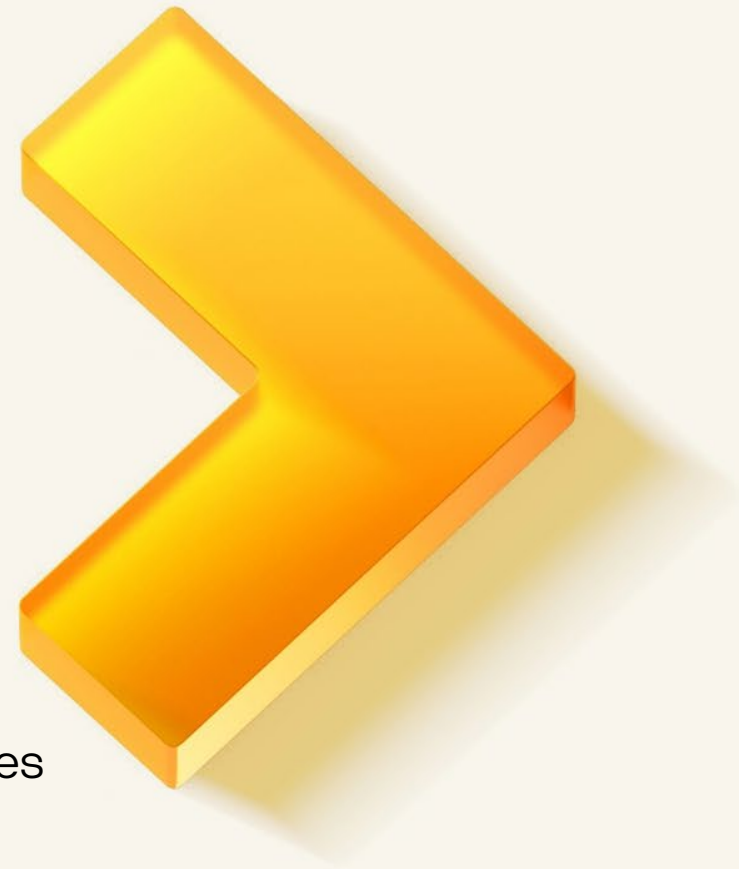




# Principles for a successful retirement

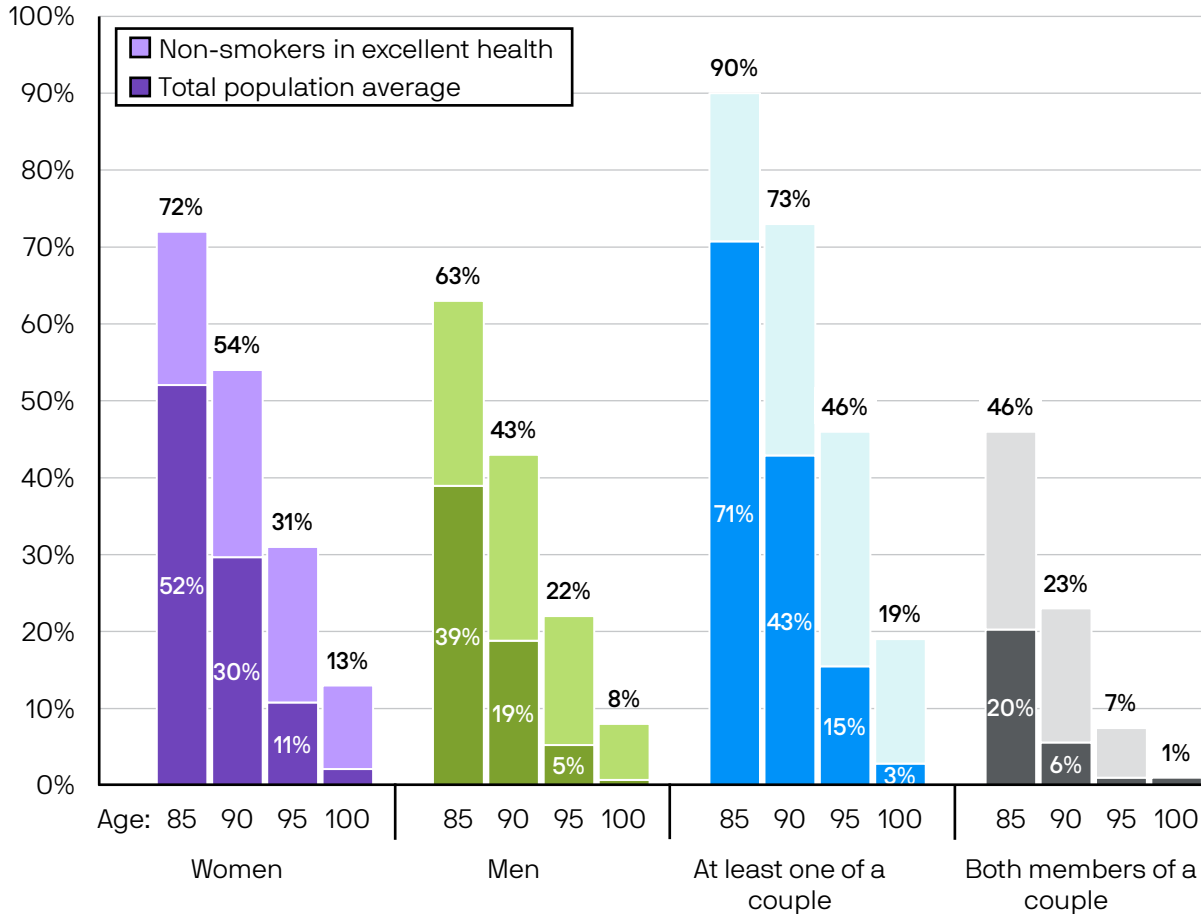
Using insights to achieve better client outcomes  
2024





