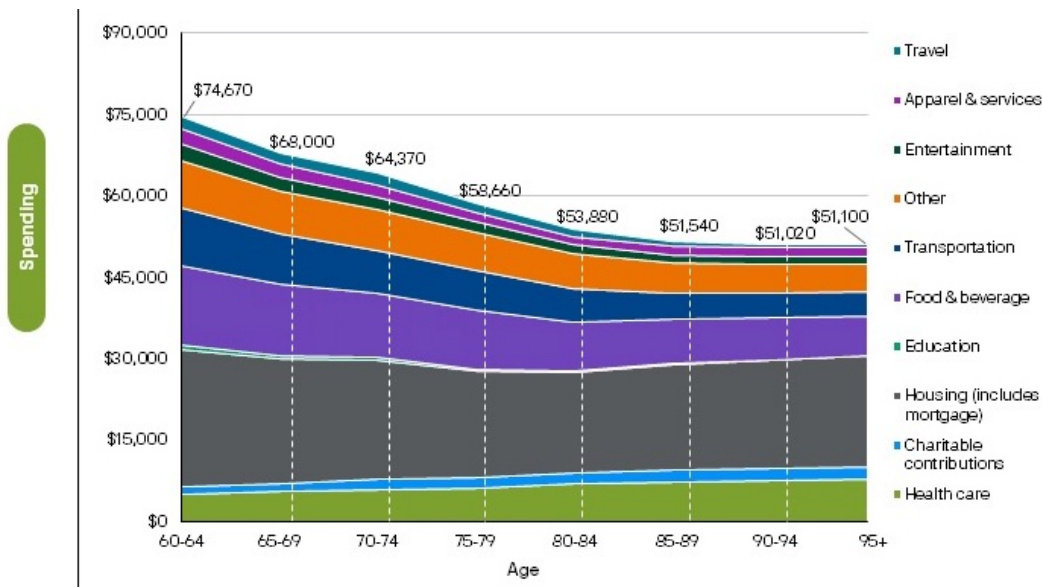


Highly indebted retirees generally experience retirement insecurity across a wide variety of measures



Changes in Spending

Average household spending patterns by various age groups
Retired households \$250k-\$750k investable wealth



- Household spending tends to peak in late 40's
- Spending declines in all categories after the peak years except for health care and charitable giving
- Housing is the largest expense, even at older ages
- Goal is to pay off debt before retirement (see link below)
 - <https://www.ebri.org/content/the-impact-of-rising-household-debt-among-older-americans>
- Inflation cuts into future income

Life Expectancy and Population in the U.S.A.

- The average life expectancy in the United States has increased.
- Today, if you live to age 65, it is highly likely you will live to 85.
- **Retirement is getting longer.**



Image by RosZie from Pixabay

Average Life Expectancy

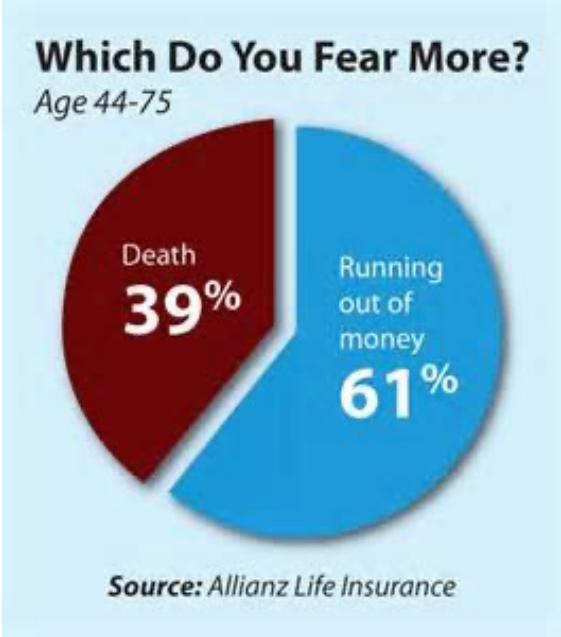
Year	Male	Female
1900	46.3	48.3
1910	48.4	51.8
1920	53.6	54.6
1930	58.1	61.6
1940	60.8	65.2
1950	65.6	71.1
1960	66.6	73.1
1970	67.1	74.7
1980	70.0	77.4
1990	71.8	78.8
2000	74.1	79.3
2010	76.2	81.0
2020	74.2	79.9
2022	74.8	80.2

Number of Americans 65 or Older

Year	Millions
1900	3.0
1910	3.9
1920	4.9
1930	6.7
1940	9.0
1950	12.7
1960	17.2
1970	20.9
1980	26.1
1990	31.9
2000	35.0
2010	40.3
2020	55.8

Source: CDC.gov
CFA Society Boston Financial Literacy

Retirement Fears



The #1 fear of people as they approach retirement is outliving their retirement savings.



