

PLANNING FOR ~~RETIREMENT~~ EVOLUTION

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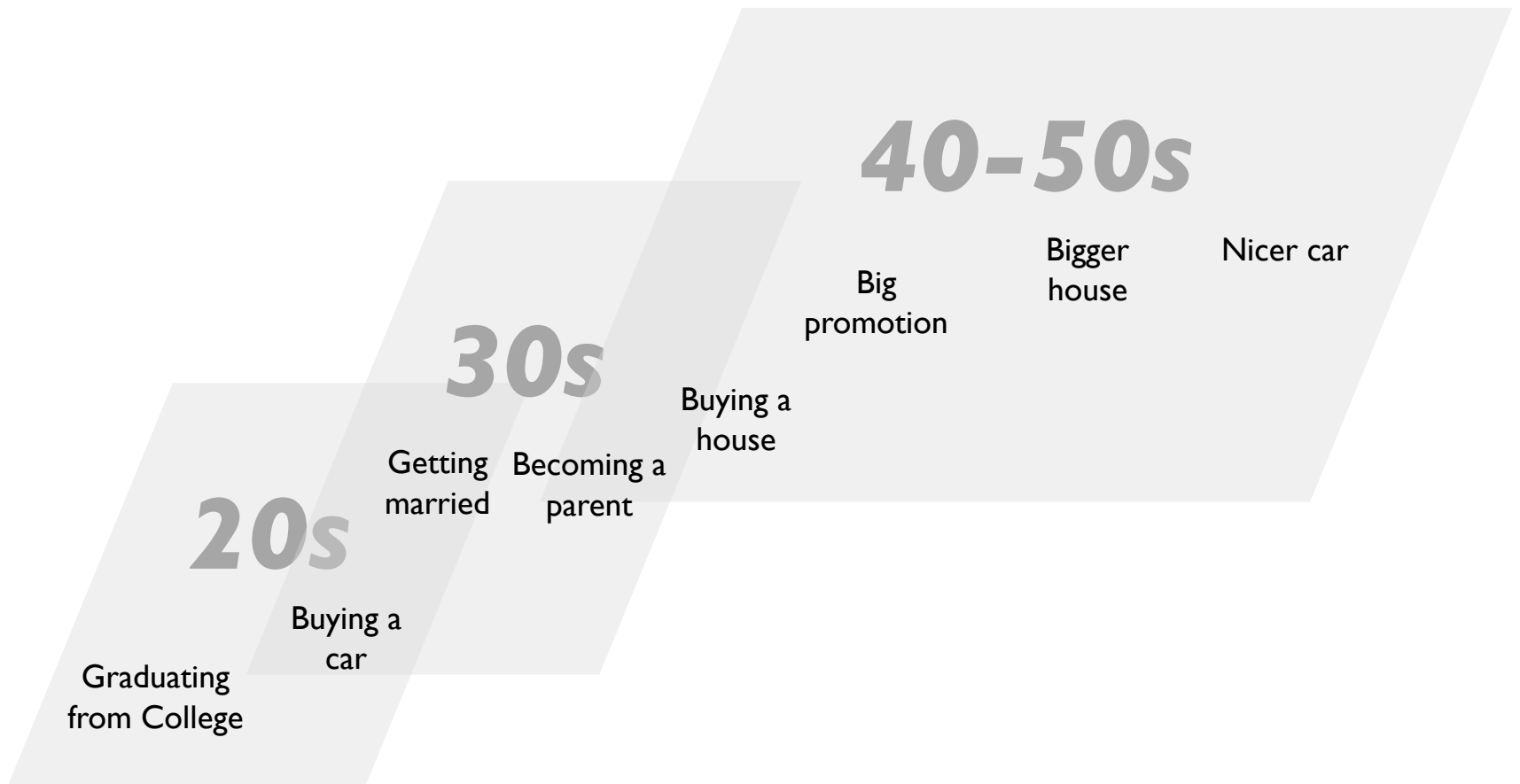
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MODERN
CAPITAL
CONCEPTS

rites of passage – adulthood and career

On the journey to adulthood, there are rites of passage.

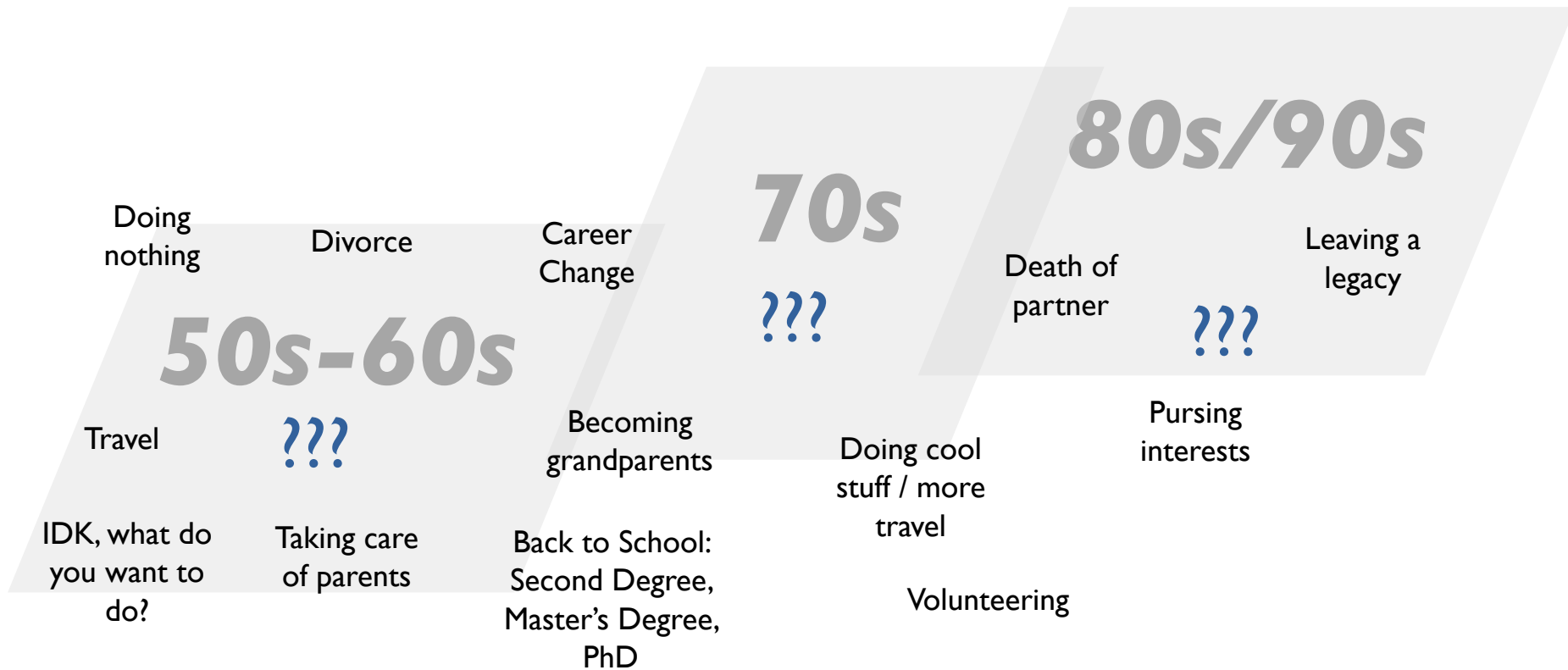
Do some of these line up with your own?



rites of passage – retirement?

The challenge for retirement is that there are no rites of passage. There are no universal life markers that signal “you are retired.”

We each need to create our own roadmap.



KNOW YOURSELF CORE VALUES

Retirement for some is a time to connect with family and friends, explore interests, and act on core values. Some examples are family travel, charitable service, missionary work, writing a book, and serving as a mentor.

- 1. What are your core values?*
- 2. How would you act on them (if this is important to you)?*
- 3. Will the corporate values that guided you during your career serve you in retirement?*
- 4. Discuss with your partner.*



WHAT DOES RETIREMENT MEAN TO YOU?

Business Owner / Executive

- A reward for selling your business or transitioning business to successor or children.
- Professional mission is complete.
- Continuation of a career but tapering hours for more work/life balance, time with family.

Professionals

- Completing tenure with a long-time employer
- No longer interested in occupation. Partner wants me to retire.
- No longer able to find work.
- Unable to work due to disability.
- Need to reduce work hours to care for a parent or partner.

Healthcare / Education

- Just done working.
- Unable to work due to disability.
- Eligible for pension.
- New chapter in life or need a long break.

Artists / Attorneys / Accountants

- No plans to retire. Plan to keep practicing until no one will hire me.
- Will retire when eligible for Social Security.

