



American College  
*of Radiology*™

# Financial Planning Post-Retirement

# Housekeeping Notes



**Please make sure you are muted**



**Use the Q&A box to ask questions of the panelists**



**Contact staff through the chat box**



**Please complete the survey after the webinar**



**MONETA<sup>®</sup>**

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# FINANCIAL PLANNING WITH AN EYE ON RETIREMENT

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**HOST & SPEAKERS**

## WHO IS MONETA & WHAT DO WE DO



Fee-Only Registered Investment Adviser with  
\$30.6 Billion AUM



Headquartered in St. Louis with Offices  
throughout United States



Family CFO and Fiduciary to Our Clients



100% Partner Owned, Independent Firm

## WAYS WE SERVE



Protect Assets



Manage Life Transitions



Protect Future Earnings



Support Philanthropic Causes



Plan for Multiple Generations



**MONETA – FAMILY CFO**



# TOPICS FOR TONIGHT'S PRESENTATION

## FINANCIAL INDEPENDENCE/CASH FLOW

- Am I Ready To Retire
- How Much Can I Spend In Retirement
- What Are My Sources Of Cash Flow In Retirement

## INVESTMENT PLANNING

- Asset Allocation
- Risk Tolerance
- Rebalancing

## INCOME TAX PLANNING

- Social Security
- Required Minimum Distribution
- Taxable vs. Tax-Free vs. Tax-Deferred

## RISK MANAGEMENT

- Annuities
- Health Insurance

## ESTATE PLANNING

- Basic Documents
- Estate Tax Exemption



# AGENDA



# TIMELINE OF KEY AGES

AGE

50

Catch-up contributions allow more to be contributed to IRAs and some retirement plans.\*

59.5

May withdraw retirement funds from IRAs and qualified plans\* without IRS penalty.\*\*

62

Earliest age to start Social Security.

65

Entitled to Medicare coverage. Can sign up 3 months prior.

66 - 67

Full retirement age (FRA).\*\*\*

70

No further benefit from waiting to start Social Security.

73

Must start required minimum distributions (RMDs).\*\*\*\*

KEY AGES

\* If the employer's plan allows.

\*\* Income tax still applies.

\*\*\* Full retirement age is based on the year you were born.

\*\*\*\* RMD age dependent on birth year. Per Secure Act 2.0, RMD age increased to 73 in 2023 and to 75 in 2033



# FINANCIAL INDEPENDENCE

*FIRST, FOCUS ON WHAT YOU CAN CONTROL*

- Uncertainties for the future will always exist.
- Focus on factors that you have control over: *risk, saving, and spending.*



Portfolio risk  
Saving  
Spending



Employment -  
salary and  
duration  
Life expectancy



Market returns  
Policy regarding  
taxation, savings,  
and entitlements



CASH FLOW





# FINANCIAL INDEPENDENCE

HOW LONG WILL YOUR MONEY LAST?

**Hypothetical Scenario -  
Client Retiring 2026**

## Summary of Base Scenario Assumptions:

Date of Analysis:	5/31/2023
"Retirement" Date: Ages 65/64	1/1/2026
Taxable Investment Accounts: (Excludes all real estate, cash and insurance)	\$ 2,617,172
Traditional IRAs and Retirement Plans:	\$ 2,142,746
Social Security Total Monthly Income (Assumed COLA of 3%):	
Jack	\$ 1,320
Jill	\$ 3,094
Inflation Rate (Through Age 80):	3%
Rate of Return:	6%
Desired After-Tax Monthly Cash Flow (30% Effective Tax Rate):	\$ 25,000
<b>Base Scenario Assets Remaining At Jack's Age 100:</b>	<b>\$ 2,103,822</b>

		Nominal Rate of Return		
		5%	6%	7%
After Tax Monthly Cash Flow	\$27,500	<i>Age 92</i>	<i>Age 93</i>	<i>Age 94</i>
	\$25,000	\$1,271,625	\$2,103,822	\$2,717,966
	\$22,500	\$5,201,589	\$5,748,686	\$6,303,192

