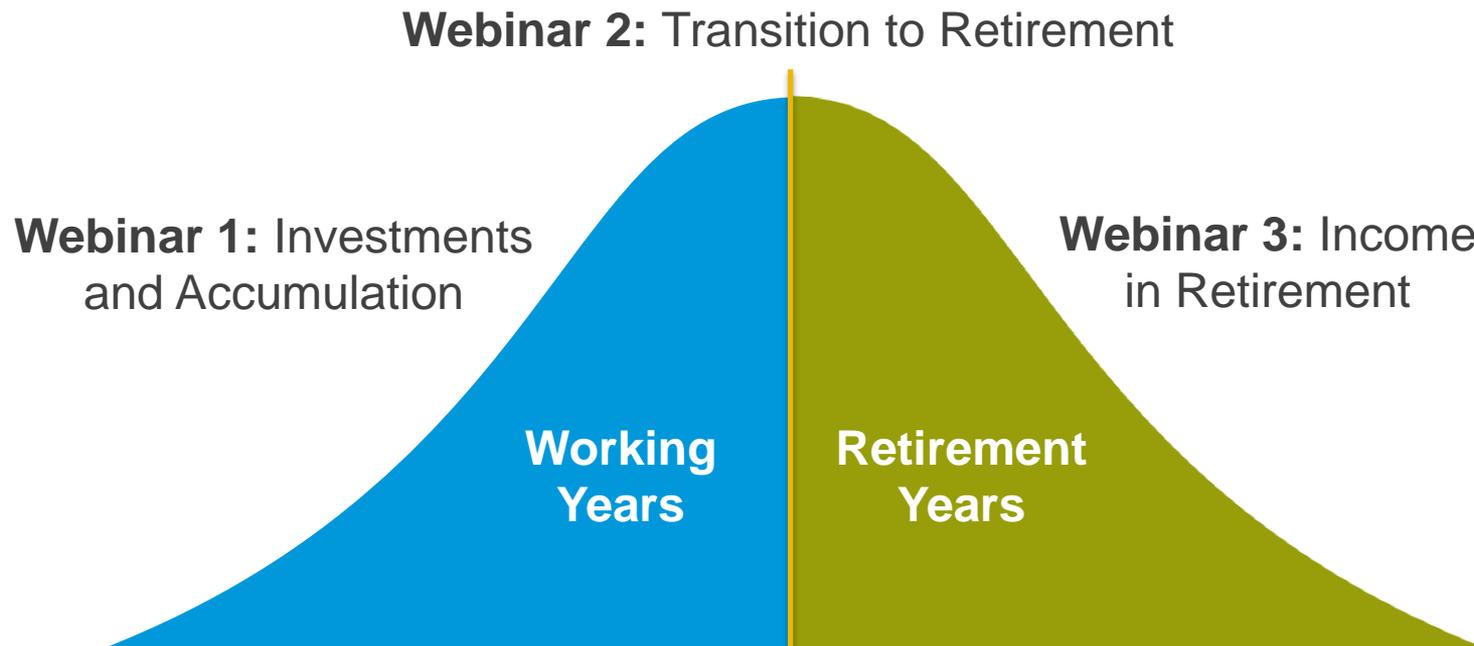




Income in Retirement

Pre-retirement Webinar Series
Session 3

Retirement Journey



Today's Presenters

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Financial Education
Specialist



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Financial Planner



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Financial Planner



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Q&A

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Income in Retirement
Pre-retirement Webinar Series
Session 3