Athletes and (perhaps) Everyone

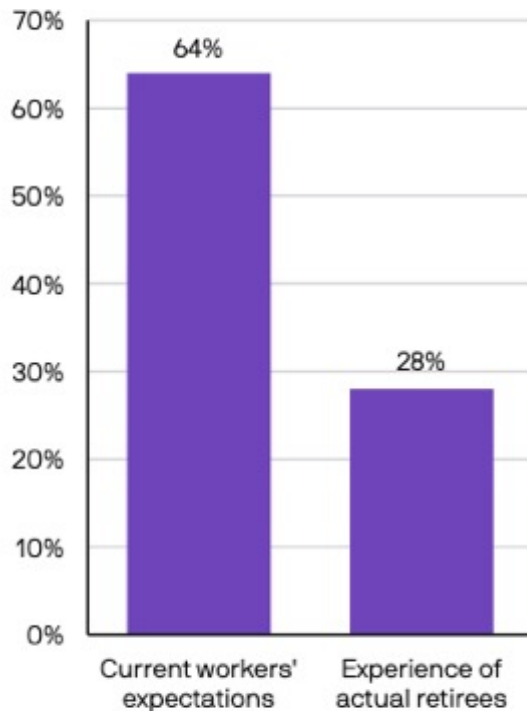
- An evolutionary process: changing the nature of work to reap more of the benefits and do less day-to-day tasks that do not spark joy.

How would you define it? _____

EARLY RETIREMENT: WHAT IS PLAN B?

Regardless of your intentions, it makes sense to have a “Plan B.”

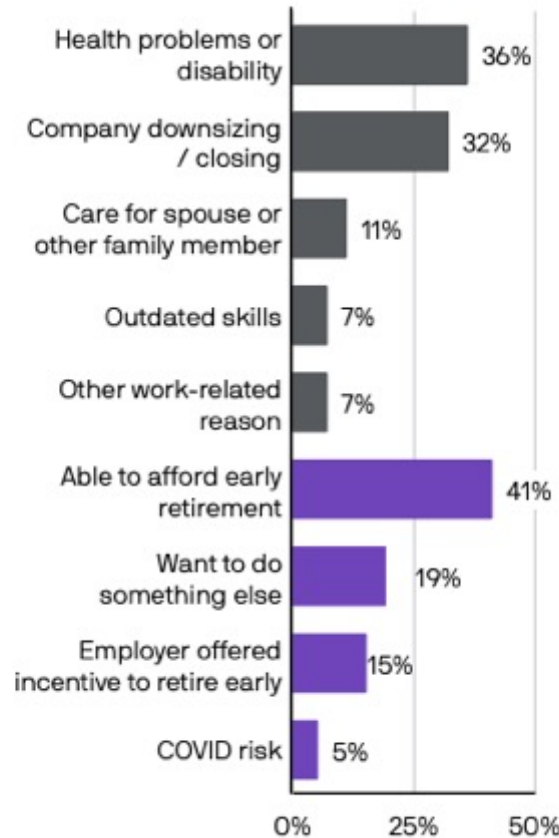
Expectations of workers vs. retirees
To retire at age 65 or older



Median retirement age:

Expected:	65
Actual:	62

Reasons cited for retiring earlier than planned



Before age 65, could you stay on employer's health plan, go to a community clinic, or receive care as part of military benefits?

Transition into a career that offers a flexible work schedule or consider a side-hustle. Inventory your transferrable skills.

If you need to take care of a loved one, enlist the help of your family and friends to share caregiving responsibilities.

GETTING ORGANIZED **MENTALLY AND FINANCIALLY** KEY COMPONENTS

KNOW YOURSELF

1. What makes you happy?

2. What are your core values?

3. Are you living your ideal life and, if not, what needs to change?

4. What do you think is holding you back from making a change?

5. How will you know your mission is complete?

KNOW YOUR NUMBERS

Costs in Retirement

- Essential
 - Housing
 - Health care
 - Transportation
 - Property taxes
 - Food
 - Bills
- Discretionary
 - Travel & entertainment
 - Dining out
 - Hobbies, etc.

Assets in Retirement

- Cash Savings
- Taxable (Non-retirement) Accounts
- Retirement Accounts
- Real Estate
- Business Value

KNOW INCOME SOURCES

What income sources in retirement are like a paycheck?

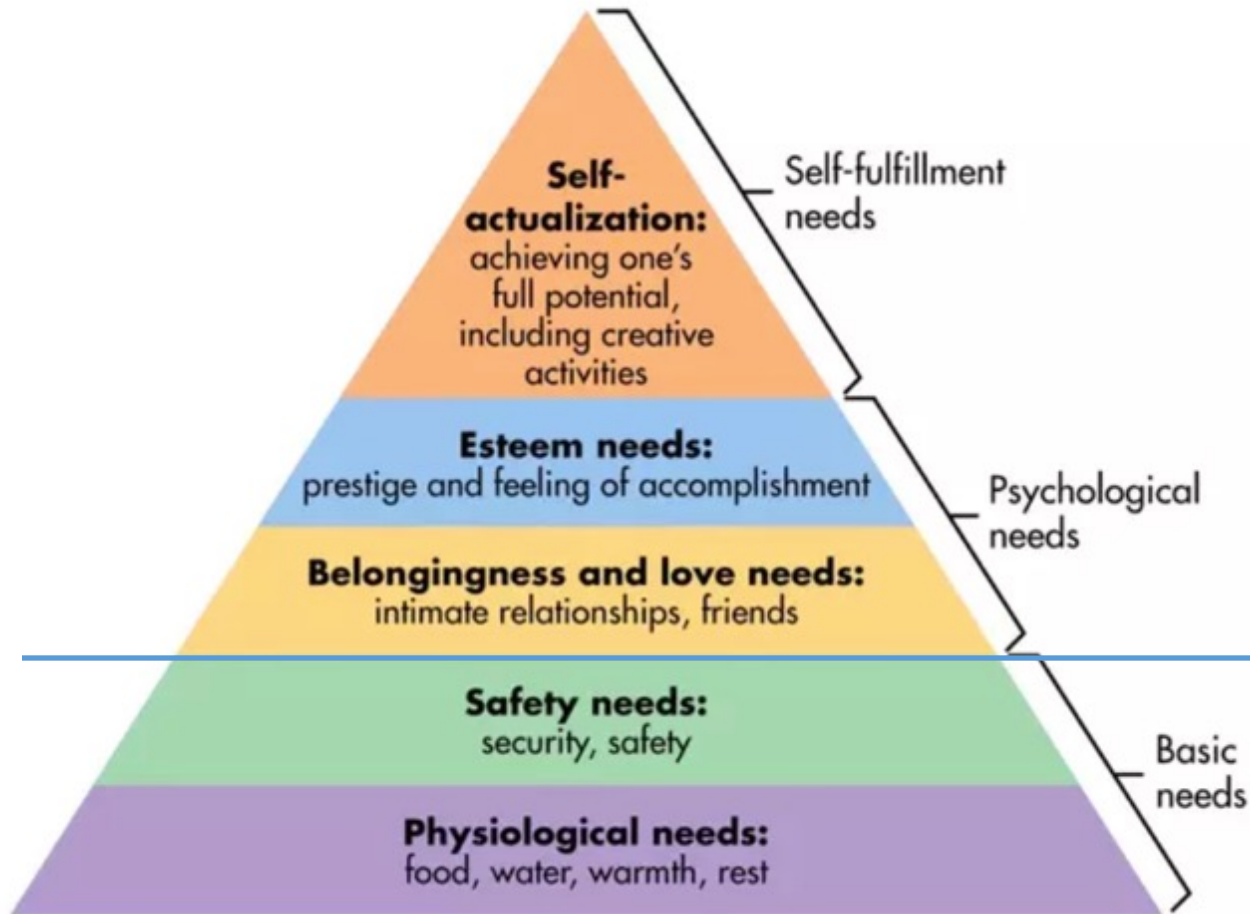
- Social Security
- Pension
- Annuities
- Rental income
- Part-time/Seasonal job

Other Income

- Airbnb
- Etsy
- Microbusiness
- Focus groups
- Freelance writing/editing
- Substitute teacher
- Online tutor

Exclude RMDs (Required Minimum Distributions from IRAs), cash value of life insurance, home equity, and inheritances for now.

MASLOW'S HIERARCHY OF NEEDS



Financial planners can calculate the resources needed for your basic needs.

The rest is up to you.

KNOW YOURSELF IDEAL LIFESTYLE

Imagine you are retired, ask yourself the essential questions.

Who will you have
lunch with?



Who will
change your
light bulb?

