



THE SOCIETY FOR FINANCIAL AWARENESS
DC Metropolitan Chapter www.dcsdfa.org

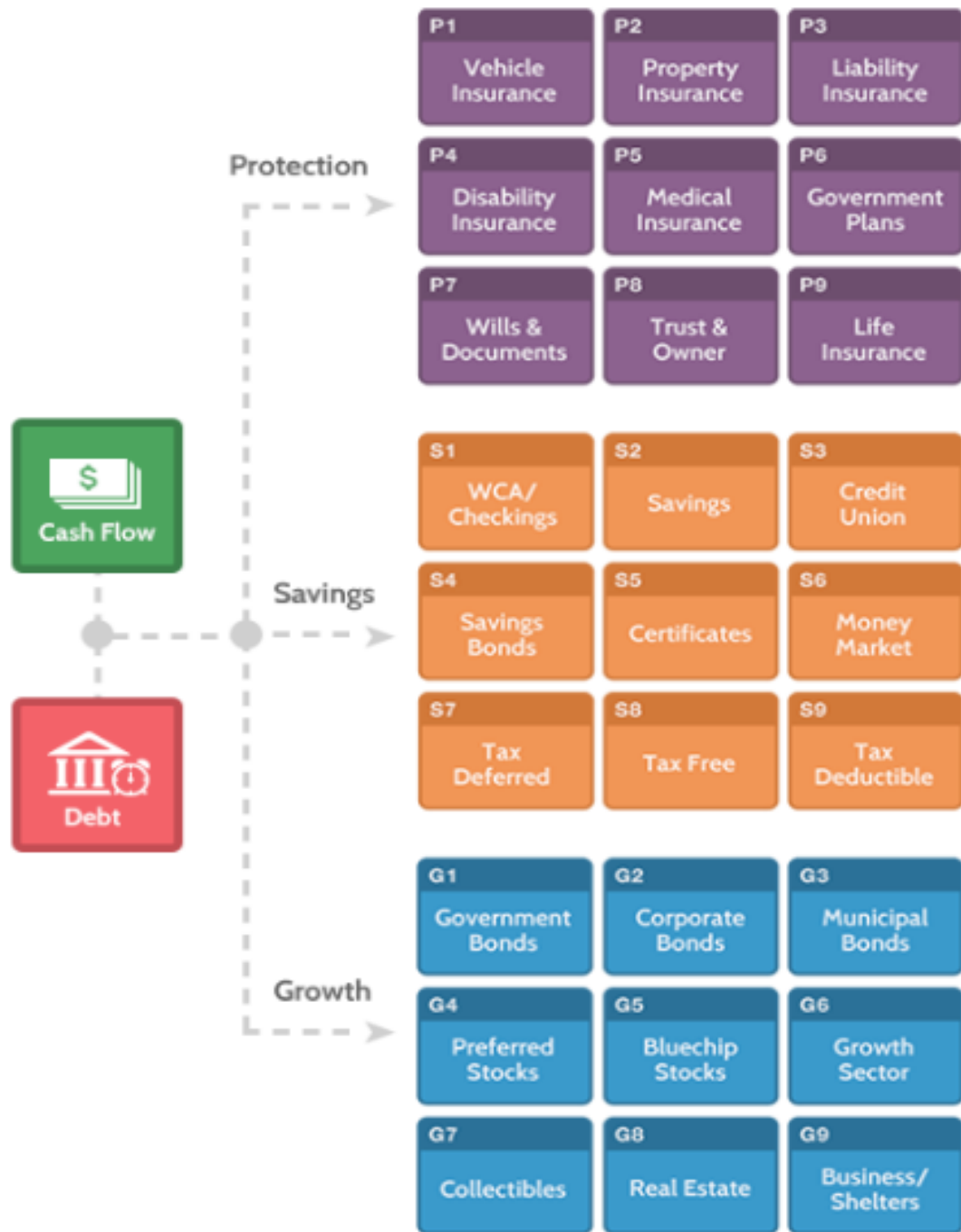
FEDERAL RETIREMENT ANALYSIS



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Why data gathering is so important as a starting point

As much information as you can think about will play a role in when you retire and how to structure your plan to maximize your retirement income, and ensure you reach your goals



Top Areas of Focus/Concern

- ☐ Should I change how I am invested to avoid volatility as I get closer to retirement?
- ☐ How should I be invested in TSP?
- ☐ Will I be able to live my current Lifestyle in Retirement without the Fear OF Running out of money?
- ☐ Should I save my retirement in Roth TSP or Traditional TSP?
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- ☐ How do I plan for Long Term Care?
- ☐ Where can you re-invest money in retirement with tax free growth?
- ☐ Is Legacy important?

Recent Investment Returns for the TSP Funds

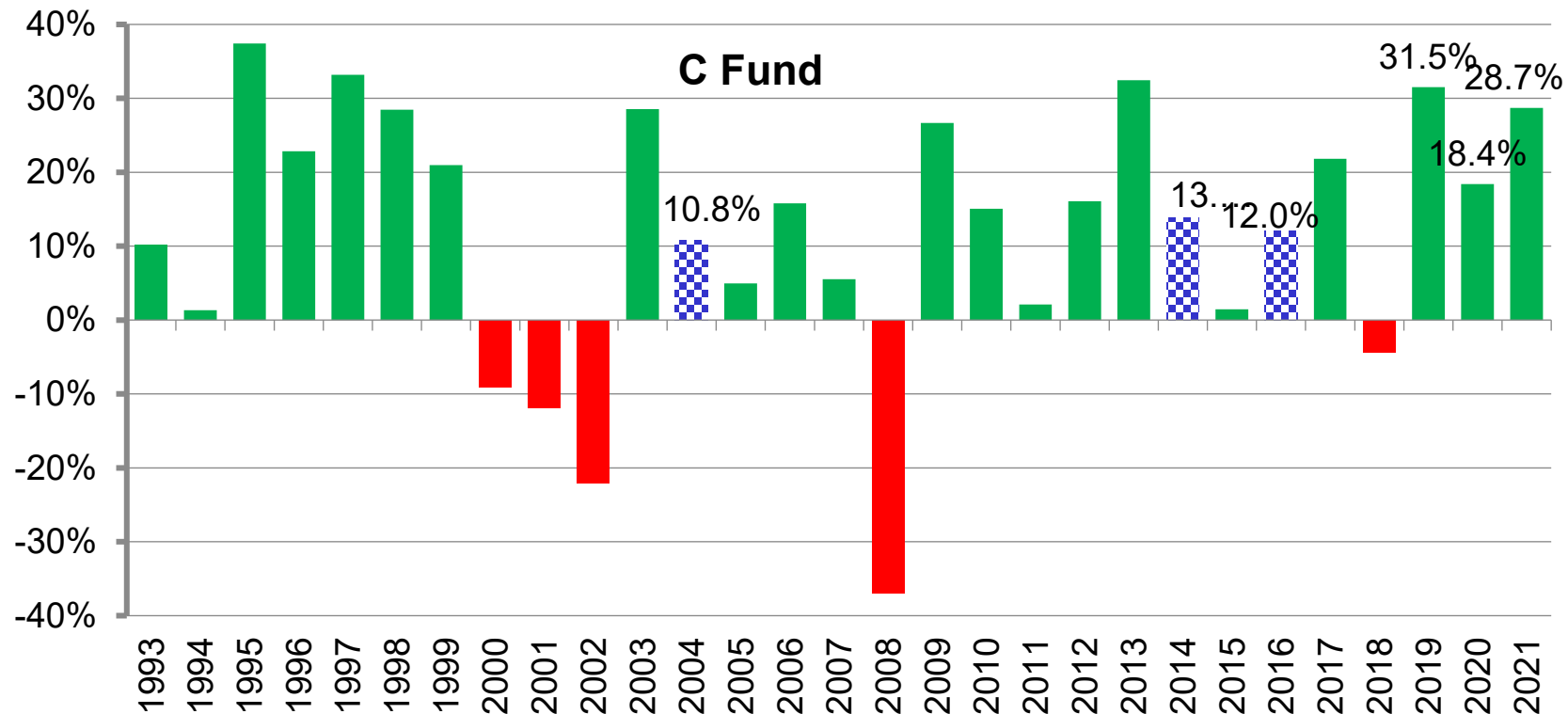
Rates of return as of November 30, 2024

Year	G Fund Bonds/US Govt Short Term	F Fund Bonds/US Intermediate	C Fund Stocks- Large US Companies (S&P 500)	S Fund Stocks – Small and Medium US Companies	I Fund Stocks - International
Inception date	4/1/1987	1/29/1988	1/29/1988	5/1/2001	5/1/2001
1 year	4.43%	6.93%	33.84%	38.94%	13.08%
3 year	3.78%	-1.84%	11.40%	5.35%	4.73%
5 year	2.74%	0.09%	15.72%	11.98%	6.35%
10 year	2.51%	1.58%	13.33%	10.44%	5.49%
Since inception	4.65%	5.31%	11.27%	9.71%	5.16%

Volatility Illustrated: There Are Not Many “Average” Years for the Stock Market

TSP C Fund Calendar Year Returns, 1993 to 2021

The Average Annual Return for the C Fund was 12.3% for the 29-year period. But there were only three years when the returns were close to the average (+1.5% to -1.5%). The returns for all the other years were much higher or lower. That is an example of “volatility,” the high variation in returns compared to the average.

