



## I am Nearing Retirement. Now What?

September 15, 2017  
City of Fort Lauderdale 2017 Retirement Planning Seminar

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AC: 28764-0416-8292

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## Your Retirement Money – Competing Goals



Cover ongoing **EXPENSES** and major **PURCHASES**



Make money last entire **LIFETIME**



Provide for **SPOUSE** and **LOVED ONES**



Don't underspend and fail to **ENJOY** retirement!

# 1 See If You are On Track

What will your expenses be?

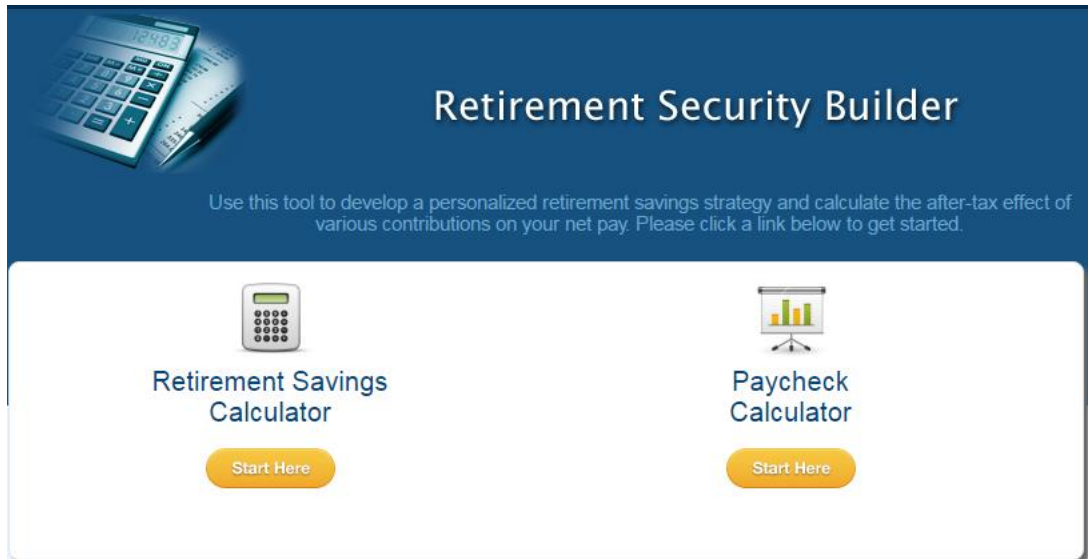


How much pension and Social Security income will you get?





Have you saved enough?