Assets Remaining At Jack Age 100

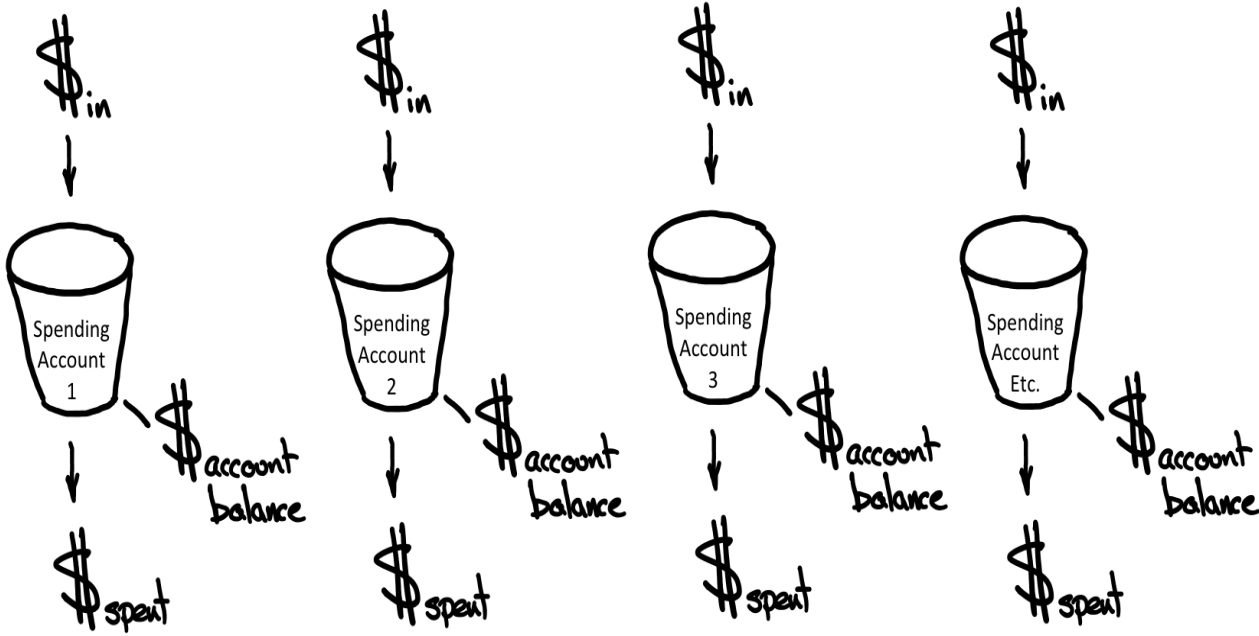
CASH FLOW

*This analysis was prepared for planning purposes only. Results could vary depending on actual investment yields, inflation rate, tax rates, etc. Also, this analysis should be revisited periodically to verify its accuracy.*



