



YOUR 10 QUESTION GUIDE TO A SUCCESSFUL RETIREMENT

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ICMA-RC

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1 WHAT DOES RETIREMENT MEAN TO YOU?

WHAT WILL YOU DO?

TIME WITH
FAMILY



HOBBIES,
LEISURE



TRAVEL



VOLUNTEER OR
WORK PART-TIME

TAKE TIME TO REFLECT –
there's no single definition!

BENEFITS OF AGING



DEEPER FRIENDSHIPS



FOCUS ON WHAT
REALLY MATTERS



KNOWLEDGE
AND WISDOM



RESOLVE CONFLICTS,
MANAGE EMOTIONS

Source: "Why Everything You Think About Aging May Be Wrong" (Wall Street Journal, Nov. 30, 2014)

BENEFITS OF SOCIAL CONNECTIONS

Money matters but...



< \$250,000 SAVINGS
and highly engaged socially



\$1 MILLION+ SAVINGS
and not highly engaged socially



Source: "The Formula for a Satisfying Retirement" (Consumer Reports, Aug. 2014)

BENEFITS OF HEALTH

Most important ingredient for a happy retirement?

81% Said "GOOD HEALTH"



} Steps you take now can really benefit you later

Source: "Health and Retirement Security" (Merrill Lynch & Age Wave, 2014)



RESOURCES

Volunteering

www.volunteermatch.org

Health

www.health.gov

Goals/Priorities

www.lifereimagined.org (AARP)

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WHEN WILL YOU RETIRE?

BENEFITS OF WORK, EVEN PART-TIME



FINANCIAL



HEALTH



MENTAL SHARPNESS



SOCIAL BONDS
WITH COLLEAGUES

Source: Journal of Occupational Health Psychology (2009)

SOCIAL BENEFITS OF WORK



What PRE-RETIREEES
thought they'd miss most –
RELIABLE INCOME



What RETIREEES
actually missed most –
SOCIAL CONNECTIONS

Source: "Health and Retirement Security" (Merrill Lynch & Age Wave, 2014)

BUT DON'T ASSUME



1 in 2 stopped working
earlier than anticipated

60% health problems or disability

27% changes at the employer

22% caregiving

Source: Employee Benefits Research Institute (2014 survey)



PLAN IN ADVANCE



- Reflect – retire gradually or cold turkey?
- Customize to your wishes *and* finances
- Decide with your spouse or partner
- Plan for different possibilities

3 WHERE WILL YOU LIVE?

EMOTIONAL + ECONOMIC FACTORS



CLIMATE



NEAR TO FAMILY



HEALTH CARE
QUALITY, PROXIMITY



COST OF LIVING

ALSO CONSIDER TAXES...



INCOME

retirement plans,
pension, Social Security



SALES

your spending



INVESTMENT INCOME

other savings



PROPERTY

if you own

} Difference among states can be significant

SOMEWHERE NEW? TEST IT OUT FIRST



- Don't "vacation" – simulate "living there"
- Rent a home short-term before you buy
- Ask – will it meet your needs as you age?

RESOURCES

State & Local Taxes

www.taxfoundation.org

www.retirementliving.com/taxes-by-state

Locations

www.successfulaging.org

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4 HOW MUCH WILL YOU SPEND?

RULE OF THUMB – YOU’LL NEED...

80% PRE-RETIREMENT INCOME



Maintain your standard of living

■ Savings and certain taxes...

} Some will need more, some less

KNOW *YOUR* SPENDING NEEDS

COMPARE



WHAT WILL CHANGE?

} More you know now, more prepared you are later

IDENTIFY NEEDS VS. WANTS



Essential

Nice to have



} Pay extra attention to the essentials

DEBT



- Aim to be debt-free – flexibility is key
- Be open to exceptions – a low-rate fixed mortgage
- Watch out for pitfalls – co-signing loans



THE REALLY UNCERTAIN WILDCARDS



YOUR LIFESPAN –
living in your 90s?



INFLATION – even a low
rate still adds up



TAXES – can't predict
life or Congress



HEALTH & LONG-TERM CARE

} Plan for *different possibilities*

HEALTH CARE



Retire before
Medicare eligibility?
Ensure coverage



Medicare doesn't
cover everything...



Regardless, lots
of out-of-pocket costs



...including most
long-term care

} Likely to be a big expense – plan for it

EVALUATE...