# See If You're On Track



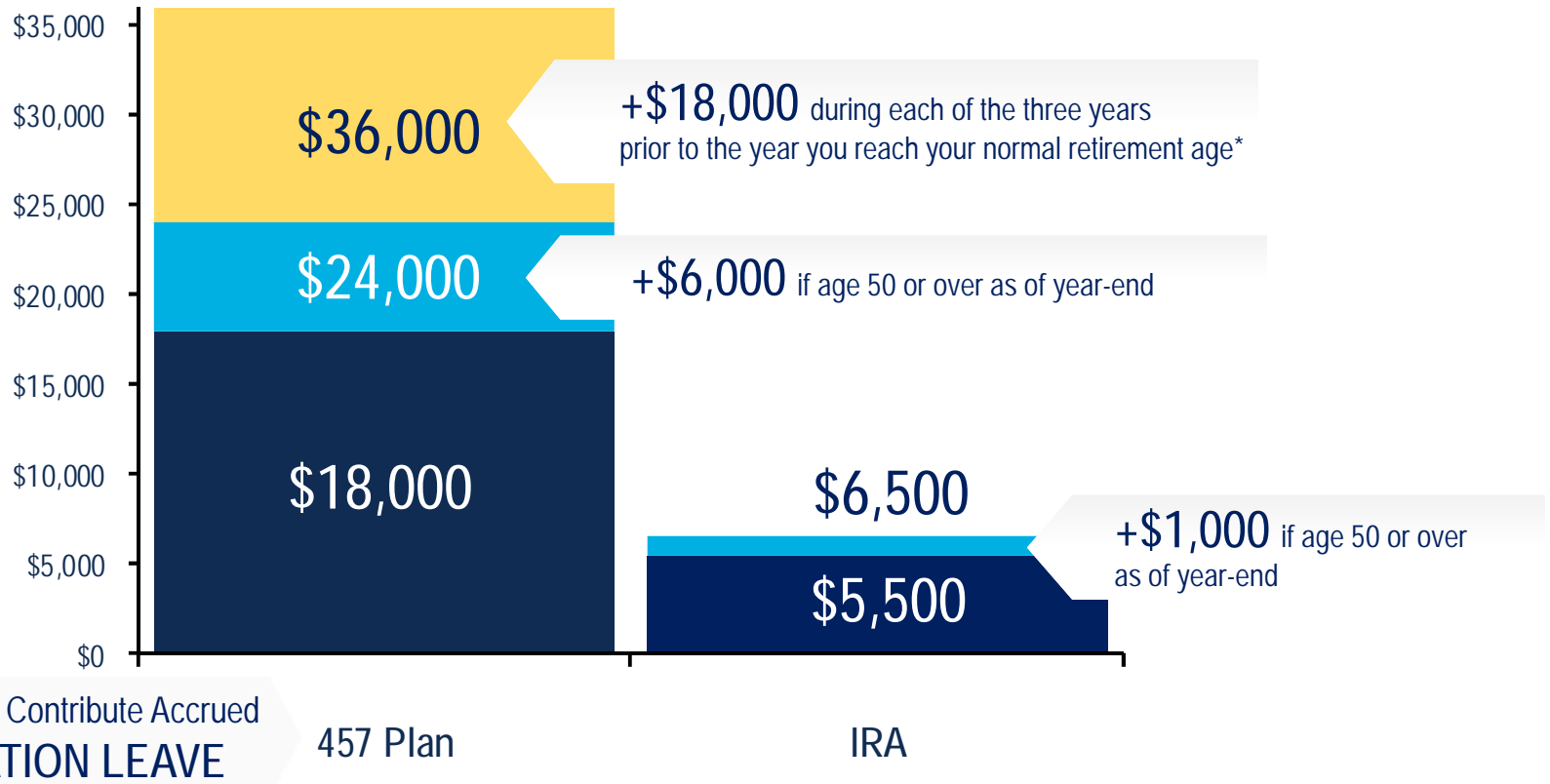
**Retirement Security Builder**

Use this tool to develop a personalized retirement savings strategy and calculate the after-tax effect of various contributions on your net pay. Please click a link below to get started.