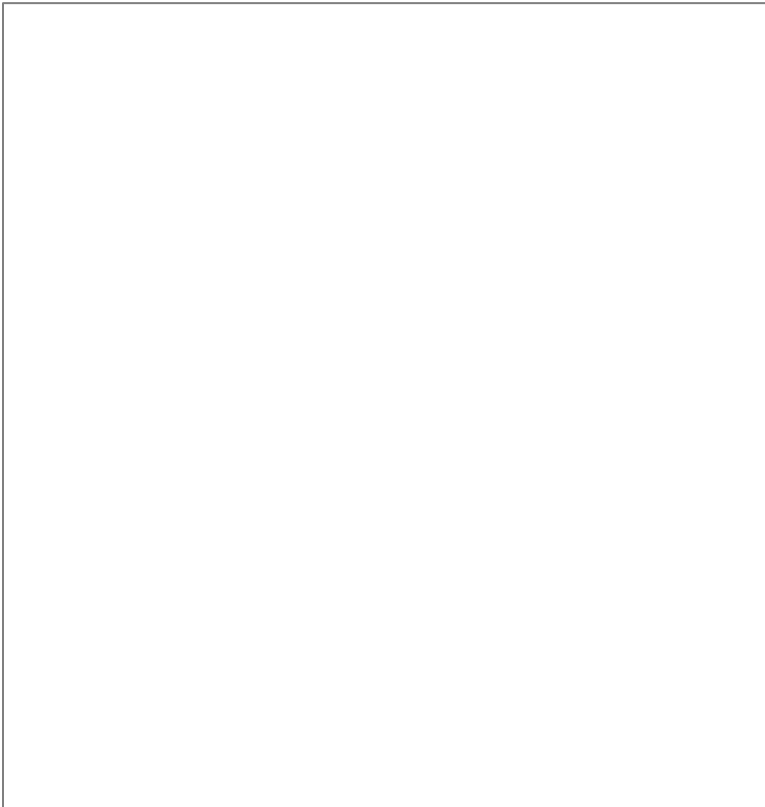


Where will you
get an ice
cream cone?



KNOW YOURSELF PRESENT & FUTURE HAPPINESS

PRESENT *What are things you can do **now** to make life more fulfilling?*



FUTURE *What are experiences that **would be more** appreciated in non-working years?*



CONNECTING THINGS THAT MAKE YOU HAPPY TO FINANCES (A.K.A. BUDGETING)

What are you willing to trade-up or down? Are you in the habit of searching for a lower-cost option? Can you practice searching for cheaper options every day?

	LOW-COST	HIGH-COST
Book shopping	Borrowing a copy Using Audible credits to listen to the audio book	Purchasing new hard copy
Going out for coffee	Making coffee at home and putting it in a thermos	Ordering at a fancy hotel or museum café or in Las Vegas
Exercise	Walking to a park	Driving to the gym and paying for parking
Travel	Read a book about the destination, DuoLingo for language basics, and watch YouTube videos on the local culture and history before you go.	Paying for high-end group tours

KNOW YOURSELF MAKING A CHANGE

Some people would like to retire, but life happens, or they don't know when to stop working.

What is holding you back from making a change?

- Adult children moving back home.
- Not having enough saved for retirement.
- Health insurance expensive before Medicare eligibility at age 65. Go to *Healthcare.gov*.
- Pressure from family and friends to keep working.
- Social network is entirely at work.
- Not sure if able to re-skill.
- Can't imagine not working. I like working.
- Other: _____

How will you know your mission is complete?

- Others tell you that you are done.
- Gone as far as I can in my career.
- Worked enough years to get a pension.
- Other: _____

[SEE ALL CORONAVIRUS RESEARCH >](#)

SEPTEMBER 4, 2020



A majority of young adults in the U.S. live with their parents for the first time since the Great Depression

BY RICHARD FRY, JEFFREY S. PASSEL AND D'VERA COHN



©iStock

<https://www.pewresearch.org/fact-tank/2020/09/04/a-majority-of-young-adults-in-the-u-s-live-with-their-parents-for-the-first-time-since-the-great-depression/>

KNOW YOUR NUMBERS COST OF LIVING

If you are thinking of relocating to a new city, there are lots of websites that collect data on cost of living.

Some cities might have lower housing costs but higher expenses in other essential categories.

Cost of Living Chapel Hill, NC by Expense Category

CATEGORY	COMPARED TO NATIONAL AVERAGE
Energy	-5.1%
Food	+14.8%
Healthcare	-12.6%
Housing	-18.6%
Transportation	-4.1%

Cost of Living Comparison with Chapel Hill, NC

If you move to Chapel Hill from one of these cities, you would have these the changes of your **cost of living**.

MOVE FROM	MOVE TO	COST OF LIVING COMPARISON
San Francisco, CA	Chapel Hill, NC	-83.9%
Washington, DC	Chapel Hill, NC	-53.9%
Miami, FL	Chapel Hill, NC	-9.4%
Chicago, IL	Chapel Hill, NC	-12.8%
Boston, MA	Chapel Hill, NC	-48.8%
New York, NY	Chapel Hill, NC	-78.2%
Dallas, TX	Chapel Hill, NC	+4.8%

KNOW YOUR NUMBERS COSTS

Based on your vision of the future, how much do you think it will cost?
Compare to a different city/country if you are considering moving.

Monthly Costs	Chicago	Chapel Hill, NC	Rent somewhere else 6 months	Sources/Notes
Housing	\$1,500	\$1,500	\$1,300 (Sorrento, IT)	Zillow.com, Airbnb, house swap?
Health care	\$700	\$950	\$300	ehealthinsurance.com, internationalliving.com Include holistic health services not covered
Transportation	\$100 (CTA, Uber)	\$500 (car)	\$500 (airfare and rail)	
Food and Beverage	\$800	\$600	\$400	Salary.com
Entertainment	\$200	\$50	\$100	
Charitable Donations and Other	\$300	\$200	\$0	
Total	\$3,600	\$3,800	\$2,600	

KNOW YOUR NUMBERS COSTS

Based on your vision of the future and what makes you happy, how much do you think it will cost? **Compare to a different city/country if you are considering moving or spending part of the year somewhere else.**

Monthly Costs	Home 1	Home 2
Housing		
Health care		
Transportation		
Food and Beverage		
Entertainment		
Charitable Donations and Other		
Total		

BEST AND WORST PLACES TO LIVE IN 2023

BEST PLACES	WORST PLACES
Round Rock, Texas	Memphis, Tennessee
Sarasota, Florida	Albuquerque, New Mexico
Tacoma, Washington	Anchorage, Alaska
Bridgeport, Connecticut	Bakersfield, California
Raleigh, North Carolina	Little Rock, Arkansas
Arlington, Texas	Chattanooga, Tennessee
Fort Myers, Florida	Corpus Christi, Texas
Oakland, California	Tulsa, Oklahoma
Alexandria, Virginia	Columbia, South Carolina
Port St. Lucie, Florida	Kalamazoo, Michigan

<https://www.bankrate.com/real-estate/best-places-to-live/us/>

<https://realestate.usnews.com/places/rankings/most-dangerous-places>

SHOULD I/WE MOVE TO A RETIREMENT COMMUNITY?

Is the retirement community the best place to maintain connections and access to resources (i.e. healthcare)?

- Example: The Clare in Chicago
- Can you get a bunch of friends to move with you and make your own tiny home community in Mexico?

What are the emotional, physical, and financial aspects to consider?

- How emotionally attached are you to your home?
- Do you have the energy to continuously maintain it? Can you afford to pay for professional services – cleaners, gardeners, a nurse-aid, etc.?
- What are the costs to modify home to retire in place?

Do the benefits outweigh the drawbacks of the unknown?

- Access to medical care when you need it
- Higher health outbreak risk – COVID
- What is the culture of the community? How likely would you be able to meet people with similar interests?

Do you prefer an intergenerational environment or age homogeneity?

- College towns might provide the best age diversity, but real estate might be costly
- Could you find people your age through volunteer groups?

KNOW YOUR NUMBERS HEALTH CARE COSTS

Health care costs for retirees before age 65

GTR 30

2022 Marketplace¹ plan monthly cost estimate per person: non-smoker, age 64



Cost will vary by geography and age. For your estimate: <https://www.kff.org/interactive/subsidy-calculator/>

Tax credits were expanded to include more households through 2022.

Subsidies that limit out-of-pocket costs are usually incorporated into Marketplace Silver Plans for those who have Modified Adjusted Gross Income (MAGI) below \$32,200 individual / \$43,550 couple.

For those who do not qualify for a tax credit or a subsidy, be sure to compare Gold and Bronze Plans to Silver Plans purchased directly from the insurer.

¹Health insurance plans available through Healthcare.gov.