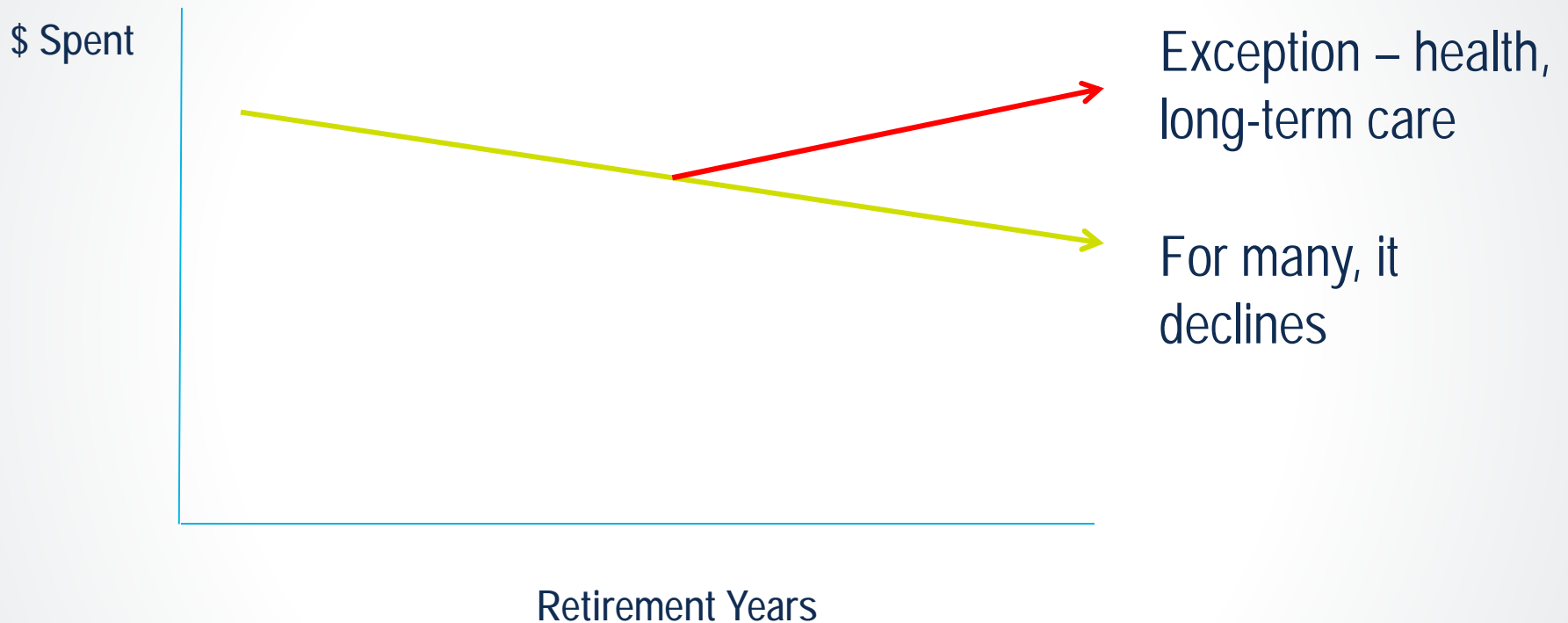


- Employer retiree health benefits – pre + post age 65
- Medicare enrollment periods, coverage, plans
- Long-term care insurance

Avoid coverage gaps and penalties



SPENDING MAY CHANGE...



} Confidence to spend in early retirement if prepared for a potential rise in health costs later...and a long lifespan?

RESOURCES

Health Care

www.healthcare.gov

www.medicare.gov

www.icmarc.org/health 

www.icmarc.org/medicare

Long-Term Care

www.longtermcare.gov

www.icmarc.org/longtermcare

Cash Flow

www.icmarc.org/spend

www.icmarc.org/debt



5 WHERE WILL THE MONEY COME FROM?

PENSION



At what age(s)?



How much?



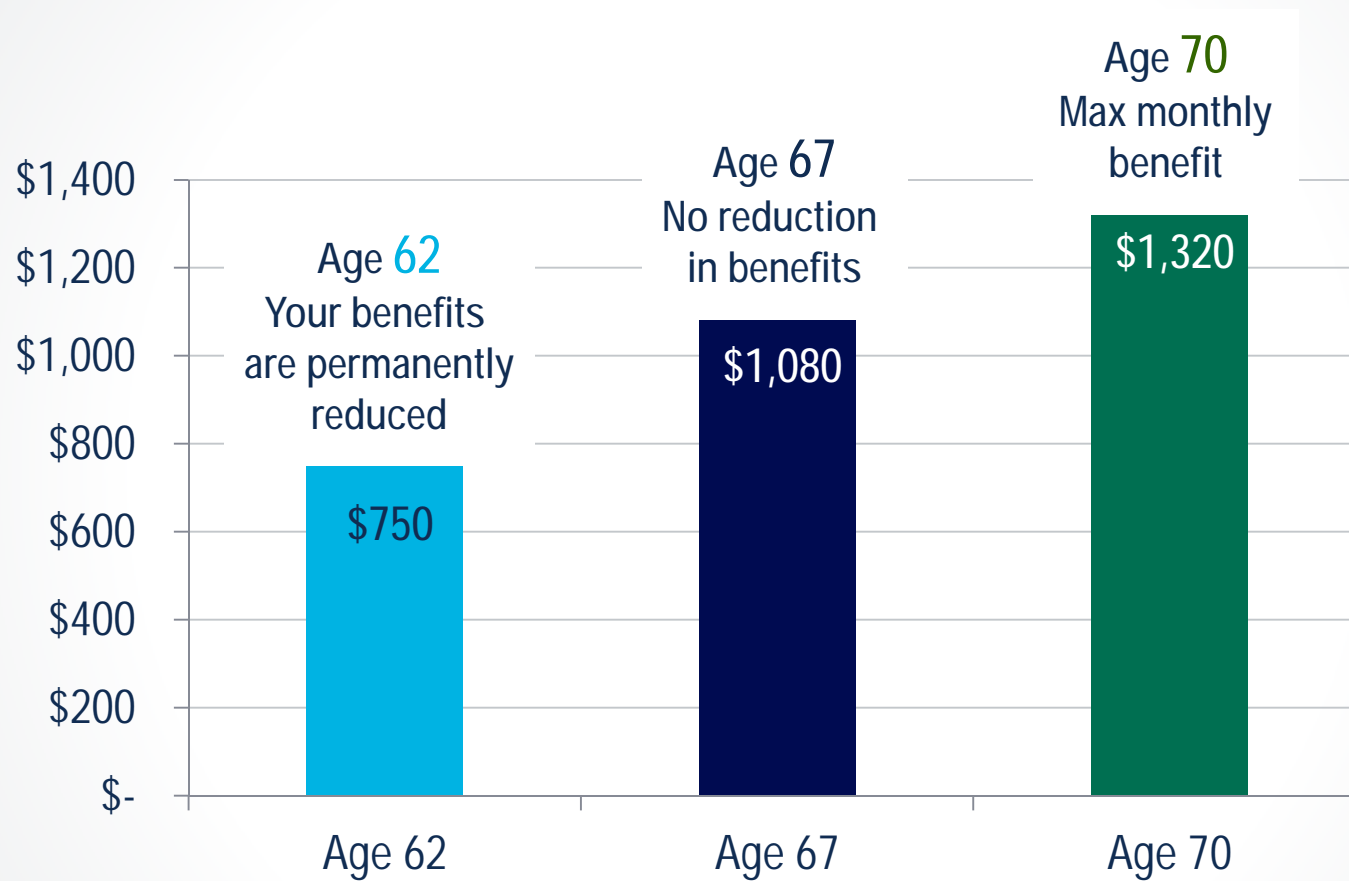
Inflation
adjustments?