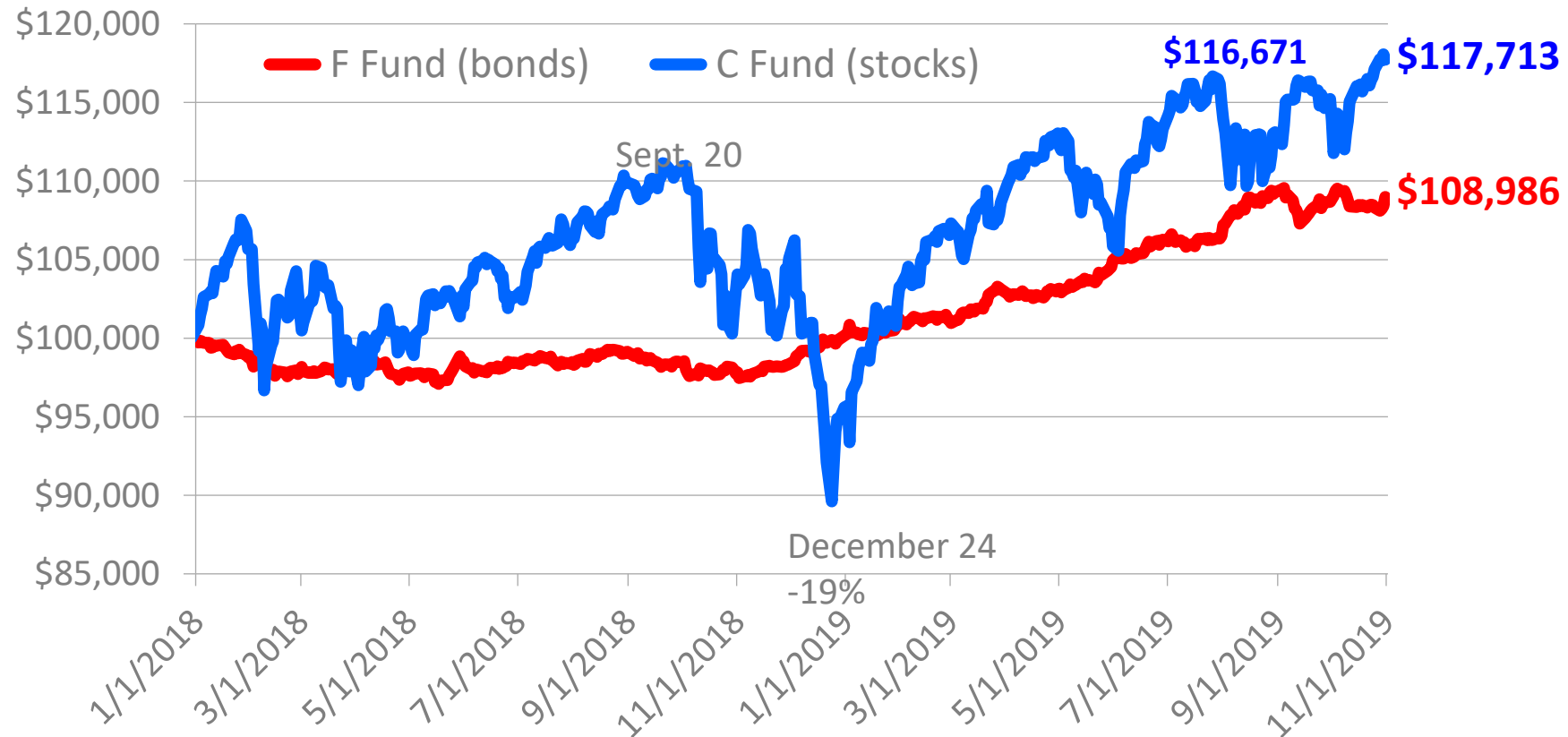


Note: The data assumes no further contributions and reinvestment of all income. It does not account for taxes. Standard & Poor's 500 Index. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future performance.

All investments involve the risk of loss. Source: TSP.gov

22 MONTHS OF RETURNS

The growth of \$100,000 invested in two TSP funds from the beginning of 2018 through *October 31, 2019*. This is Total Return.



Note: The data assumes no further contributions and reinvestment of all income. It does not account for taxes. The F and C Funds track these indexes: F Fund -- Bloomberg Barclays U.S. Aggregate Bond Index; C Fund -- Standard & Poor's 500 Index. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Past performance is no guarantee of future performance. All investments involve the risk of loss.

Have You Heard the Closer You Get to Retirement
the More Conservative you should be?



ASSET ALLOCATION

Choosing Your Investment Mix

If you decide not to invest in the L Funds and you would rather choose your own investment mix from the G, F, C, S, and I Funds, remember that your investment allocation is one of the most important factors affecting the growth of your account. If you prefer this approach, keep the following points in mind:

Consider both risk and return. Over a long period of time, the F Fund (bonds) and the C, S, and I Funds (stocks) have higher potential returns than the G Fund (Government securities). But stocks and bonds also carry the risk of investment losses, which the G Fund does not. On the other hand, investing entirely in the G Fund may not give you the returns you need to keep up with inflation or meet your financial needs.

You need to be comfortable with the amount of risk you expect to take. Your investment comfort zone should allow you to use a "buy and hold" strategy so that you are not chasing market returns during upswings, or abandoning your investment strategy during downswings.

You can reduce your overall risk by diversifying your account. The five individual TSP funds offer a broad range of investment options, including Government securities, bonds, and domestic and foreign stocks. Generally, it's best not to put "all of your eggs in one basket."

The amount of risk you can sustain depends upon your investment time horizon. The more time you have before you need to withdraw your account, the more risk you can take. (This is because early losses can be offset by later gains.)

Periodically review your investment choices. Check the distribution of your account balance among the funds to make sure that the mix you chose is still appropriate for your situation. If not, rebalance your account to get the allocation you want. You can rebalance your account by making an interfund transfer*

*When you make an interfund transfer, you choose the new percentage you want invested in each fund. You cannot move specific dollar amounts among the funds. Also, you cannot move specific types of money among the funds

CASE STUDY

Risk Tolerance

You completed a risk questionnaire using advanced quantitative risk technology on March 28, 2019. The results were as follows.

On a scale of 1 to 99, with higher numbers indicating higher risk tolerance, your answers to the risk questionnaire resulted in a score of 62.



This means that over the next six months, you are comfortable risking a loss of -13% or -\$64,290, in exchange for the chance of making a gain of +20% or +\$98,890.

This range describes the "comfort zone" for your investments. Over the next six months, it represents a hypothetical target that you would prefer to keep your investments within. There is no guarantee any investments would perform within the range.

Investment Goals

When completing your risk questionnaire on March 28, 2019, you selected the following goals for your investments:

- ☒ Wealth accumulation
- ☒ Retirement
- ☒ Income

Age and Retirement Horizon

When completing your risk questionnaire on March 28, 2019, you provided the following data about your age and retirement horizon:

You were born in 1965. You intend to retire at age 60.

Understanding the 4% withdrawal Rule

The Trinity University study (one of the most widely-cited papers in retirement planning) aims to cut through all of that complexity and boil down drawdown strategies down to a single number. If an investor withdraws a fixed percentage of their assets annually for retirement expenses, what is the likelihood that they will outlive their savings?

