

# Transition to Retirement

*Pre-retirement Webinar Series*

*Session 2*

# Today's Presenters

**Grace Pomroy**  
Financial Education Specialist



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ELCA Wellness Manager



# Agenda

- Where are you today?
- Where are you going?
- Living Well in Retirement
- 4 Things You Can Do Today
- Next Steps



Portico Benefit Services' wholeness wheel emblems are trademarks of Portico Benefit Services (U.S. Patent and Trademark SN 86/252,356, 86/257,977).  
Certificate of registration numbers: 4,637,260; 4,637,258; 4,637,259; 4,636,828; 4,677,811.

**Technical Change**

**Adaptive Change**

# Q&A

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Transition to Retirement  
Pre-retirement Webinar Series  
Session 2

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Slide 1 of 69

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- Questions
  - Welcome to the Ready to Retire webinar! The presentation will begin shortly.
  - [Enter a question for staff]
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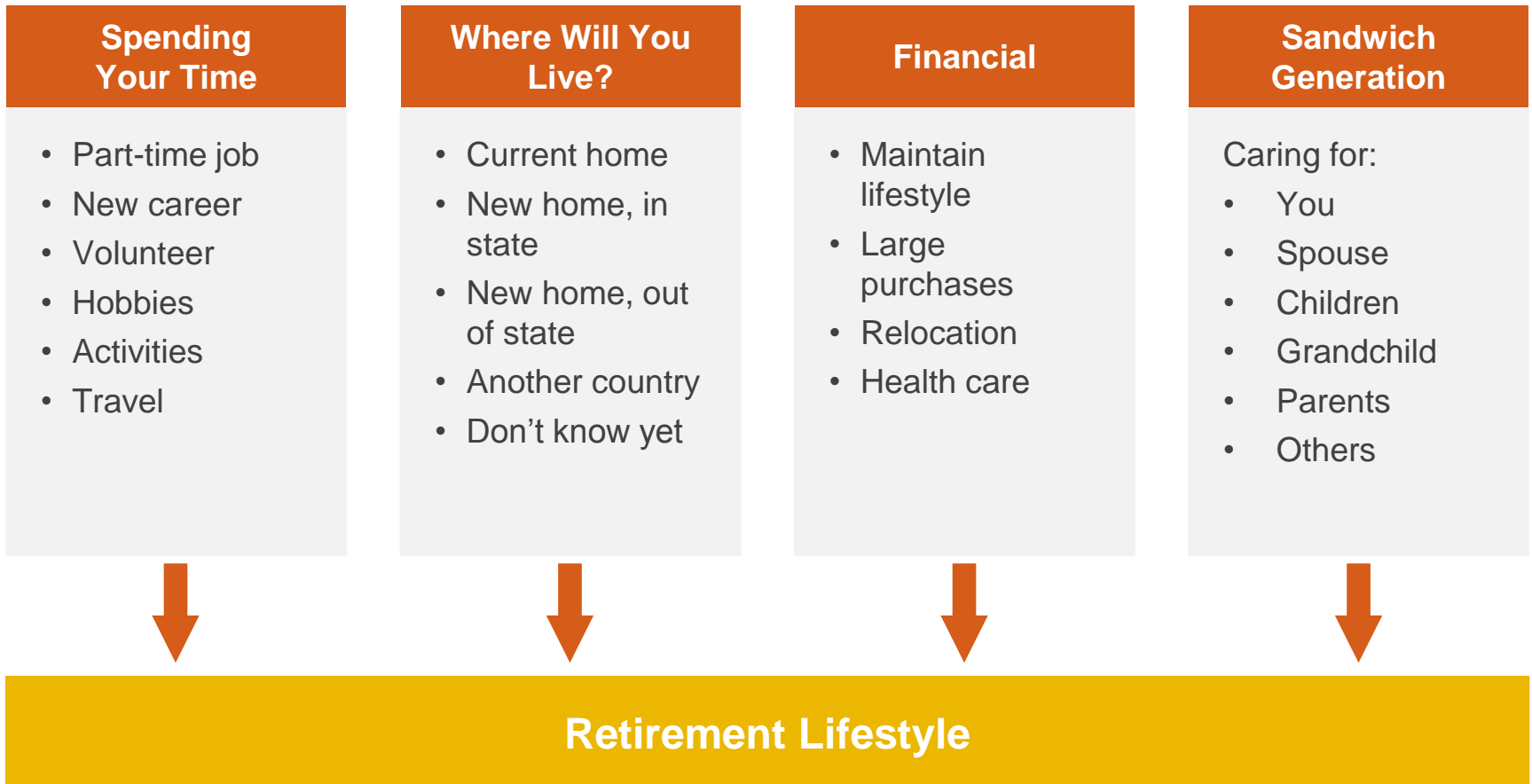




# Where Are You in Your Transition?



# What is Your Picture of Retirement?



**ACTION  
STEP**

Map out: What would your ideal day look like?

