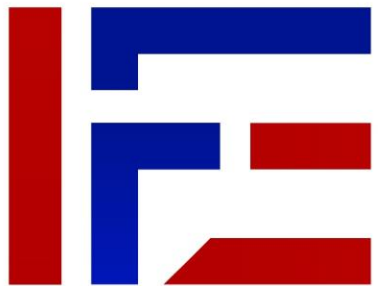


Creating an Income in Retirement You Can't Outlive



THE INSTITUTE FOR FINANCIAL EDUCATION
A NON PROFIT ORGANIZATION

DISCLAIMER

This is an educational workshop presented by the Institute for Financial Education (IFE). **The following presentation is for information and educational purposes, and does not, in any way, advocate for, offer advice on, solicit, or make any recommendations about purchasing anything through the stock market or any related investments, securities, or insurance.** The financial and investment products, services, and advice presented today are not endorsed by IFE or the presenter; any action taken by the consumer is solely at their own discretion. Different investments involve varying degrees of risk, including and up to the loss of principal. Any references to protection, guarantees or lifetime income refer to insurance products, never securities products.

Financial decisions are important. Individuals are encouraged to seek advice from licensed professionals for actionable recommendations.

Please consult with an advisor who is specifically licensed in the jurisdiction where you reside prior to taking any action relating to investments, insurance, taxes, legal matters, real estate, or any other financial instruments. IFE is not directly affiliated with and is not owned in part or in whole by any private corporation, organization, or association. The material contained herein should not be construed by any audience as anything other than general educational information available to the public.

FIVE CRITICAL PIECES TO A PLAN

Investments



1

Income



2

Healthcare



3

Taxes



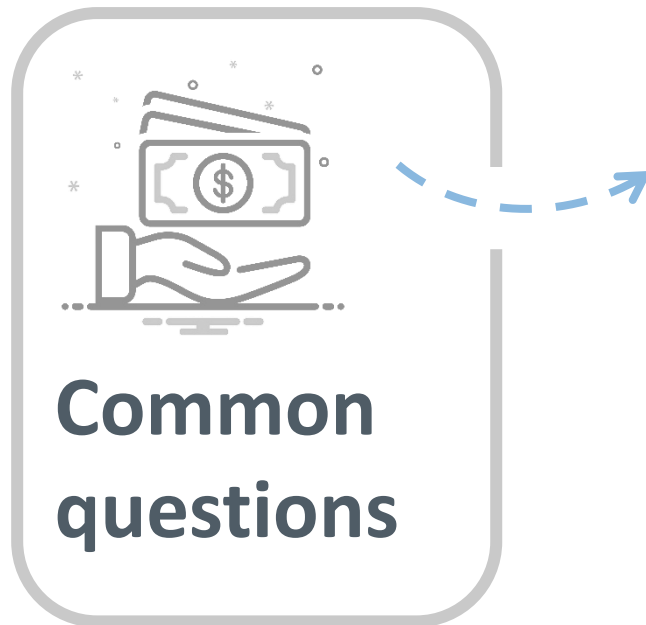
4

Legacy



5

INCOME



- Am I going to be okay?
- Will my spouse be okay?
- Can I retire?
- When can I retire?
- What amount of assets do I need?
- Are my asset allocations correct?
- Do I have enough money?
- If I do retire, can I stay retired?





THERE IS NO
RETIREMENT
WITHOUT
INCOME

INCOME STREAMS IN RETIREMENT

- Pension
- Social Security
- Assets



FERS PENSION

- $1\% \times \text{High 3 Salary} \times \text{Years of Service}$
- If you are 62 years old AND 20 years of service then use 1.1%
- COLA
- Survivor Benefit Options:
 - 10% cost gets you 50% benefit
 - 5% cost gets you 25% benefit
 - Note: you must select survivor benefit if you want FEHB to continue

SOCIAL SECURITY CLAIMING AGES

Full Retirement Age (FRA)	Percent of Primary Insurance Amount (PIA)
62	75%
63	80%
64	86.66%
65	93.33%
66*	100%
67	108%
68	116%
69	124%
70	132%

***Note:** FRA isn't when you *must* retire from your employer; it's the time at which you are *eligible* to receive 100% of your calculated Social Security benefit.