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20-617

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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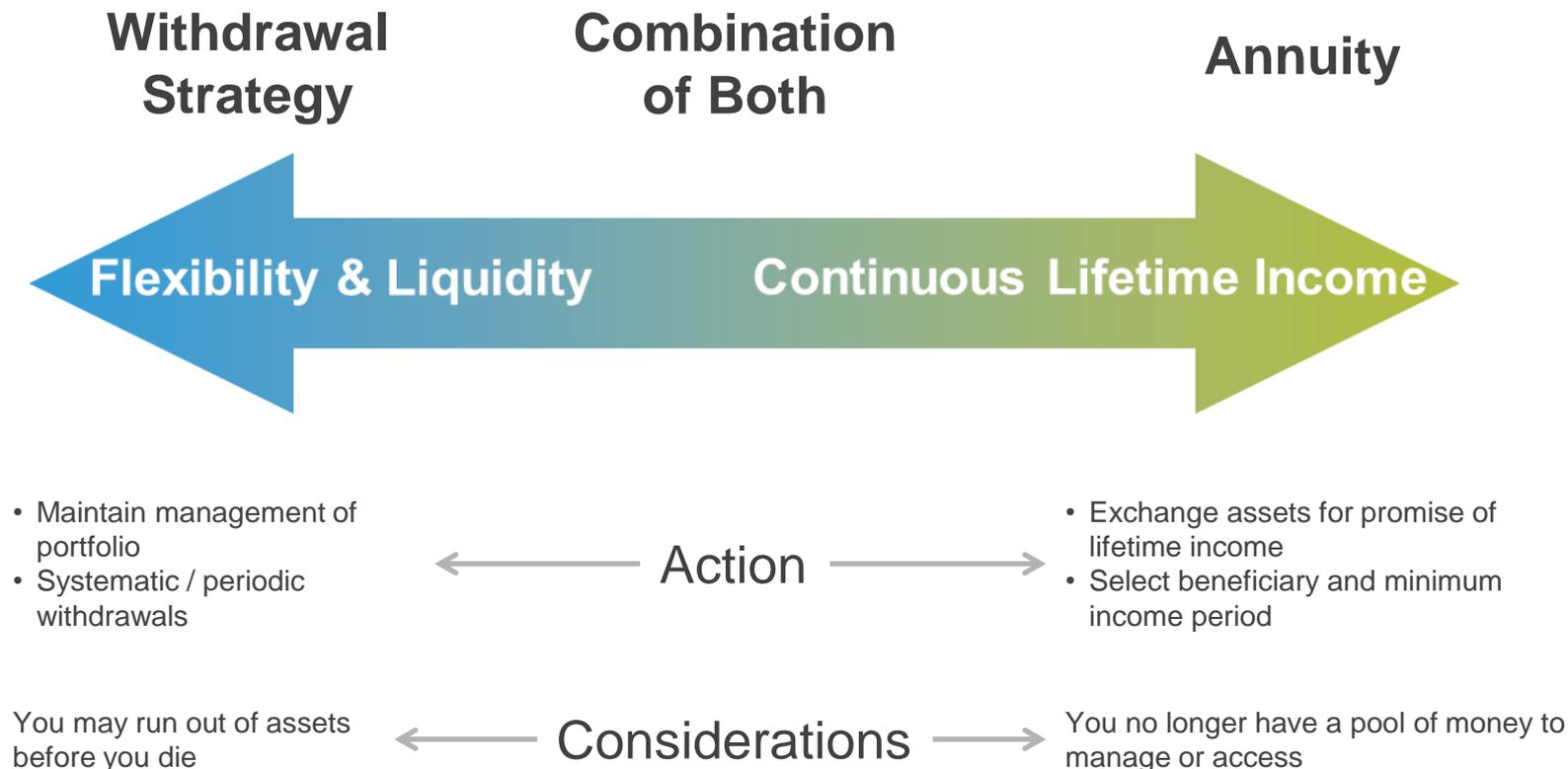


Retirement Income Sources

ELCA Retirement Plan



ELCA Retirement Plan — Retirement Distribution Options



*20% annual limit on withdrawals from employer contributions.

This presentation is for informational purposes only, does not constitute an offer to sell any investment, and may be subject to changes and corrections. An offer for the sale of interests in the funds will only be made through the Investment Funds Descriptions for the funds. The Investment Funds Descriptions are available upon request.

Withdrawals from Investments

- Two types of withdrawals:
 - Systematic withdrawals
 - One-time withdrawals
- How much income can your investments provide?
 - What mix of investments will you use?
 - How much can you withdraw without running out of money in your lifetime?

I average an 8% return; why can't I take 8% each year? Hypothetical for illustrative purposes only

Distribution Phase

- Sequence of Returns
- Product Allocation
- Portfolio Protection

Annual Income = 5% of first-year value adjusted thereafter for inflation
Starting Value for Portfolio A and Portfolio B = \$735,302



Age	Annual Return	Portfolio A Year-End Value	Annual Return	Portfolio B Year-End Value
66	-12%	\$608,058	29%	\$915,383
67	-15%	\$478,981	18%	\$1,038,620
68	-14%	\$372,924	25%	\$1,254,080
69	22%	\$415,677	-6%	\$1,139,914
70	10%	\$415,031	15%	\$1,263,822
71	4%	\$390,325	8%	\$1,325,828
72	11%	\$388,972	27%	\$1,641,225
73	3%	\$354,257	-2%	\$1,559,902
74	-3%	\$296,317	15%	\$1,742,637
75	21%	\$310,572	19%	\$2,025,772
76	17%	\$313,029	33%	\$2,642,842
77	5%	\$278,728	11%	\$2,885,300
78	-10%	\$198,994	-10%	\$2,550,113
79	11%	\$167,091	5%	\$2,631,281
80	33%	\$166,453	17%	\$3,015,102
81	19%	\$140,801	21%	\$3,590,977
82	15%	\$102,502	-3%	\$3,416,756
83	-2%	\$39,480	3%	\$3,448,238
84	27%	\$0	11%	\$3,761,512
85	8%	\$0	4%	\$3,859,407
86	15%	\$0	10%	\$4,171,204
87	-6%	\$0	22%	\$5,030,357
88	25%	\$0	-14%	\$4,255,708
89	18%	\$0	-15%	\$3,544,793
90	29%	\$0	-12%	\$3,033,870
	8%	\$0	8%	\$3,033,870