# THE WHOLENESS WHEEL



**Note:** Portico Benefit Services' wholeness wheel emblems are trademarks of Portico Benefit Services (U.S. Patent and Trademark). Certificate of registration numbers: 4,637,260; 4,637,258; 4,637,259; 4,636,828; 4,677,811; 4,769,984.

*"We are not meant to live divided lives. We are made for wholeness and integrity . . . With God at the center of my life, I know **whose** I am and can begin to discover **who** I am."*

*~Jack Fortin in "The Centered Life"*



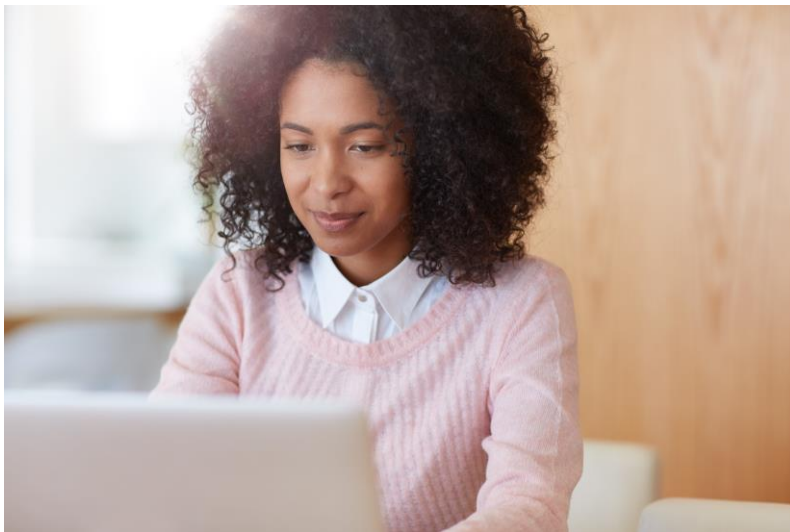
## Grounded in Baptism



*“May you always trust that your baptismal call came before your pastoral call.”*

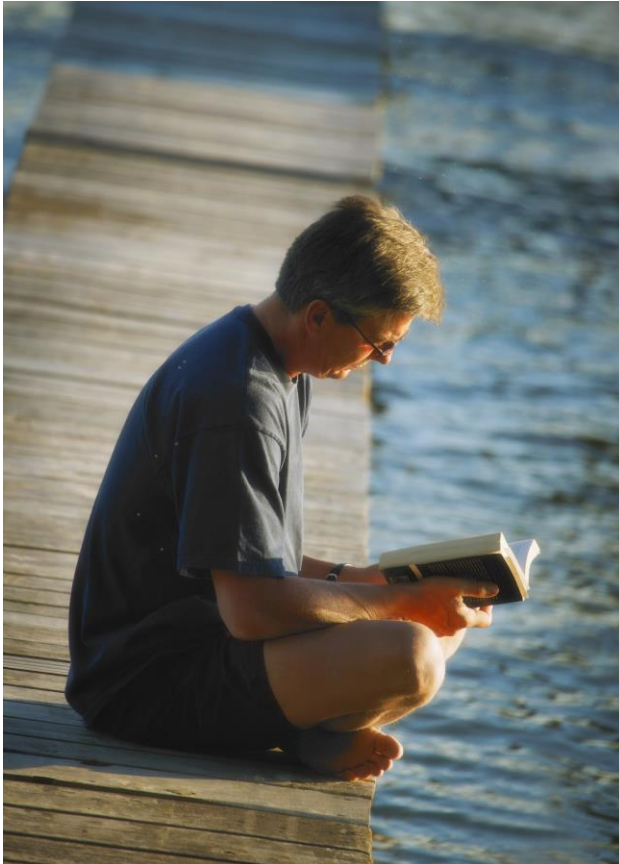
*~Mary C. Lindberg  
in “The Graceful Exit: A Pastor’s Journey from Good-bye to Hello”*

# Vocational Well-Being



**ACTION STEP** Complete this phrase: I am . . .

## Intellectual Well-Being



**ACTION  
STEP**

How will you stimulate and rest your mind?