The 4% withdrawal rate and a 50/50 or 75/25 portfolio gives excellent portfolio success rates:

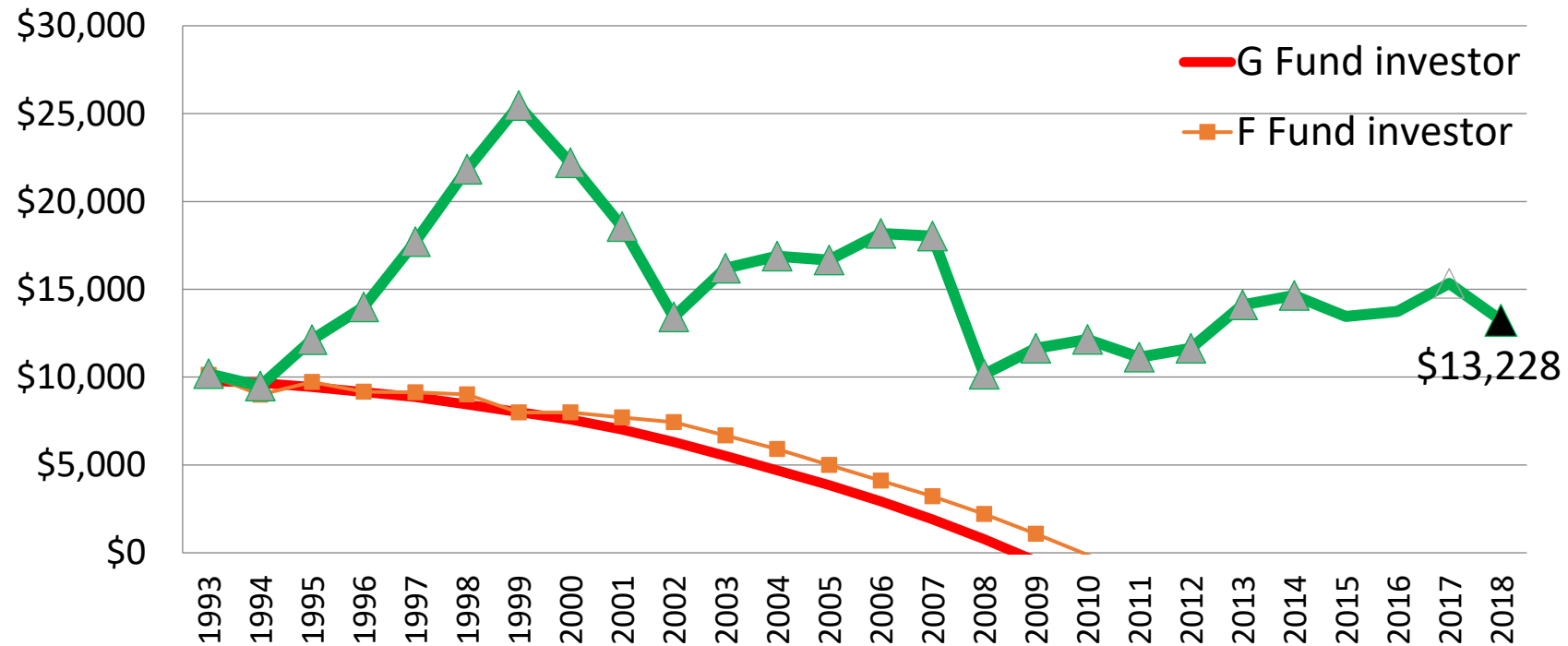
Withdrawal Rate	100/0	75/25	50/50	25/75	0/100
3%	100%	100%	100%	100%	84%
4%	98%	100%	96%	80%	35%
5%	80%	82%	67%	31%	22%
6%	62%	60%	51%	22%	11%
7%	55%	45%	22%	7%	2%
8%	44%	35%	9%	0%	0%

You need to have significant stock exposure during retirement

Most investors assume that in retirement, you need to become extra conservative in your investments to avoid big market losses. It turns out that the opposite is true. According to the results of this study, a 50/50 portfolio would be the minimum stock allocation to maintain a high portfolio success rate using a 4% withdrawal rate. A 75/25 portfolio could potentially have a higher portfolio success rate and end of retirement portfolio value. A 100% bond portfolio fails more than half the time using the 4% withdrawal rule.

LOSS OF PURCHASING POWER: WHAT HAPPENS WHEN YOU START SPENDING?

Example: At the beginning of 1993, retirees Bill, Jack and Mary each have \$10,000 in the TSP. They each invest in one fund: Bill in G, Jack in F and Mary in C. They annually withdraw enough to buy 2000 first class stamps (after paying taxes of 30%).



Note: This is for illustration purposes only. Past performance is no guarantee of future performance. All investments involve the risk of loss. The data assumes reinvestment of all income and does not account for taxes.

C and F Fund performance tracks these indexes: Bonds -- Bloomberg Barclays U.S. Aggregate Bond Index; Large US Stocks -- Standard & Poor's 500 Index. The G Fund does not track an index. An investment cannot be made directly in an index. Sources: TSP Fund returns from www.TSP.gov. Stamp prices from Historian, US Post Office, <http://about.usps.com/who-we-are/postal-history/welcome.htm>.

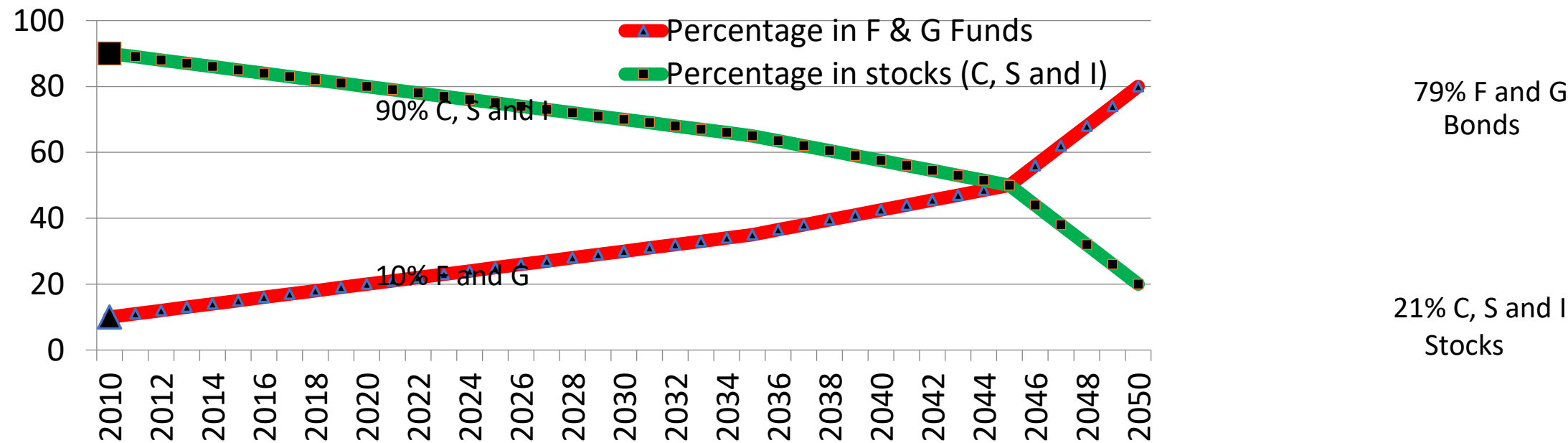
EXAMPLE: L 2050 LIFECYCLE FUND: PERCENTAGES IN STOCK AND BOND FUNDS

All Lifecycle funds begin with 90% invested in stocks (C, S and I) and 10% in the F and G funds. Over time, the percentage in stocks declines as the percentage in F & G increases. The funds eventually “roll into” the L Income Fund.

Current percentages for the L Income Fund are

- 73% G
- 6% F
- 11% C
- 3% S
- 7% I

How the L2050 allocation changes over time



Note: The TSP is gradually increasing the percentage invested in the I Fund. That is not reflected in the graph.

Source: www.tsp.gov.

