

AIA Trust



Insurance & Financial Programs for
AIA Members & Components

EXPAND YOUR RETIREMENT PLANNING HORIZONS

By AXA Association Business Solutions

AIA Members Retirement Program

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TOPICS TO BE COVERED

- Retirement Fast Facts – Did You Know?
- Case Study Discussions and Online Calculators
- Preparing for Retirement
- Decisions I Need to Make
- Getting Started
- Open Discussion



RETIREMENT FAST FACTS

DID YOU KNOW?

Almost 50% of U.S.
investors are worried
they will outlive their
savings in retirement



RETIREMENT FAST FACTS

DID YOU KNOW?

85% of employers believe
workers who participate in
financial wellness
programs are more
productive on the job



RELECTION

ASK YOURSELF

Have I realistically
prepared myself well
enough for retirement?



RETIREMENT FAST FACTS

DID YOU KNOW?

Americans currently live an
average of 18.7 years after Age 65

Years in retirement could represent
20% to 25% of your entire life



RELECTION

ASK YOURSELF

What does retirement look like to me?



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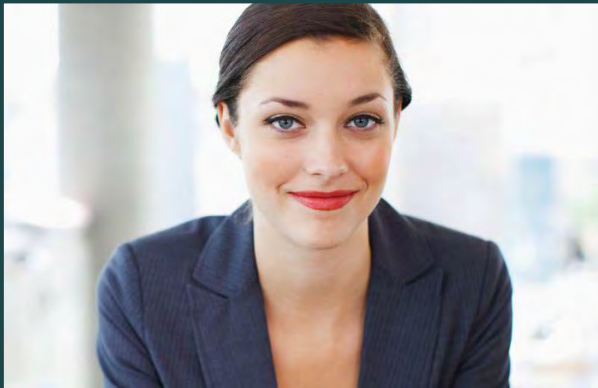
Expand Your Retirement Planning Horizons



Calculator for case studies: <https://us.axa.com/goals/retirement-planning/calculator.html>



CASE STUDY #1: RECENT GRADUATE



Tammy, Assoc. AIA

- **Age:** 24
- **Annual Income:** \$52,000
- **Desired retirement age:** 54
- **Years to retirement:** 30
- **Goal:** Retire early and travel the world

- Recent graduate of a top architecture school in the U.S., studying for ARE
- Repaying hefty student loans
- Working at a prestigious firm in an affluent city with plans to purchase a nearby townhouse
- Retirement savings goal is \$200/month



CASE STUDY #2: 13 YEARS TO RETIREMENT



Jim, FAIA

- **Age:** 54
- **Annual Income:** \$200,000
- **Desired retirement age:** 67
- **Years to retirement:** 13
- **Spouse:** Tina, age 51
- **Goal:** Enjoy family/friends and help fund college education for grandson

- Jim has owned his firm and a two story office building for 20 years
- He spent many years reinvesting significant portions of his income to build his firm
- Jim plans to sell his firm and his office building to off-set financial needs during retirement
- Jim currently saves \$150/month and has amassed a total of \$200,000 in retirement savings
- Tina, Jim's spouse, is the office manager, earning \$60,000 annually
- Tina has saved \$10,000 towards retirement
- Tina plans to retire early, in conjunction with Jim



RETIREMENT FAST FACTS

DID YOU KNOW?

The idea of “retirement” is changing, with people in their 50s, 60s, and 70s easing into retirement by working part-time



CASE STUDY #3: WORK DURING RETIREMENT



Bennie, RA

- **Age:** 47
- **Annual Income:** \$130,000
- **Desired retirement age:** 67
- **Years to retirement:** 20
- **Spouse:** John, age 49
- **Goal:** Retire and open a sports memorabilia store

- Bennie currently saves \$1,200/month and has amassed \$350,000 in retirement savings
- John, Bennie's spouse, is a marketing director, earning \$130,000/year
- John allocates \$150/month towards retirement savings and has saved \$85,000
- State benefit rules differ for same sex couples and this worries Bennie and John
- Bennie and John live very modestly and plan to continue doing so during retirement



RETIREMENT FAST FACTS

DID YOU KNOW?