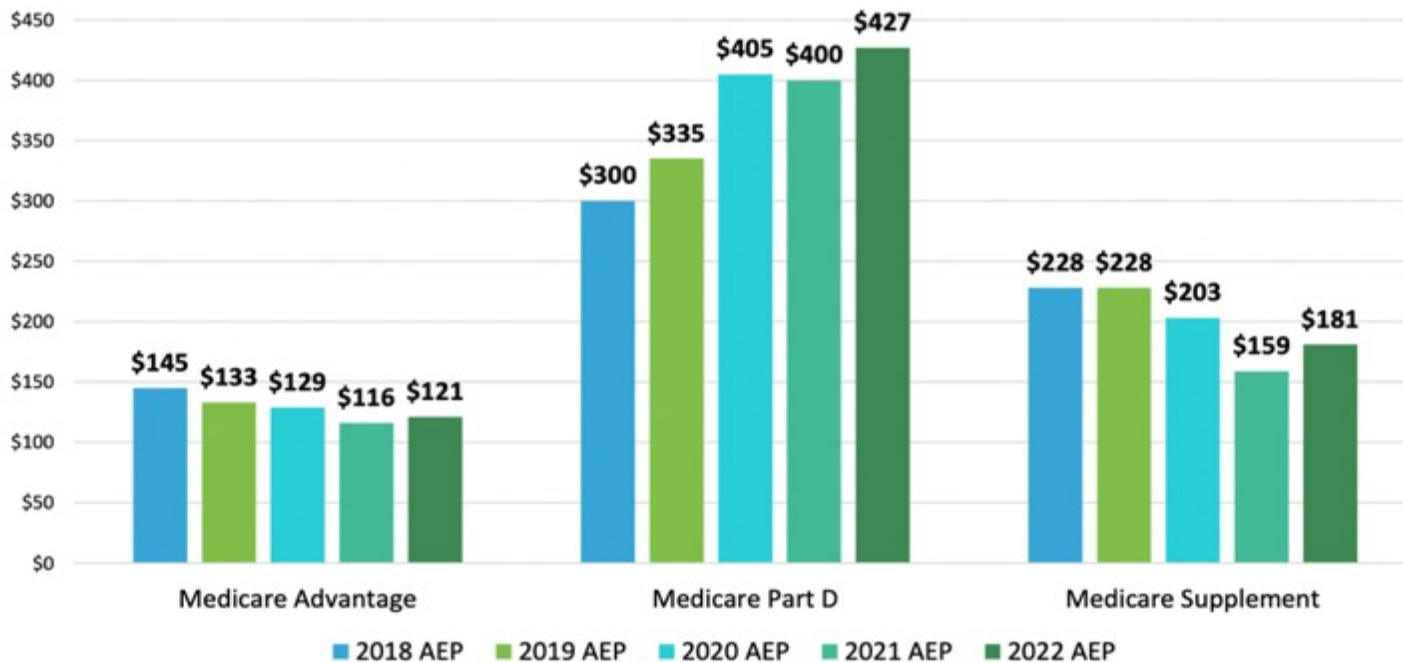
Not meant to be personal or tax advice. Does not include subsidies or tax credits that usually limit premium cost to 8.5% of income. In 2021 and 2022, premium tax credits were expanded per the American Rescue Plan Act (ARPA). In 2023 the tax credit is scheduled to revert to pre-2021 criteria, which requires MAGI (Modified Adjusted Gross Income) less than \$51,520 individual / \$69,680 couple. Subsidies that reduce out-of-pocket maximums may be available for those with a Silver Plan. A qualifying plan will allow you to make contributions to a Health Savings Account (HSA). When searching for a qualifying plan on the Marketplace website, look for the HSA eligible flag in the upper left-hand corner or use the filter option in the right-hand corner. Qualifying plans may provide less coverage; be sure to evaluate trade-offs, especially if you are eligible for a premium subsidy.

Source: Healthcare.gov, Kaiser Family Foundation subsidy calculator as of December 7, 2021. <https://www.kff.org/interactive/subsidy-calculator/>. Low costs shown above are for zip code 11217 in Brooklyn, New York, and high costs are for zip code 32320 in Apalachicola, Florida. Subsidy information from Kaiser Family Foundation website as of December 7, 2021.

KNOW YOUR NUMBERS HEALTH CARE COSTS (MEDICARE ELIGIBLE)

Medicare eligibility starts at age 65. Costs vary depending on type of policy.

Average Deductible by Medicare Product



https://news.ehealthinsurance.com/_ir/68/20223/Medicare_AEP_Index_Report_2022_Coverage.pdf

Medicare is not “free.” There are “zero premium” (no monthly premium) policies, but these might come with more out of pocket expenses.

Estimate a monthly cost that includes benefits you need (foreign travel, drugs, etc.). Some expenses not covered by Medicare (vision, dental, custodial, hearing aids).

Medicare does not cover long-term care. Have a plan for paying for long-term care out of your savings.

KNOW YOUR NUMBERS TRANSPORTATION

What are your options to manage transportation costs?

Low Carbon Footprint

- Ride a bicycle
- Walk
- Use public transportation. In Chicago, the CTA, Metra and Pace offer reduced fares as low as \$1.10 (bus) and \$1.25 (train).

Responsible Auto Use

- Use tax credit to purchase electric vehicle
- Donate car to charity and rent a car for weekend gateways or to run errands.
- Use a ride-share service like Uber when no public transit option available.
- Ask family or friends to drive you on a long-distance trip. Reimburse family or friends for the cost of gas.

Average Car Payments Hit a Record High. Here's What to Know.

The average monthly payment is now about \$700. But shoppers have options, including looking for less expensive smaller vehicles.

<https://www.nytimes.com/2022/07/15/your-money/monthly-car-payments-interest.html#:~:text=Most%20new%20car%20purchases%20are,parent%20of%20Kelley%20Blue%20Book.>

TOOLS TO TRACK CASH FLOW

Set a Google Calendar reminder to review your expenses once a month. Does your spending match your values? Can you eliminate spending that no longer sparks joy?

No Tech

- Envelope system: placing cash into envelopes marked for major budget categories.
- Saving receipts and recording expenses in a notebook

Low Tech

- Banks' free budgeting tools that automatically categorize expenses

Medium Tech

- WealthVision website from AccountView (for clients only)
- Mint app
- Honeydue app: Helps couples track monthly spending and allows partners to chat about specific transactions.

High Tech

- Quicken
- Excel: Modern Capital Concepts' [cash flow balance sheet risk worksheets](#)

KNOW NUMBERS ASSETS

How much do you have in the following?

Asset	Values
Retirement accounts	
Taxable accounts	
Cash savings (incl. CDs)	
Real Estate	
Business value	

KNOW NUMBERS: INCOME IN RETIREMENT

How will you pay your monthly bills? *What are your sources of income in retirement?*

Source	How can you receive it?	Tax Treatment
Social Security (ssa.gov)	Monthly Benefit	May be partially taxable
Traditional 401(k) Traditional/Rollover IRAs	Ask financial advisor: monthly or other	Ordinary income
Roth IRA Roth 401(k)	Ask financial advisor: monthly or other	Not taxable if you follow rules*
Annuity	Ask financial advisor: monthly or other	May be partially taxable depending on type
Sale of Business (business value)	Negotiate in sale. Can you spread out payments over several years?	Capital gains
Work: consulting, project-based, part- time, microbusiness	Seasonal or occasional	Ordinary income

*The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

THE WORK OPTION

- Continue with former employer
- Switch to a new area of interest
- Volunteer your time
- Board service
- Sell your stuff on Etsy
- **Keep Social Security income limits in mind if less than full retirement age**
- **What were the lessons from COVID?**



SECURE ACT 2.0 CHANGES

Raises the required minimum distribution (RMD) age from age 72 to age 73 starting on January 2023 and to age 75 starting on January 2033.