Image by drobotdean on Freepik

What can you do to be prepared?

1. Write down your retirement-related goals and costs
2. Use 401k and 403b plans to maximize tax advantaged retirement assets
3. Determine how much to save each year ... *then increase it.*
4. Check your investments ... *not every day.*
5. Avoid borrowing from or cashing out of your retirement accounts
6. Monitor your retirement plans from previous jobs ... *don't cash out.*
7. Evaluate sources of retirement income ... *Soc Sec, part-time work, etc.*
8. Organize your money ... *Budget | Pay off debt | Build savings*
9. Get your estate plan in place ... *wills, trusts, power of attorney, etc.*
10. Seek out guidance from experts ... *ask friends, relatives for names.*



1. Write down your Goals

It's easier to reach our goals when we know what we hope to achieve

- Ideal retirement age
- Where will you live
- Married or single
- Rent or own a home
- Mortgage or other debt
- Travel
- Role of family
- Work
- Volunteer
- Hobbies



2. Use Retirement Vehicles

Employer Sponsored Deferred Comp

- Tax deferred growth (Traditional)
- Tax free growth (Roth)
- Available through work
- Investments can be automatically deducted from paycheck
- \$23,000 contribution limit and higher if age 50+
- RMDs at age 72 (Traditional)

Individual Retirement Account

- Tax deferred growth (Traditional)
- Tax free growth (Roth)
- DIY or work with an advisor
- \$7,000 contribution limit and higher if age 50+
- Income limitations on both types



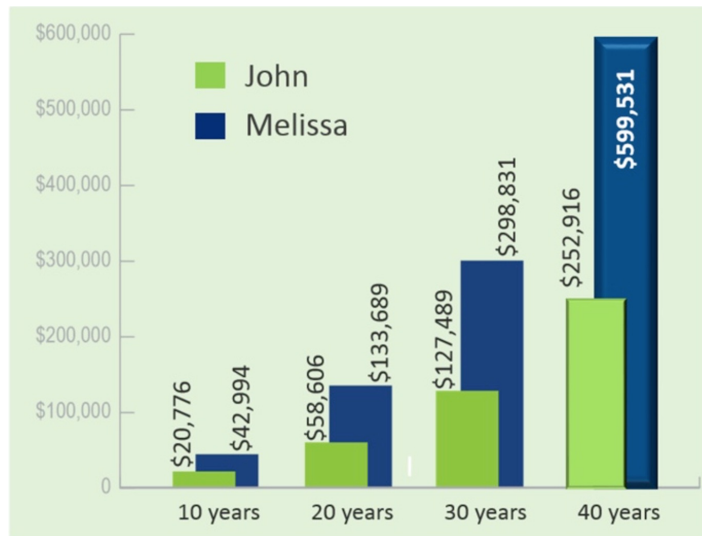
3. Determine how much to Save

- We recommend saving 5-15% of gross household income
- Just start! \$10 is often the minimum payroll deduction
- Consider increasing your contributions when you receive a pay raise
- A few percentage points more saving over a long career makes a difference



Image licensed under creative commons via Google Image Search

Compounding Example



- John and Melissa both start saving for retirement with a 3% contribution level.
- Melissa increases her contribution level to 8% within the first 5 years of participating and holds steady at 8% until retirement.