# WHAT ARE MY SOURCES OF SPENDING IN RETIREMENT

## PAYCHECK REPLACEMENT



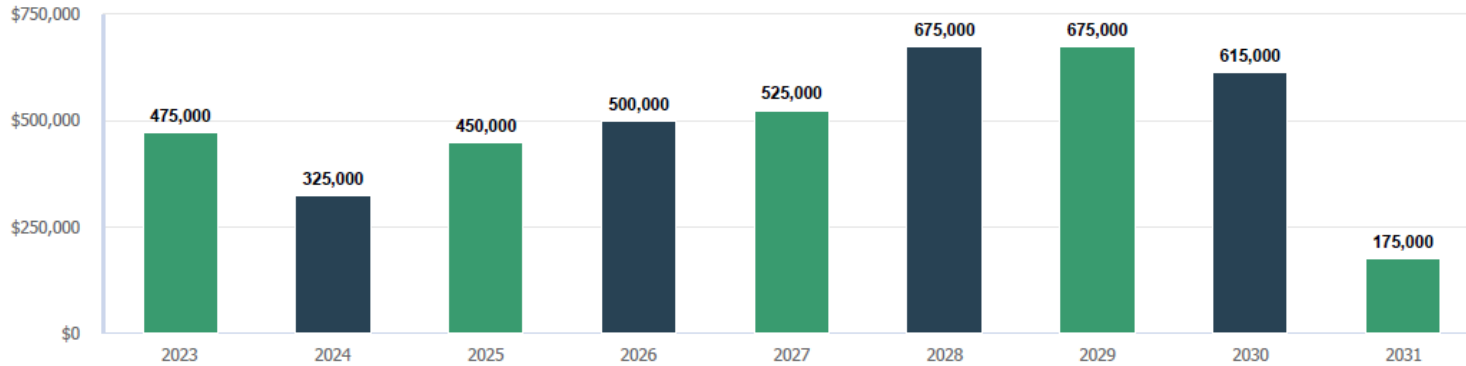
CASH FLOW



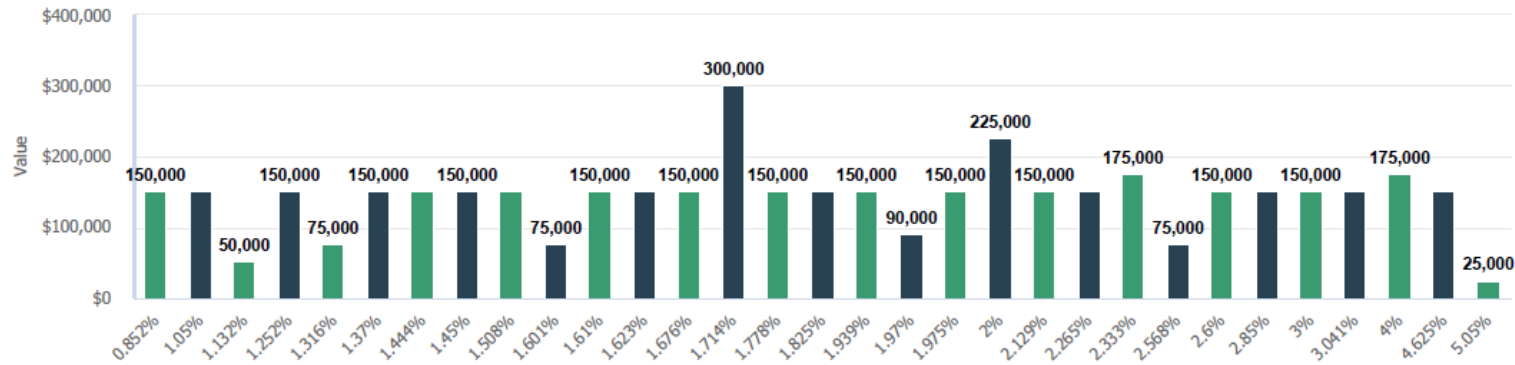
# WHAT ARE MY SOURCES OF SPENDING IN RETIREMENT

## Hypothetical Bond Ladder

Maturity Distribution



Coupon Distribution



CASH FLOW

Hypothetical Bond Ladder is provided for illustrative purposes only. Projected cash flow of fixed income or dividends generated from investment holdings is a representation of yield. The illustration presented is an example of how fixed income can be part of the planning process; nothing contained herein is to be construed as a potential outcome, or as a guarantee.



# FOUR (MAYBE FIVE) STEP INVESTMENT PLANNING PROCESS



DETERMINE RISK TOLERANCE



DETERMINE ASSET ALLOCATION



DETERMINE INVESTMENTS WITHIN ASSET ALLOCATION



REBALANCE



RESIST PANIC



# PORTFOLIO CONSTRUCTION

*How do the components interact with each other?*

ASSET STRATEGIES	RISK/RETURN PROFILE	PORTFOLIO ROLE
<b>FIXED INCOME</b> <i>(Investment grade and high yield)</i>	CREDIT RISK AND INTEREST RATE RISK, CURRENT CASH FLOW	CURRENT INCOME, EQUITY MARKET RISK MITIGATION
<b>EQUITIES</b> <i>(U.S. equities, international equities, emerging market equities)</i>	EQUITY MARKET RISK PREMIUM, CAPITAL APPRECIATION, DIVIDEND INCOME, MARKET RISK	TOTAL RETURN
<b>ALTERNATIVES</b> <i>(real estate, private capital, diversifying strategies*, infrastructure)</i>	ALTERNATIVE IN STRUCTURE, ACTIVE MANAGEMENT, RETURN ENHANCEMENT OR DIVERSIFICATION	COMPLEMENT FIXED INCOME AND EQUITIES BY BEING DIFFERENTIATED IN RISK OR RETURN

\*Hedge funds, as an example

*Risks identified are not a comprehensive list of all factors that can influence a portfolio. This is illustrative in nature and additional risks that can exist should be reviewed with a qualified investment professional reviewing your specific scenario.*

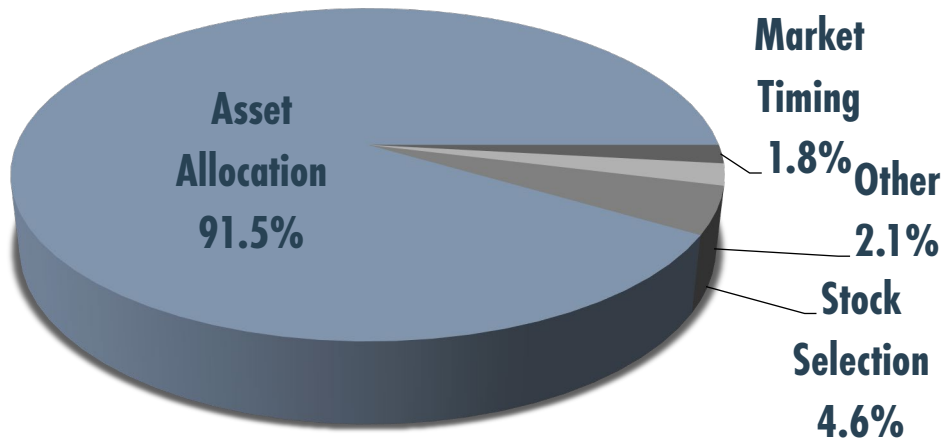
# LIFEBOAT DRILL - How to Determine Asset Allocation?

