



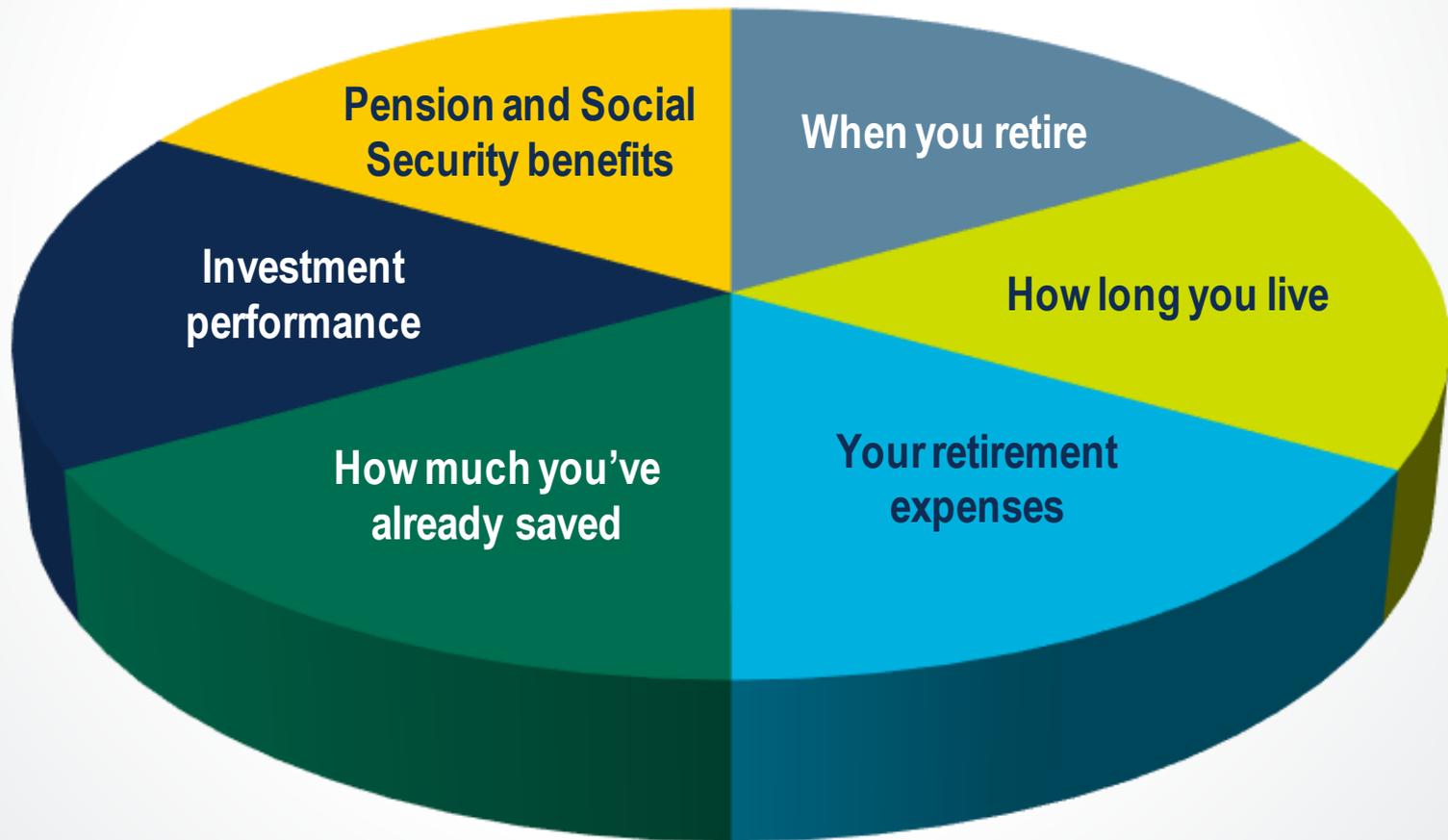
# YOUR SAVING & INVESTING GOALS

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# HOW MUCH DO YOU NEED TO SAVE?