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Step #1: Understanding Your Target Retirement Income (TRI)

Gross Income -	
Gross Income -	
TOTAL Gross Income	
Less:	
TSP	
TSP	
Social Security	
Savings	
Mortgage	
College	
Credit Cards	
Debts	
Tax Equivalent	
Non/Qualified IRA	
Roth	
Total Payments	
TARGET RETIREMENT INCOME:	

Step #1:

Understanding Your Target Retirement Income (TRI)

Gross Income - Spouse A **\$150,000**

Gross Income - Spouse B **\$100,000**

\$0

Total Gross Income \$250,000

Less

TSP/401(k) **\$27,000**

TSP/401(k) **\$27,000**

Social Security **\$17,540**

Savings **\$0**

Mortgage **\$0**

Roth TSP **\$0**

Roth **\$0**

Non/Qualified IRA **\$0**

College **\$0**

Credit Cards **\$0**

Tax Equivalent **\$0**

Total Payments \$71,540

Target Retirement Income \$178,460

Step #2:
Understanding Your
Investment Income Need

Target Retirement Income	\$178,460
Social Security	(\$52,775)
Pension	(\$67,511)
Investment Income Needed	\$58,174

Inflation	Income	W/D		ASSETS & INCOME	ROR	Withdrawal Rate Pressure
0.0%	\$52,775	←	GUARANTEED	Social Security		 3.64%
0.0%	\$67,511	←		Pensions		
	\$120,286	←		Total Guaranteed Income		
☒ Auto Adjust	\$58,240	← 3.64%	NON-GUARANTEED	Investment Income \$1,600,000	4.0% →	
	\$178,526	←		Total Guaranteed & Non guaranteed Income		
0.0%	\$178,460	←		Target Retirement Income		

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ROTH OR REGULAR TSP?

You can choose between two tax treatments for your TSP contributions:

- Traditional (pre-tax)-You defer paying taxes on your contributions and their earnings until you withdraw them. If you are a uniformed services member making tax-exempt contributions, your contributions will be tax-free at withdrawal but your earnings will be subject to tax.
- Roth (after-tax)-You pay taxes on your contributions as you make them (unless you are making tax-exempt contributions), and your earnings are tax-free at withdrawal as long as you meet certain IRS requirements

The Treatment of...	Traditional TSP	Roth TSP
Contributions	Pre-tax	After-tax¹
Your Paycheck	Taxes are deferred* , so less money is taken out of your paycheck.	Taxes are paid up front* , so more money comes out of your paycheck.
Transfers In	Transfers allowed from eligible employer plans and traditional IRAs	Transfers allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s
Transfers Out	Transfers allowed to eligible employer plans, traditional IRAs, and Roth IRAs ²	Transfers allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs ³
Withdrawals	Taxable when withdrawn	Tax-free earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased

See what marginal tax bracket you fall into: Your Line 15: \$183,000 ~ So, what marginal rate are you in now?

How many of you think you will be in a lower tax bracket when you retire?

Tax Bracket 2025

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	\$0 to \$11,925	\$0 to \$23,850	\$0 to \$17,000
12%	\$11,925 to \$48,475	\$23,850 to \$96,950	\$17,000 to \$64,850
22%	\$48,475 to \$103,350	\$96,950 to \$206,700	\$64,850 to \$103,350
24%	\$103,350 to \$197,300	\$206,700 to \$394,600	\$103,350 to \$197,300
32%	\$197,300 to \$250,525	\$394,600 to \$501,050	\$197,300 to \$250,500
35%	\$250,525 to \$626,350	\$501,050 to \$751,600	\$250,500 to \$626,350
37%	\$626,350 or more	\$751,600 or more	\$626,350 or more

Form 1040	Department of the Treasury—Internal Revenue Service	2024	OMB No. 1545-0074	IRS Use Only—Do not write or staple in this space.																																																																																																																								
For the year Jan. 1–Dec. 31, 2024, or other tax year beginning, 2024, ending, 20			See separate instructions.																																																																																																																									
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Foreign country name		Foreign province/state/county		Foreign postal code																																																																																																																								
Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse																																																																																																																												
Filing Status Check only one box. ☐ Single ☐ Married filing jointly (even if only one had income) ☐ Married filing separately (MFS) ☐ Head of household (HOH) ☐ Qualifying surviving spouse (QSS) If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: ☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required):																																																																																																																												
Digital Assets At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No																																																																																																																												
Standard Deduction Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien																																																																																																																												
Age/Blindness You: ☐ Were born before January 2, 1960 ☐ Are blind Spouse: ☐ Was born before January 2, 1960 ☐ Is blind																																																																																																																												
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b	Taxable interest	2b																																																																																																																										
b	Ordinary dividends	3b																																																																																																																										
b	Taxable amount	4b																																																																																																																										
b	Taxable amount	5b																																																																																																																										
b	Taxable amount	6b																																																																																																																										
c	If you elect to use the lump-sum election method, check here (see instructions)																																																																																																																											
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	7																																																																																																																										
8	Additional income from Schedule 1, line 10	8																																																																																																																										
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9																																																																																																																										
10	Adjustments to income from Schedule 1, line 26	10																																																																																																																										
11	Subtract line 10 from line 9. This is your adjusted gross income	11																																																																																																																										
12	Standard deduction or itemized deductions (from Schedule A)	12																																																																																																																										
13	Qualified business income deduction from Form 8995 or Form 8995-A	13																																																																																																																										
14	Add lines 12 and 13	14																																																																																																																										
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	15																																																																																																																										
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (9/24)																																																																																																																												

Taxable
Income

Step #3: Compare and Analyze

Putting it all together – where do you stand?:

GAP (*Less money in retirement than what your living on today*), **SAME**, or **SURPLUS**
(More income in retirement than you are living on today)

Gross Income -	\$107,0000
Gross Income -	
TOTAL Gross Income	\$107,000
Less:	
TSP/401(k)	\$24,500
TSP/401(k)	\$6,500
Social Security	\$6,634
Savings	
Mortgage	
College	
Credit Cards	
Debts	\$6,500
Tax Equivalent	
Non/Qualified IRS	
Roth	
Total Payments	\$44,134
TARGET RETIREMENT INCOME:	\$ 62,866

		Pension	\$25,000
		Social Security	\$25,000
	0% W/D	Tax Deferred Annuities	\$0
	0% W/D	Tax Free	\$0
	2.5% W/D	TSP/401(k) 500,000	\$12,500
		TOTAL	\$0
		Pension	\$0
		Social Security	\$0
	3% W/D	Tax Deferred	\$0
	3% W/D	Tax Free	\$0
	0% W/D	TSP/401(k)	\$0
		TOTAL	\$0
		W/D Rate from Cash Assets	\$0
		Total Income at year #2 =	\$62,500

A Traditional TSP

Years ---> 1 -- 20

\$18,000 @ 5% ROR → 401(k)