- Eligible to start claiming your Social Security as early as age 62
 - Benefit will be reduced to 75%
- Delayed retirement credits
 - Each month you delay, your benefit amount increases until you reach FRA (66 or 67, depending on birth year)
 - Once FRA is obtained, your benefit grows by 8% annually until age 70
- At age 70, benefits no longer increase
- Any decision made before FRA **permanently reduces all future benefits**, including spousal benefits

You can view your benefit amount and find other helpful information at [SSA.gov](https://www.ssa.gov)

Create your account today!



INCOME: MIND THE GAP

1

Determine your income need

- What is your take-home pay (after taxes, insurance, and any systematic savings)?
- Your retirement income should match this to maintain your quality of life

2

Find your income gap

$$\begin{array}{r} \text{Income need} \\ - \text{ FERS/CSRS Pension} \\ + \text{ Social Security} \\ = \text{ Income Gap} \end{array}$$

3

Formulate a plan



SAFETY, INCOME, AND GROWTH

Safety

- Build an emergency fund (about six months of your income need)
 - Cash
 - Money Market
- Accounts should be liquid, readily available, and stable

Income

- Identify sources of steady and reliable income
 - Social Security
 - Pension
 - Assets:
 - Interest products
 - Dividends
 - Notes payable
 - High yield bonds
 - Covered calls
 - Distribution funds
 - Annuities

*Ensure these meet your income gap

Growth

- Investments that are not needed in the immediate term that can handle volatility
 - Stocks
 - Bonds
 - Mutual Funds
 - C, S, I fund inside TSP
 - Long-term care (LTC)
 - Tax planning
 - Living and dreaming

TAXES: TOOLS FOR PLANNING

Order of assets	Pull from the right accounts at the right time to limit tax exposure
Proper Social Security planning	Work toward tax-free income streams to limit SS taxes
Roth conversions	There's never been a better time than right now
Tax-sheltered life insurance	Use as an estate transfer and a protection tool with tax-free benefits
Asset-based long-term care	A way to protect finances with tax-free assets
Specialized tools for a special situation	A plethora of tools exist, depending on your situation – consult an advisor

Civilian Employee Assistance Programs for Air Force, Navy and DoD/WHS




Key features

- Provided at no cost to you and your household members
- Completely confidential services provided by a third party
- Available 24/7/365

Get started today!

 Visit magellanascend.com

 Call toll-free

- **Air Force:** 1-866-580-9078
- **Navy:** 1-844-DON-CEAP (366-2327)
- **DoD:** 1-866-580-9046

TTY :711

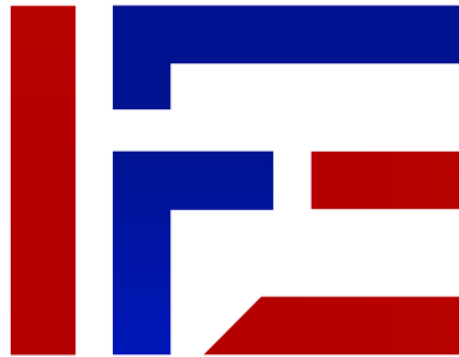
Programs

- **Coaching** – create a plan of action to meet your goals
- **Counseling** – meet with a licensed professional for support with stress, anxiety, grief, substance misuse and more
- **Legal assistance, financial coaching and identity theft resolution** – expert consultation and online resource library
- **Work-Life Services** – referrals to service providers and discounts on child and adult care, education, home improvement, etc.
- **Online training and self-care programs** – improve your health and overall emotional well-being
- **Manager support** – consult with experts on workplace topics

THANK YOU

For supplemental content, please visit:

www.ifeonline.org/plan



THE INSTITUTE FOR
FINANCIAL EDUCATION

A NON PROFIT ORGANIZATION