## Emotional Well-Being

grief      confession  
 loss      silence      walking  
**breath**  
 change      stress  
 journaling      mantra      talking

**ACTION  
STEP**

Consider a breath prayer or a mantra.

## Financial Well-Being



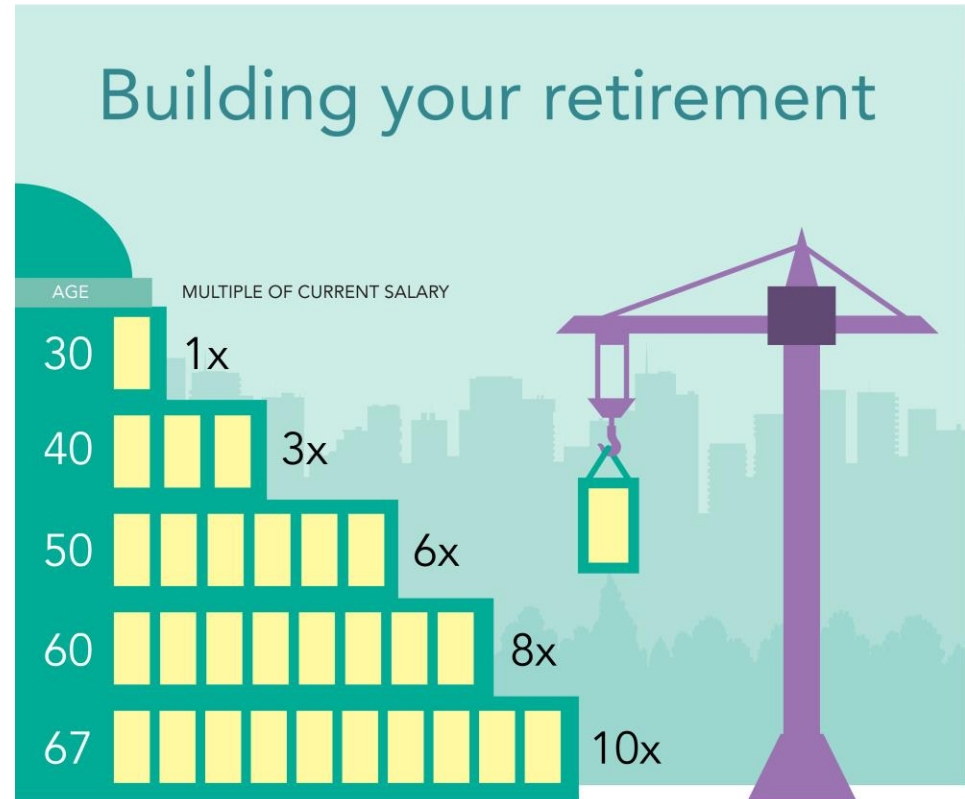


# How Much Money Do I Need to Retire?

To be financially ready to retire by age 67, aim to have **10x your final salary** saved at retirement.\*

**ACTION STEP**

Curious how much you really need?  
Ask a Portico Financial Planner at  
**800.922.4896**



\*This rule of thumb is applicable for investors with a broad range of income, from about \$50,000 to \$300,000 a year.

The 10x savings rules of thumb are developed assuming age-based asset allocations consistent with the equity glide path of a typical target date retirement fund, a 15% savings rate, a 1.5% constant real wage growth, a retirement age of 67 and a planning age through 93. The replacement annual income target is defined as 45% of pre-retirement annual income and assumes no pension income. This target is based on Consumer Expenditure Survey 2011 (BLS), Statistics of Income 2011 Tax Stat, IRS 2014 tax brackets and Social Security Benefit Calculators. Fidelity developed the salary multipliers through multiple market simulations based on historical market data, assuming poor market conditions to support a 90% confidence level of success.

These simulations take into account the volatility that a typical target date asset allocation might experience under different market conditions. Volatility of the stocks, bonds and short-term asset classes is based on the historical annual data from 1926 through the most recent year-end data available from Ibbotson Associates, Inc. Stocks (domestic and foreign) are represented by Ibbotson Associates SBBI S&P 500 Total Return Index, bonds are represented by Ibbotson Associates SBBI U.S. Intermediate Term Government Bonds Total Return Index, and short term are represented by Ibbotson Associates SBBI 30-day U.S. Treasury Bills Total Return Index, respectively. It is not possible to invest directly in an index. All indices include reinvestment of dividends and interest income. All calculations are purely hypothetical and a suggested salary multiplier is not a guarantee of future results; it does not reflect the return of any particular investment or take into consideration the composition of a participant's particular account. The salary multiplier is intended only to be one source of information that may help you assess your retirement income needs. Remember, past performance is no guarantee of future results. Performance returns for actual investments will generally be reduced by fees or expenses not reflected in these hypothetical calculations. Returns also will generally be reduced by taxes.