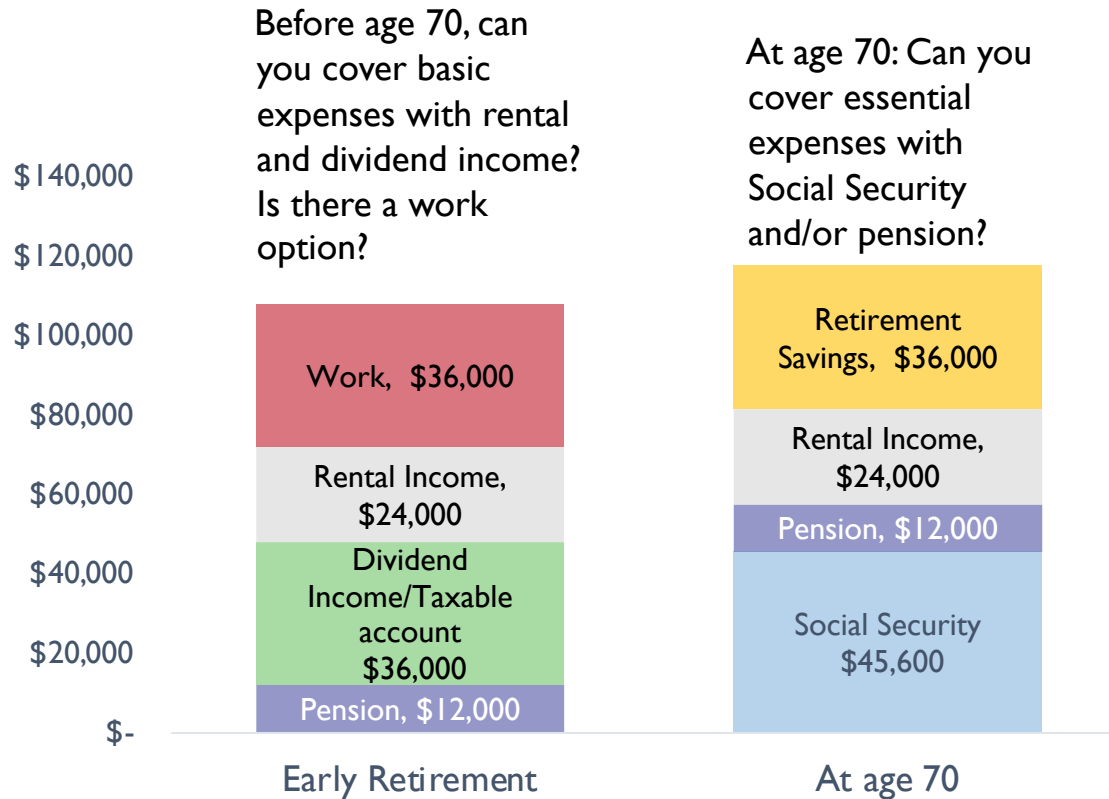
Prior to the passage of Secure Act 2.0, RMDs must have been made from 401(k) accounts, traditional IRAs, and similar retirement savings account in the year a retirement saver turned 72 (first year RMD must be made by April 1 following the year a retirement saver turns 72).

Among other provisions, Secure Act 2.0 includes the following:

- Increasing catch-up contribution limits to 401(k) retirement accounts to \$11,250 for ages 60 to 63 starting in 2025.
- Lowering the penalty from failing to take RMDs from 50% to 25% and in some cases to 10%
- Automatic enrollment in emergency savings accounts within 401(k) plans. Employees may save up to \$2,500 in a rainy-day Roth account.
- Establishment of a retirement savings “lost and found” national database. The database will allow retirement savers to track their pension or 401(k) plan.

PAYING THE BILLS BEFORE & AT AGE 70

HIGH EARNER / HIGH SAVINGS



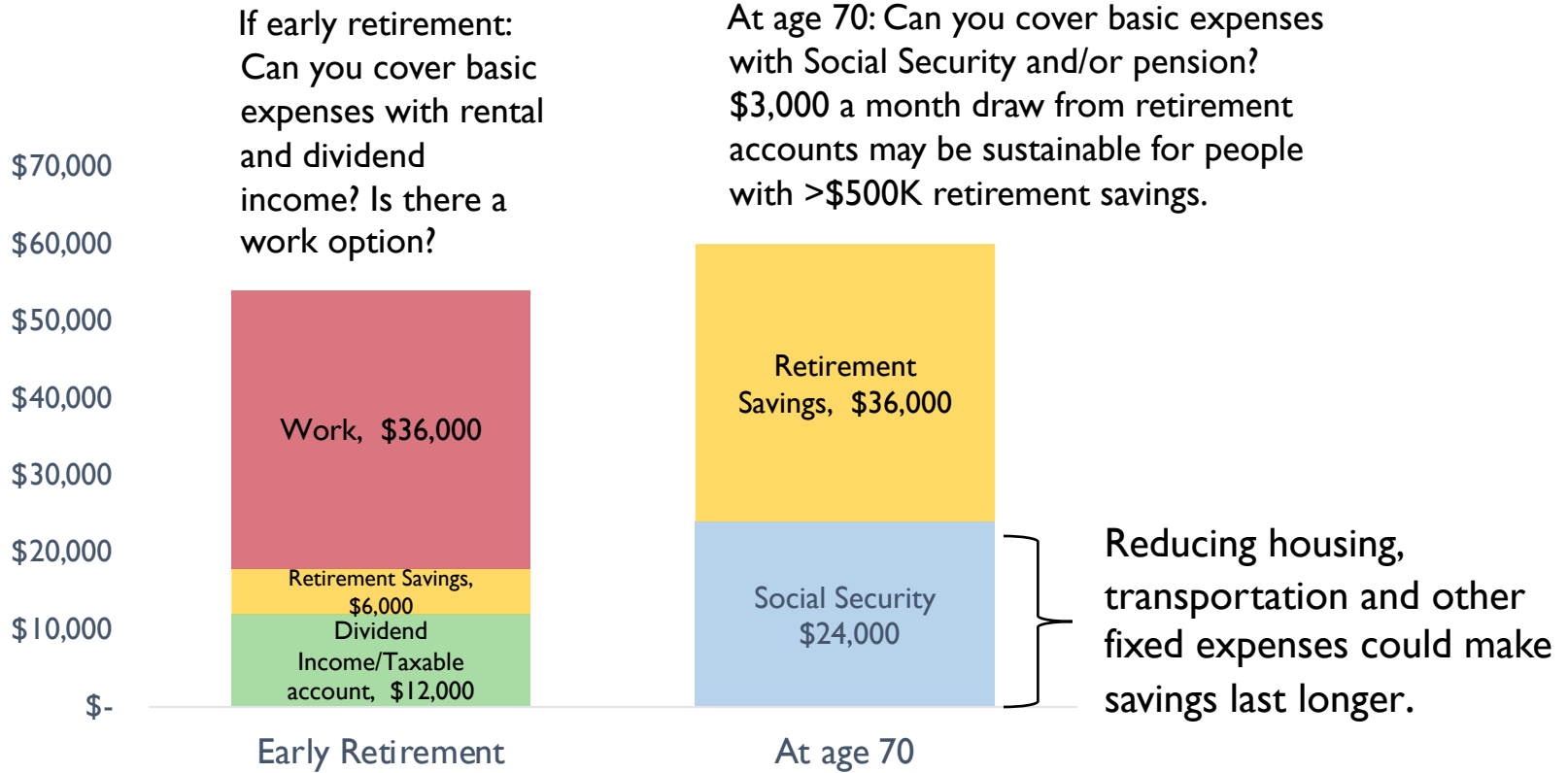
In order to generate \$36,000 in dividend income	
Dividend Yield	Capital Base (Stock Investments) Needed
2%	\$1,800,000
3%	\$1,200,000
4%	\$900,000

What is in your income stack? What is the tax treatment? Would you work for the health insurance benefit?

Can you wait until age 70 to get the maximum Social Security benefit? Can you delay taking Required Minimum Distributions from a traditional IRA or 401(k) so the money has more time to grow?

PAYING THE BILLS BEFORE & AT AGE 70

AVERAGE EARNER / AVERAGE SAVINGS



Before age 70, cover expenses with earnings, penalty-free retirement account distributions, cash savings and taxable accounts.

Do everything you can to wait until age 70 to get maximum Social Security benefit. Required minimum distributions from traditional IRA or 401(k) start at age 73 in 2023 and 75 in 2033.

CAREER DISRUPTIONS **MEDICAL OR FAMILY LEAVE** COVID-RELATED OR BY CHOICE

- Identify opportunities to deploy skills in a changing work environment.
- Maximize/Take advantage of government programs such as SS, SSI, Medicare, and others.
- Plan for independence. Have a plan to manage potentially higher health care costs.
- Be intentional about membership in community groups / clubs.
 - Higher income earners spend 6.4 fewer times socializing.

<https://publications.ici.umn.edu/impact/34-3/retiring-with-idd-critical-needs>

<https://www.westernu.edu/mediafiles/hr/tiaa-2016-voices-fullreport.pdf>

<https://www.vox.com/2016/5/11/11578994/income-friends-family>

Emi's story:

Four years ago, I had a medical career disruption. I went from being an avid runner to running out of breath after walking 200 feet. My recovery was slow and I pondered these questions:

- *How long could I remain financially independent?*
- *What is next for my career?*

Thanks to saving habits that amassed a cash cushion and sharing living expenses with my partner, I was able to sustain my minimalist lifestyle and cover my share of expenses.

Careerwise, I pivoted. Leaning into my passions led to becoming a **CERTIFIED FINANCIAL PLANNER™** after two years of study.