↑ **BIG DIFFERENCE** ↑

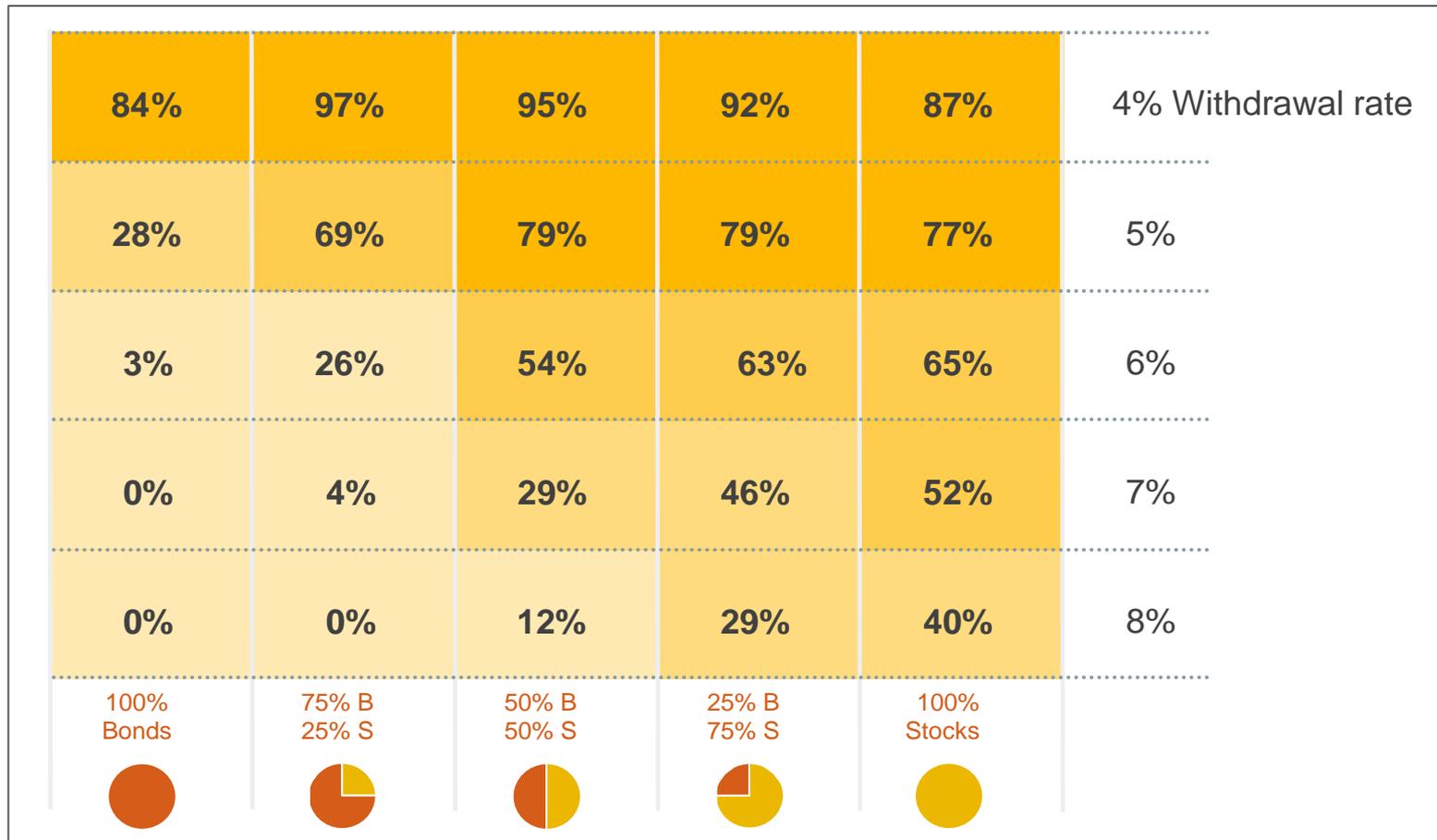


John Hancock, Understanding How Returns and Withdrawals May Impact a Portfolio: <http://www.devolfinancial.com/files/48836/Sequence%20of%20Returns-1.pdf>

Source: Standard & Poor's. The sequence of returns has an average compounded annualized return of 8% over 25 years and year-to-year volatility that is consistent with a portfolio predominantly comprised of stocks. Annual returns have been rounded to the nearest whole number. The accumulation portfolios assume a starting value of \$100,000 at age 40 and no annual withdrawals. The distribution portfolios assume a starting value of either \$100,000 or \$735,302 at age 65 as well as a 5% first-year withdrawal thereafter adjusted for 3% inflation annually. Except where noted, the average annualized return for the 25-year period is 8%.