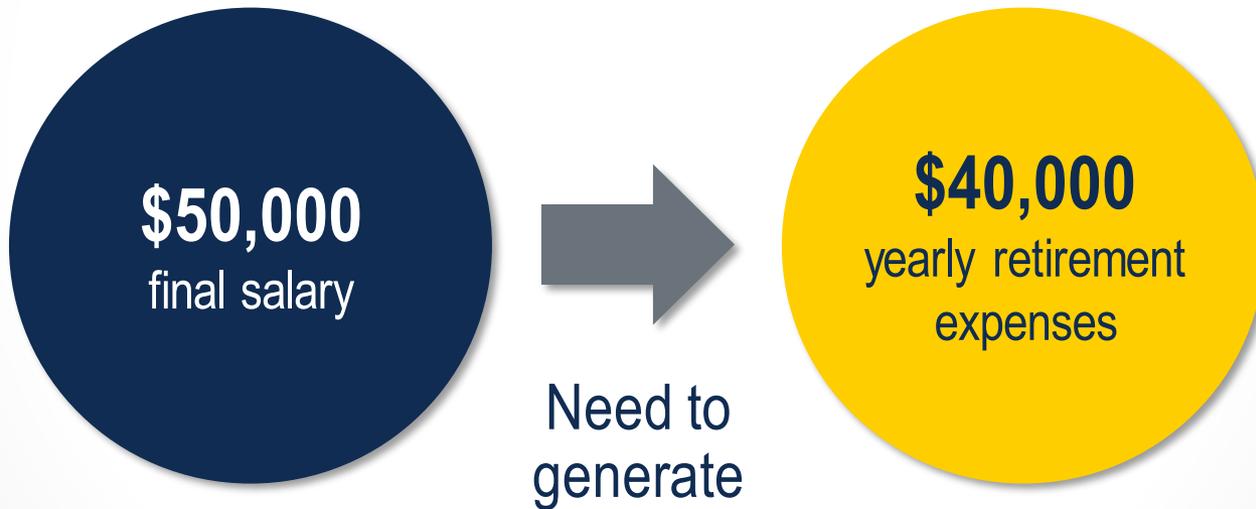
It depends on **YOUR SPECIFIC** circumstances



# YOUR RETIREMENT INCOME GOAL



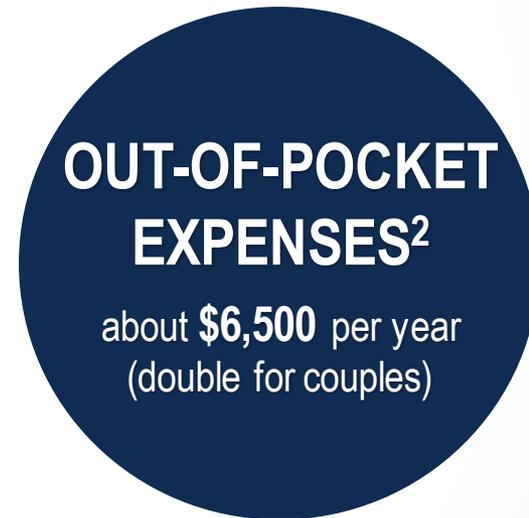
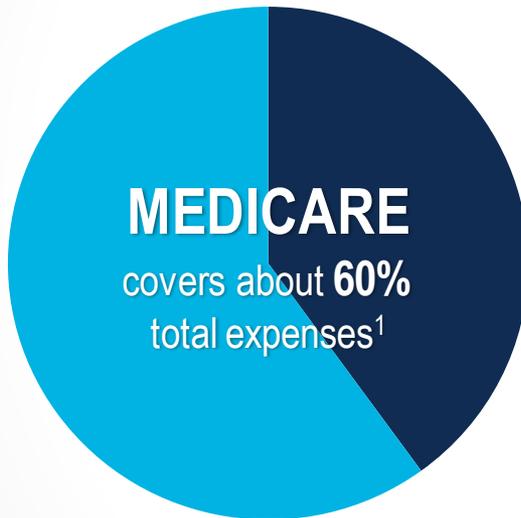
Rule of thumb – replace about **80%** of your pre-retirement income



Some individuals will need more, some less.  
How much do you think you'll need?