Surviving
spouse?

} Get the facts – contact your benefits office

WHEN YOU CLAIM SOCIAL SECURITY MATTERS

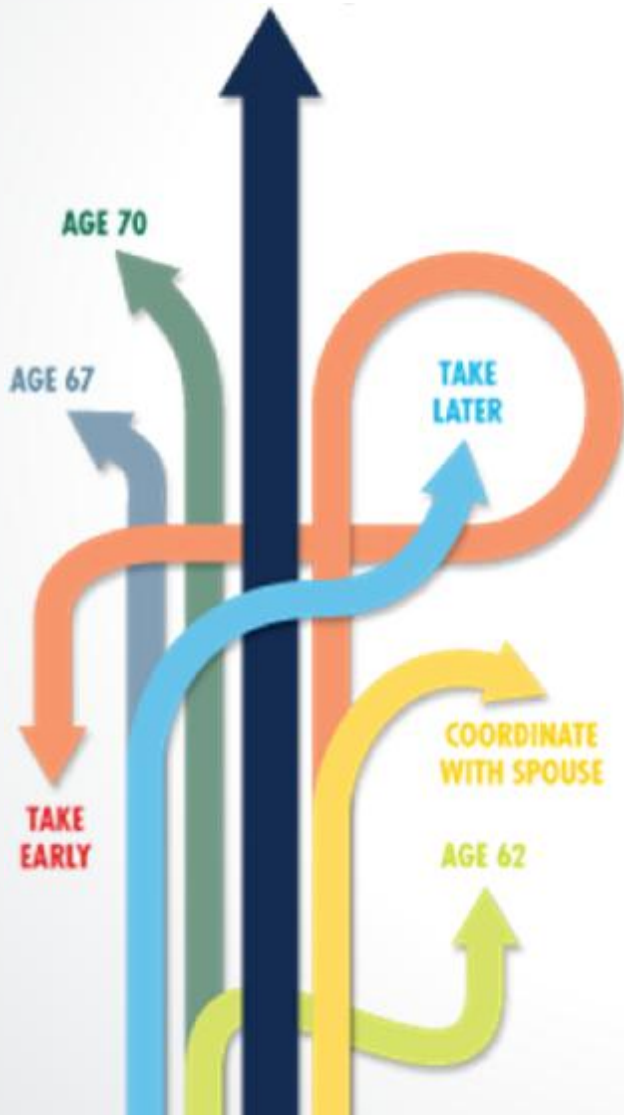


- } Access your account online
- } Know if you'll get less due to non-covered employment

For illustrative purposes only



SOCIAL SECURITY DECISIONS



Compare all your options
before you decide

Married? Explore how to
maximize potential benefits
over *both* lifetimes

WILL YOUR SAVINGS BE ENOUGH?

GET A PROJECTION...