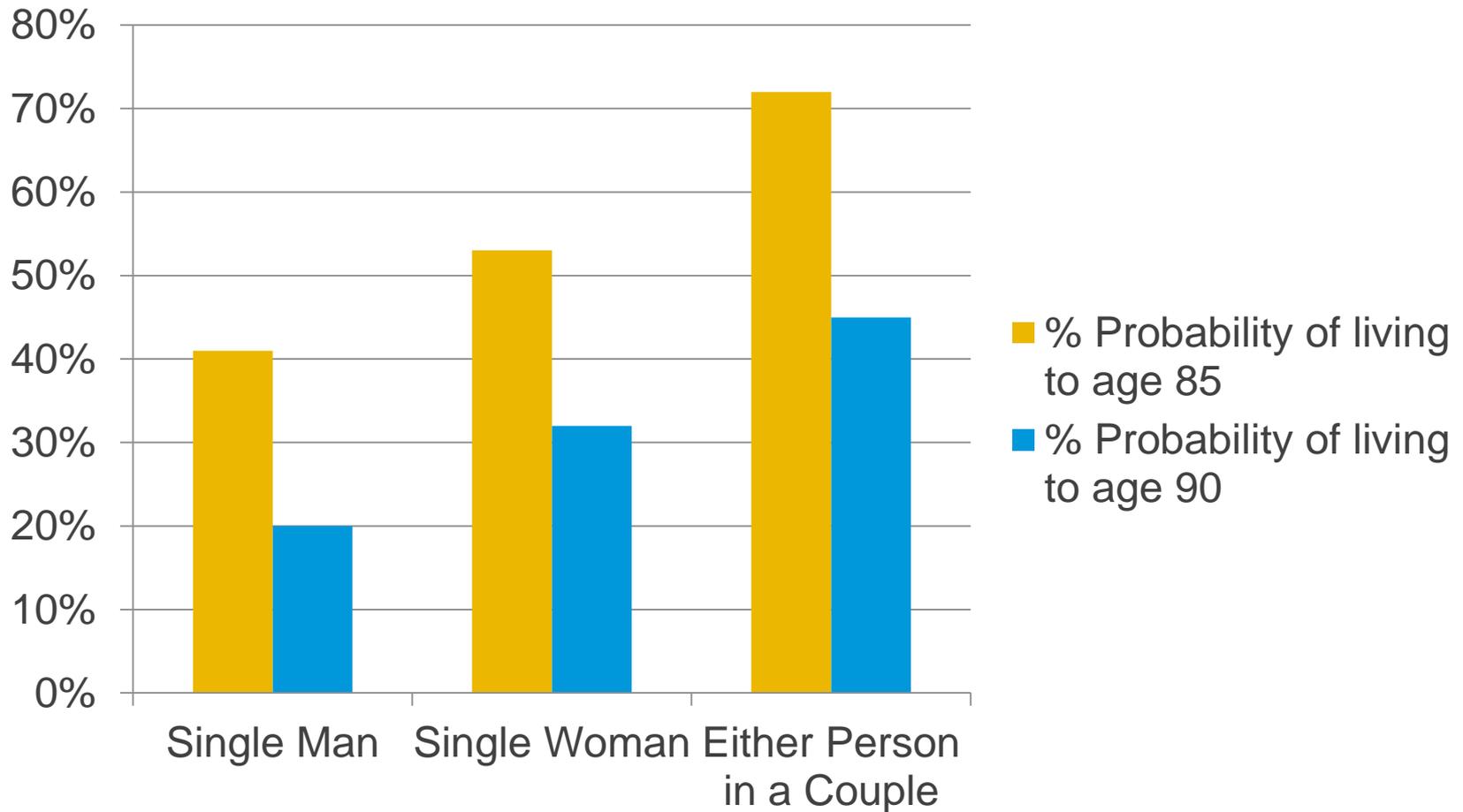
Probability of Meeting Income Needs

Various withdrawal rates and portfolio allocations over a 25-year retirement



IMPORTANT: Projections generated by Morningstar regarding the likelihood of various investment outcomes using the Ibbotson Wealth Forecasting Engine are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results may vary over time and with each simulation. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.

How Long Might Retirement Last?



*Calculations are for a 65 year old couple based on mortality data from the Society of Actuaries Retirement Participant 2000 Table