 <b>Retirement Savings Calculator</b> <a href="#">Start Here</a>	 <b>Paycheck Calculator</b> <a href="#">Start Here</a>
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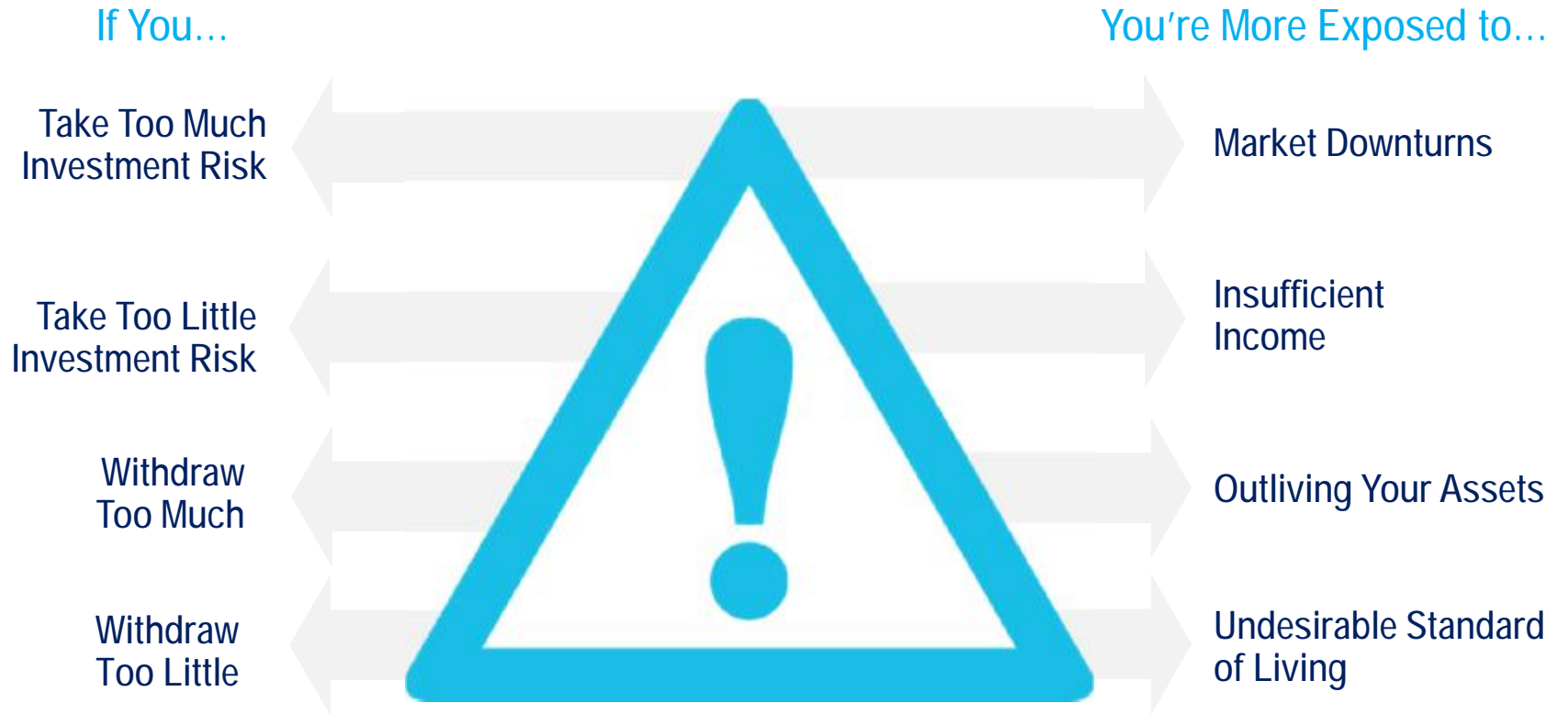
[www.icmarc.org/ontrack](http://www.icmarc.org/ontrack)

# Can You Maximize Your 2017 Contributions?



\* "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 plan year.

## 2 Understand Key Risks



## 3 Review Your Investment Options

Compare these general approaches



**Build your own portfolio of funds**

Most control but most complex to manage



**Keep it simple – target-date and target-risk funds**

Diversification + rebalancing to manage risk, but less control



**Boost your lifetime income – lifetime income fund**

Payments guaranteed for life, but added fees and restrictions\*

\* Guarantees are subject to the insurer's claims-paying ability. Excess withdrawal reduce and potentially eliminate guarantees.

## 4 Know Your Withdrawal Options

You have FLEXIBLE options upon separation

- ✓ Single Payments – all or part of your balance
- ✓ Installment Payments
  - } Specified amount
  - } Specified time period
  - } COLA option
- ✓ Lifetime Income Payments



REVISE ANY TIME





## Don't Take Withdrawals Unnecessarily

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You don't have to withdraw. You can continue to...

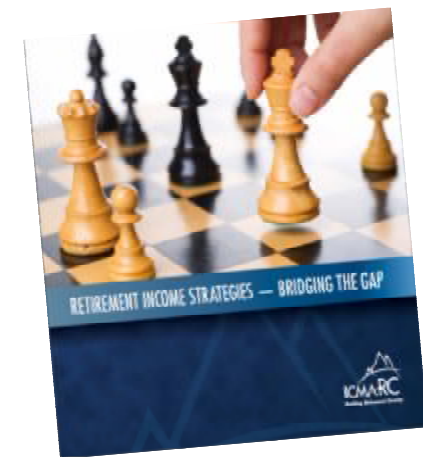
- ✓ Allow your funds to grow
- ✓ Receive tax advantages
- ✓ Get help and advice

## 5 Have a Withdrawal Strategy

Compare projected lifetime income and expenses. Is there a gap? Consider these approaches...