46% of Americans have
less than \$10,000 saved
for retirement



PREPARING FOR RETIREMENT





RETIREMENT IS A JOURNEY, NOT A DESTINATION

Retirement has changed:

- Retire early
- Delay retirement
- Work part-time in retirement

A comfortable life in retirement requires
commitment and planning



RETIREMENT FAST FACTS

DID YOU KNOW?

The biggest risk retirees face is not know how long they will live

THE CONSEQUENCE?

Not knowing how long their resources will be required to sustain their lifestyles



HOW LONG RETIREMENT WILL LAST

You could live for 20+ years in retirement

Male



40% chance of living to
age 85

20% chance of
living to age 90

Female



53% chance of living to
age 85

31% chance of
living to age 90

Couple



72% chance of living to
age 85

One partner has 45% chance of
living to age 90



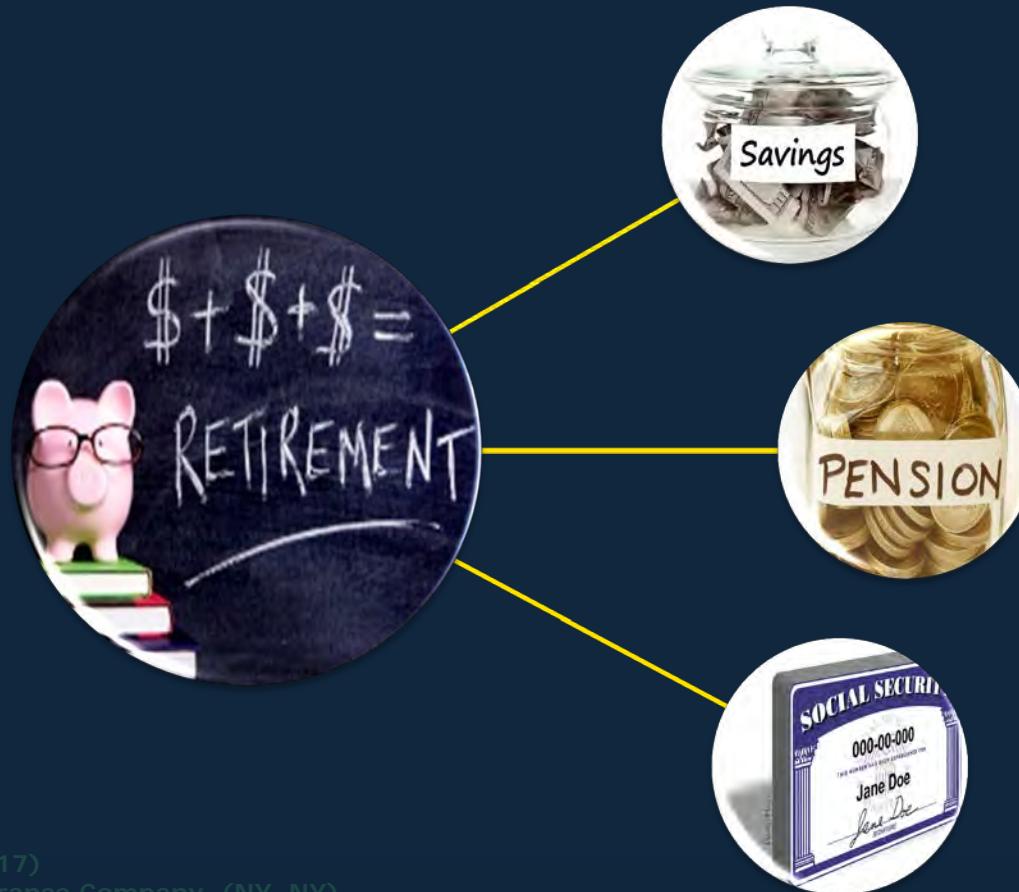
RETIREMENT FAST FACTS

DID YOU KNOW?