Pros and Cons of a Withdrawal Strategy

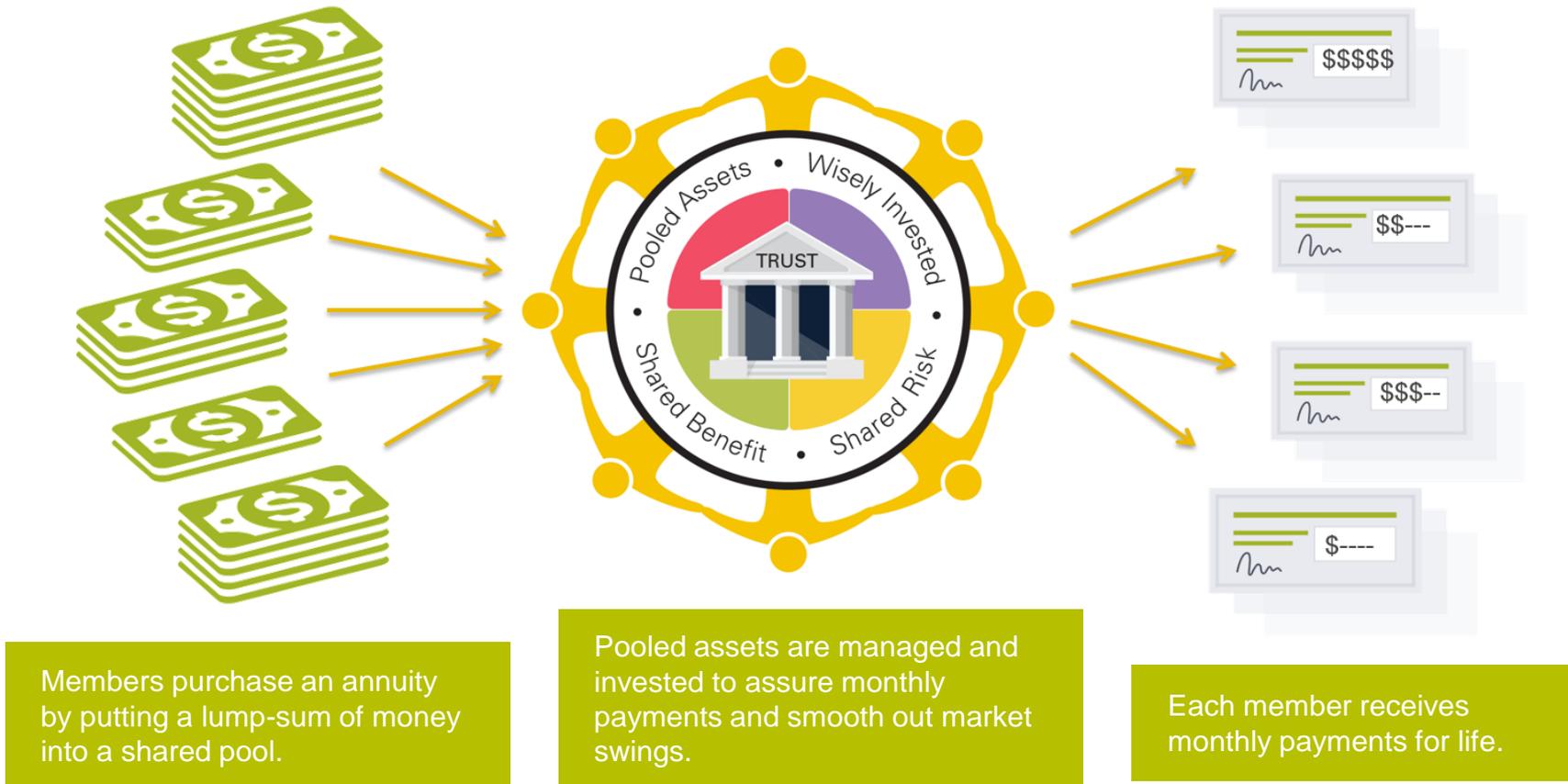
Pros:

- Increased flexibility
- Assets remain liquid
- May have money leftover to give to the people and places you care about after you pass away
- Available for additional partial withdrawals

Cons:

- Maintain management of portfolio
- Desire to increase the % withdrawn in order to maintain the same income
- Difficult to determine % withdrawn to last a lifetime
- May run out of assets

How does the ELCA Participating Annuity work?



You should carefully consider the target asset allocations, investment objectives, risks, charges and expenses of any fund before investing in it. All funds, including Portico Benefit Services' funds, are subject to risk and uncertainty. Past performance cannot be used to predict future performance. Portico Benefit Services' funds, including the ELCA Participating Annuity Investment Fund, are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Losses or underperformance in the markets could cause a reduction in monthly participating annuity payments. Fund assets are invested in multiple sectors of the market. Some sectors, as well as the funds, may perform below expectations and lose money over short or extended periods. See the ELCA Investment Fund Descriptions and the Investment Memorandum for the ELCA Participating Annuity Trust for more information about our funds.

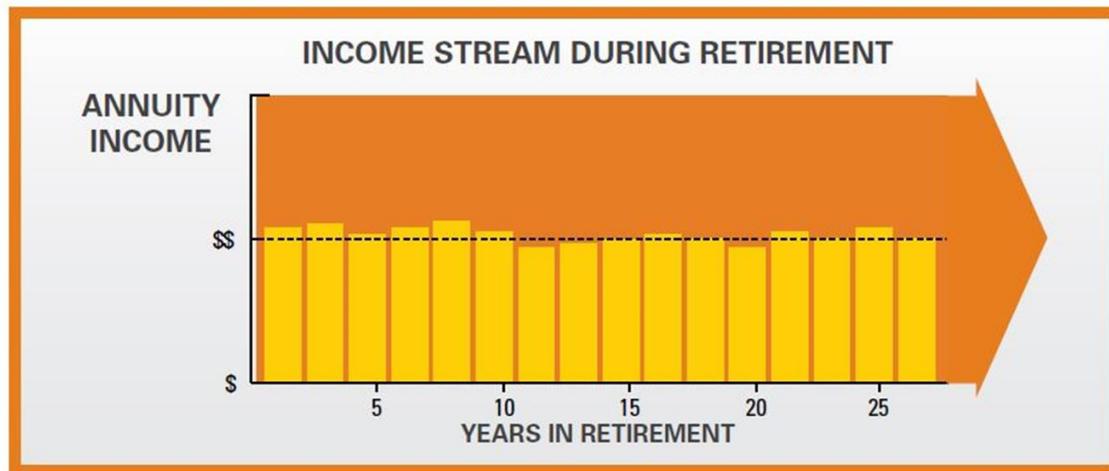
Neither Portico Benefit Services nor its funds are subject to registration, regulation or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940 or state securities laws. Members, therefore, will not be afforded the protections of those provisions of those laws and related regulations.