Calculator



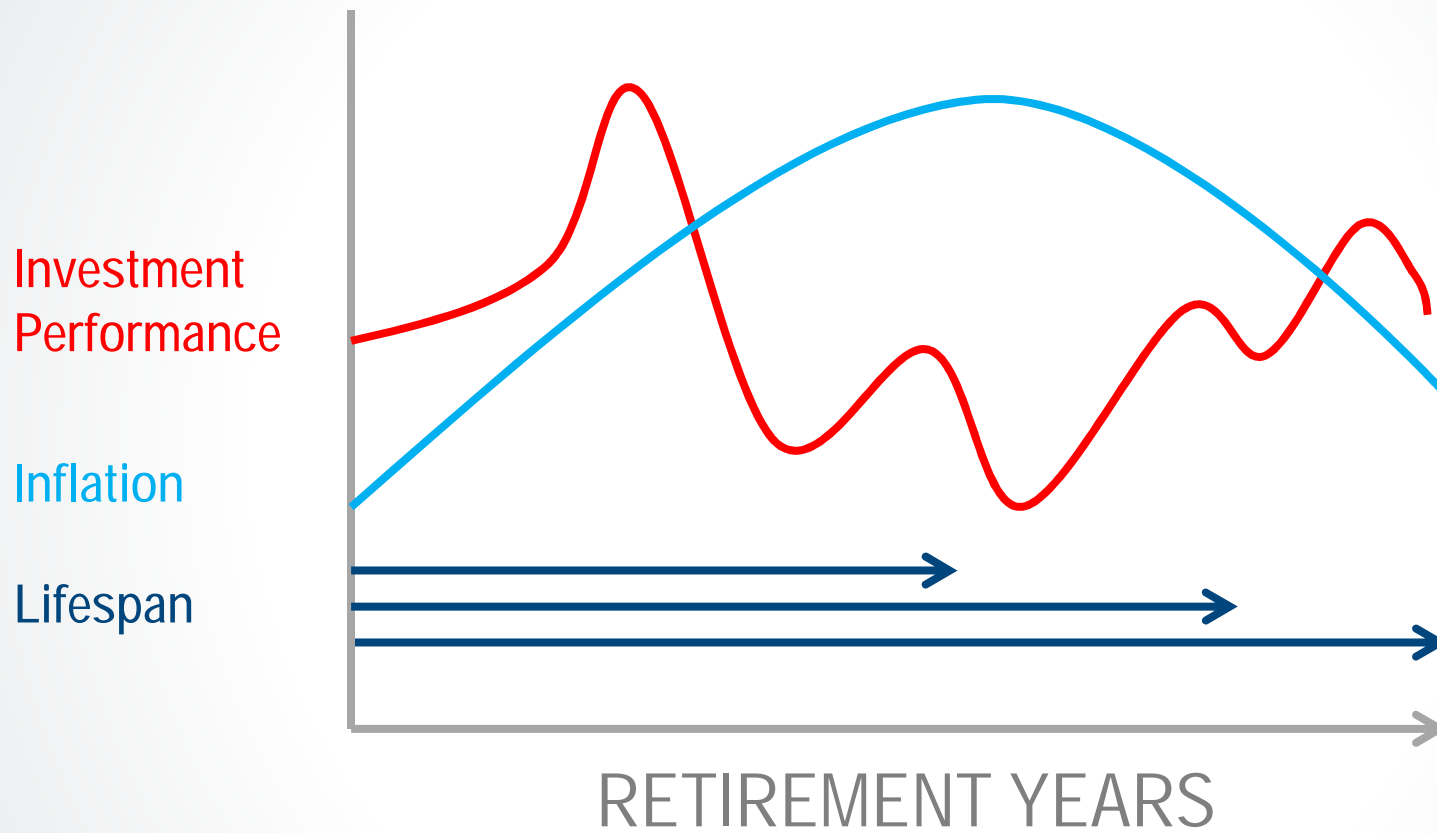
Advice service



Financial plan

} Then review with a professional

DON'T ASSUME...