# Life expectancy probabilities

If you're age 65 today, the probability of living to a specific age or beyond



## Plan for longevity

Average life expectancy is a mid-point not an end-point. You may need to plan on the probability of living much longer – perhaps 35 years in retirement – particularly if you are a non-smoker in excellent health.

Investing a portion of your portfolio for growth is important to maintain your purchasing power over time.

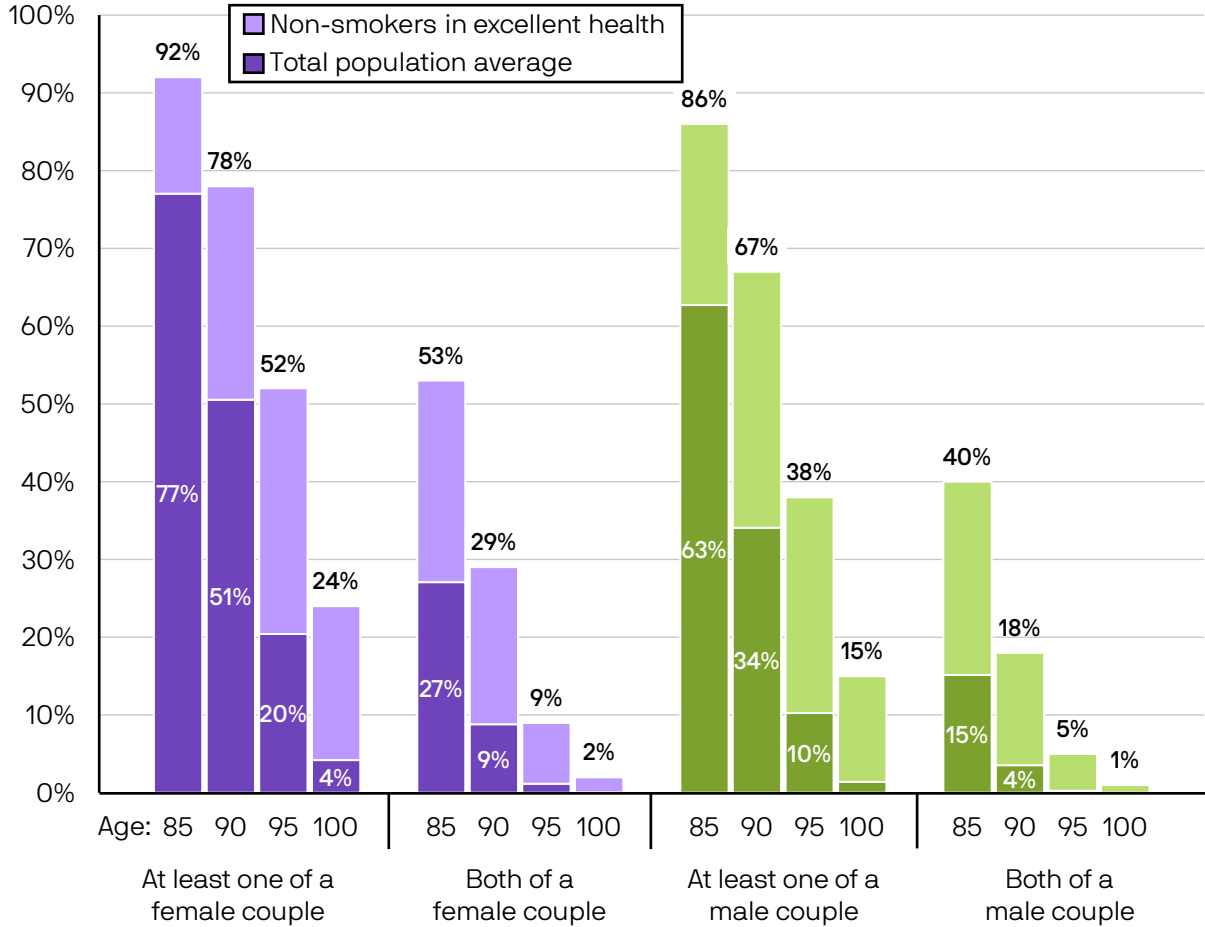
Source (chart): Social Security Administration, Period Life Table, 2020 (published in the 2023 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, <http://www.longevityillustrator.org/> (accessed January 2024), J.P. Morgan Asset Management.



# Life expectancy probabilities for same sex couples

Retirement Landscape

If you're age 65 today, the probability of living to a specific age or beyond



## Plan for longevity

Average life expectancy is a mid-point not an end-point. You may need to plan on the probability of living much longer – perhaps 35 years in retirement – particularly if you are a non-smoker in excellent health.

Investing a portion of your portfolio for growth is important to maintain your purchasing power over time.