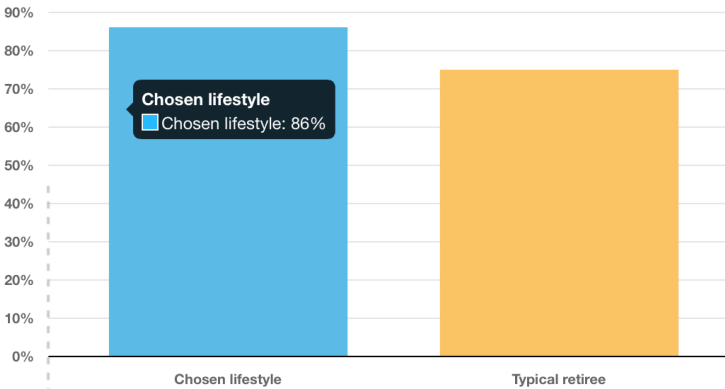
Illustrative purposes only; Assumes annual salary of \$50,620 with no increases, a 3% bi-weekly contribution, 6% annual return, reinvestment of earnings, and no withdrawals. Does not reflect any fees, charges, expenses, etc. Accumulation amounts would be reduced if these fees were reflected. Source: [Massachusetts SMART Plan: Increase Deferrals](#)

Replacement Income

Percent of current salary you may need for this retirement lifestyle

86%

- 86% of your current salary: **\$ 86,000**
- 75% of your current salary (typical retiree): **\$ 75,000**



Source: [Empower Retirement Learning Center Lifestyle Calculator](#)

WHAT KIND OF HOME DO YOU HOPE TO HAVE?
Stay Put

HOW MUCH TRAVELING DO YOU HOPE TO DO?
Day trips

HOW MUCH DO YOU INTEND TO GIVE TO CHARITY?
Some

HOW MUCH DO YOU INTEND TO SPEND ON ENTERTAINMENT?
Some



4. Your Investments

- **Within your Employer Sponsored Plan**

- Lifestyle or Target Date Portfolios provide exposure to a variety of asset classes and automatically adjust their allocation to stocks and bonds each year based on expected retirement age and corresponding date.
- Other stand-alone options; to select your own line up.



5. Avoid Withdrawals

- It is strongly recommend **NOT** withdrawing from, or cashing out of, any of your retirement accounts except to avoid bankruptcy.
- A key component of preparing for retirement is **TIME**. The longer your money is invested, the more it is likely to compound and work for you.
- If you change jobs, you can keep your employer sponsored plan account where it is, roll it over to your new employer's plan or roll it into an IRA.
- If you currently have a retirement plan loan outstanding, make a plan to pay it back ASAP



Image by Agoss from Pixabay

6. Old Retirement Accounts



Image by Freepik

Recommendations

- If you participated in the retirement programs of your previous employers, make sure you keep a list of those accounts and check on them regularly.
- If your contact information changes, let the plan's recordkeeper know so that they can keep you updated.
- If it becomes too much work to keep track of these old plans, they can be rolled over to an IRA account or possibly consolidated in your current employer's plan.

7. Potential Sources of Income

Monthly Income

1. Pension, if available
2. Social Security
3. Post-retirement work

Other Sources

1. Employer Sponsored Plan Deferred Comp.
2. Any other 401k, 403 savings plans
3. Ira, Roth IRA, etc.
4. Other after-tax investment accounts savings

8. Organize Your Money

Budget

- Knowing how much you spend today will help you estimate what you may spend in retirement
- Also helps you prioritize spending and savings today

Pay off debt

- Aim to enter retirement debt-free (including your mortgage)

Build your savings

- Save for emergencies & large purchases so you don't have to borrow

9. Get Your Estate Plan in Place

Principal: Individual who directs another to act for his/her own benefit | **Agent:** Individual appointed to fulfill specified directives of principal

	APPOINTS OR INSTRUCTS				TIMING	
	Appoints an agent to manage the day-to-day affairs of the principal	Appoints an agent to manage the health care of the principal	Provides instruction to manage the health care of the principal	Provides instructions for managing and transferring principal's assets	Powers/instructions applicable during <i>life of principal</i>	Powers/instructions applicable at <i>death of principal</i>
General power of attorney (POA) ¹	✓				✓	
Durable power of attorney ¹	✓	✓ Used in place of General POA			✓	
Health care proxy		✓			✓	
Advance health care directive / Living will ²			✓		✓	
Will				✓	Review/update periodically	✓
Revocable trust ³				✓	✓	✓
Irrevocable trust ⁴				✓	✓	✓



Source: JP Morgan Asset Management | Guide to Retirement | 2018

CFA Society Boston Financial Literacy

Time Value of Money: It Grows!



“My wealth has come from a combination of living in America, some lucky genes, and compound interest.”