Fidelity Brokerage Services LLC, Member NYSE, SIPC, 900 Salem Street, Smithfield, RI 02917

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# Determining Your Retirement Spending

*Hypothetical for illustrative purposes only*

CATEGORY	TODAY	RETIREMENT
FICA/SECA Tax	\$5,200	\$0
Retirement Savings	\$5,200	\$0
Work-Related Expenses	\$3,250	\$0
Income Taxes	\$11,050	\$5,525
Housing	\$12,000	\$10,000
Transportation	\$3,550	\$3,550
Clothing	\$2,350	\$2,350
Personal Care	\$1,950	\$1,950
Food	\$5,000	\$5,000
Entertainment	\$2,600	\$6,000
Charitable giving	\$6,500	\$6,500
Medical	\$4,000	\$8,475
Other Insurance	\$2,350	\$5,900
<b>Total</b>	<b>\$65,000</b>	<b>\$55,250</b>

## ACTION STEP

Track your spending and create or refine your budget. How might your budget change in retirement?

## Housing Allowance – Excludable Income

Based on the IRS guideline, the amount excludible from federal gross income is the lesser of:

1. Amount designated as housing allowance by Portico.
2. Annual amount spent for primary residence, including: down payment, mortgage principal and interest, utilities, taxes, insurance, maintenance, and furnishings.
3. Fair rental value of the home, including furnishings and cost of utilities.

**What effect might recent litigation have on housing allowance?**

## Health Care Costs in Retirement



To have a **90% chance** of covering all health care costs in retirement:<sup>1</sup>

- A man would need about **\$124,000**
- A woman would need about **\$140,000**

According to Fidelity Benefits Consulting, a **65-year-old couple** retiring this year will need an average of **\$275,000<sup>2</sup>** (in today's dollars) to cover medical expenses throughout retirement.<sup>3</sup>

\*1. Source: [https://www.ebri.org/pdf/notespdf/EBRI\\_Notes\\_10\\_Oct15\\_HlthSvgs\\_DB-DC.pdf](https://www.ebri.org/pdf/notespdf/EBRI_Notes_10_Oct15_HlthSvgs_DB-DC.pdf)

2. Estimate based on a hypothetical couple retiring in 2017, 65 years old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2016. Estimates are calculated for "average" retirees, but may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Costs Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services, and long-term care. Life expectancies based on research and analysis by Fidelity Investments Benefits Consulting group and data from the Society of Actuaries, 2014.

3. <https://www.fidelity.com/viewpoints/retirement/retiree-health-costs-rise>

# Turning 65: Navigating the Transition to Medicare

- What is Medicare?
- What health coverage does the ELCA offer?
- What steps do I need to take to ensure that I have appropriate coverage when I turn 65?

**ACTION  
STEP**

Watch Portico's Turning 65 webinar:  
<https://www.porticobenefits.org/NewsEvents/Events/Turning65Webinar>

Medicare  
& You 2017

This is the official U.S. government Medicare handbook.

- ★ What's important in 2017 (page 3)
- ★ What Medicare covers (page 31)

CENTERS for MEDICARE & MEDICAID SERVICES



## Physical Well-Being

- What would you like to be healthy enough to do in 10, 20, or 30 years?
- How will you start or continue healthy habits?
- How will you make physical activity fun?

### ACTION STEP

What healthy habits can you begin today and continue in retirement?



## Social/Interpersonal Well-Being



### ACTION STEP

Consider: What relationships might you create or rekindle in retirement?

## Spiritual Well-Being



### **ACTION STEP**

Consider what new practices, places, and relationships will you use to nourish your spiritual life?



# You're Not Alone – Portico Walks With You

- Portico Financial Planners
  - Creating a plan for retirement
  - Other financial planning concerns (investing, estate planning, etc.)
- Retirement Specialist Team
  - Walks you through the retirement process
  - Helps you put your retirement plan into action
- Ready to Retire Webinar
- Exploring Transitions Retreat





## 4 Things You Can Do Today



## 4 Things You Can Do Today

1. Reflect intentionally on your picture of retirement and your perfect day.
2. Use the Wholeness Wheel Labyrinth to discern how God is calling you to live well in each area of well-being during this transition
3. Create a budget for today and retirement.
4. Watch the “Turning 65” webinar to find out more about the transition to Medicare.