Note: Sex assigned at birth; categories available in standard Social Security life expectancy tables. Source (chart): Social Security Administration, Period Life Table, 2020 (published in the 2023 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, <http://www.longevityillustrator.org/> (accessed January 2024), J.P. Morgan Asset Management.



# Retirement savings checkpoints

Household income  $\geq$ \$100k  
Annual savings rate: 10%

GTR 15

Saving

Current age	Current household income						
	\$100k	\$125k	\$150k	\$175k	\$200k	\$250k	\$300k
25	See note*	5k	25k	55k	80k	140k	210k
30	35	80	120	170	220	325	445
35	100	175	240	320	400	555	735
40	185	290	385	500	610	835	1,080
45	285	425	555	710	860	1,160	1,495
50	395	580	750	950	1,140	1,530	1,955
55	525	755	970	1,215	1,450	1,935	2,460
60	660	940	1,205	1,500	1,790	2,380	3,015
65	755	1,065	1,355	1,685	2,010	2,660	3,365

\* These households may need to save less than 10%.

## Model assumptions

Annual gross savings rate: **10%**

Pre-retirement portfolio: **60/40 diversified portfolio**

Post-retirement portfolio: **40/60 diversified portfolio**

Inflation rate: **2.5%**

Retirement age:

- Primary earner: **65**
- Spouse: **63**

Years in retirement: **35**

This analysis assumes you would like to maintain an equivalent lifestyle in retirement. Household income is assumed to be gross income (before taxes and savings).