# YOUR RETIREMENT EXPENSES

## Plan for Health-Care Costs



<sup>1</sup> Source: "Amount of Savings Needed for Health Expenses for People Eligible for Medicare", Employee Benefits Research Institute (Oct. 2015). References 2012 data for Medicare beneficiaries age 65 and older.

<sup>2</sup> Source: GoodCare.com (Dec. 2011). Includes Medicare premiums, co-payments, supplemental coverage and dental and vision services.

# YOUR RETIREMENT EXPENSES

Plan for inflation and taxes

## 1. INFLATION

- ▶ \$6,500 at 4% inflation would double to about \$13,000 in just 18 years

## 2. TAXES

- ▶ Overall income taxes may rise
- ▶ Retirement account withdrawals
- ▶ Property taxes may be higher

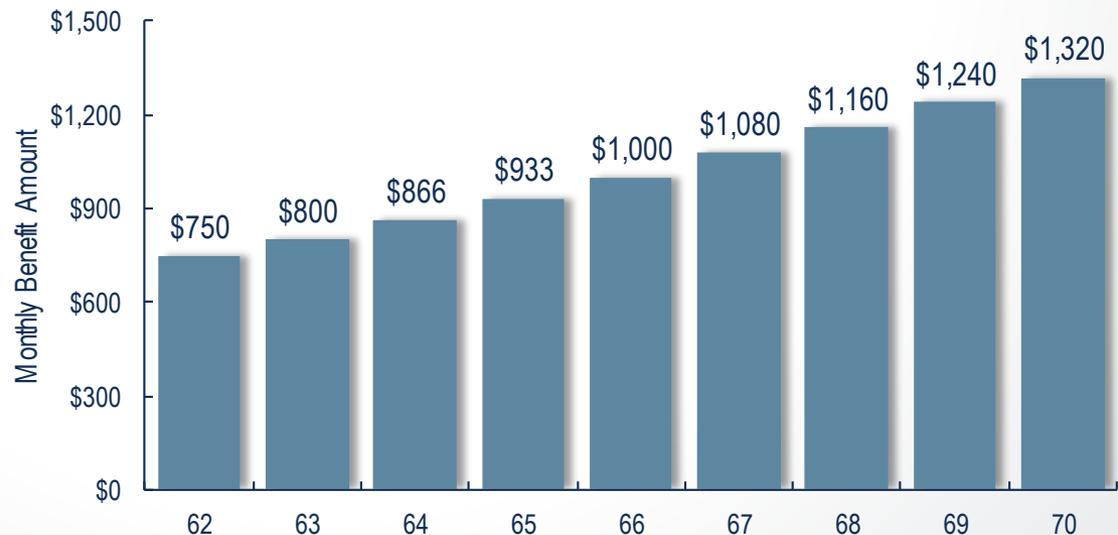
# YOUR PENSION

- ▶ View expected benefits at
  - ▶ Normal retirement age
  - ▶ Early retirement age
- ▶ Can you expect a COLA...and it to keep pace with inflation?
- ▶ If you marry, review spousal benefits

# YOUR SOCIAL SECURITY BENEFITS

- ▶ View your statement – [www.ssa.gov/myaccount](http://www.ssa.gov/myaccount)
- ▶ Will they be reduced due to public sector work in which you weren't covered? [www.ssa.gov/gpo-wep](http://www.ssa.gov/gpo-wep)
- ▶ When you **BEGIN** benefits impacts **AMOUNT** of benefit

This example assumes a benefit of \$1,000 at a full retirement age of 66



# YOUR TAX-ADVANTAGED 457 PLAN

- ▶ Project your **BALANCE** at different ages
- ▶ Consider assuming different investment performance – pessimistic **AND** optimistic

Your pension and/or Social Security are likely to go a long way but are unlikely to be enough!

# TYING IT ALL TOGETHER

Let's assume...