- } 4% withdrawal “rule of thumb”
- } Divide assets into buckets
- } Boost lifetime income

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



# Fine-Tune Your Strategy

**1 RETIREMENT WITHDRAWAL CALCULATOR** **2 RESULTS**

How much money do I need? **How long will my money last?** How much money can I withdraw?


How much money do you expect to have at retirement?

How much do you expect to need each year in retirement?

What rate of return do you expect on your savings in retirement?  %

What rate of inflation do you expect during your retirement?  %

### Quick Tips



**Create a Financial Plan**  
Financial plans are not just for the wealthy. You can get a snapshot, goal-specific, or comprehensive plan. Learn more about these options from your ICMA-RC representative.

Prev Next

Estimate how long your money will last and how much you can withdraw – [www.icmarc.org/retireeplanner](http://www.icmarc.org/retireeplanner)

## 6 Plan for Taxes

Withdrawals **TAXABLE** as ordinary income

- } **EXCEPT** after-tax contributions, Roth assets\*
- } **20% WITHHELD** – you'll owe *more or less* than that
- } **STATE TAXES** may apply, too
- } **10% PENALTY TAX BEFORE AGE 59½** –  
401 plans (*not 457*) and IRAs, unless exception applies\*\*

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

\* Earnings subject to tax if distribution is not qualified under IRS rules.

\*\* *Non-457* plan assets rolled to a 457 plan and then withdrawn pre age 59½ may be subject to tax. For penalty tax exceptions, view IRS Form 5329 Instructions or your tax adviser.

Note: ICMA-RC does not offer specific tax or legal advice.

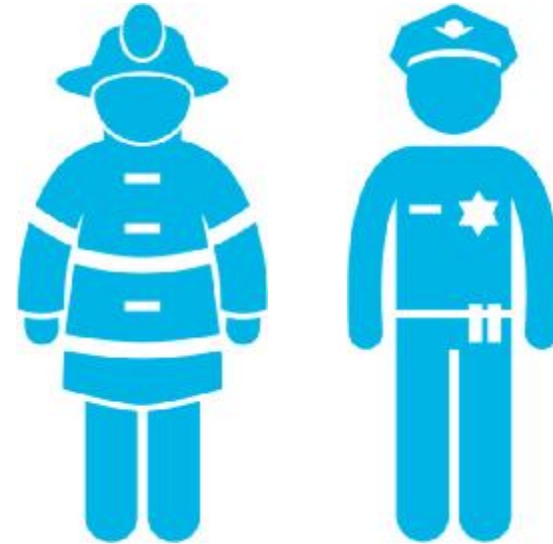
## Know Your *Public Safety Employee* Tax Benefits



Up to \$3,000 per year tax-free to pay insurance premiums\*



No penalty tax upon separation in year turn age 50 or later\*\*



Do not apply to *IRAs*

\* Eligibility rules and restrictions apply

\*\* 401 plans. Penalty tax does not apply to 457 plan contributions and associated earnings.



## 7 Plan for RMDs

### Yearly, taxable, required withdrawals

ü Beginning in year you turn AGE 70½\*

ü If fail to take, SUBJECT TO 50% PENALTY

ü We SEND to you yearly upon notification of separation\*\*

[www.icmarc.org/rmd](http://www.icmarc.org/rmd) | [www.icmarc.org/rmdcalc](http://www.icmarc.org/rmdcalc)

\* Can delay for current employer's plan. Roth IRAs not subject to RMDs unless inherited

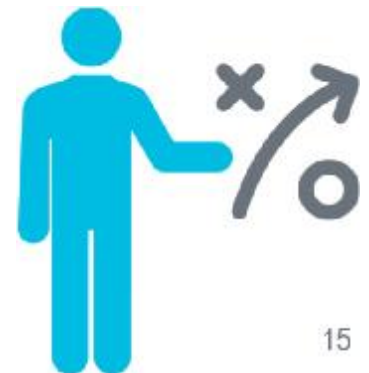
\*\* You control how and when payments are received. IRA RMDs are not automatically distributed.