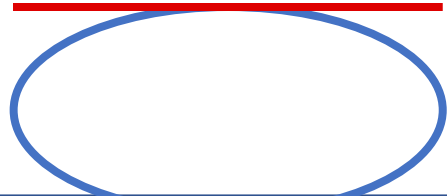


Accumulated: \$624,947

X 4% W/D

\$24,997

(taxes, Fed 25% + State 6%) - \$7,749



B Roth/Roth TSP

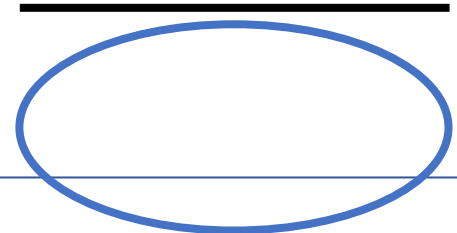
Years ---> 1 -- 20

\$18,000 x 25% Fed + 6% State =
\$12,420 @ 5% ROR → Roth



Accumulated: \$431,213

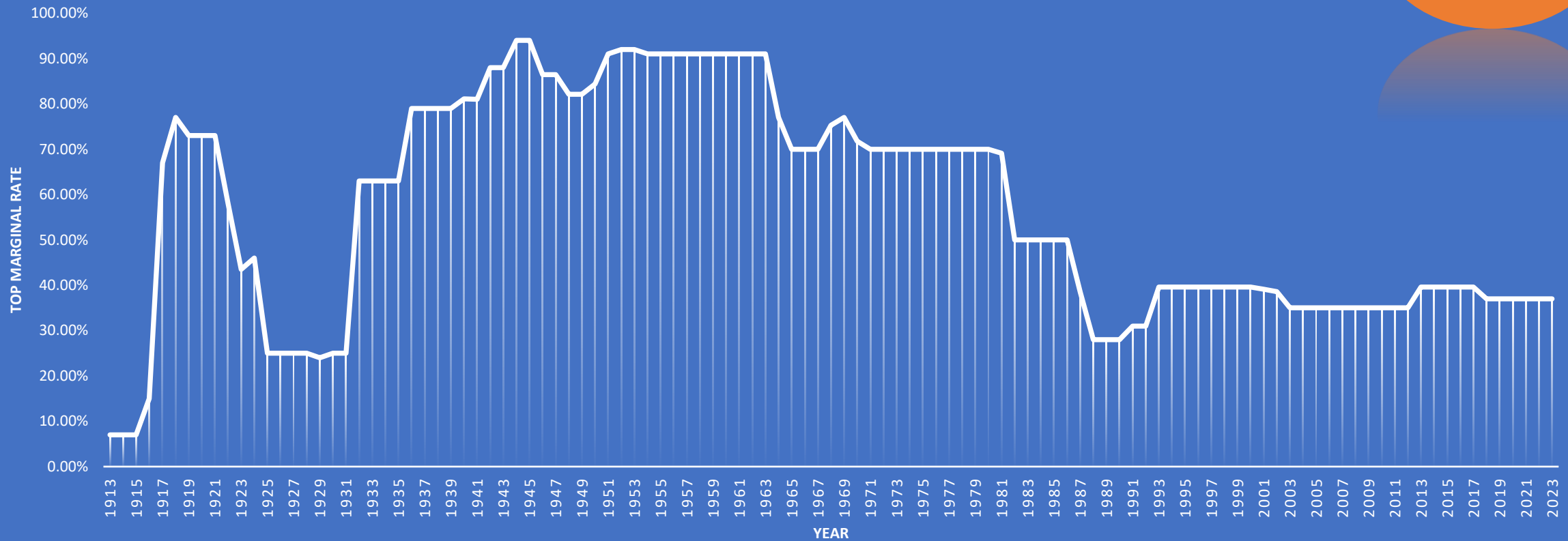
X 4% W/D



Where do you think taxes will be in your future?

Your opinion matters

HISTORICAL HIGHEST MARGINAL INCOME TAX RATES



- ▶ The data referenced in this chart we created is from the Tax Policy Center: <https://taxpolicycenter.org/statistics/historical-highest-marginal-income-tax-rates>
- ▶ This table contains a number of simplifications and ignores a number of factors, such as the amount of income or types of income subject to the top rates, or the value of standard and itemized deductions. **Sources:** IRS Revenue Procedures, various years. Also, Eugene Steuerle, The Urban Institute; Joseph Pechman, *Federal Tax Policy*; Joint Committee on Taxation, Summary of Conference Agreement on the Jobs and Growth Tax Relief Reconciliation Act of 2003, JCX-54-03, May 22, 2003.

Top Areas of Focus/Concern

- ☒ Should I change how I am invested to avoid volatility as I get closer to retirement?
- ☒ How should I be invested in TSP?
- ☒ Will I be able to live my current Lifestyle in Retirement without the Fear OF Running out of money?
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- ☐ What are Roth Conversions?
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- ☐ When do I take Social Security?
- ☐ Should I leave my retirement savings in TSP or roll it?
- ☐ What do I do with the RMDs?
- ☐ How do I plan for Long Term Care?
- ☐ Where can you re-invest money in retirement with tax free growth?
- ☐ Is Legacy important?

Target Retirement Income

☒ Show/Hide Target Retirement

Gross Income - Sue	\$107,000
Gross Income - Bill	\$0
	\$0
Total Gross Income	\$107,000

Less	
TSP/401(k)	\$24,500
IRA	\$6,500
Social Security	\$6,634
IRA	\$6,500
Mortgage	\$0
College	\$0
Credit Cards	\$0
Debts	\$0
Tax Equivalent	\$0
Non/Qualified IRA	\$0
Roth	\$0

Total Payments	\$44,134
-----------------------	-----------------

Target Retirement Income	<u>\$62,866</u>
---------------------------------	------------------------

PRESENT

Total Income		\$107,000		
Additional Information				
Sue 61-62;				
Bill 61-62				
Retirement Income Projections				
Sue	COLA	0%	Pension	\$0
	WD	0%	Social Security	\$0
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	0%	0%	401k & IRA	\$0
			TOTAL	\$0
Bill	COLA	0%	Pension	\$0
	WD	0%	Social Security	\$0
	0%	0%	Tax Deferred	\$0
	0%	0%	Roth	\$0
	0%	0%	IRA	\$0
			TOTAL	\$0
W/D Rate from Cash Assets				\$0
				\$0
Total Income at year # 1 =				\$0
0.0%	Target Retirement Income			\$62,866

0	2,360	0						0
Employee	Match	Add.	Regular Savings	CD's	College Savings	Rate	Future Value	
			Savings 100,000			1%	101,000	
						1%	0	
						1%	0	
			Tax Deferred	Roth	401k & IRA			
		6,500			IRA 550,000	4%	0	
				roth 66,000		4%	68,640	
						4%	926,640	
		24,500			TSP 310,000			
			Tax Deferred	Roth	IRA			
						4%	0	
				roth 22,000		4%	22,880	
						4%	318,760	
		6,500			IRA 300,000			
0	0	37,500						1,437,920

SUE RETIRE

Total Income		\$107,000		0		0		0		0		
Additional Information				Employee	Match	Add.	Regular Savings		CD's	College Savings	Rate	Future Value
Sue 62-70							Savings 101,000				1%	109,369
Bill 62-70											1%	0
											1%	0
Retirement Income Projections												
Sue	COLA	0%	Pension	\$18,836	Sue	Tax Deferred	Roth	401k & IRA				
	WD	0%	Social Security	\$0				IRA	578,760	4%	0	
		0%	Tax Deferred	\$0						4%	93,939	
		0%	Roth	\$0			roth	68,640		4%	966,258	
		3%	401k & IRA	\$31,506				TSP	347,880			
			TOTAL	\$50,342								
Bill	COLA	0%	Pension	\$0	Bill	Tax Deferred	Roth	IRA				
	WD	0%	Social Security	\$0						4%	0	
		0%	Tax Deferred	\$0						4%	31,313	
		0%	Roth	\$0			roth	22,880		4%	314,061	
		4%	IRA	\$12,750				IRA	318,760			
			TOTAL	\$12,750								
0% W/D Rate from Cash Assets		\$0		0		0		0		Savings Type Assets Total 1,514,938		
		\$0										
Total Income at year # 8 = \$63,092												
0.0% Target Retirement Income		\$62,866										

