I Can See Clearly Now –
Retirement Made Simple

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Building Retirement Security

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You Need to Save for Your Future

Pension and/or Social Security are likely to go a long way…but unlikely to be enough

The Essentials

Health Care

Inflation

Travel

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You Need to Save…for Future Meals

3 meals per day x $5 per meal

x 365 days in 1 year

x 25 years in retirement

= $136,875

needed just for meals

And, consider inflation – at 3%, prices double in about 24 years = $273,750

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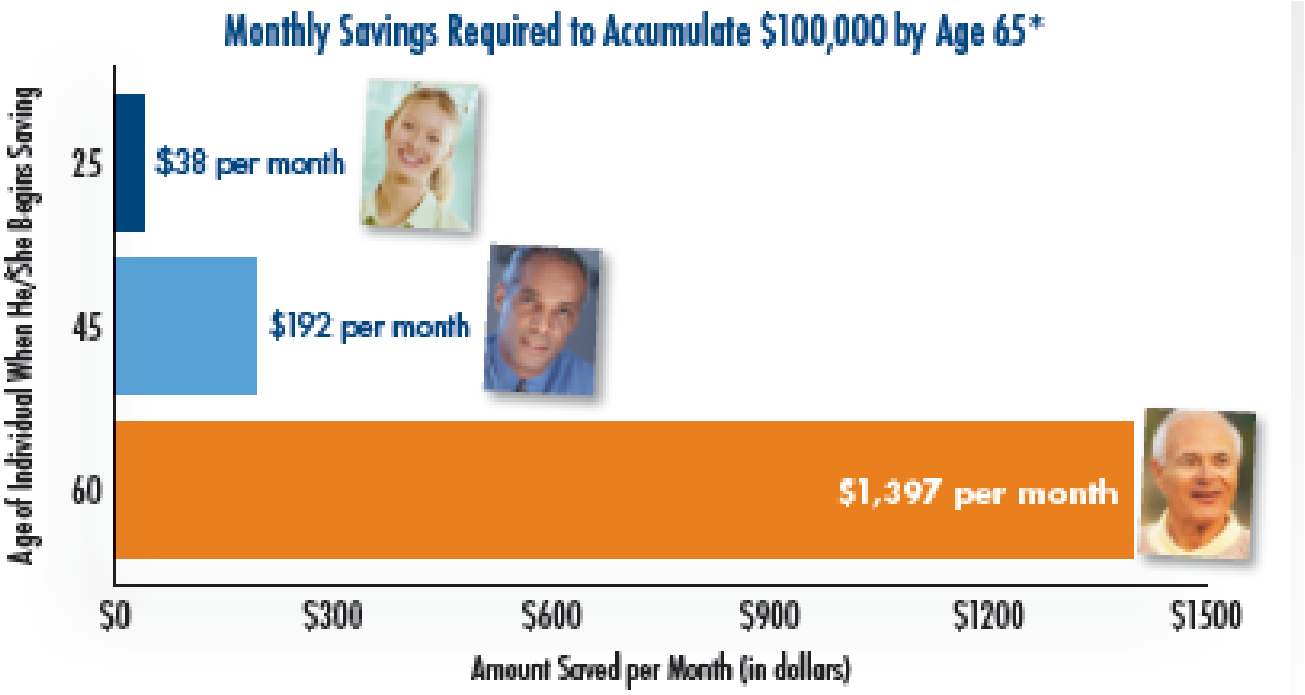
Save Now

The sooner you start the better, but it's never too late!



*For illustrative purposes only. Assumes a 7% rate of return. Actual results will be higher or lower, based on the performance of your underlying investments during the time periods you own them.

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But You're Behind on Saving

Life gets in the way…you're not alone!

- Student loans
- New house
- Car
- Children
- Financial hardships

1 in 2 workers are not at all, or not too, confident they'll have enough money in retirement*