### How to use:

- Go to the intersection of your age and your closest current household income.
- This is the amount you should have saved today.
- **Example: For a 40-year-old with a household income of \$100,000, your current savings should be \$185,000.**

To personalize your plan, use an online calculator or discuss your circumstances with a financial professional.

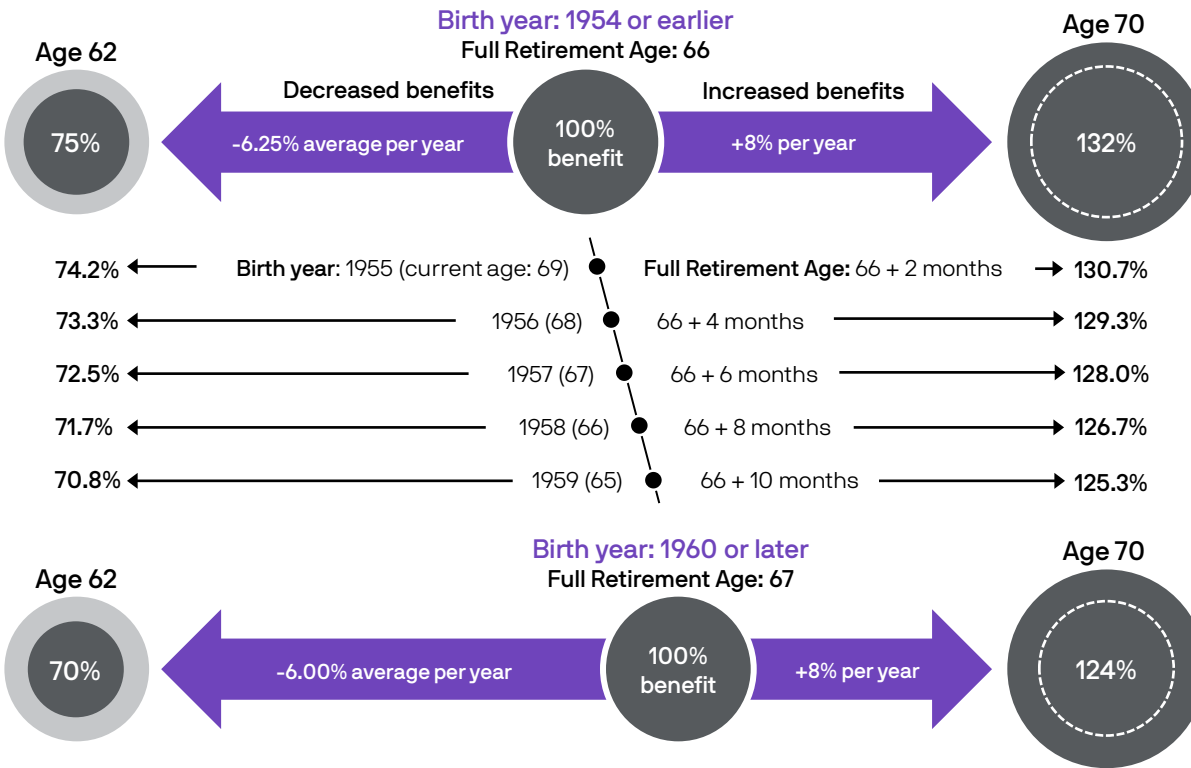
Source: This chart is for illustrative purposes only and must not be relied upon to make investment decisions. J.P. Morgan Asset Management's (JPMAM) model is based on proprietary Long-Term Capital Market Assumptions returns, and an 80% confidence level. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds). Assumptions include household income replacement rates shown on slide 13. Consult with a financial professional for a more personalized assessment. 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. J.P. Morgan Asset Management.



# Social Security timing trade-offs

## Benefits differ by birth year and claim age

Full Retirement Age (FRA) = 100% benefit



Cost of living increase for benefits received in 2023

8.7%

Average cost of living adjustment (1985-2023)

2.8%

## Understand the trade-offs

Deciding when to claim benefits will have a permanent impact on the benefit you receive. Claiming before your full retirement age can significantly reduce your benefit, while delaying increases it.