**\$40,000/year**      **NEED INCOME** in Retirement

**\$30,000/year**

\$15,000/year      Projected **PENSION**

\$15,000/year      Projected **SOCIAL SECURITY**

**\$10,000/year**

Need to **WITHDRAW**  
from savings

How can you save enough to reliably  
withdraw what you need?



# SAVE EARLY REDUCE THE PRESSURE LATER

If you need \$10,000 your first year of retirement, you may need **about \$250,000** saved to last **throughout retirement**

You'll need to save...

**AGE 50**

**\$ 10,452** per year

**\$ 402** per pay period



**AGE 40**

**\$ 4,420** per year

**\$ 170** per pay period



**AGE 30**

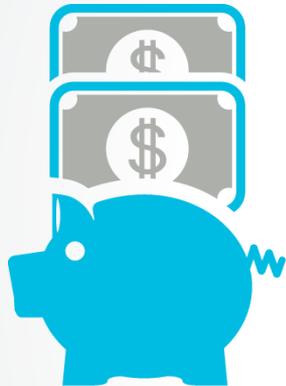
**\$ 2,184** per year

**\$ 84** per pay period

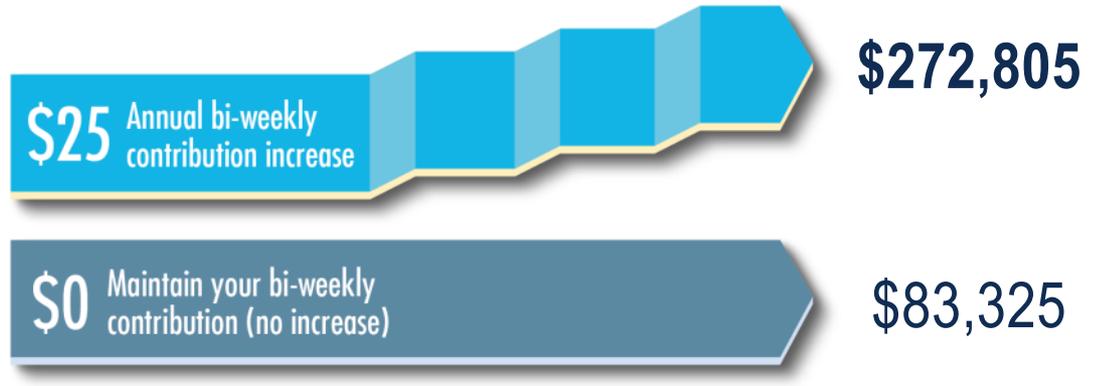


Assumes retirement at age 65. Based on 4% rule of thumb in which you withdraw 4% initial year and then adjust for inflation each subsequent year from a balanced portfolio of stocks and bonds in order to increase likelihood of portfolio lasting about 30 years. For illustrative purposes only. Assumes an effective annual rate of 6%, compounded biweekly.

# YOU CAN START SMALL INCREASE OVER TIME



ACCOUNT VALUE  
20 YEARS LATER:



A **\$25 BI-WEEKLY BOOST** each year leads to over **\$189,000**  
in additional savings!

See more examples – [www.icmarc.org/savingsboost](http://www.icmarc.org/savingsboost)

For illustrative purposes only. Assumes \$10,000 account value and \$50 bi-weekly contributions at age 40 and 6 percent average annual return.

# ROTH IRA

Diversify your savings from a tax perspective

1. For **TAX-FREE EARNINGS** in retirement
2. For **FLEXIBILITY** – withdraw contributions any time, no taxes or penalties
3. For more **INVESTMENT OPTIONS**

Use for tax-free retirement income...or a new home, college education, or other major expense

# YOUR SAVING DECISION...

Saving for your future is one thing you can control.

How much **SHOULD** you save?