RMD & SS

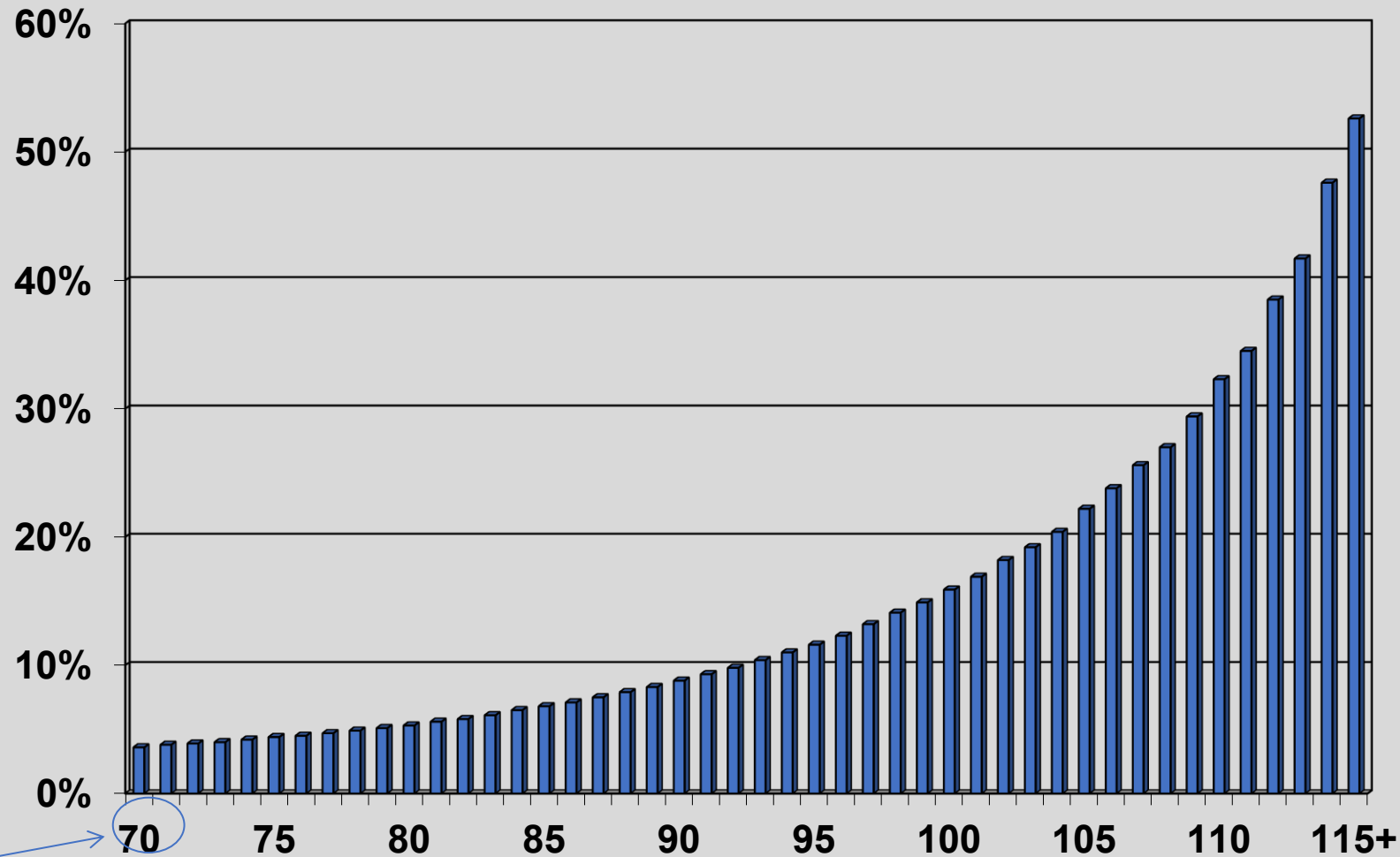
Total Income		\$107,000		0		0		0		0		
Additional Information				Employee		Match		Add.				
Sue 70-100												
Bill 70-100												
Retirement Income Projections												
Sue	COLA	0%	Pension	\$18,836	Sue	Regular Savings	CD's	College Savings	Rate	Future Value		
	WD	0%	Social Security	\$32,000		Savings	109,369			1%	147,412	
		0%	Tax Deferred	\$0						1%	0	
		0%	Roth	\$0						1%	0	
	4%	0%	401k & IRA	\$38,650								
			TOTAL	\$89,486	Tax Deferred		Roth	401k & IRA				
Bill	COLA	0%	Pension	\$0	Bill				IRA	603,504	4%	0
	WD	0%	Social Security	\$32,000							4%	304,680
		0%	Tax Deferred	\$0							4%	879,550
		0%	Roth	\$0			roth	93,939				
	4%	0%	IRA	\$12,562						TSP	362,753	
			TOTAL	\$44,562	Tax Deferred		Roth	IRA				
0% W/D Rate from Cash Assets		\$0		0		0		0		Savings Type Assets Total		1,719,080
		\$0										
Total Income at year # 30 = \$134,049												
0.0% Target Retirement Income		\$62,866										

Which RMD to use?

NO RMD's for ROTH TSP/401(k)

Age	Individuals impacted	Effective Year
Age 72 (or 70 1/2)	Born 1950 or earlier	-
Age 73	Born 1951 – 1959	2023
Age 75	Born 1960 or later	2033

REQUIRED MINIMUM DISTRIBUTIONS: WHAT PERCENTAGE IS WITHDRAWN?



NOTE: The SECURE Act:
If you were born on July 1, 1949, or later, you do not have to take an RMD until age 72.
If you were born before that, you fall under the old RMD rules, and you'll be forced to withdraw money (whether you need it or not) every year starting after age 70½.

The first required minimum distributions is 3.6% of the account balance. The required percentage grows over time. For example, it is 5.3% at 80, 8.8% at 90 and 15.9% at 100 and 52.6% from age 115 to when you die.

Hypothetical chart is for illustrative purposes only and should not be deemed a representation of past or future results. This example does not represent any specific investment. Calculations by the author using the IRS Uniform Lifetime Table for Calculating Required Minimum Distributions.

Top Areas of Focus/Concern

- ☒ Should I change how I am invested to avoid volatility as I get closer to retirement?
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- ☒ When do I take Social Security?
- ☐ Should I leave my retirement savings in TSP or roll it?
- ☐ What do I do with the RMDs?
- ☐ How do I plan for Long Term Care?
- ☐ Where can you re-invest money in retirement with tax free growth?
- ☐ Is Legacy important?

Portfolio

\$500,000

20%

20%

10%

25%

25%

0%

C

S

I

F

G

\$100,000

\$100,000

\$50,000

\$125,000

\$125,000

\$0

4%

4%

4%

4%

4%

0%

\$4,000

\$4,000

\$2,000

\$5,000

\$5,000

\$0

RMD

TSP	IRA	IRA
\$100,000	\$100,000	\$100,000
<u>x 4%</u> ↓	<u>x 4%</u> ↓	↓
\$4,000	\$4,000	\$4,000