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The ELCA Participating Annuity Trust

- How does it work?
 - You start receiving monthly payments immediately
 - Annuitants participate in the investment performance and mortality experience of the fund
 - Payments may go up or down each year
- What options are available?
 - You can choose a **single-life** or **joint-life** annuity
 - Most annuity options come with a **15-year minimum payout** option



Pros and Cons of Annuities

Pros:

- Continuous lifetime income
- Assets managed for you
- Shared risk and benefit
- Income may continue to beneficiaries
- Freedom of not planning

Cons:

- Less flexibility
- Annuitized assets are not liquid
- Legacy planning considerations
- Funds are not available for additional withdrawals



Retirement Income Sources

Social Security

Social Security Projections



Your Retirement Benefit Estimate

The amount you receive when you first start your benefits sets the base amount you will get for the rest of your life.

You can get lower monthly payments for a longer period of time or higher monthly payments over a shorter period of time.

Assuming you continue earning about the same amount, if you

- wait to start your benefits at [your full retirement age](#) (67 Years and 00 Month(s) for you), your monthly benefit will be about...**\$2,215.00**.
- delay starting your benefits until **age 70**, your monthly benefit will be about...**\$2,746.00**.
- stop working at **age 62** and start receiving Social Security benefits, your monthly benefit will be about...**\$1,536.00**.

Assumptions: We estimate your benefits using your average earnings over your working lifetime. If you worked last year, we will also assume that you will continue to work and make about the same amount as you entered for last year's earnings.

These estimates do not include:

- [Medicare](#) premiums or other amounts that may be deducted from your benefit.
- Any Social Security [benefits you may be eligible for](#) on the record of your current, divorced, or deceased former spouse.

 [Print/Save](#)

< Previous

Log Out

Create Additional Scenarios

**ACTION
STEP**

Obtain a projection of your benefits; visit ssa.gov/estimator or call the Social Security Administration at 1.800.722.1213

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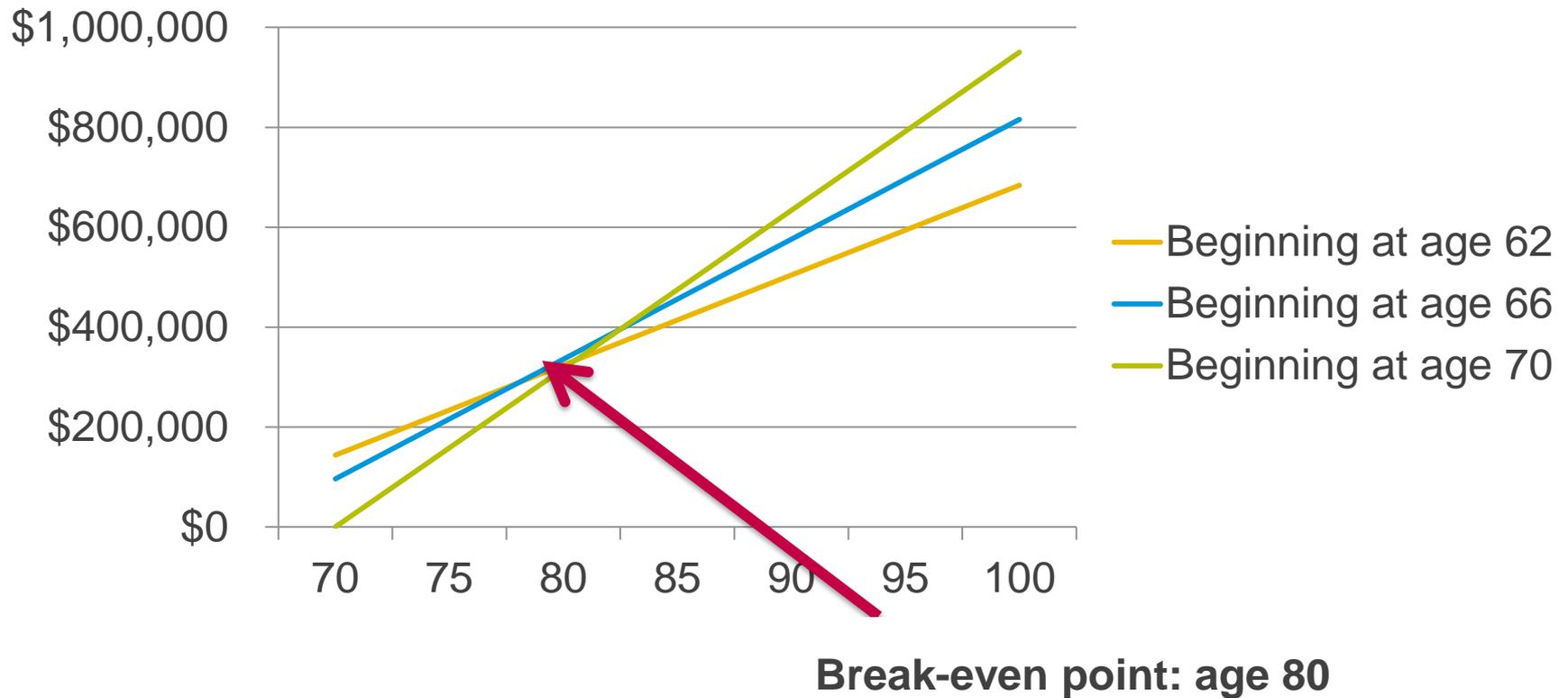
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When Can I Collect Social Security Benefits?