In 2017, full retirement age began transitioning from 66 to 67 by adding two months each year for six years. This makes claiming early even more of a benefit reduction.

For illustrative purposes only. The Social Security Amendments Act of 1983 increased FRA from 65 to 67 over a 40-year period. The first phase of transition increased FRA from 65 to 66 for individuals turning 62 between 2000 and 2005. After an 11-year hiatus, the transition from 66 to 67 (2017-2022) is complete. 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 professional.

Source: Social Security Administration, J.P. Morgan Asset Management.

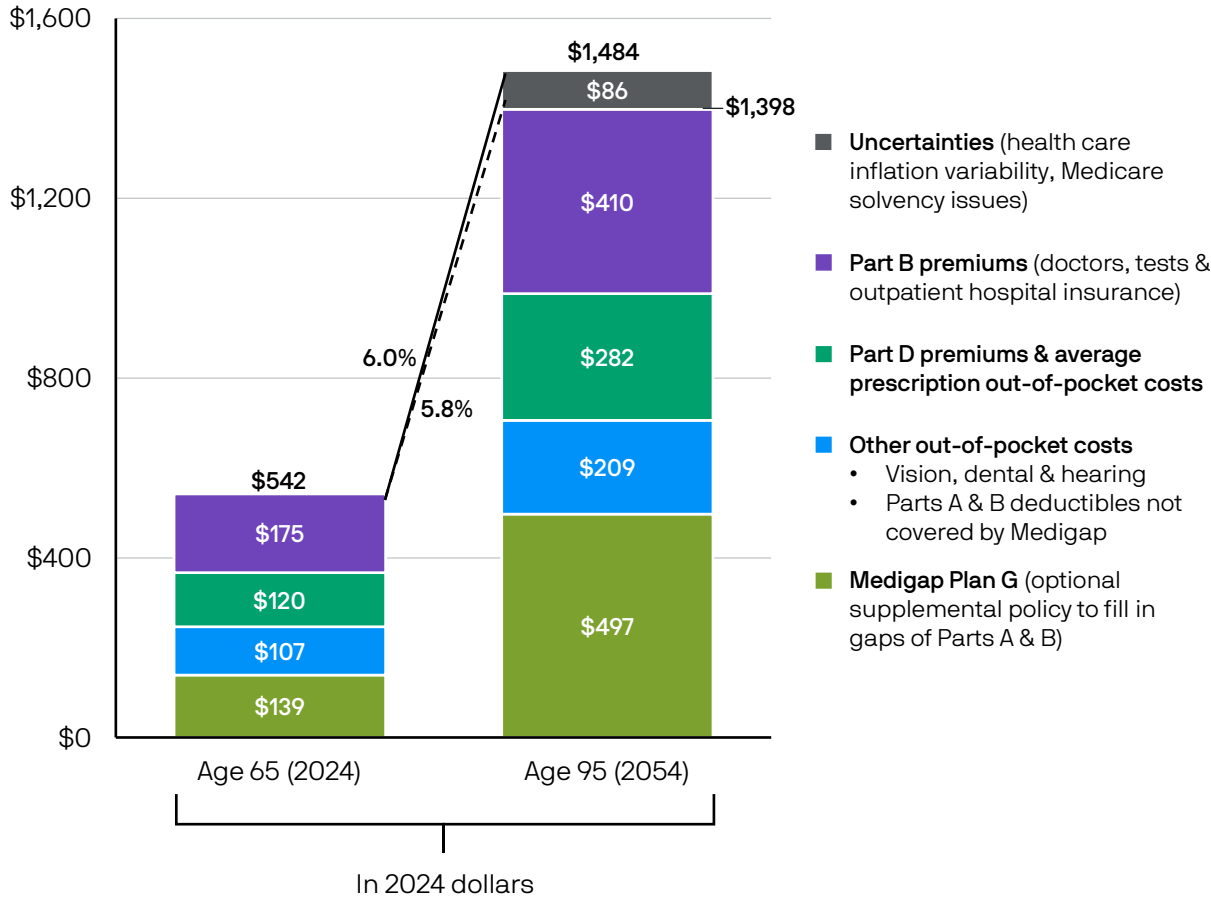


# Rising health care costs in retirement

Spending

### Original Medicare costs in retirement (in 2024 dollars)

Monthly amount per person



### A growing concern

Annual expenses per person in 2024 are \$6,503.