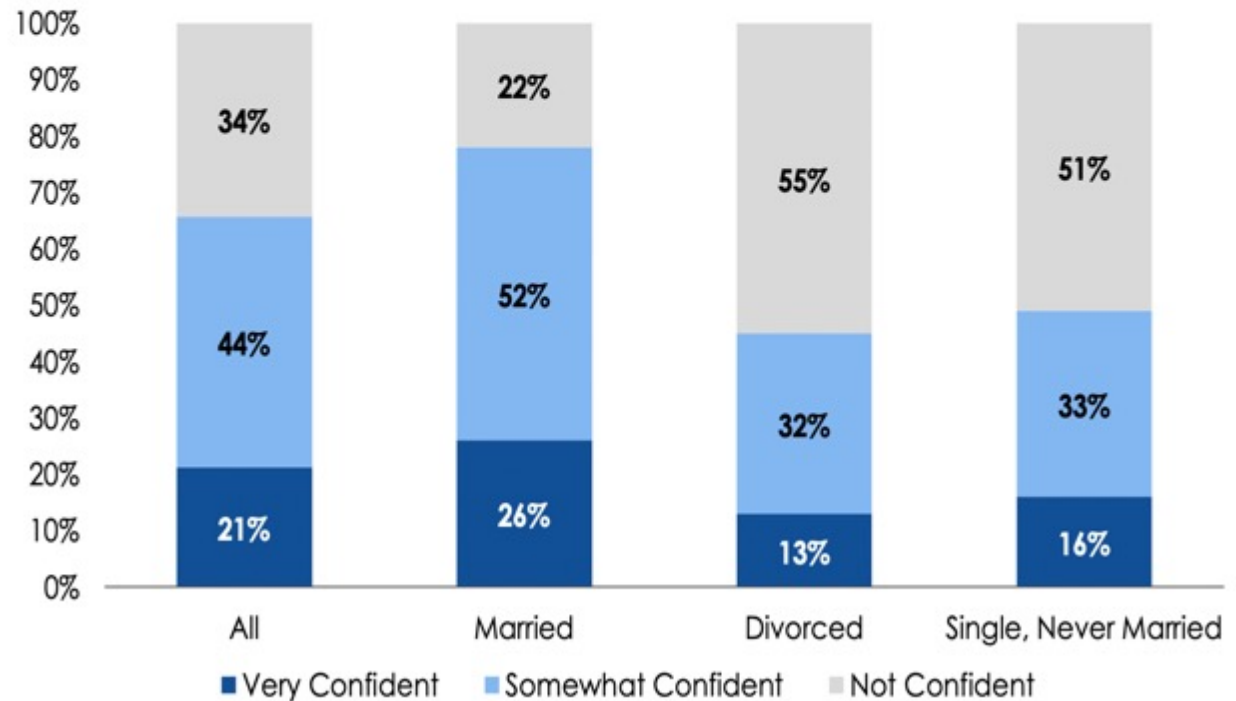
My disruption was not devastating because I saved for several years and invested years in reskilling to find more flexible working opportunities.

RETIREMENT FOR SINGLE WOMEN

- Consider a roommate (like Golden Girls) to share homeownership expenses.
- Share travel expenses like hotel or car rental with a companion or group.
- Create a mutually benefit network. You babysit for a neighbor and they drive you to the doctor.
- Save in retirement accounts to include long-term care costs
- Estate planning – set beneficiaries based on who will care for you.

Confidence in Having Enough Money to Live Comfortably Throughout Retirement, by Marital Status (Women Workers)

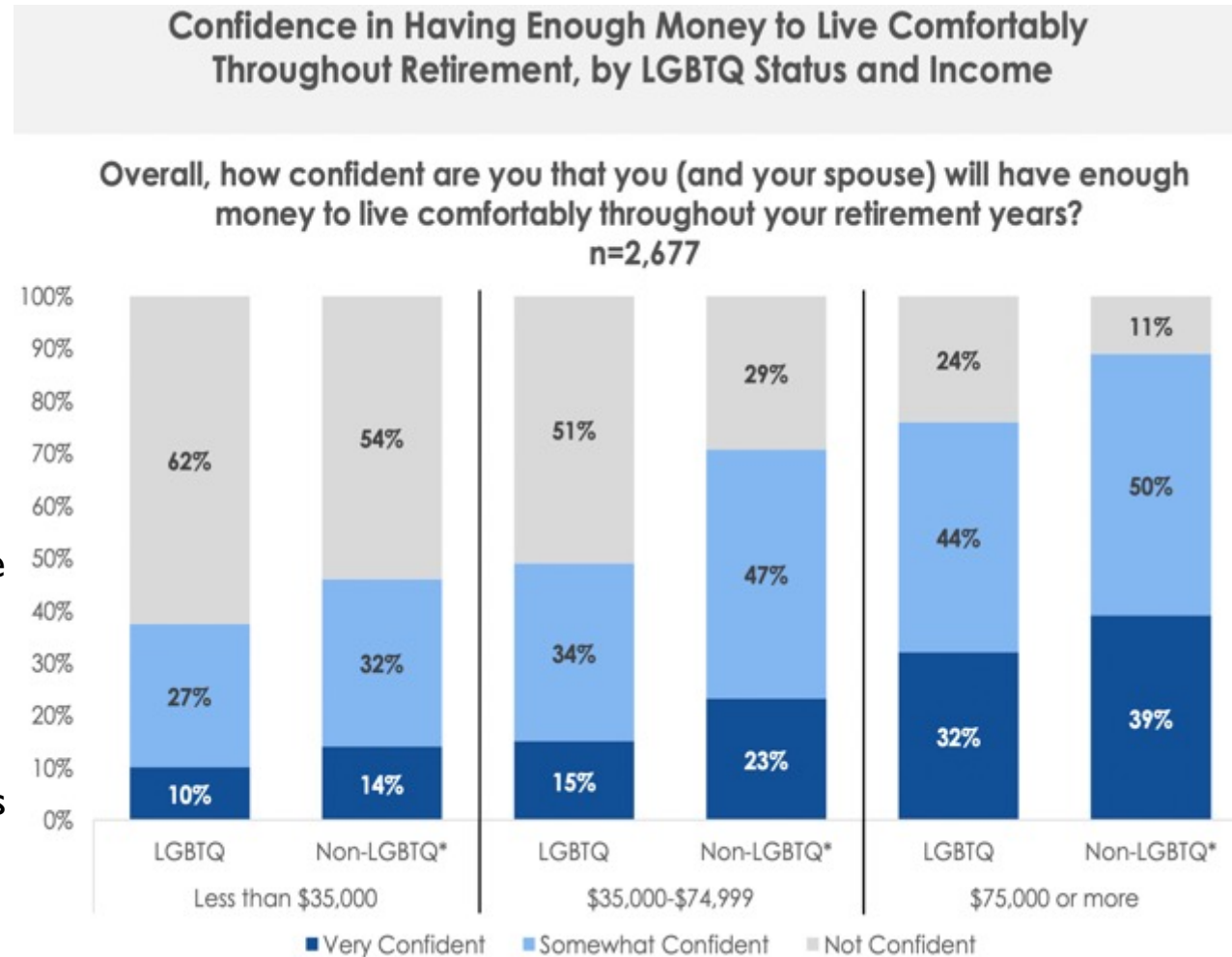
Overall, how confident are you that you (and your spouse) will have enough money to live comfortably throughout your retirement years?



https://www.ebri.org/docs/default-source/ebri-issue-brief/ebri_ib_56/_rcswomen-1sept22.pdf

RETIREMENT FOR NON-TRADITIONAL PARTNERSHIPS

- Strategies to overcome discrimination barriers: know your rights.
- Understand differences in government programs due to identity scrutiny – same sex couples have same benefits under social security.
- Understand emotional dynamics with high earner/low earner, wide age difference, one retired/one working partnerships.
- Estate planning for unmarried couples may not be entitled to same benefits depending on state.



OBSTACLES TO SAVING

Many Americans want to retire someday, but a large percentage do not have a plan or access to a retirement plan.

It takes decades to accumulate retirement savings. We don't like to imagine ourselves getting old, therefore, we don't plan for it.

About one in five workers reach their late 50s and early 60s with no money saved, according to estimates from the Federal Reserve.

STRATEGIES TO SUPPLEMENT RETIREMENT ASSETS - REAL ESTATE

Home equity is a retirement asset. Evaluate homeownership costs and consider selling and downsizing or relocating to a less expensive area.

Discuss with family members or friends if there is an emotional connection to selling the family home.

Relocate with a close group of friends to a less expensive state in order to maintain your community.

Look for buildings that offer subsidized rent if renting. In major cities, rent is capped at 35% of income.

STRATEGIES TO SUPPLEMENT RETIREMENT ASSETS **SHORT-TERM RENTALS**

Do you have the customer service skills or time to respond to guests' inquiries or clean in between stays?