BORN	AGE FOR FULL BENEFITS	REDUCED BENEFIT AT AGE 62
Before 1938	65	80%
1943-1954	66	75%
1960 and Later	67	70%

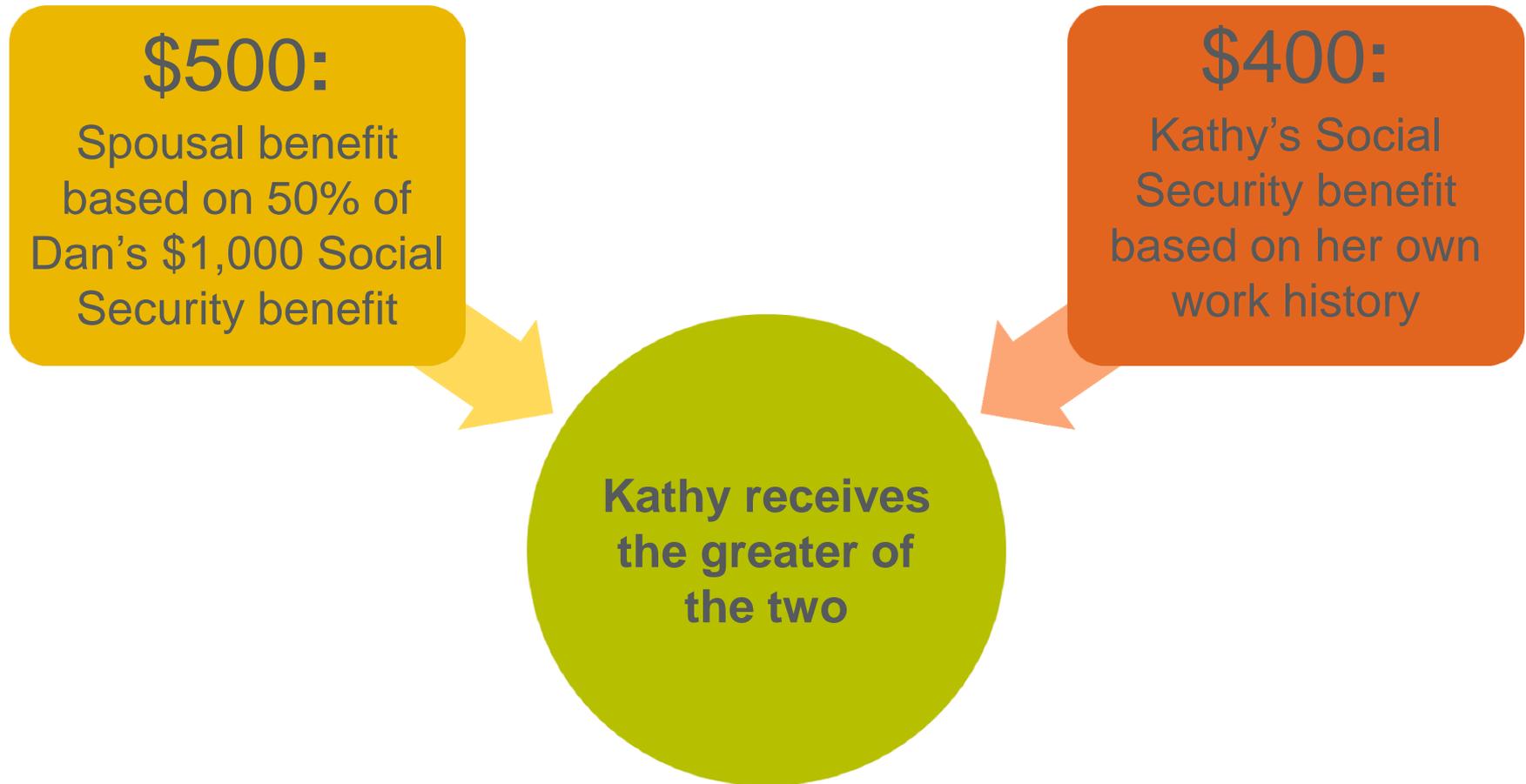
NOTE: For years missing, add two-month increments to reach your age for full benefits.

When Should I Start Collecting Social Security Benefits?



Primary Insurance Amount is \$2,000 with Full Retirement Age of 66. Chart information from "Social Security Strategies: How to Optimize Retirement Benefits", 3rd Edition by Will Reichenstein and William Meyer

Social Security Spousal Benefit



Considerations — When to Collect Benefits

- Do you need the money?
- How long do you think you will live?
- What are your other sources of retirement income?
- Will you be earning money during retirement?
- Do you have a spouse who is eligible for Social Security?