Given variation in health care cost inflation from year to year, it may be prudent to assume an annual health care inflation rate of 6.0%, which may require growth as well as current income from your portfolio in retirement.

Estimated future value total average monthly cost at age 95 is \$3,112. Today's dollar calculation used a 2.5% discount rate to account for overall inflation. Medigap premiums typically increase with age, in addition to inflation, except for the following states: AR, CT, MA, ME, MN, NY, VT, WA. For local information, contact the State Health Insurance Assistance Program (SHIP) <https://www.shiptacenter.org/>. Plan G premium is nationwide average for non-smokers. If Plan G is not available, analysis includes the most comprehensive plan available. Source: HealthView Services proprietary data file received January 2024 used by permission.

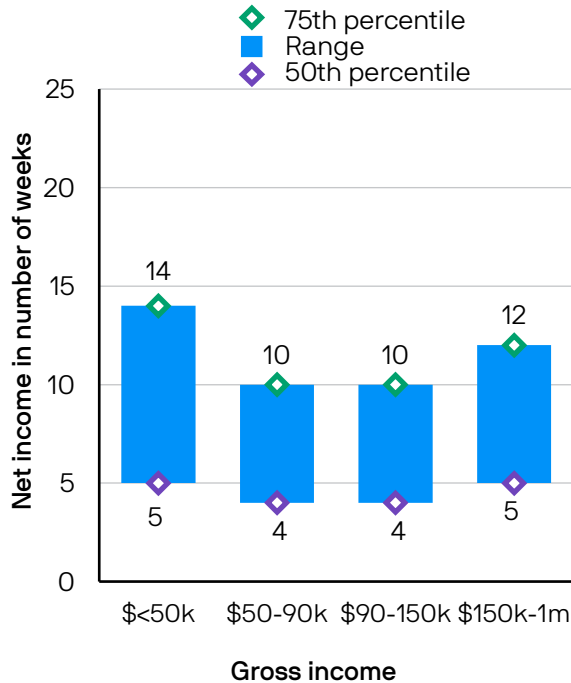


# Annual emergency reserves

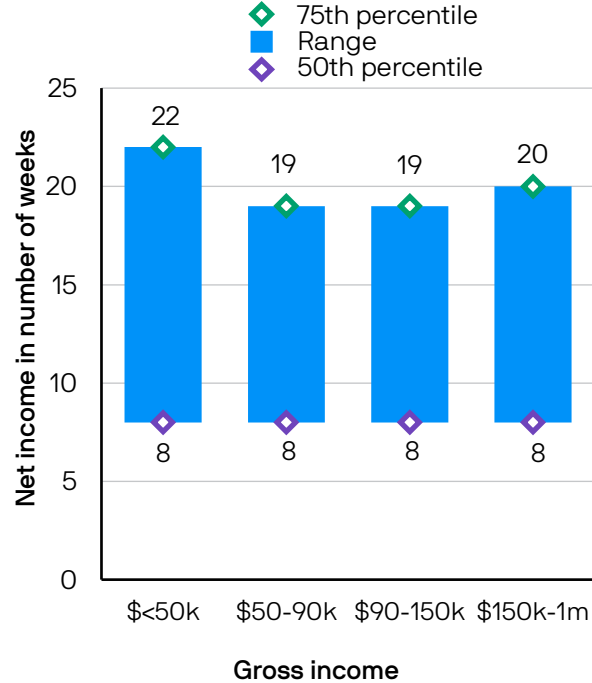
Saving

## Net income in weeks needed to weather spending and income shocks

### Workers (age 25-64)



### Retirees (age 65+)



### Prepare for uncertainties in life

Life is uncertain – spending shocks and/or job losses can happen at anytime. Emergency savings can help pay for these uncertainties and keep retirement savings intact.