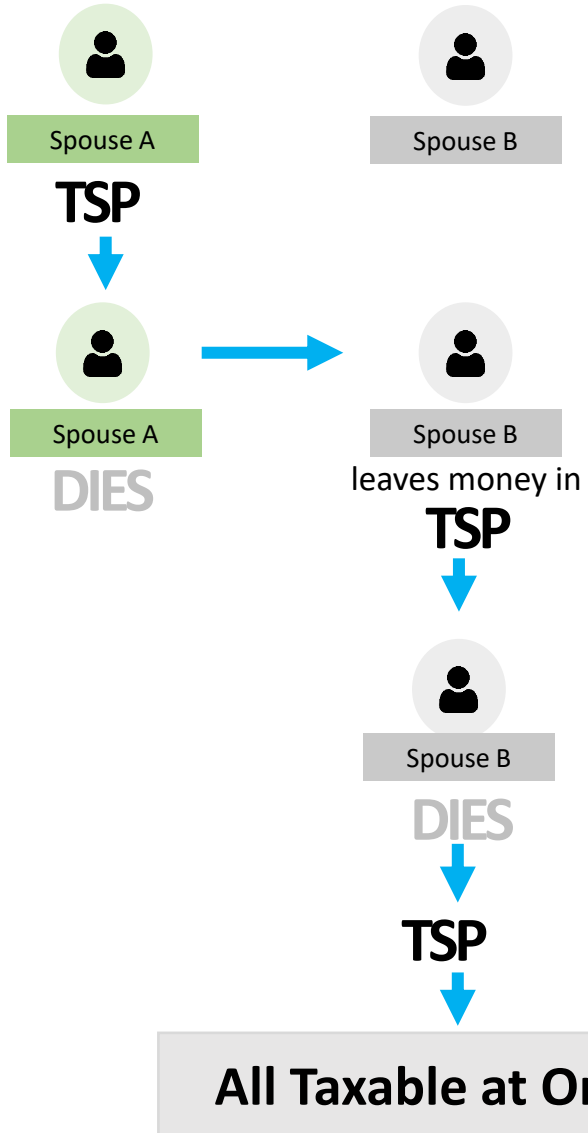
70 1/2

STRETCH IRA IS BACK

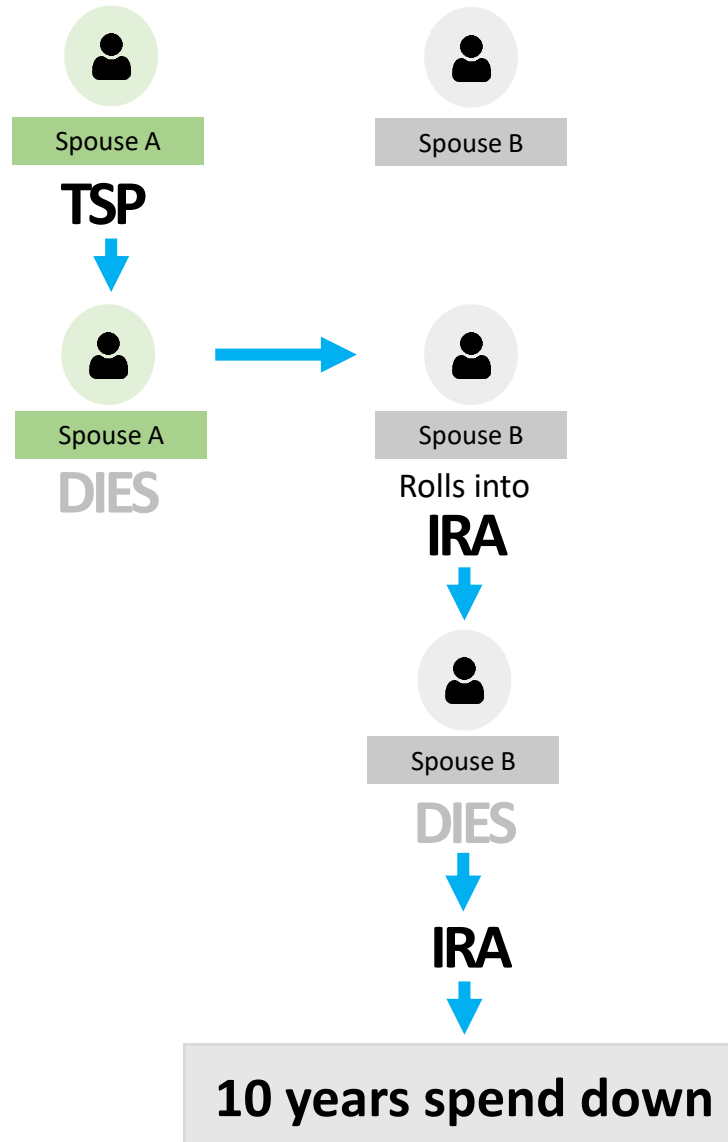


SECURE ACT 2.0

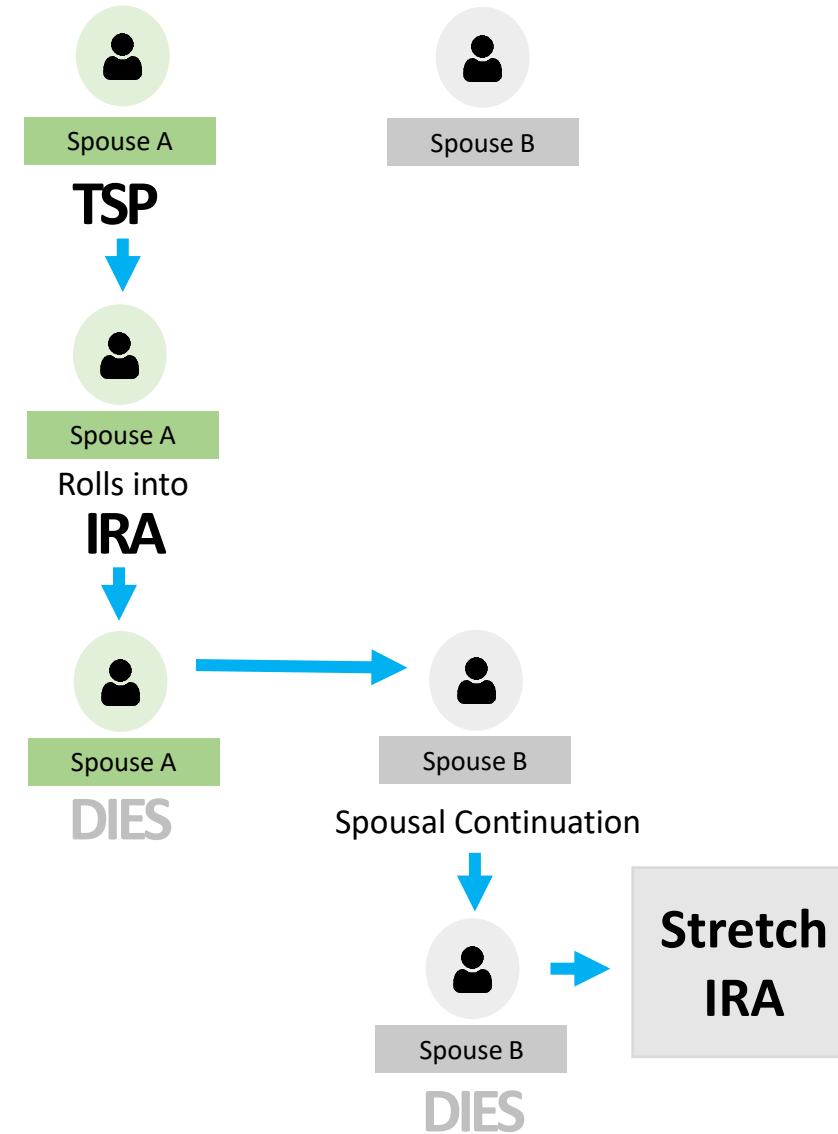
Scenario 1



Scenario 2



Scenario 3



Top Areas of Focus/Concern

- ☒ Should I change how I am invested to avoid volatility as I get closer to retirement?
- ☒ How should I be invested in TSP?
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- ☒ When should I take money from TSP?
- ☒ When do I take Social Security?
- ☒ Should I leave my retirement savings in TSP or roll it?
- ☒ What do I do with the RMDs?
- ☐ How do I plan for Long Term Care?
- ☐ Where can you re-invest money in retirement with tax free growth?
- ☐ Is Legacy important?

Rising Medical and Long-Term Care Costs

Monthly Median Costs: *National* (2020)

In-Home Care ⓘ	Community and Assisted Living ⓘ	Nursing Home Facility ⓘ
Homemaker Services ¹ \$4,481	Adult Day Health Care ² \$1,603	Semi-Private Room ² \$7,756
Home Health Aide ¹ \$4,576	Assisted Living Facility ³ \$4,300	Private Room ² \$8,821

The cost of long-term care depends on the type and duration of care you need, the provider you use, and where you live.

Select LTC rate change filings with renewal business effective dates in H1

State	Filer	Calculated premium change (\$M)	Written premium (\$M)	Approved rate change (%)*	Number of policyholders affected	Renewal business effective date
VA	Genworth Life Insurance Co. ¹	9.7	26.9	36.1	10,228	04/21/22
OH	Genworth Life Insurance Co.	9.7	14.8	65.4	6,713	03/31/22
PA	John Hancock Life Insurance Co. USA	7.5	12.7	59.1	4,760	05/09/22
TN	Genworth Life Insurance Co.	5.5	9.2	59.5	4,431	04/27/22
KY	Genworth Life Insurance Co.	5.1	12.7	39.9	4,617	03/31/22
IA	Ability Insurance Co. ^{1,2}	5.0	10.6	47.4	2,612	02/18/22
NE	Mutual of Omaha Insurance Co. ¹	4.9	4.6	107.1	2,383	01/01/22
AL	Genworth Life Insurance Co.	4.7	31.0	15.0	8,321	03/14/22
TX	Allianz Life Insurance Co. Of North America	4.6	7.5	62.2	2,821	01/29/22
NE	Ability Insurance Co. ²	4.6	8.1	56.7	2,024	01/13/22

Date compiled Aug 4, 2022

LTC = long-term care

Information collected on a best-effort basis. Rate filing information is sourced from the System for Electronic Rate and Form Filing documents.

Reflects individual long-term care rate filings for Type of Insurance LTC02I, LTC031, LTC041 and LTC051 with renewal business effective dates between Jan. 1 and June 30, 2022. Excludes pending, disapproved and withdrawn filings; filings where rate change was zero; filings where data on the premium impacted was unavailable; filings where the disposition table was unavailable, notably in the state of Florida.

Written premium, calculated premium change, approved rate change and number of policyholders affected are based on disposition section of rate filings. Approved rate change reflects the calculated premium change divided by written premium.

Top 10 filings shown are based on calculated premium change.

*Approved rate change shown may be the ultimate increase as some states cap the amount an insurer can raise rates in a given year.

¹ Adjustments made to values shown due discrepancies between disposition table and correspondence from the state insurance regulators within the filing.