ASSET ALLOCATION		GREAT DEPRESSION		JANUARY 1973		SEPTEMBER 1987		SEPTEMBER 2000		NOVEMBER 2007		March 2020	
GROWTH	FIXED INCOME	PERCENT DECLINE	PERIOD CYCLE	PERCENT DECLINE	PERIOD CYCLE	PERCENT DECLINE	PERIOD CYCLE	PERCENT DECLINE	PERIOD CYCLE	PERCENT DECLINE	PERIOD CYCLE	PERCENT DECLINE	PERIOD CYCLE
100%	0%	-84.53%	7 Yr 6 Mo	-42.34%	3 Yr 2 Mo	-30.28%	1 Yr 9 Mo	-38.23%	4 Yr 4 Mo	-52.12%	4 Yr 5 Mo	-23.54%	7 Mo
90%	10%	-80.34%	7 Yr 3 Mo	-38.28%	3 Yr 1 Mo	-27.85%	1 Yr 8 Mo	-33.09%	4 Yr 3 Mo	-46.78%	3 Yr 5 Mo	-20.67%	7 Mo
80%	20%	-75.33%	7 Yr 2 Mo	-34.07%	3 Yr 1 Mo	-25.27%	1 Yr 8 Mo	-27.74%	3 Yr 6 Mo	-41.19%	3 Yr 3 Mo	-17.75%	7 Mo
70%	30%	-69.40%	6 Yr 7 Mo	-29.74%	2 Yr 6 Mo	-22.55%	1 Yr 8 Mo	-22.16%	3 Yr 4 Mo	-35.34%	3 Yr 2 Mo	-14.76%	6 Mo
60%	40%	-62.40%	6 Yr 5 Mo	-25.27%	2 Yr 6 Mo	-19.66%	1 Yr 7 Mo	-16.35%	3 Yr 2 Mo	-29.23%	2 Yr 11 Mo	-11.74%	6 Mo
50%	50%	-54.20%	6 Yr 3 Mo	-20.67%	2 Yr 5 Mo	-16.58%	1 Yr 5 Mo	-10.30%	2 Yr 9 Mo	-22.85%	2 Yr 5 Mo	-8.96%	5 Mo
40%	60%	-44.66%	6 Yr 0 Mo	-15.94%	2 Yr 4 Mo	-13.31%	1 Yr 2 Mo	-4.89%	2 Yr 3 Mo	-16.20%	2 Yr 1 Mo	-6.14%	4 Mo
30%	70%	-33.59%	4 Yr 0 Mo	-11.18%	1 Yr 4 Mo	-9.81%	1 Yr 1 Mo	-3.32%	0 Yr 6 Mo	-10.17%	1 Yr 5 Mo	-3.27%	3 Mo
20%	80%	-21.09%	3 Yr 2 Mo	-7.63%	1 Yr 3 Mo	-6.08%	0 Yr 6 Mo	-3.10%	0 Yr 7 Mo	-6.95%	0 Yr 9 Mo	-0.58%	1 Mo
10%	90%	-9.79%	2 Yr 2 Mo	-4.70%	1 Yr 1 Mo	-2.07%	0 Yr 5 Mo	-3.36%	0 Yr 7 Mo	-5.38%	0 Yr 11 Mo	-	
0%	100%	-4.60%	1 Yr 2 Mo	-2.96%	0 Yr 7 Mo	-1.95%	0 Yr 7 Mo	-4.41%	0 Yr 9 Mo	-5.30%	1 Yr 6 Mo	-	

Past performance is no guarantee of future results. Percent decline is calculated based on the largest drawdown on a month-end basis. The asset allocation for "Growth" consists of 75% IA SBB1 US Large Stock and 25% IA SBB1 US Small Stock. The asset allocation for "Fixed Income" consists of 20% IA SBB1 US 30 Day T-bill, 60% IA SBB1 US IT Govt, and 20% IA SBB1 US LT Govt.

# ASSET ALLOCATION

An investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon.



Source: Brinson, Singer and Beebower (1991)

Brinson Study "Determinants of Portfolio Performance"