Workers typically encounter spending shocks more frequently (about once every three months) than income shocks (about once a year).

- Consider setting aside 2-3 months of pay

Retirees encounter more spending shocks in larger amounts than workers, likely due to unpredictable costs such as health care.

- Consider setting aside 3-6 months of income

Source: J.P. Morgan Asset Management analysis, 2023; longitudinal Chase data (2022-2023) of those households with monthly income, which may include wage income, unemployment, etc. Chase data includes internal select data from JPMorgan Chase Bank, N.A. and its affiliates (collectively "Chase") including select Chase check, cash, credit and debit card and electronic payment transactions from January 1, 2022 to December 31, 2023. Additional information on J.P. Morgan Asset Management's data privacy standards available at <https://am.jpmorgan.com/us/en/asset-management/mod/insights/retirement-insights/gtr-privdisc/>. Spending shocks are calculated monthly and include those months when monthly spending is 25% above the previous 12 months' median spending and the 25% excess spending amount could not be funded by that month's income. Income shocks are calculated monthly and include those months when monthly income is 25% less than the previous 12 months' median income and that month's spending amount could not be funded by the reduced income.



# Diversified sources of retirement funding

Saving

Account type	Investment earnings/ withdrawals	Included when calculating whether:	
		Income taxes owed?	Social Security % taxed? Medicare surcharges?
Health Savings Account	Tax-free withdrawals (for qualified health care expenses) <sup>1</sup>		
Roth 401(k)/IRA	Tax-free withdrawals <sup>2</sup>		
Taxable Account	Tax-exempt interest		<input checked="" type="checkbox"/>
	Ordinary dividends Taxable interest	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Qualified dividends	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Realized capital gains	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pre-tax 401(k)/ Traditional IRA	Taxable withdrawals (ordinary income)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**Retirement funding sources are not created equal**

Be aware of:

- Income taxes
- How much Social Security benefit is subject to tax
- Additional required Medicare premiums

Qualified withdrawals from Roth or Health Savings Accounts can provide tax-free funding that will not result in reduction of government benefits.

This is not intended to be individual tax advice; consult your tax professional.

<sup>1</sup>Must have a qualifying high-deductible health plan to make contributions. Funds in the HSA may be withdrawn tax free for qualified medical expenses unless a credit or deduction for medical expenses is claimed. After age 65 funds also may be withdrawn at ordinary income tax rates without penalty for any reason.

<sup>2</sup>Subject to 5-year Roth account holding period and age requirements.

Source: J.P. Morgan Asset Management.