[www.icmarc.org/contributionlimits](http://www.icmarc.org/contributionlimits)

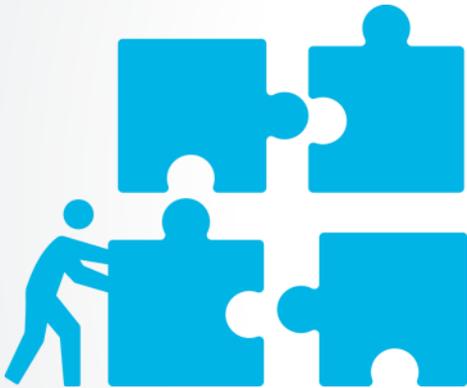
# YOUR INVESTING GOALS

How you invest what you save –  
important goals...

1. Diversify across different types of **INVESTMENTS**
2. Choose a **RISK LEVEL** to match your goals, comfort level
3. Avoid **EMOTIONAL** reactions to the markets

Diversification does not remove the risk of market losses and does not assure a profit.

# CHOOSE YOUR INVESTING APPROACH



1

I want to build  
my own portfolio



2

I want a simple, yet  
diversified portfolio



3

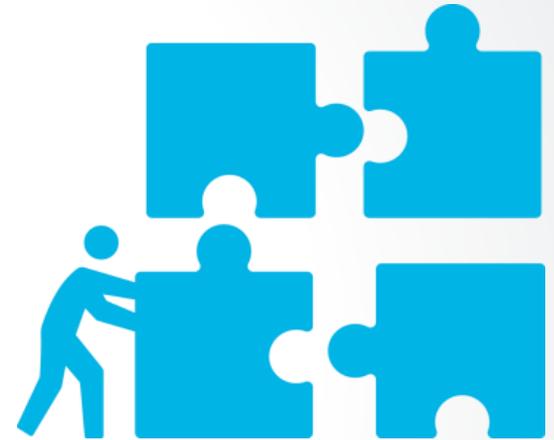
I want someone  
to do it for me

1

# BUILD YOUR OWN

Combine...

- ▶ **STOCK**
- ▶ **BOND**
- ▶ **STABLE VALUE FUNDS**



This approach provides the most control but may be the most complex to manage

# 1

## TO HELP YOU CHOOSE – GUIDED PATHWAYS®

	ASSET CLASS GUIDANCE	FUND ADVICE
Develop retirement savings plan	✓	✓
Determine asset class allocation	✓	✓
Select appropriate funds		✓
Monitor fund performance		
Manage my portfolio on an ongoing basis		
	No charge	\$20 annual fee <sup>*,**</sup>

\* Investment and plan administration costs apply to underlying funds

\*\* Waived for Premier Services members

<sup>1</sup> Underlying mutual fund expenses and plan administration fees apply in addition to the Managed Accounts advisory fee.

<sup>2</sup> Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc. Morningstar, Inc. and Morningstar Investment Management LLC are not affiliated with ICMA-RC. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc.



# 2

## A SIMPLE, DIVERSIFIED OPTION TARGET-DATE FUND

A **TARGET-DATE FUND** seeks to lower risk over time<sup>1</sup>



30 years  
from retirement



20 years  
from retirement



10 years  
from retirement



Target  
Retirement Date

■ Bonds ■ Stocks

Diversify with just one fund designed to  
match your retirement date

\* These are illustrations only. The actual allocations may differ for the target-date funds available in your plan

<sup>1</sup> A target-date fund is not a complete solution for all of your retirement savings needs. An investment in the fund includes the risk of loss, including near, at or after the target date of the fund. There is no guarantee that the fund will provide adequate income at and through an investor's retirement. Selecting the fund does not guarantee that you will have adequate savings for retirement.



# 2

## A SIMPLE, DIVERSIFIED OPTION TARGET-RISK FUND

A **TARGET-RISK FUND** seeks to maintain a constant range of risk



**Aggressive\***



**Moderate\***



**Conservative\***

■ Bonds ■ Stocks

Diversify with just one fund with a risk level that you more directly control

These are illustrations only. The actual allocations may differ for the target-risk funds available in your plan



# 3

## MANAGE MY ACCOUNT FOR ME<sup>1,2</sup>

	ASSET CLASS GUIDANCE	FUND ADVICE	MANAGED ACCOUNTS
Develop retirement savings plan	✓	✓	✓
Determine asset class allocation	✓	✓	✓
Select appropriate funds		✓	✓
Monitor fund performance			✓
Manage my portfolio on an ongoing basis			✓
	No charge	\$20 annual fee <sup>**</sup>	Asset-based fee <sup>*</sup>