} Plan for different, realistic scenarios

IF YOU HAVEN'T SAVED ENOUGH



q SAVE more

Control what you can, while you can

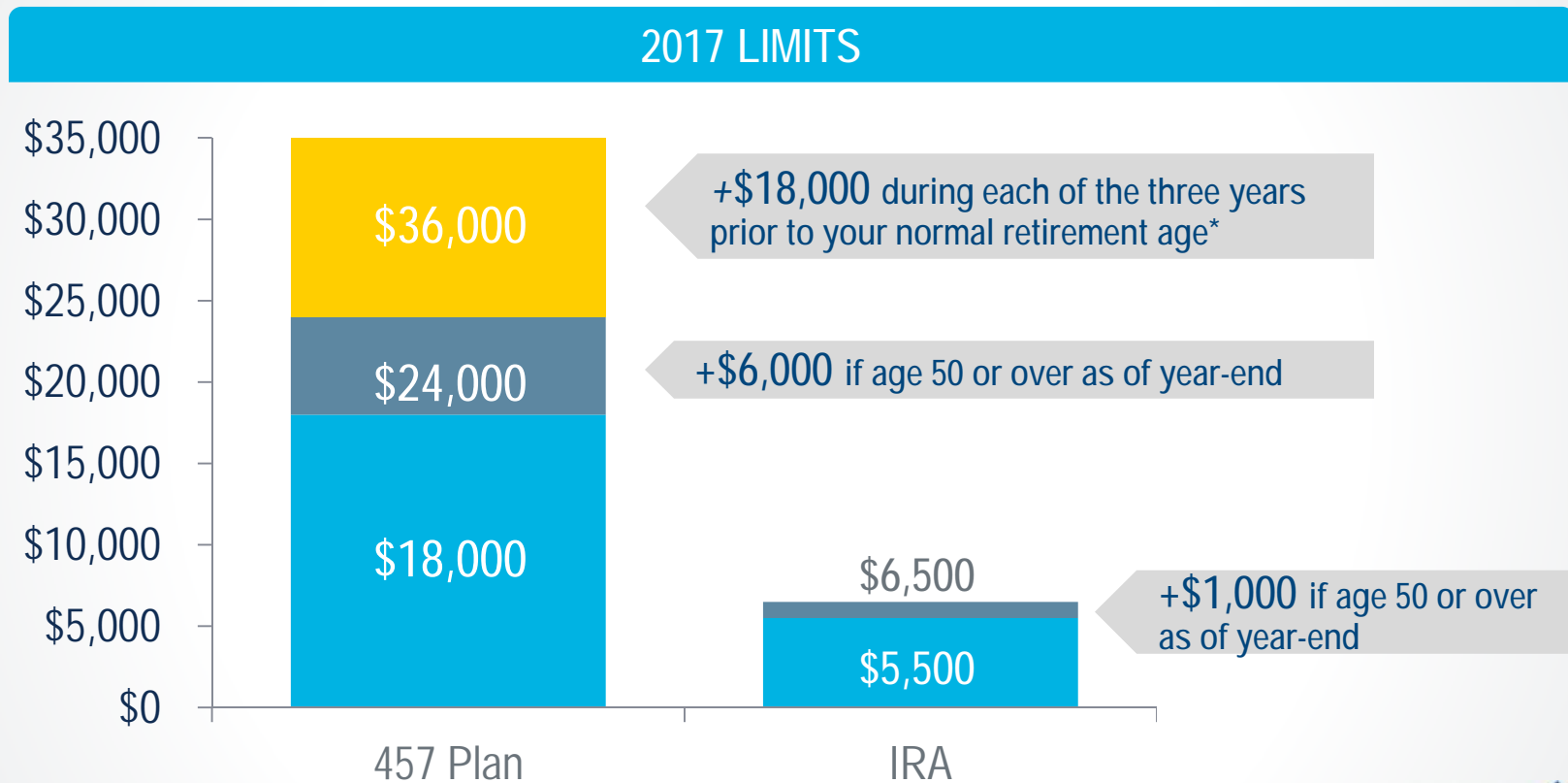
q SPEND less

q DELAY retirement

q EARN income during retirement

q HOUSING – downsize, rent out, reverse mortgage

SAVE MORE



YOU MAY BE ABLE TO CONTRIBUTE
ACCRUED SICK & VACATION LEAVE

* "Normal retirement age," as defined in the plan and based on extent to which maximum contributions not made in previous years. The two catch-up provisions cannot be combined in the same year.



RESOURCES

Saving

www.icmarc.org/contributionlimits

Social Security

www.ssa.gov

www.icmarc.org/socialsecurity

Housing

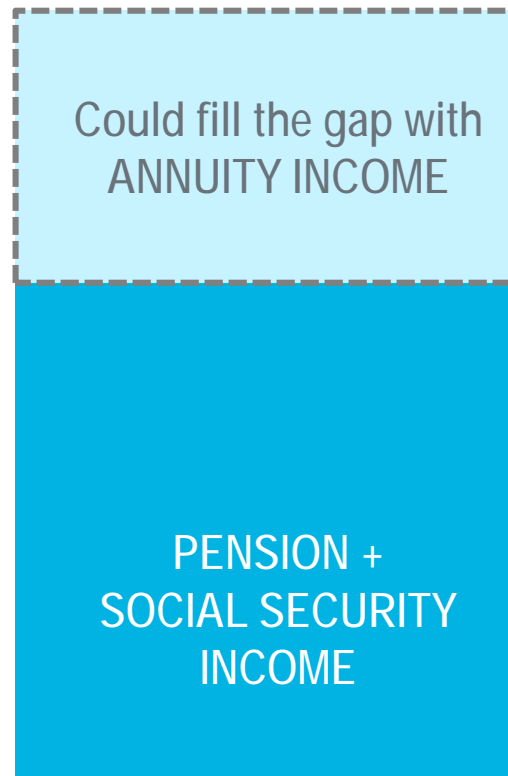
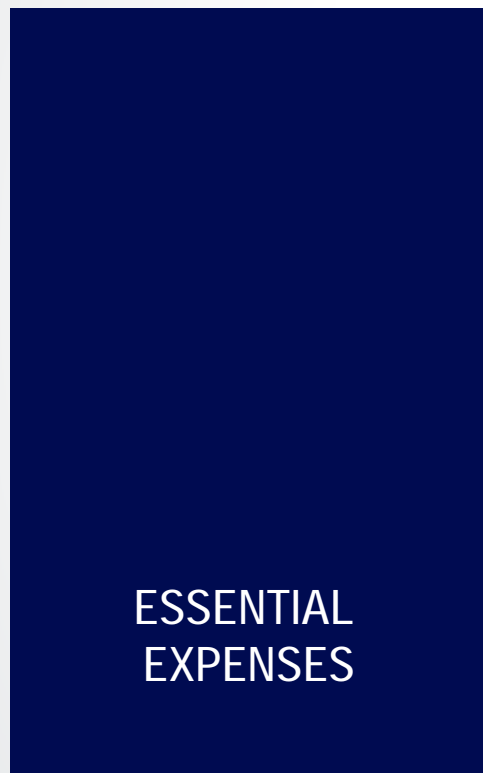
www.icmarc.org/reversemortgage

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6 HOW WILL YOU TURN YOUR SAVINGS INTO INCOME?