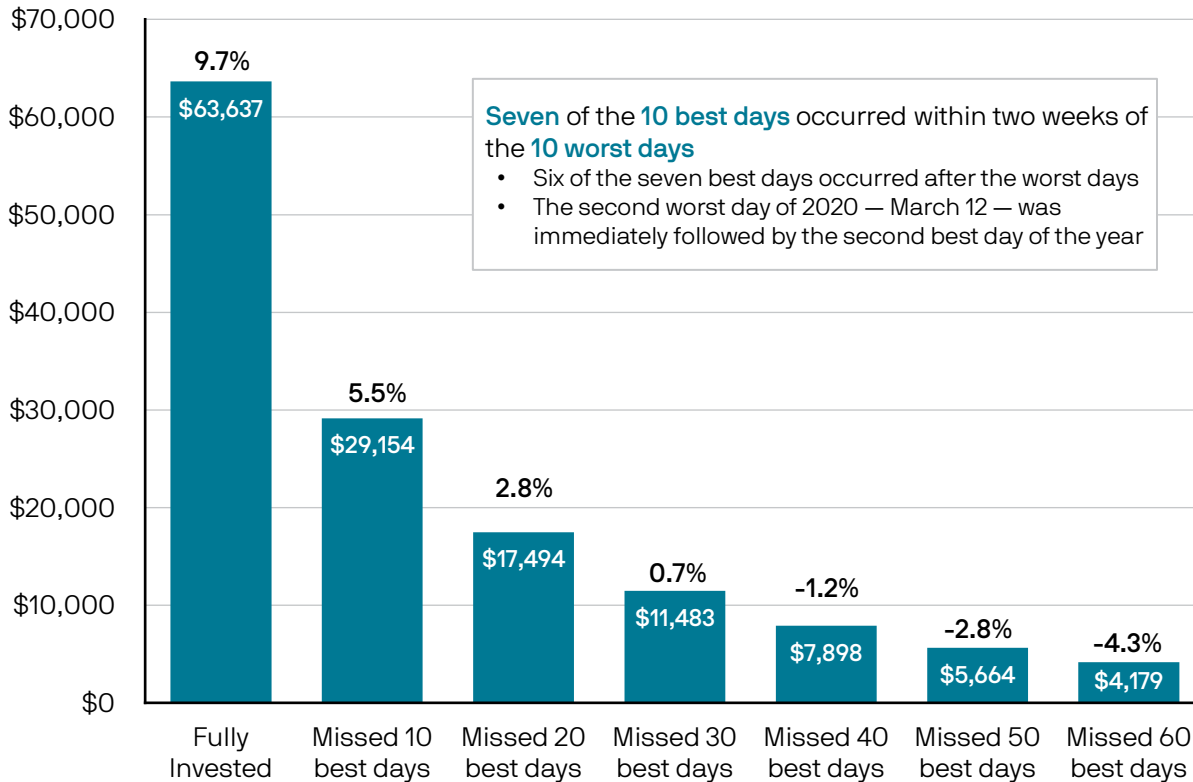




# Impact of being out of the market

## Returns of the S&P 500

Performance of a \$10,000 investment between January 1, 2004 and December 29, 2023



Seven of the 10 best days occurred within two weeks of the 10 worst days

- Six of the seven best days occurred after the worst days
- The second worst day of 2020 — March 12 — was immediately followed by the second best day of the year

### Plan to stay invested

Losses hurt more than gains feel good. Market lows can result in emotional decision making.

Taking “control” by selling out of the market after the worst days is likely to result in missing the best days that follow. Investing for the long term in a well-diversified portfolio can result in a better retirement outcome.

Investing

Source: J.P. Morgan Asset Management analysis using data from Bloomberg. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2023.



# Disclosures

Unless otherwise indicated, all illustrations are shown in U.S. dollars.

*Past performance is no guarantee of comparable future results.*

*Diversification does not guarantee investment returns and does not eliminate the risk of loss.*

**Indices are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.**

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. This world-renowned index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 Index focuses on the large cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. An investor cannot invest directly in an index.

The **Bloomberg Capital U.S. Aggregate Index** represents securities that are SEC-registered, taxable and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

**Bonds** are subject to interest rate risks. Bond prices generally fall when interest rates rise.

The price of **equity** securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk," meaning that stock prices in general may decline over short or extended periods of time.

Investing in **alternative assets** involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax professional prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve.

Asset class	20/80	40/60	50/50	60/40	80/20
U.S. large cap growth	4.5%	8.8%	11.0%	13.3%	17.5%
U.S. large cap value	4.5%	8.8%	11.0%	13.3%	17.5%
U.S. mid/small cap	2.3%	4.5%	5.5%	6.5%	9.0%
U.S. REITs	1.0%	2.0%	2.5%	3.0%	4.0%
Developed market equities	5.5%	11.3%	14.0%	16.8%	22.5%
Emerging market equities	2.3%	4.8%	6.0%	7.3%	9.5%
U.S. investment-grade bonds	61.8%	45.8%	38.0%	30.0%	14.0%
U.S. high yield bonds	12.3%	9.3%	7.5%	6.0%	3.0%
Emerging market debt	4.0%	3.0%	2.5%	2.0%	1.0%
U.S. cash	2.0%	2.0%	2.0%	2.0%	2.0%

Model portfolios can only be distributed by Intermediaries where Advisory Portfolios are available.

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