\* Investment and plan administration costs apply to underlying funds

\*\* Waived for Premier Services members

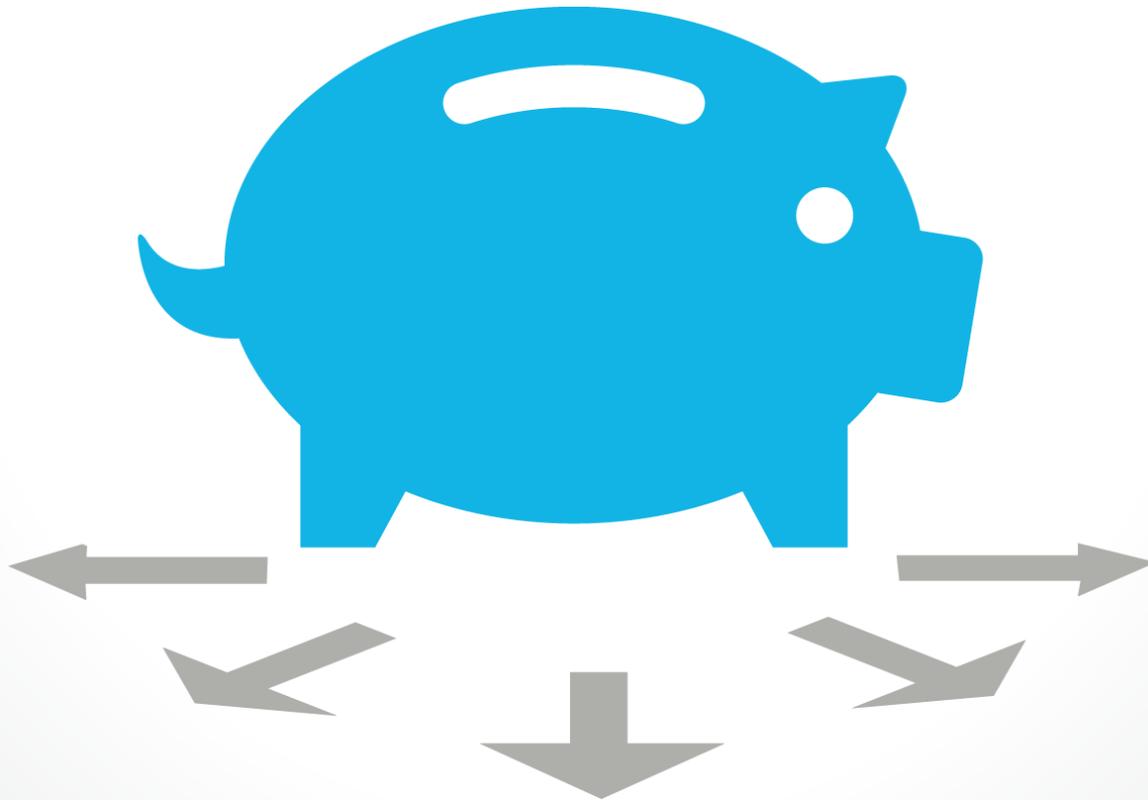
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# YOUR INVESTING DECISION...

Which **APPROACH** should you choose?



# YOUR SAVING & INVESTING CHECKLIST

- ✓ Save to your **457 PLAN** – convenient contributions and tax advantages
- ✓ Supplement with a Roth IRA – for **TAX-FREE** earnings
- ✓ Invest in a **DIVERSIFIED** portfolio to manage risk
- ✓ Invest with a level of **RISK** most likely to meet your saving goals and that you can stick with

# QUESTIONS



FOR OVER 40 YEARS, ICMA-RC HAS  
FOCUSED ON HELPING PUBLIC SECTOR  
EMPLOYEES BUILD RETIREMENT SECURITY

[www.icmarc.org/about](http://www.icmarc.org/about)