MEET YOUR ESSENTIAL EXPENSES



Income no matter how long you live or how the markets perform

BUCKETS

Divide your investments based on when you'll need the money

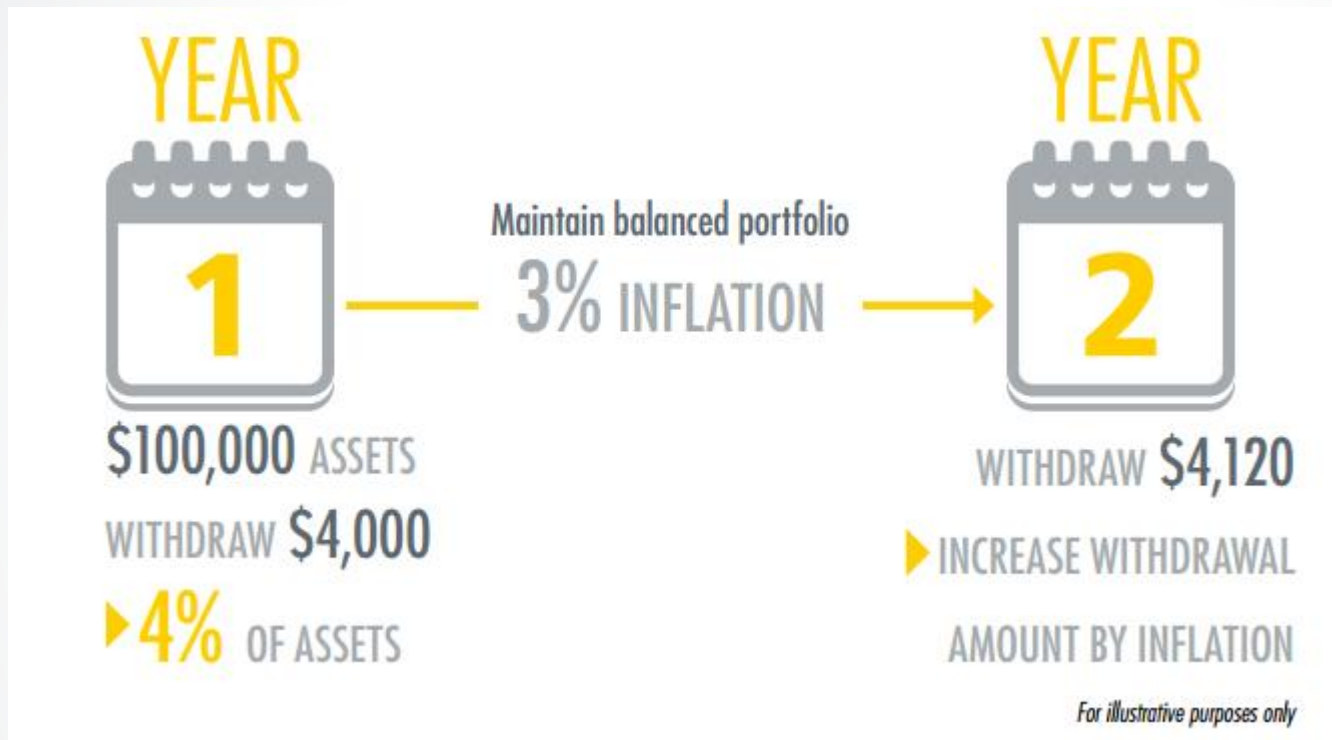


MONEY NEEDED
NEXT 3-5 YEARS



MONEY NEEDED
LONGER-TERM

4% RULE



} Now the 3% or 3.5% rule? Flexibility is key...