## 8 Explore Rollover Pros and Cons

### Consolidate retirement accounts to simplify?

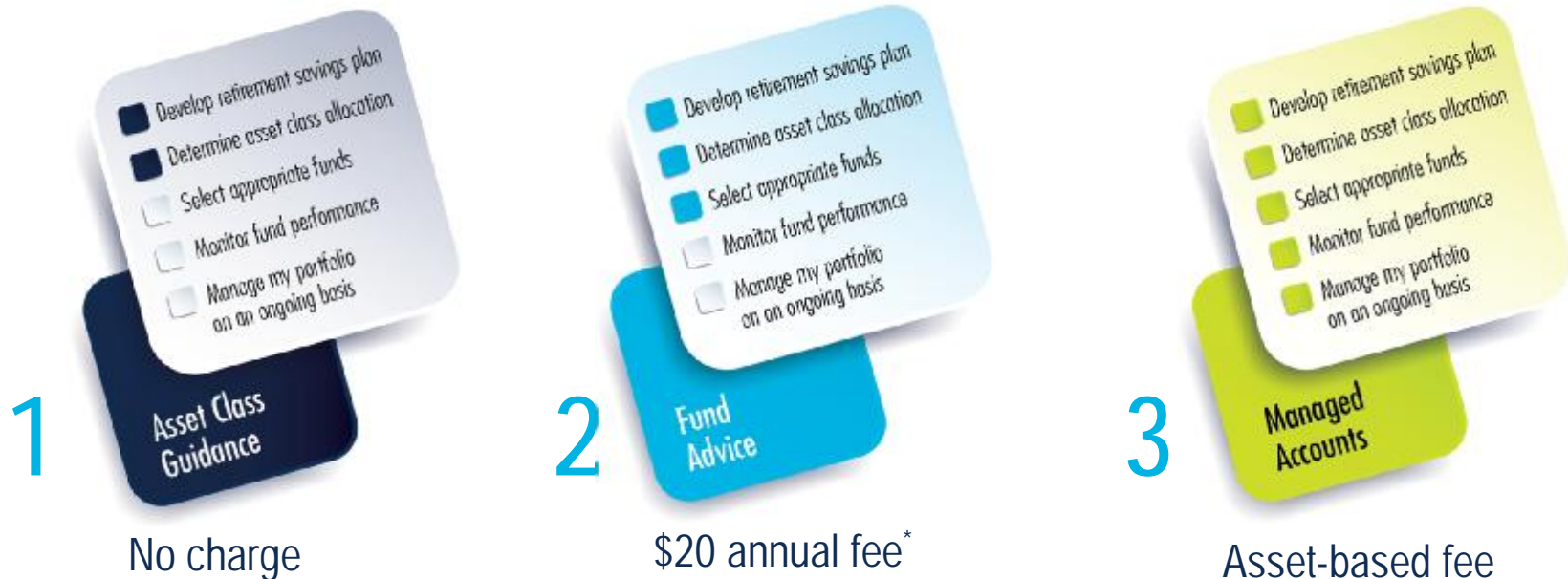
- Ü Compare investment fees, options, and services
- Ü Understand tax rules for different types of accounts
- Ü Reminder: 457 plan assets rolled to non-457 plans lose the automatic penalty tax exception

[www.icmarc.org/simplify](http://www.icmarc.org/simplify) | [www.icmarc.org/ira](http://www.icmarc.org/ira)



# 9 Guided Pathways® – Professional Advice Service To Tie it All Together

Provides saving and retirement age recommendations...  
You choose the level of *investing* assistance you want



\* Waived for Premier Services and Retiree Premier members

Investment and plan administration costs apply to underlying funds. 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.



# Guided Pathways® Continued Help *throughout* Retirement

## Helps turn your savings into income

- } Estimates how long desired income will last
- } Recommends how much to withdraw and from which accounts
- } Taxes are considered in the recommendations



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



Questions?

A large, stylized blue question mark is centered on the slide. A dark grey rectangular box with a fine grid pattern is superimposed over the middle of the question mark's stem, containing the text 'THANK YOU' in white, uppercase, sans-serif font.

THANK YOU