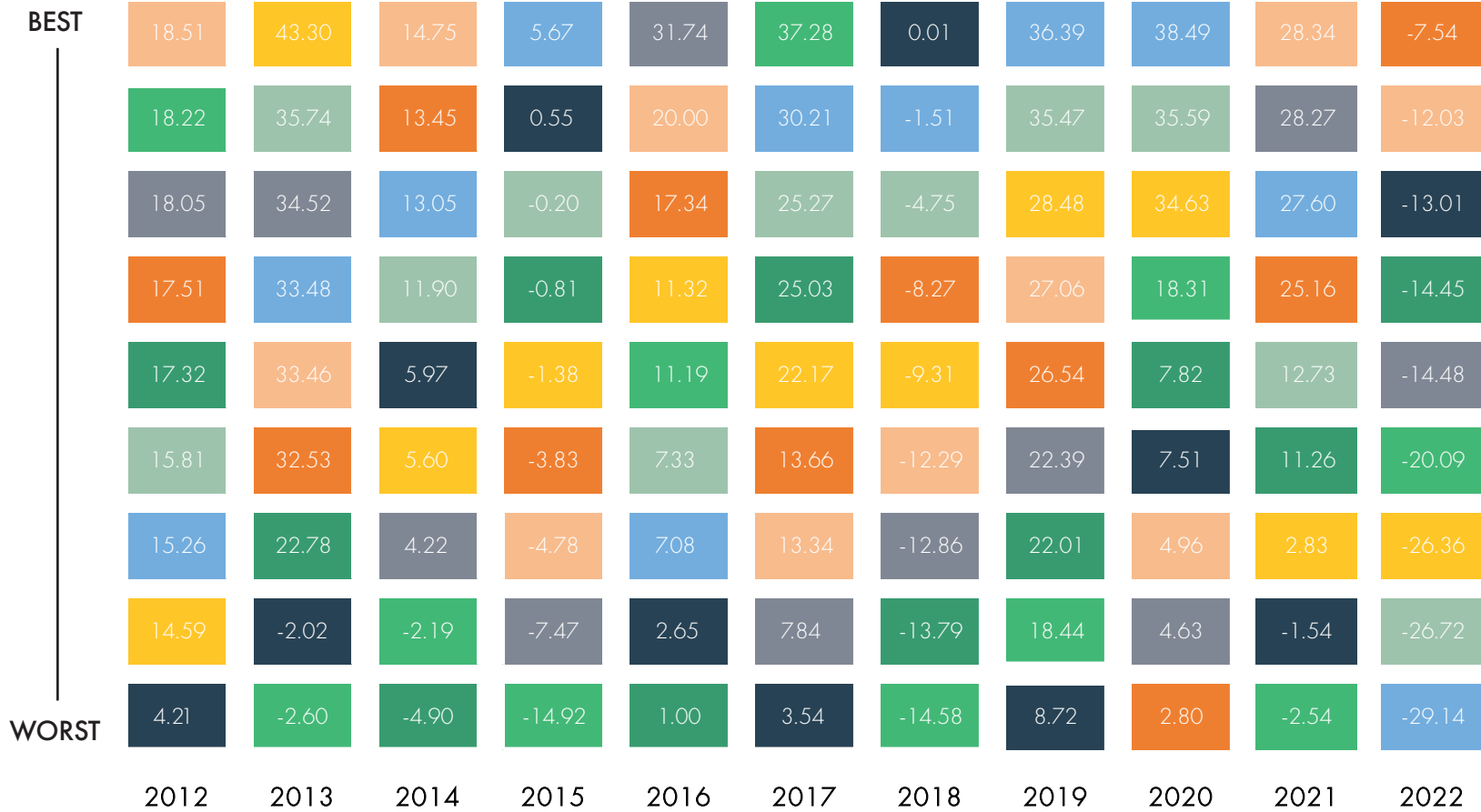
Financial Analysis Journal, July-August 1986



# WHY DIVERSIFY?

## Risk of Chasing Performance

ASSET ALLOCATION CALENDAR YEAR RETURNS (%)



Source: Morningstar Direct

Past performance is no guarantee of future results. The above index returns are total or gross index returns for the calendar year listed. The asset strategies listed are represented by the following indices: U.S. Large Cap Value = Russell 1000 Value, U.S. Large Cap Growth = Russell 1000 Growth, U.S. Mid Cap Value = Russell Mid Cap Value, U.S. Mid Cap Growth = Russell Mid Cap Growth, U.S. Small Cap Value = Russell 2000 Value, U.S. Small Cap Growth = Russell 2000 Growth, International Developed = MSCI EAFE NR, Emerging Markets = MSCI EM NR, U.S. Bonds = Bloomberg U.S. Aggregate Bond Index.