FLEXIBILITY MATTERS

Adjust withdrawals based on *recent* investment performance



RESOURCES

www.icmarc.org/retireeplanner 

www.icmarc.org/incomegap

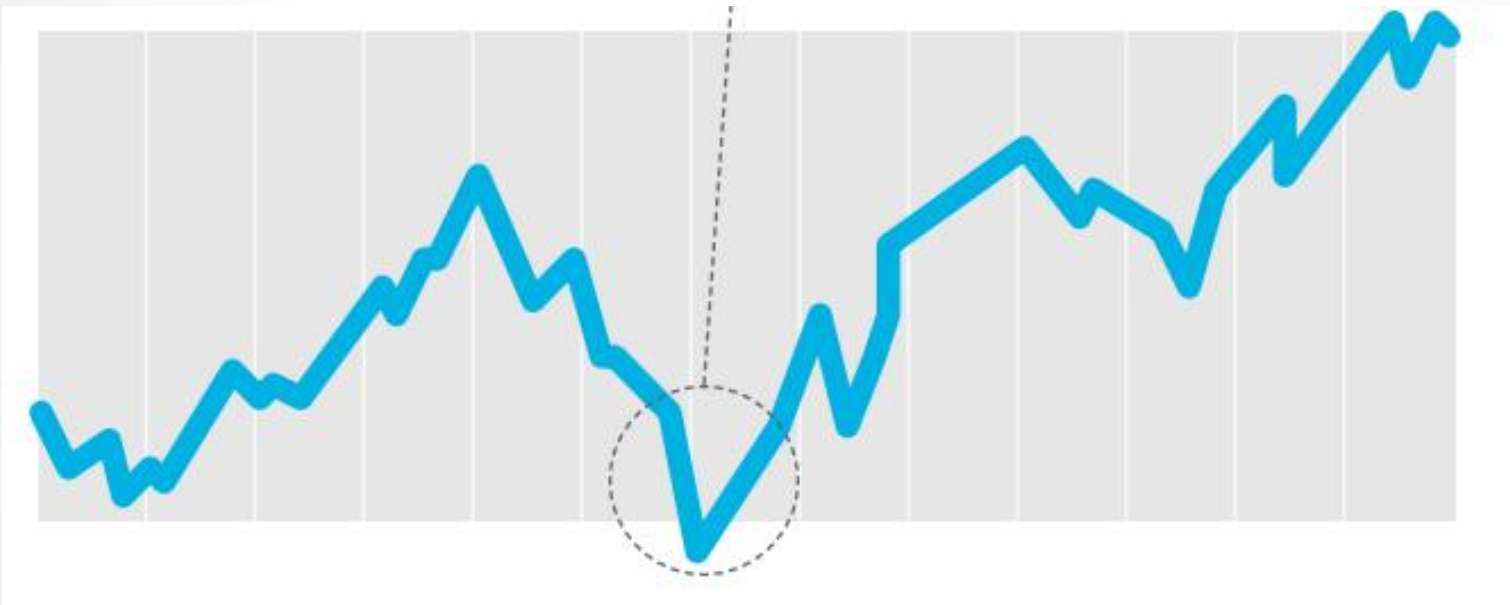
www.icmarc.org/incomesolutions



7 HOW WILL YOU INVEST YOUR SAVINGS?

THE BIG RISK

What if you retire here?
Taking withdrawals would
lock in those losses



BUT THE BALANCING ACT CONTINUES

CONSIDER TAKING
LOWER RISK
Less time to recover

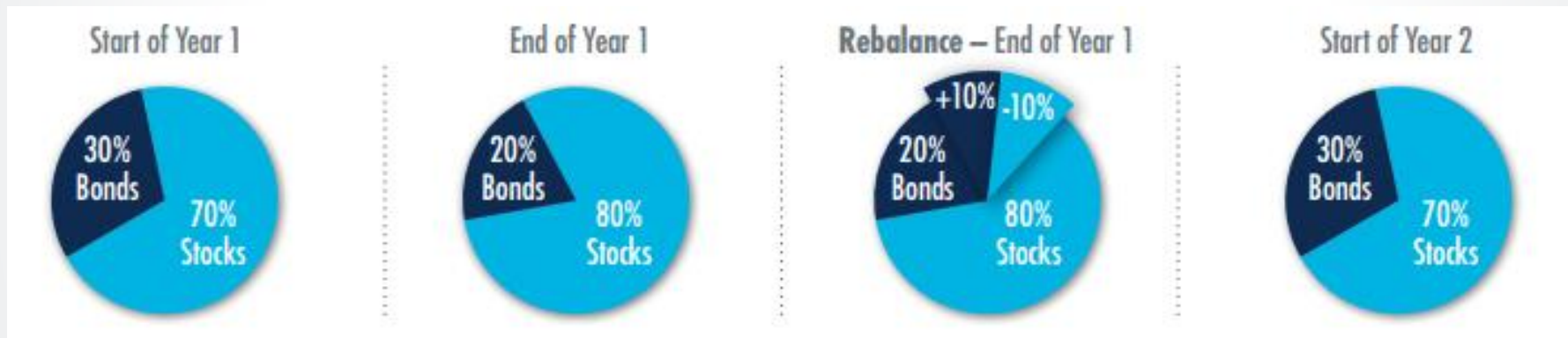


BUT YOU STILL
NEED SOME RISK
Inflation
Long retirement

} A no-stock portfolio *increases* chance
you'll run out of money

REBALANCE TO MANAGE RISK

Periodically adjust your investments to maintain a target level of risk that makes sense for you



FOLLOW A SYSTEM, NOT EMOTIONS



- LOW RISK** – for short-term expenses
- DIVERSIFY** – matters more than ever
- REBALANCE** – maintain target level of risk



RESOURCES

www.icmarc.org/rebalance

www.icmarc.org/invest



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HOW WILL YOU MANAGE
YOUR TAXES?

INCOME IS TAXED AT DIFFERENT RATES

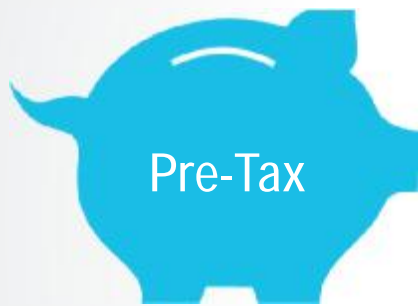
2017 Tax Rates	Individual Taxpayers	Married Taxpayers Filing Jointly
Tax Rate of...	...applies to each \$ of taxable income that is between/over...	
10%	\$0 to \$9,325	\$0 to \$18,650
15%	\$9,325 to \$37,950	\$18,650 to \$75,900
25%	\$37,950 to \$91,900	\$75,900 to \$153,100
28%	\$91,900 to \$190,650	\$153,100 to \$233,350
33%	\$190,650 to \$416,700	\$233,350 to \$416,700
35%	\$416,700 to \$418,400	\$416,700 to \$470,700
39.6%	\$418,400+	\$470,700+

} Aim to maintain as low bracket as possible based on your lifestyle



DIVERSIFY YOUR TAXES

Owning *differently taxed* assets can help you optimize your tax bill



ORDINARY
INCOME



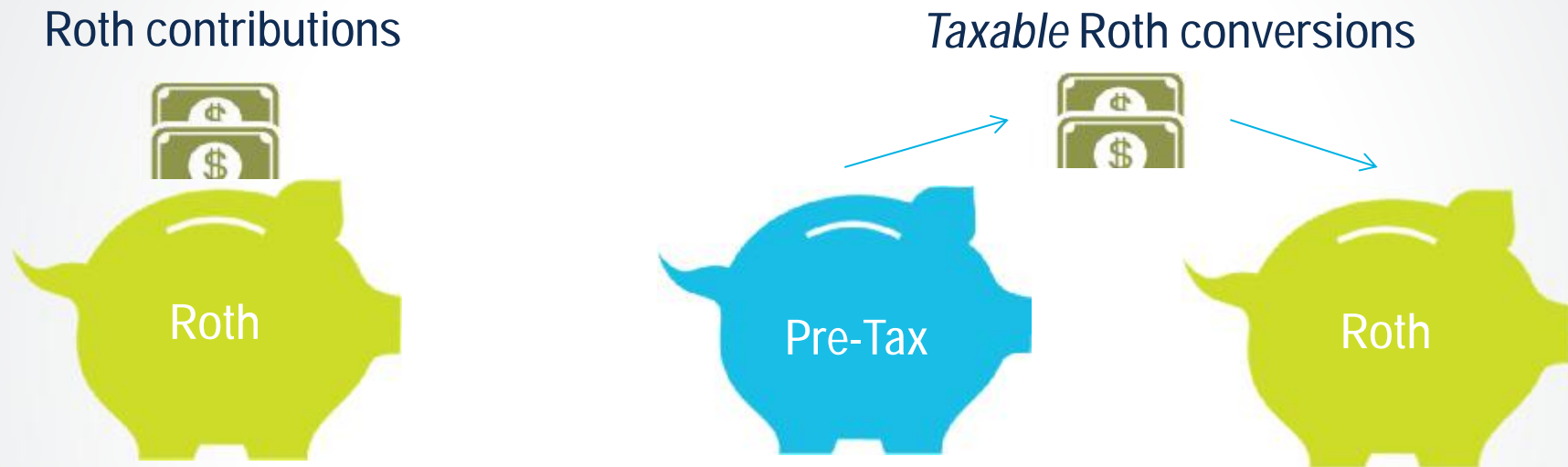
TAX-FREE



CAPITAL GAINS

} Ability to withdraw *a mix from each*
based on your specific situation

BUILD ROTH ASSETS?