WARREN BUFFETT





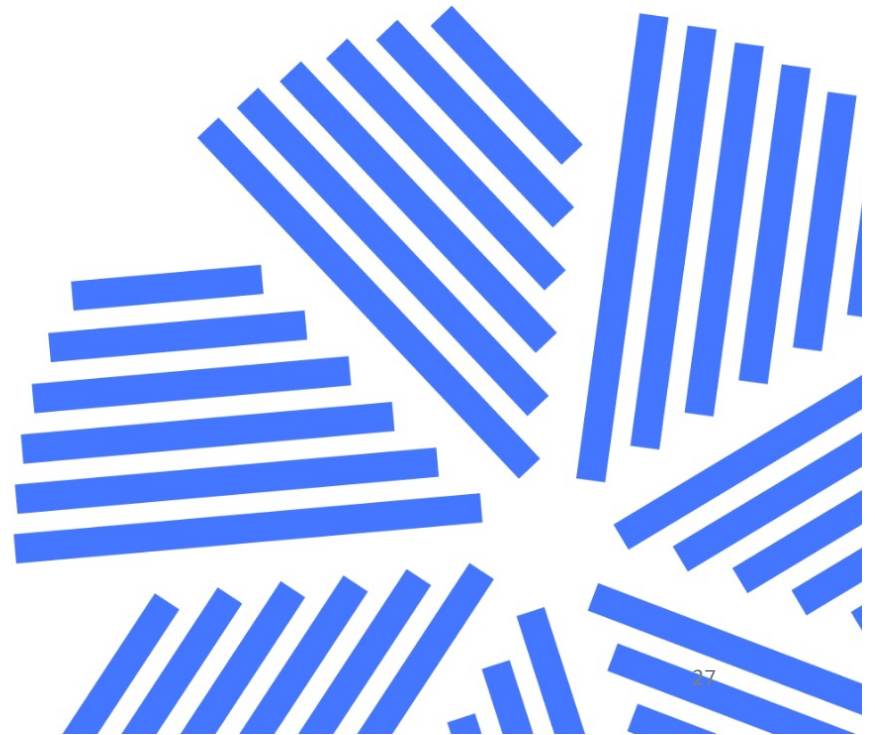
Q & A SESSION



How can we help?

CFA Society Boston
www.cfasociety.org
617-426-0270

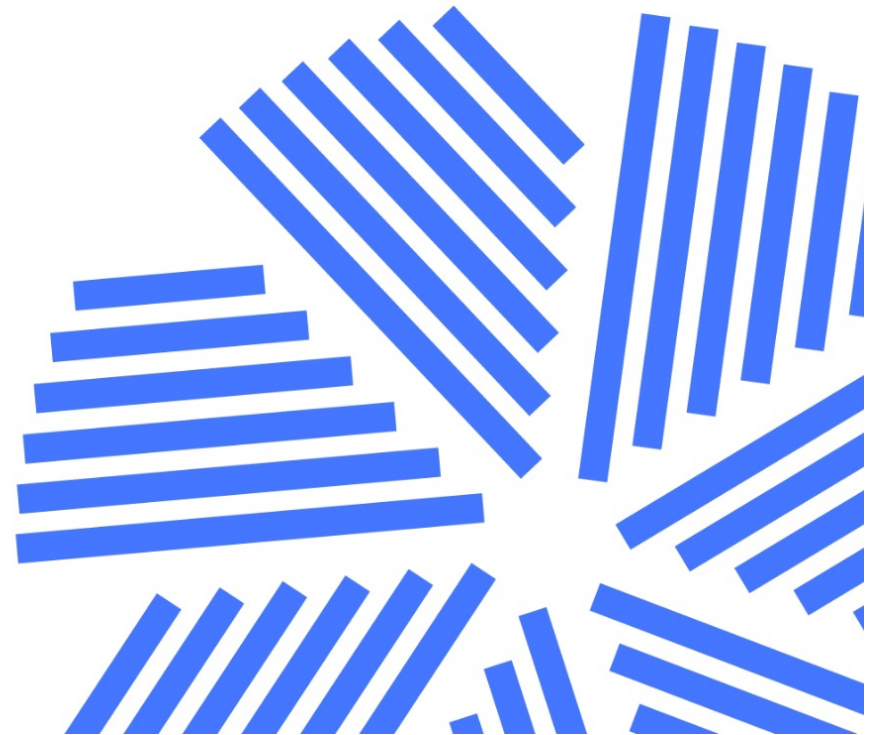
www.cfaboston.org





Thank You

www.cfaboston.org



About CFA Society Boston Financial Literacy Program

Who We Are

CFA Society Boston is dedicated to putting investors first and raising ethical standards within the investment profession. We unite Boston's investment community and provide a forum for collaboration, education, and innovation. Originally called the Boston Security Analysts Society, Inc., we are a non-profit professional society founded in 1946. In 2017, we became CFA Society Boston. More than 6,000 investment professionals locally and globally are members of CFA Boston, representing over 650 investment firms. 96 percent of CFA Boston members hold the Chartered Financial Analyst designation from CFA Institute.