# WALL OF WORRY

There will almost always be a 'crisis du jour'



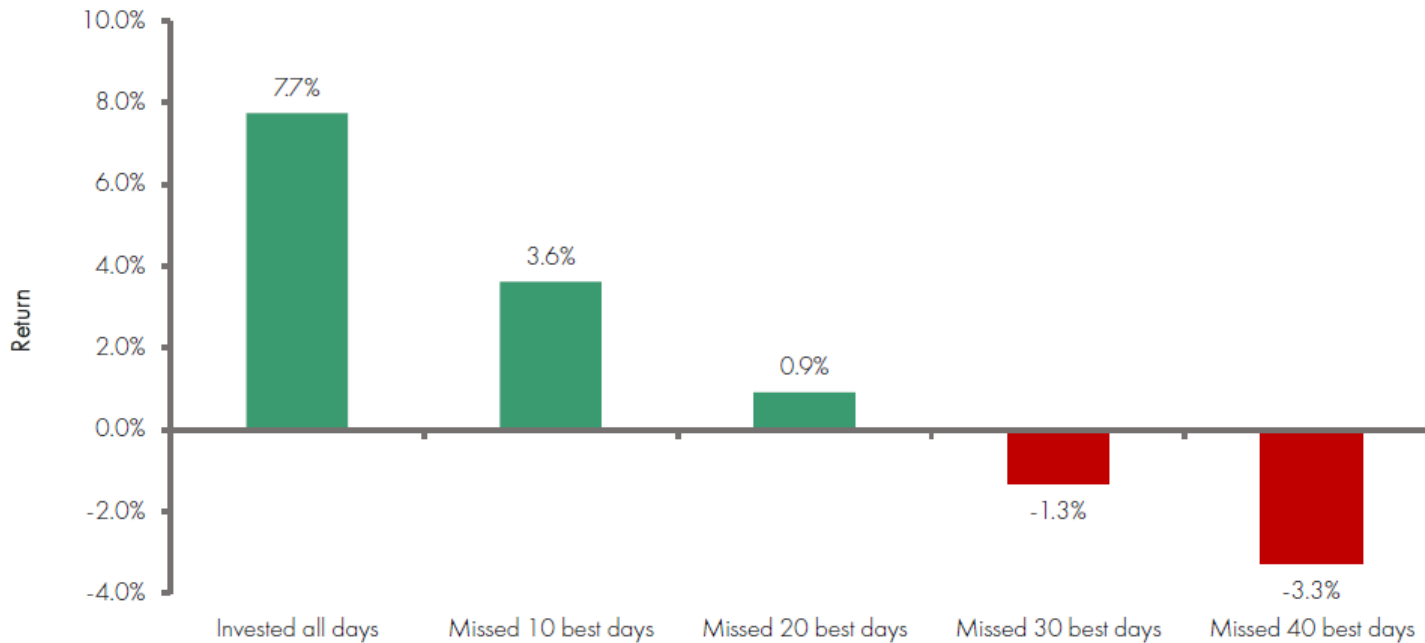
Investors have plenty to fret about on a daily basis in terms of geopolitical events, politics, regulatory change, monetary policy, etc. Events such as these can lead to regular consternation over the short-term. However, a long-term perspective is important with investing as long-term factors such as earnings growth, economic conditions and corporate fundamentals provide the foundation for the trajectory of markets.

Source: Morningstar; S&P 500 TR index; Cumulative return as of 12/31/2022



# IT'S TIME IN THE MARKET, NOT TIMING THE MARKET

Annualized Returns of the S&P 500 from 2001-2022\*



\*This hypothetical illustration is based on the Standard & Poor's 500 Composite Index with dividends reinvested over the period of 1/1/2001 through 6/30/2022. This chart is for illustrative purposes only. Past performance is no guarantee of future results. This chart is not indicative of the performance of any specific investment.



# FINISH STRONG!



- **401(k)/ 403(b)/ 457(b) Salary Deferral Limit:**
  - **\$22,500 (2023)**, indexed for inflation each year
  - **Catch-Up Contribution (Age 50+): \$7,500 (2023)**
  - **"Mega" Catch Up Starting in 2025, Age 60-63, extra \$10,000 or more\***
- **Individual Retirement Account (IRA) Contribution Limit: \$6,500 (2023)**
  - **Catch-Up Contribution (Age 50+): \$1,000 (2023)**
    - **Historically \$1,000 (Indexed for inflation starting in 2024)**
- **Health Savings Account (HSA) Contribution Limit: \$3,850 Individual/\$7,750 Family (2023)**
  - **Catch-Up Contribution (Age 55+): \$1,000 (2023,**
    - **Historically \$1,000 (Subject to change; but not annually)**
  
- **Greater of \$10,000 or 50% more than the regular catch-up contribution amount in 2024; Indexed for inflation after 2025**