**ACTION
STEP**

Wondering when you should collect benefits?
Call the **Portico Financial Planner Line** at
800.922.4896

Individual Retirement Accounts

- Traditional IRAs

- \$5,500 annual contribution; \$6,500 for individuals age 50 or older in 2017 (with catch-up)
- Spousal IRA available for non-working spouse
- Deductibility of contribution depends on income

- Roth IRAs

- \$5,500 annual contribution; \$6,500 for individuals age 50 or older in 2017 (with catch-up)
- Spousal IRA available for non-working spouse
- Contribution not deductible
- Withdrawals may be tax-free
- Availability may be restricted depending on your income

NOTE: Maximum annual contribution limits apply to a combination of both types of IRAs.

Other Personal Resources

**Part-Time Work
in Retirement**

**Previous Employers'
Retirement Plans**

Inheritance

Taxable Accounts

**Spouse's Retirement
Assets**

Spouse's Pension

**Equity in Personal
Residence**

Rental Real Estate

Other



Putting It All Together

Getting Started

Budget

- Necessary Expenses
- Temporary Expenses

Income

- Pension
- Social Security
- Part-time Work

Assets

- Traditional IRA, 401(k), 403(b)
- ROTH IRA
- CDs
- Life Insurance
- Inheritance

Bequests

- Friends & Family
- Charity

One Member's Situation

Target Retirement Income Needs: \$61,600

Guaranteed Retirement Income Sources

Social Security Income 1	\$21,600 (from ssa.gov)
Social Security Income 2	\$10,800
Total Guaranteed Retirement Income	\$32,400

Remaining Income Required: \$29,200

Investable Assets

Cash	\$20,000
Projected Future Balance Roth IRA 1	\$50,000
Projected Future Balance Roth IRA 2	\$25,000
Projected Future Balance Traditional IRA 1	\$125,000
Projected Future Balance ELCA Retirement Plan	\$585,000
Investable Assets	\$805,000

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Path 1- Withdrawal Strategy

Target Retirement Income Needs: \$61,600

Guaranteed Retirement Income Sources

Social Security Income 1	\$21,600 (from ssa.gov)
Social Security Income 2	\$10,800
Total Guaranteed Retirement Income	\$32,400

Remaining Income Required: \$29,200

Investable Assets

3.5% of Projected ELCA Retirement Plan	\$20,475
3.5% of Projected Traditional IRA	\$4,375
3.5% of Projected Roth IRAs	\$2,625
Total	\$27,475

Remaining Retirement Shortfall: \$1,725

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New Member's Situation

Target Retirement Income Needs: \$61,600

Guaranteed Retirement Income Sources

Social Security Income 1	\$21,600 (from ssa.gov)
Social Security Income 2	\$10,800
Total Guaranteed Retirement Income	\$32,400

Remaining Income Required: \$29,200

Investable Assets

Cash	\$20,000
Projected Future Balance Roth IRA 1	\$50,000
Projected Future Balance Roth IRA 2	\$25,000
Projected Future Balance Traditional IRA 1	\$140,000
Projected Future Balance ELCA Retirement Plan	\$620,000
Investable Assets	\$855,000

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New Withdrawal Strategy

Target Retirement Income Needs: \$61,600

Guaranteed Retirement Income Sources

Social Security Income 1	\$21,600 (from ssa.gov)
Social Security Income 2	\$10,800
Total Guaranteed Retirement Income	\$32,400

Remaining Income Required: \$29,200

Investable Assets

3.5% of Projected ELCA Retirement Plan	\$21,700
3.5% of Projected Traditional IRA	\$4,900
3.5% of Projected Roth IRAs	\$2,625
Total	\$29,225

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Path 2- Annuitize

Target Retirement Income Needs: \$61,600

Guaranteed Retirement Income Sources

Social Security Income 1	\$21,600 (from ssa.gov)
Social Security Income 2	\$10,800
Total Guaranteed Retirement Income	\$32,400

Remaining Income Required: \$29,200

Investable Assets

Annuitize \$454,000 of ELCA Ret. Plan.	\$29,200
Total	\$29,200

NOTE: This example is based on a couple who are both age 65, utilizing a joint-life annuity with 80% survivor benefit where the funded ratio is 1.0

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Path 3- Withdrawals and Annuity

Target Retirement Income Needs: \$61,600

Guaranteed Retirement Income Sources

Social Security Income 1	\$21,600 (from ssa.gov)
Social Security Income 2	\$10,800
Total Guaranteed Retirement Income	\$32,400

Remaining Income Required: \$29,200

Investable Assets

Annuitize \$337,000	\$21,675
3.5% of Traditional IRA 1	\$4,900
3.5% of Roth IRAs	\$2,625
Total	\$29,200

NOTE: This example is based on a couple who are both age 65, utilizing a joint-life annuity with 80% survivor benefit where the funded ratio is 1.0

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Poll:
**When I retire, I'm
planning to generate
income from my ELCA
Retirement Plan by:**



4 Things You Can Do Today

4 Things that You Can Do Today

1. Inventory your retirement income sources.
2. Learn more about how you can maximize your Social Security benefits (if applicable).
3. Contact a Portico Financial Planner to learn more about your ELCA Retirement Plan distribution options.
4. Create a plan for retirement income.

Next Steps

- Post-webinar Survey
- Follow-up Email
- Ready to Retire Webinar on Nov. 14 at 1 p.m. (Central)