- Market your rental through Airbnb or VRBO
- Do you enjoy doing the cleaning or can you afford to hire a cleaning service that meets Airbnb standards?

How comfortable are you with guests going in and out of your property if renting a room in your home or basement?

- Screening of guests through Airbnb and VRBO
- Insurance: through Airbnb offers property damage protection up to \$3M and liability insurance up to \$1M

Do the benefits outweigh the drawbacks?

- Opportunity for passive income when you choose
- Upfront costs of remodeling and furnishing
- Recurring costs such as stocking household products, maintenance, and utilities
- State and local license and taxes

How will you stay competitive in the market?

- Providing high-end amenities desired by your target guest: hotel quality bed and linens, gourmet kitchen, pool/jacuzzi, high-speed internet, washer/dryer, and streaming services.
- Making improvements based on guest feedback

STRATEGIES TO SUPPLEMENT RETIREMENT ASSETS - **STAY RELEVANT IN THE JOB MARKET**

Consider the type of work options that are available for your health and skills. Some work options may require reskilling.

Use your social capital to reinvent your career and your human capital to upskill in your current career.

Network with industry natives. An industry native can help you navigate a career reinvention.

Create a career reinvention board to help vet your career plan.

HOW MUCH DO YOU NEED TO SAVE?

- Free tool to calculate how much you need to save:
https://tools.finra.org/retirement_calculator
- Work with a CERTIFIED FINANCIAL PLANNER™

GETTING HELP - RESOURCES

- Financial Planning Association
- www.FinancialPlanningDays.org
- "Want to have it all? Then do this" by Ali Rosen. Advice for planning for the next ten years and becoming a grown up. <https://www.refinery29.com/en-us/having-it-all-advice>
- "Loaded" by Sarah Newcomb, Ph.D.
- "8,000 Days" from the MIT AgeLab: http://agelab.mit.edu/system/files/2018-12/8000_days_workbook_0.pdf
- JPMorgan Guide to Retirement: <https://am.jpmorgan.com/us/en/asset-management/adv/insights/retirement-insights/guide-to-retirement/>
- Apps: Mint (free) for hands-off budgeting approach, You Need A Budget (YNAB) (\$98.99/year) for a hands-on, intentional budgeting approach
- www.practicalmoneyskills.com offers games, apps, videos, calculators, and articles on personal finance topics.

GETTING HELP – RESOURCES (cont.)

- www.SSA.gov to look up estimated Social Security benefit at full retirement age or eligibility for Supplemental Security Income (SSI).
- www.medicare.gov to enroll in Medicare.
- ilaging.illinois.gov to look up information, services, and discount programs available to older adults.
- abe.illinois.gov/abe/access/#program-options to apply for and manage state healthcare and financial assistance.
- www.dhs.state.il.us/page.aspx to find state offered services.
- benefitscheckup.org to look up benefit programs offered to older adults and people with disabilities that can help pay for health care, medicine, food, utilities, and more.
- <https://ncoa.org/> to research resources, tools, best practices, and advocacy for diverse older adults.
- www.hhs.gov/ocr/lgbtqi/index.html to look up civil rights and to file a civil rights, religious freedom, health information privacy complaint.

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APPENDIX

SKILL REFRESH CHECKLIST

- Update your LinkedIn: Are you qualified and do people like you?
 - Increase your number of connections
 - Relevant certifications
 - Recommendations
 - Thought leadership
 - Portfolio
 - Headshot

- Consulting
 - What problem do you solve?
 - What is your menu of services and pricing?
 - How will you set boundaries if you don't want to work full-time hours?

- Assess your skills and knowledge base
 - How relevant is your experience or methods to current and future organizations' needs?
 - How strong are your tech skills?

KNOW YOURSELF PRESENT & FUTURE HAPPINESS

Are you more future than present oriented? Planning for retirement does not have to mean deferring happiness to a distant date in the future. Some experiences, like sailing around the world, demand more time and resources and may be more practical in non-working years.

What are things you can do now to make life more fulfilling? What are some experiences that would be better appreciated in non-working years?

My story:

I love to walk and try to do at least 10,000 steps a day. One summer day I decided to walk home from downtown.

I pondered the question: *What would I do with \$1 million dollars?* My house is five miles from downtown, so I meditated on this question for two hours.

By the time I got home, I realized the things that bring me the most joy in life — walking and sunshine — cost nothing!

Happiness for me does not involve a bucket list or buying a nice car every few years. It is having time to connect with nature.



HOW TO VACATION PART I

Thanks to a strong US dollar versus the Euro, trips to countries like Sweden, Lisbon, or Portugal could offer a good value. Below is a summary of opportunities to save money.

Expense	Tips
Airfare	Planning a trip ahead and having flexibility with travel dates can help with finding an airfare bargain price. Use Google price tracker. Calculate when using miles is more advantageous economically.
Transportation	<ul style="list-style-type: none"> • Research public transportation options. If stairs are an obstacle, keep in mind many stations do not have elevators. • Choose hotels and AirBnB locations based on walking distance to attractions. • Find out if advance purchase offers a discount. Example: Heathrow Express. Research tourist passes for multiday stays. Example: Roma Pass.
Car hire	<ul style="list-style-type: none"> • Price might be negotiable if driver is willing to negotiate a lower price if you arrange multiple trips, example: transport to and from the airport. • Compare cost of car hire, example: mydaytrip.com to renting a car. Manual transmission rentals generally cheaper than automatic.
Accommodations	<ul style="list-style-type: none"> • Lock in cheap rates by prepaying if strong dollar. Review prepayment terms to ensure the cost is refundable. • Single travelers could find a travel buddy to avoid the single premium on group tours.
Dining	<ul style="list-style-type: none"> • A favorable exchange rate can allow you to have a luxurious dining experience. • Research Michelin or Slow Food guides for off-beaten track restaurants.

HOW TO VACATION PART II

Thanks to a strong US dollar versus the Euro, trips to countries like Sweden, Lisbon, or Portugal could offer a good value. Below is a summary of opportunities to save money.

Expense	Tips
Excursions	Can you negotiate a lower price if paying in cash?
Museums	<ul style="list-style-type: none">• Research museum passes if staying more than one day. When are free museum days.• Churches are free but might close during lunch hour (example 12pm to 4pm in Rome).• Art galleries are usually free and so is admiring architecture. Download podcasts to create your own walking tour guide.
Guided tours	Fees are established and non-negotiable.
Shopping	Shopping for luxury goods could be cheaper with a strong dollar. Set a budget so “discount shopping” doesn’t cost more than the trip.

STRATEGIES FOR HIGHLY COMPENSATED EMPLOYEES

Non-Qualified Deferred Compensation Plans

Benefits

- Federal and state taxes are deferred until income is paid out when you may be in a lower tax bracket
- Lower current taxable income while the deferred compensation plan grows tax-deferred
- Unlimited contributions

Forms it can be packaged in:

- Retirement plans other than 401(k)
- Pension plan
- Employee stock options

What to ask for:

- Rabbi trust
 - In the event of an acquisition or management changes the deferred compensation benefits will be paid to employee. Compensation benefits subject to employer's creditors. Taxation of benefits is deferred when paid.
- Secular trust
 - Established exclusively for the benefit of employee and not subject to employer's creditors. Taxation of benefits occur in the year assets are placed in the trust.
- In-Service of Specified Date Account
 - Distributions made before retirement at a predetermined date to cover certain expenses such as paying for college, travel or vacation home

EMPLOYEE STOCK OWNERSHIP PLANS (ESOPs)

An ESOP is a qualified employee benefit plan that gives employees ownership interest in the company. It is a variation of a profit-sharing plan.

How does an ESOP differ from a profit-sharing plan?

- Plan assets are invested in employer stock
- Employees' accounts are stated in shares of employer stock
- Benefits are generally distributed in employer stock

What are the benefits?

- Employees feel more appreciated by having an ownership stake
- Encourages employees to give it their all as the business success translates to financial reward
- Provides employees with a tax-advantaged means to acquire company stock
- Creates a market for a company's stock and broadens ownership of its stock

How to cash out?

As a qualified retirement plan, distribution rules apply to ESOPs. Distributions are allowed at age 59.5 or age 55 if termination. Distributions made prior to age 59.5 or 55 may be subject to a 10% penalty.

EMPLOYEE STOCK OPTIONS

Stock options allow employees to buy shares of employer's stock at a specified price known as exercise price. The greatest benefit of a stock option is realized when the stock price rises above the exercise price.