# MANAGE YOUR SPENDING BUCKETS



100% TAXABLE  
VERY LIQUID  
EMERGENCY FUND  
6 MONTHS



TAX DEDUCTION  
ORDINARY INCOME



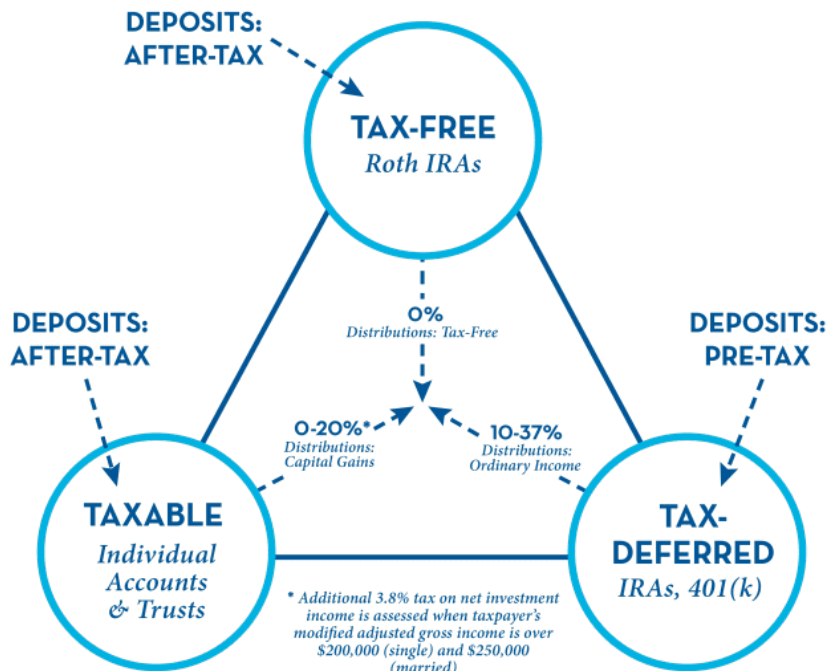
✓ NO FEDERAL TAX  
✗ NO STATE TAX  
✗ NO CAP. GAINS TAX  
✗ NO S.S. DISTRIBUTION  
TAXATION

Assuming you know your paycheck replacement, use your buckets to control your tax bracket.



# HOW LOW CAN YOU GO!!!!

Tax Rate	Single	Married Filing Jointly	Married Filing Separately	Head of Household
10%	Up to \$11,000	Up to \$22,000	Up to \$11,000	Up to \$15,700
12%	\$11,001 to \$44,725	\$22,001 to \$89,450	\$11,001 to \$44,725	\$15,701 to \$59,850
22%	\$44,726 to \$95,375	\$89,451 to \$190,750	\$44,726 to \$95,375	\$59,851 to \$95,350
24%	\$95,376 to \$182,100	\$190,751 to \$364,200	\$95,376 to \$182,100	\$95,351 to \$182,100
32%	\$182,101 to \$231,250	\$364,201 to \$462,500	\$182,101 to \$231,250	\$182,101 to \$231,250
35%	\$231,251 to \$578,125	\$462,501 to \$693,750	\$231,251 to \$346,875	\$231,251 to \$578,100
37%	\$578,126 or more	\$693,751 or more	\$346,876 or more	\$578,101 or more






# ANNUITIES

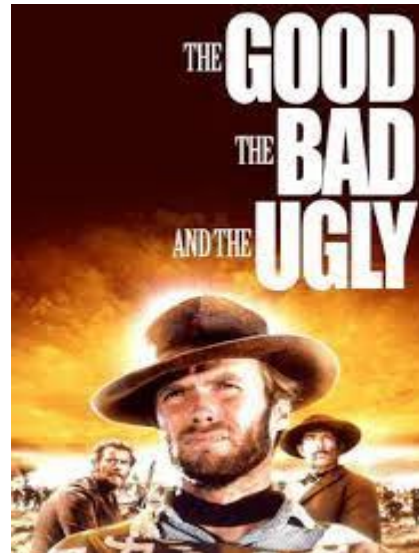
## ANNUITIES PROS AND CONS

✓	✗
Steady stream of monthly income.	Lengthy surrender periods.
No contribution limits.	Can't keep up with inflation.
Death benefits offered with some variable annuities.	Hefty hidden fees.
	Lack of control. (transferring money out is expensive!)
	Frustrating and confusing terms.
	No real advantage over Roth 401(k) or Roth IRA (just more fees!).

R

## Types of Annuities

✓	<p><b>Fixed Annuities:</b></p> <p>Your insurer promises a minimum rate of interest and a fixed amount of periodic payments that's fixed for a specific number of years or for the rest of your life.</p>	
✓	<p><b>Variable Annuities:</b></p> <p>You have the ability to direct your annuity payments to different investment options, with the rate of return and the amount of periodic payments you eventually receive relying on how well your investments perform.</p>	
✓	<p><b>Indexed Annuities:</b></p> <p>Your insurer combines the features of securities and insurance products, where your insurer credits you with a return based on a stock market index, such as the S&amp;P 500 Index.</p>	



RISK MANAGEMENT



# ANNUITIES



- TIAA-CREF – It’s an alphabet soup of contracts!!!!!!
- The RA vs. the GRA vs. SRA vs. GSRA vs. RC vs the RCP?
- But what about the TPA and the MDO?