Our Financial Literacy Mission

This community outreach program aligns with non-profit groups to reach a wide variety of audiences, from late high school onward. Since its inception in 2014, the initiative has touched thousands of people, partnered with over 30 organizations, and currently has over 30 active volunteers. This community outreach program makes valuable financial literacy content available to the general investing public through collaboration with our alliance partners. The initiative addresses issues such as Personal Finance, Basics of Investing, Retirement, Bonds vs. Equities, Choosing a Bank, and more.

How it Works

This community outreach program aligns with non-profit groups to reach a wide variety of audiences, from late high school onward. Since its inception in 2014, the initiative has touched thousands of people, partnered with over 30 organizations, and currently has over 30 active volunteers. This community outreach program makes valuable financial literacy content available to the general investing public through collaboration with our alliance partners. The initiative addresses issues such as Personal Finance, Basics of Investing, Retirement, Bonds vs. Equities, Choosing a Bank, and more.





How to Partner with the CFA Society Boston Financial Literacy Program

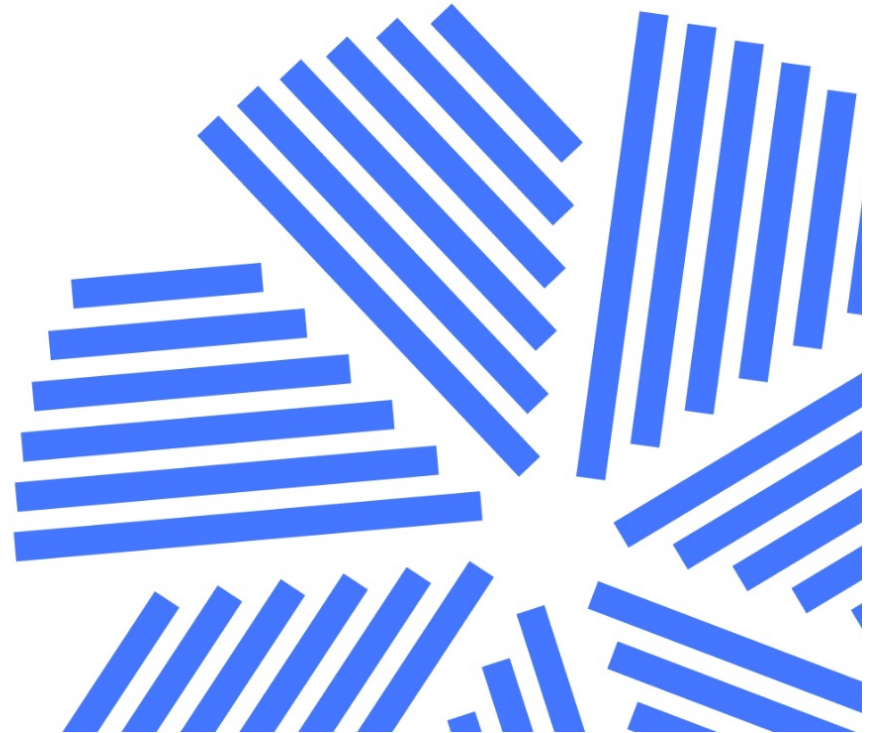
What CFA Society Boston Commits To

- Provide neutral, expert presenters
- Set up and present topics
- Supply the presentation / activity
- Bring a laptop and materials
- Be experienced in presenting in-person and in a virtual setting

What Your Organization Commits To

- Provide the audience and venue, either in-person or virtual
- Promote the event onsite, local newspapers and website
- Make a projector or USB connection available
- Briefly introduce presenter(s) Complete a post offering survey

For more information on how CFA Society Boston can partner with you visit www.cfaboston.org/financialliteracy or email finlit@cfaboston.org.





SLIDE INFORMATION

Alliance Leaders:

Date of Offering:

www.cfaboston.org