Vesting Schedule

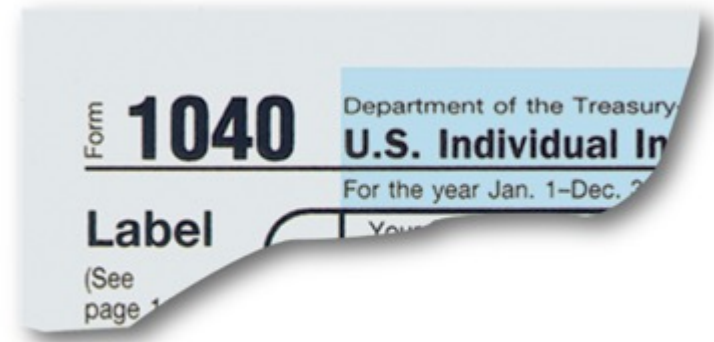
- Stock options are subject to a vesting schedule and at times can be subject to satisfying performance goals. Vesting period may be as long as 10 years.

There are two types of stock options:

- Incentive Stock Options (ISO)
 - Offered to key employees and top management. In many cases the gains on ISOs are treated as long-term capital gains. Only **\$100,000** worth of ISO granted and vested in one year can qualify for long-term capital gains tax treatment.
 - Subject to holding period requirements of **1 year from the exercise date** and **2 years from the grant date**
- Non-Qualified Stock Options (NSO)
 - Offered to employees at all levels of a company as well as to board members and consultants. The gains on NSOs are treated as ordinary income and taxed at ordinary income tax brackets.

TAXABLE INVESTMENTS

- No contribution limits or withdrawal rules
- Wide selection of investments
- A way to diversify your portfolio
- Additional income option
- Earnings taxed at lower than regular rate



There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

The payment of dividends is not guaranteed. Companies may reduce or eliminate the payment of dividends at any given time.

MAINTAIN AN EMERGENCY FUND

- Available in case of unexpected expenses or market downturns
- Easily accessible in savings and cash equivalent investments
- Enough to cover expenses for a year (or two)



Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Certificates of Deposit (CD) are FDIC insured and offer a fixed rate of return. Brokered CDs sold prior to maturity in the secondary market may result in loss of principal due to fluctuations in the interest rate or lack of liquidity. Brokered CDs are registered with the Depository Trust Corp. (“DTC”). Brokered CDs with step-down and/or call provisions may be less favorable than traditional CDs without these features.

Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

OTHER THINGS TO CONSIDER

- Long-term health care
- Wills and living wills
- Estate planning
- Inheritance taxes



ESTATE PLANNING

- What happens if you die without a will?
- What happens if you don't have powers of attorney for your accounts or a living will?
- Should you use a free online or low-cost service for estate planning documents?

WHEN SHOULD YOU CONSULT A FINANCIAL PLANNER?

Types of questions

- Technical questions: *Should I take the lump sum pension? Should I do a Roth conversion? Can I retire early?*
- Investment questions: *What should I do with my rollover? What percent can I draw from accounts to avoid running out of money? Should I pay off mortgage or invest?*
- Emotional: managing expectations
- Worst case scenarios: taxes, rising costs, premature death of spouse

The 4% Rule



The 4% rule: projected outcomes vs. historical experience

GTR 27

40/60 portfolio at various initial withdrawal rates
Projected nominal outcomes, 80th percentile



Historical ending wealth at 4% initial withdrawal rate (1928-2021)
65 rolling 30-year periods



Good in theory, poor in practice

The 4% rule is the maximum initial withdrawal percentage that has a high likelihood of not running out of money after 30 years. It is not guidance on how to efficiently use your wealth to support your retirement lifestyle.

You may want to consider a dynamic approach that adjusts over time to more effectively use your retirement savings.

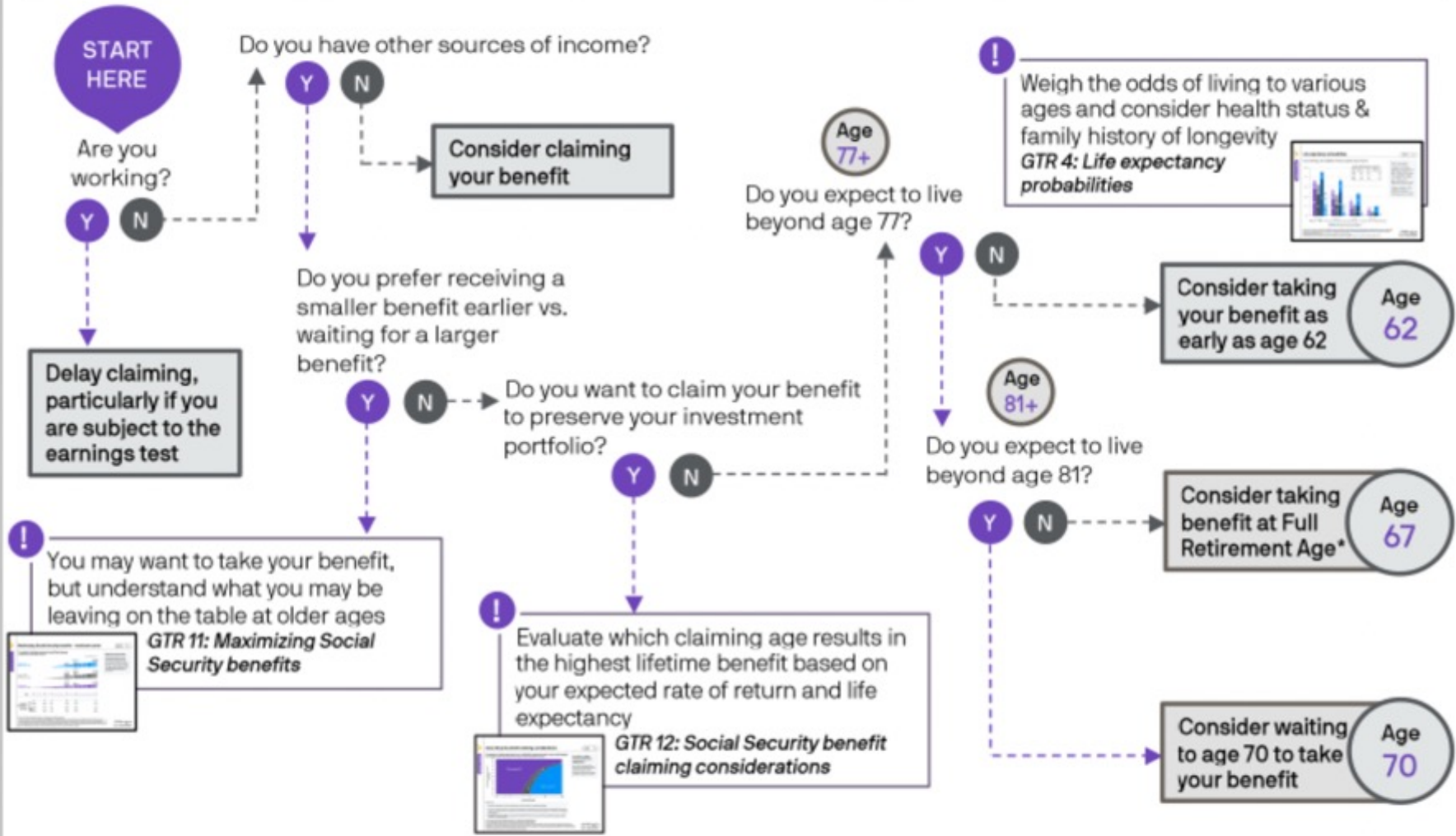
Spending

These charts are for illustrative purposes only and must not be used, or relied upon, to make investment decisions. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds).
 Right chart: The portfolio returns for the historical analysis are calculated based on 40% S&P 500 Total Return and 60% Bloomberg U.S. Aggregate Total Return. Each portfolio's starting value is set at \$1,000,000. Withdrawals are increased annually by CPI (CPI NSA Index). Ending wealth at the end of each 30-year rolling period is in nominal terms.
 Left chart: The hypothetical portfolio assumes All Country World Equity and U.S. Aggregate Bonds. J.P. Morgan Asset Management's (JPMAM) model is based on a blend of proprietary Long-Term Capital Market Assumptions (first 10 years) and equilibrium returns (25 years). The resulting projections include only the benchmark return associated with the portfolio and do not include alpha from the underlying product strategies within each asset class. The yearly withdrawal amount is set as a fixed percentage of the initial amount of \$1,000,000 and is then inflation adjusted over the period (2.3%). Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve.



Claiming Social Security: decision tree

Retirement Landscape



Source: Social Security Administration, J.P. Morgan Asset Management. This material should be regarded as educational information on Social Security and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact the Social Security Administration and/or your legal or tax professionals.
 *Full Retirement Age (FRA) of 67 is for individuals born 1960 or later. This decision tree is also appropriate for other FRAs.