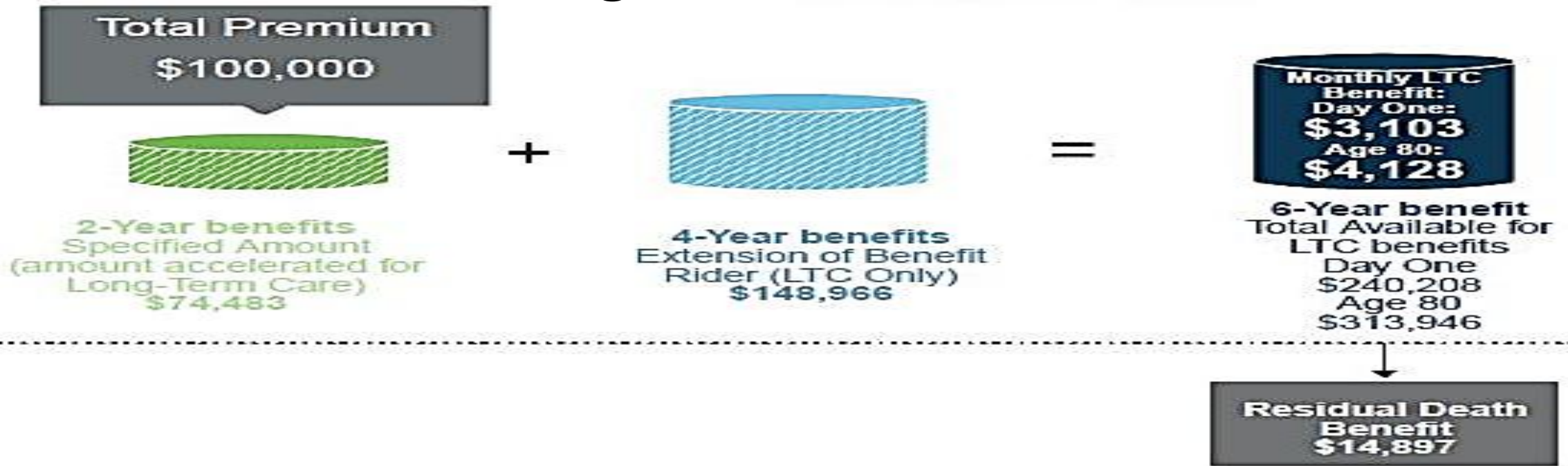
² Include LTC premium changes for policies of medico Insurance Co. that have been novated over to Ability Insurance Co.

Source: S&P Global Market Intelligence

Pros and Cons to Long Term Care Insurance

- Premiums are not fixed
- Underfunded policies
- If you never use it you lose it
- Healthcare inflation rate 5.3%

Long Term Care

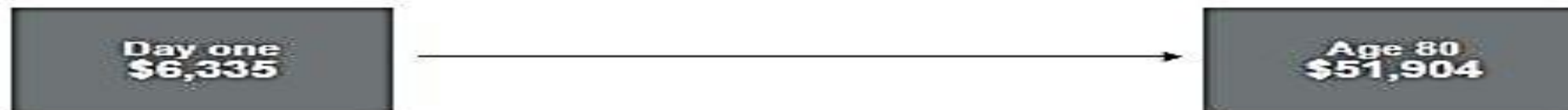


If the Long-term care benefits are never used, the guarantees below are available.

Guaranteed Death Benefit if LTC is never used.



Guaranteed Total Received on Surrender.



© This scenario assumes no Loans, Partial Surrenders, or LTC Benefits have been taken.

Whole Life Legacy 100 with LTCR Life Insurance Illustration and LTCR Summary

Coverage	Face Amount	Current Premiums			
		Annually	Semi-Annually	Quarterly	Monthly
Base Policy Insurance	192,270	9,865.38	5,048.12	2,554.15	858.29
LTCR Base Benefit Pool	167,270	434.65	222.41	112.53	37.81
Total Initial Modal Premium		10,300.03	5,270.53	2,666.68	896.10
Total Initial Modal Premium (Annualized)		10,300.03	10,541.06	10,666.72	10,753.20
Unscheduled ALIR (Year 1)	N/A	300.00	300.00	300.00	300.00

Tabular Values

					Non-Guaranteed Values*						
Year	Age End Year	Contract Prem for Gtd Values	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Contract Premium	Net Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year	Paid-Up Additions End Year	Total Death Benefit End Year	Total Paid-Up Insurance End Year
1	64	10,600	286	192,860	10,600	1,651	1,651	1,937	3,408	196,268	3,998
2	65	10,735	1,196	192,860	10,300	1,841	3,541	4,737	7,100	199,960	9,497
3	66	10,735	6,819	192,860	10,300	2,055	5,699	12,518	11,102	203,962	24,384
4	67	10,735	12,521	192,860	10,300	2,269	8,132	20,653	15,398	208,258	39,105
5	68	10,735	18,311	192,860	10,300	2,431	10,794	29,105	19,874	212,734	53,589
6	69	10,735	24,188	192,860	10,300	2,624	13,720	37,909	24,574	217,434	67,896
7	70	10,735	30,146	192,860	10,300	2,900	16,999	47,145	29,629	222,489	82,172
8	71	10,735	36,168	192,860	10,300	3,189	20,649	56,816	35,040	227,900	96,415
9	72	10,735	42,230	192,860	10,300	3,474	24,671	66,901	40,783	233,643	110,590
10	73	10,735	48,305	192,860	10,300	3,778	29,089	77,394	46,870	239,730	124,703
11	74	10,735	54,374	192,860	10,300	4,360	34,181	88,556	53,723	246,583	139,182
12	75	10,735	60,423	192,860	10,300	4,905	39,923	100,346	61,248	254,108	153,946
13	76	10,735	66,446	192,860	10,300	5,473	46,344	112,790	69,450	262,310	169,024
14	77	10,735	72,448	192,860	10,300	5,993	53,405	125,854	78,228	271,088	184,349
15	78	10,735	78,439	192,860	10,300	6,451	61,055	139,494	87,469	280,329	199,842
16	79	10,735	84,424	192,860	10,300	6,796	69,188	153,611	96,997	289,857	215,353
17	80	10,735	90,399	192,860	10,300	7,136	77,797	168,196	106,792	299,653	230,883
18	81	10,735	96,347	192,860	10,300	7,491	86,897	183,244	116,866	309,726	246,441
19	82	10,735	102,255	192,860	10,300	7,841	96,478	198,732	127,204	320,064	262,024
20	83	10,735	108,131	192,860	10,300	8,170	106,519	214,650	137,771	330,631	277,626
21	84	10,735	113,487	192,860	10,300	8,683	117,177	230,664	148,797	341,657	292,906
22	85	10,735	118,673	192,860	10,300	9,098	128,343	247,015	160,150	353,010	308,233
23	86	10,735	123,653	192,860	10,300	9,516	139,993	263,646	171,830	364,690	323,603
24	87	10,735	128,386	192,860	10,300	10,021	152,191	280,577	183,941	376,801	339,111
25	88	10,735	132,840	192,860	10,300	10,525	164,911	297,751	196,481	389,341	354,752
26	89	10,735	136,990	192,860	10,300	11,029	178,120	315,111	209,450	402,310	370,535
27	90	10,735	140,844	192,860	10,300	11,537	191,818	332,662	222,853	415,713	386,484
28	91	10,735	144,424	192,860	10,300	12,035	205,990	350,414	236,681	429,541	402,621
29	92	10,735	147,794	192,860	10,300	12,503	220,628	368,422	250,899	443,759	418,970
30	93	10,735	151,048	192,860	10,300	12,940	235,753	386,802	265,470	458,330	435,558

PERFECT STORM

Dealing with Finances After the Death of a Spouse

SPOUSE A
Pension \$45,000
Social Security \$35,000
TSP Withdrawal \$25,000 (\$625,000 x 4%)
TOTAL INCOME \$100,000

Scenario 1



SPOUSE A DIES
Pension \$22,500
Social Security TBD* (*lesser of the two spouses ss)
TSP Withdrawal \$25,000 (\$625,000 x 4%)
TOTAL INCOME \$47,500 (plus SS)

Scenario 2



SPOUSE A DIES PLUS LONG TERM CARE EVENT
Pension \$22,500
Social Security TBD* (*lesser of the two spouses ss)
TSP Withdrawal \$0
TOTAL INCOME \$22,500



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<https://www.surveymonkey.com/r/DCSOFASURVEY>



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