- Older Types of Contracts  
RA / GRA / SRA / GSRA



- Newer Types of Contracts  
(2018) RC / RCP

- The type of contract you have determines the type of distribution options you have and in some circumstances the investment options available to you (TIAA Traditional vs. CREF Funds vs. Third Party Funds (Vanguard etc)).
- Distribution options – TPA (Transfer Payout) / MDO (Minimum Distribution Option) / Lump Sum / Rollover



# COBRA / MEDICARE / MARKETPLACE COVERAGE

*BRIDGING THE GAP TO MEDICARE*

- **COBRA Coverage**
  - 18-36 months of coverage depending on timing of termination / "qualifying event"
- **Marketplace**
  - Obtain 'gap' coverage via public or private exchange
- **Medicare**
  - Eligible at Age 65 - Enrollment window is 7 months (3 months before/after 65th birthday mo)
  - Parts of Medicare - A, B, C, & D

	 Target audience	 Estimated cost	 Considerations
<b>COBRA</b> 	Former employees	\$\$-\$\$\$	Few employers subsidize COBRA; you may need to pay the full cost of the coverage.
<b>SPOUSE'S PLAN</b> 	Eligible spouses/partners of covered employees	\$-\$	Not all employers offer this benefit; special rules or surcharges may apply.
<b>PUBLIC MARKETPLACE</b> 	Anyone	\$\$-\$\$\$	Qualification for federal assistance is based on your income level.
<b>PRIVATE INSURANCE</b> 	Anyone	\$\$-\$\$\$	Your former employer may provide a reimbursement account that can be used to help offset the cost of these plans.

**RISK MANAGEMENT**





# MEDICARE



## MEDICARE 2023 PART B PREMIUMS BY INCOME

If your filing status and yearly income in 2021 was:

File Individual Tax Return	File Joint Tax Return	Income-Related Monthly Adjustment Amount	Total Monthly Premium Amount
Less than or equal to \$97,000	Less than or equal to \$194,000	<b>\$0.00</b>	<b>\$164.90</b>
Greater than \$97,000 and less than or equal to \$123,000	Greater than \$194,000 and less than or equal to \$246,000	<b>\$65.90</b>	<b>\$230.80</b>
Greater than \$123,000 and less than or equal to \$153,000	Greater than \$246,000 and less than or equal to \$306,000	<b>\$164.80</b>	<b>\$329.70</b>
Greater than \$153,000 and less than or equal to \$183,000	Greater than \$306,000 and less than or equal to \$366,000	<b>\$263.70</b>	<b>\$428.60</b>
Greater than \$183,000 and less than \$500,000	Greater than \$366,000 and less than \$750,000	<b>\$362.60</b>	<b>\$527.50</b>
Greater than or equal to \$500,000	Greater than or equal to \$750,000	<b>\$395.60</b>	<b>\$560.50</b>

**RISK MANAGEMENT**



# SOCIAL SECURITY



Age	Monthly Amount	Difference
62	\$1,950	(25%)
63	\$2,080	(20%)
64	\$2,254	(13.3%)
65	\$2,426	(6.7%)
66	\$2,600	-
67	\$2,808	+8%
68	\$3,016	+16%
69	\$3,224	+24%
70	\$3,432	+32%

## Key Facts

1. Know your FRA (Full Retirement Age) and spouse's FRA
2. Will you have any earned income (i.e. consulting or deferred comp)
3. Health History
4. Age difference between spouses



# LONG-TERM CARE INSURANCE



- State-Specific Premium Costs
- Share Care
- Facility vs In-Home
- Life Insurance / LTC Combo Policy



# ESTATE PLANNING 101

## Basic Estate Planning Documents

1. Last Will and Testament
2. Durable Power of Attorney for Finances
3. Durable Power of Attorney for Healthcare
4. Living Will
5. Revocable Trust – maybe (depending on assets)

## Typical Goals for Estate Planning

1. Avoid Probate!!
2. Address Incapacity
3. Distribute Assets
4. Avoid Family Conflict (Good Luck!)



# ESTATE PLANNING 101(A)



## Other Estate Planning Considerations

1. Beneficiary Designations for Life Insurance / Retirement Accounts / Annuities
2. TOD vs. POD for small assets (Checking / Savings / Cars)
3. Beneficiary Deed for Real Estate (only allowed in certain states)
4. Ownership – Joint vs Tenants by the Entirety vs Community Property



## Federal Estate Tax

Federal Estate Tax Exemption  
Amount – 2023

\$12,920,000 (Per Person) or  
\$25,840,00 (for a Married Couple)

Some states may have their own estate or inheritance tax in addition to the Federal Estate Tax





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**QUESTIONS & ANSWERS**



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