* EBRI Retirement Confidence Survey 2013

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Catch Up

Increase your saving

4 of 10 “successful” savers saved

- at least 15% of their incomes
- for up to 10 years.*

☑ IRS rules allow you to save a lot for retirement, with tax advantages

* Hearts & Wallets study, 2012

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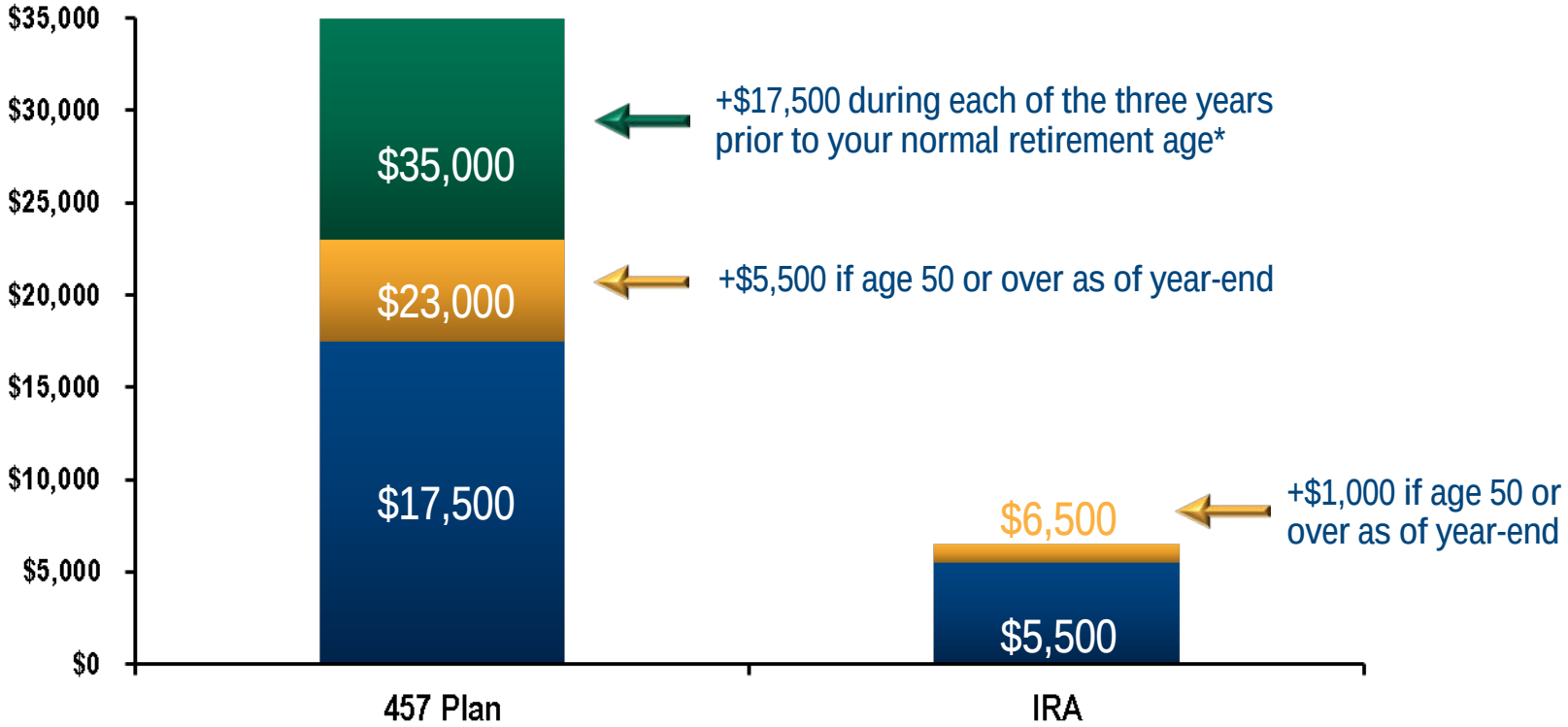
Catch Up – Maximize Retirement Savings

Contribution Limits – 2013



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. If you elect this "pre-retirement" catch-up, you cannot also elect the age 50" catch-up.

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Catch Up

Small yearly saving increases can really add up

	Account Value: Age 40	Biweekly Contribution: Age 40	Annual Increase, Biweekly Contribution	Account Value: Age 60
Charlie	$10,000	$50	$0	$97,074
Lucy			$10	$179,120
Schroeder			$20	$261,166

Take advantage of raises, bonuses, tax refunds, inheritances, sale proceeds….

* For illustrative purposes only. Assumes 7% average annual return.

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What if There's Still a Gap?

Develop saving habits

Those who calculate how much they'll need are more confident about their ability to save*

☑ Visit www.icmarc.org/ontrack

* EBRI Retirement Confidence Survey, 2013

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What if There's Still a Gap?

Find ways to save – look at every day spending

- Prioritize spending on what you truly want/need
- Do a budget – www.icmarc.org/cashflow

www.icmarc.org/smallchange

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What if There's Still a Gap?

Find ways to save – look at big-ticket items

- ✓ **Home** – is a planned improvement project likely to pay off financially?

- ✓ **Car** – consider reliable used instead of new?

- ✓ **College** – children have many funding options but no one will give you a loan for retirement

☑ Weigh emotional benefits *and* financial factors

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What if There's Still a Gap?

Housing options if own your home?

- ✓ **Mortgage** – if very low interest rate, don't rush to pay off
- ✓ **Downsize** – capital gains from sale tax-free*
- ✓ **Rent out room**

☑ Each have emotional and financial pros/cons – but consider if you are "house-rich and cash poor"

* Federal income taxes – up to $250,000 (single filers) and $500,000 (married filers)

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What if There's Still a Gap?

Delay retirement and work longer?

- ✓ **1 more year = 9%** increased retirement income*
- ✓ **5 more years = 50%+** increase*

☑ **Caution** – many retire earlier than planned not by choice

* Urban Institute, "Working for a Good Retirement" (May 2006)

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Your Investments

Investment checklist

- ✓ **Avoid excess risk** to catch up – less time to recover if experience big loss
- ✓ **Diversified mix** of stock, bond, cash funds provides growth potential with moderate risk
- ✓ **Rebalance** periodically to manage risk

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Live Without Regrets

Control what you can – save more

No one says they want less money in retirement

7 of 10 retired baby boomers wish had done more to save for retirement during their working years*

☑ Take small steps – a quick fix is very unlikely

* Fidelity Investments survey, Dec. 2012

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Questions?

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