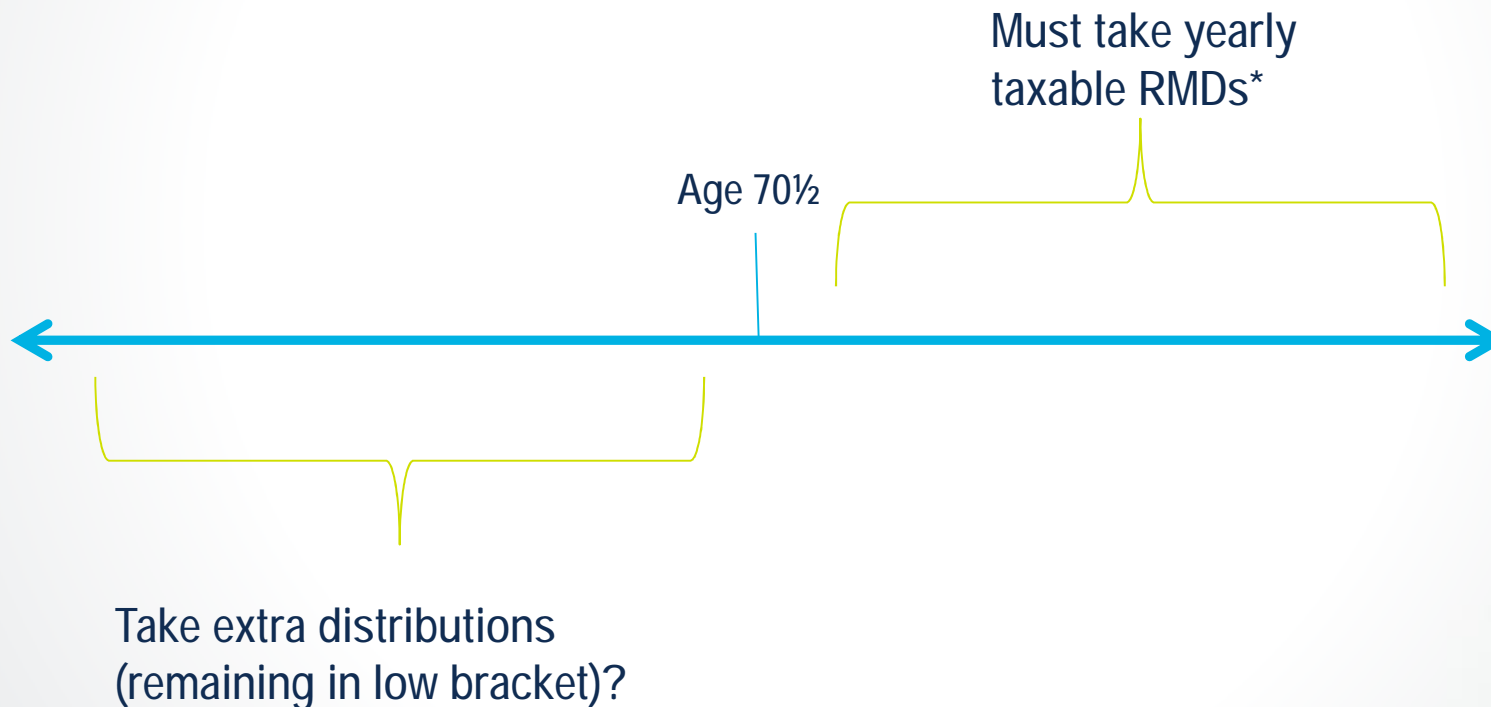


Tax-free income may also mean...

- } Increased eligibility for tax deductions/credits
- } Avoid or reduce taxes on Social Security benefits
- } Avoid or reduce Medicare premium surcharges

RETIREMENT ACCOUNT RMDs

Take steps before RMD to lessen tax hit after?



* General exceptions include Roth IRAs, which are not subject to RMDs until they are “inherited”, and RMDs associated with retirement plans sponsored by a *current* employer, which may be delayed until retirement.

NON-RETIREMENT ACCOUNTS



Pay attention to...

- WHAT YOU OWN** – *tax-efficient* investments matter
- WHEN, WHAT YOU SELL** – capital gains taxes
- WHEN, WHAT YOU BUY** – capital gains *distributions*



RESOURCES

www.irs.gov

www.icmarc.org/taxplanning

www.icmarc.org/rothconversion

www.icmarc.org/rmdcalc



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ICMARC
BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

9

HOW WILL YOU PLAN YOUR ESTATE?

ESTATE PLANNING IS FOR EVERYONE



Ensure your assets go to whom you want and when



Protect, control assets in case you become incapacitated



Clearly communicate your wishes to minimize stress

KEY ESTATE PLANNING DOCS



- Beneficiary designations
- Will
- Financial power of attorney
- Medical power of attorney and living will
- Trusts

Some of these may be essential, while others may not be needed



RESOURCES

www.icmarc.org/estate

www.icmarc.org/beneficiary

} Consult an estate planning professional



10 WHO WILL GUIDE YOU?

GET THE HELP YOU NEED



A FINANCIAL PROFESSIONAL CAN HELP YOU...

- } Set goals
- } Weigh options
- } Set and follow systems
- } Manage emotions



RESOURCES

Get a financial plan – www.icmarc.org/financialplans

ICMA-RC CERTIFIED FINANCIAL PLANNER™
PROFESSIONALS point our participants in the right
direction



QUESTIONS

More online resources – www.icmarc.org/retiree