Only 15% of retirement savers have taken health care costs into consideration when planning for retirement

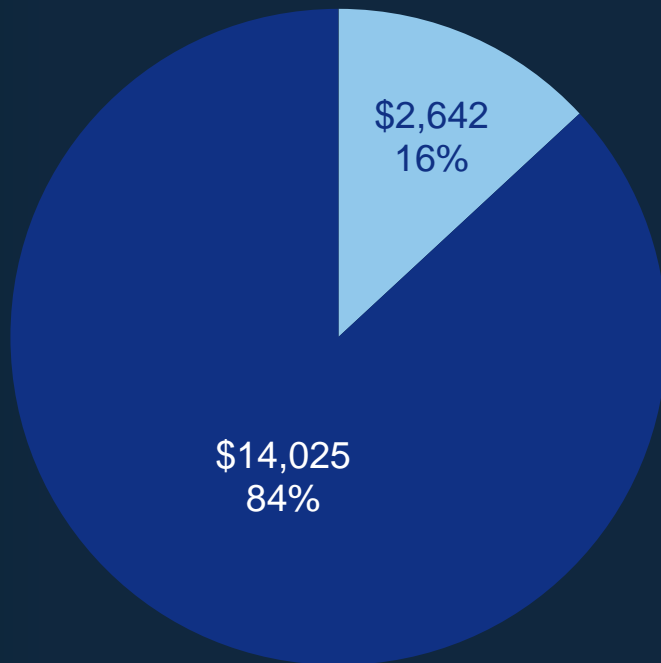


SOURCES OF RETIREMENT INCOME





SOCIAL SECURITY AND INCOME REPLACEMENT



\$2,642 = The 2014 maximum monthly Social Security payment at full retirement age

\$16,667 = The monthly payment required to replace an annual income of \$200,000



RETIREMENT FAST FACTS

DID YOU KNOW?

Congress has cut Social Security by
24% since 1983

Social Security's accumulated trust
fund will be depleted in 2033, unless
changes are made



IDENTIFYING THE SAVINGS GAP

The amount of
money you have
saved



The amount you
need to fund your
retirement



Your retirement
savings gap





RETIREMENT FAST FACTS

DID YOU KNOW?

Fewer than 50% of
Americans have calculated
how much they need to
save for life in retirement



DECISION TO MAKE





WHEN [OR IF] TO RETIRE

- Sell my firm and retire early
- Work until I die
- Retire on typical retirement date
- Keep working past typical retirement date
- Work part-time
- Retire and start a new business





CONSIDER THIS: SMALL SACRIFICES

	Unit Price	Per Week	Per Year	If invested in plan for 40 years
1 specialty coffee	\$4.00	\$28.00	\$1,460.00	\$537,471
1 movie per week	\$10.00	\$10.00	\$521.00	\$191,954
1 candy bar per day	\$0.70	\$4.90	\$255.50	\$94,057

Assumes 4% annual price inflation, deposits to plan at the end of each month, and 7% average annual returns, net of fees, no taxes apply. There are 52.143 weeks in a 365-day year. Newkirk Products, Inc. Research, 2011

Although this example uses an assumed constant rate of return, actual rates of return will vary over time particularly for long-term investments.



ESTIMATE YOUR PERSONAL SAVINGS

- Retirement plan(s)
- Stocks
- Bonds
- Mutual funds
- Annuities
- Real estate
- Alternative investments





HOW TO INVEST DURING RETIREMENT

- You may need to remain invested throughout retirement
- Determine how much income you'll need to withdraw from savings
- Have a strategy, so you don't outlive your savings
- Allocate your assets appropriately
- Diversify and rebalance your portfolio

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GETTING STARTED





A RETIREMENT PRACTICE FOR YOUR FIRM

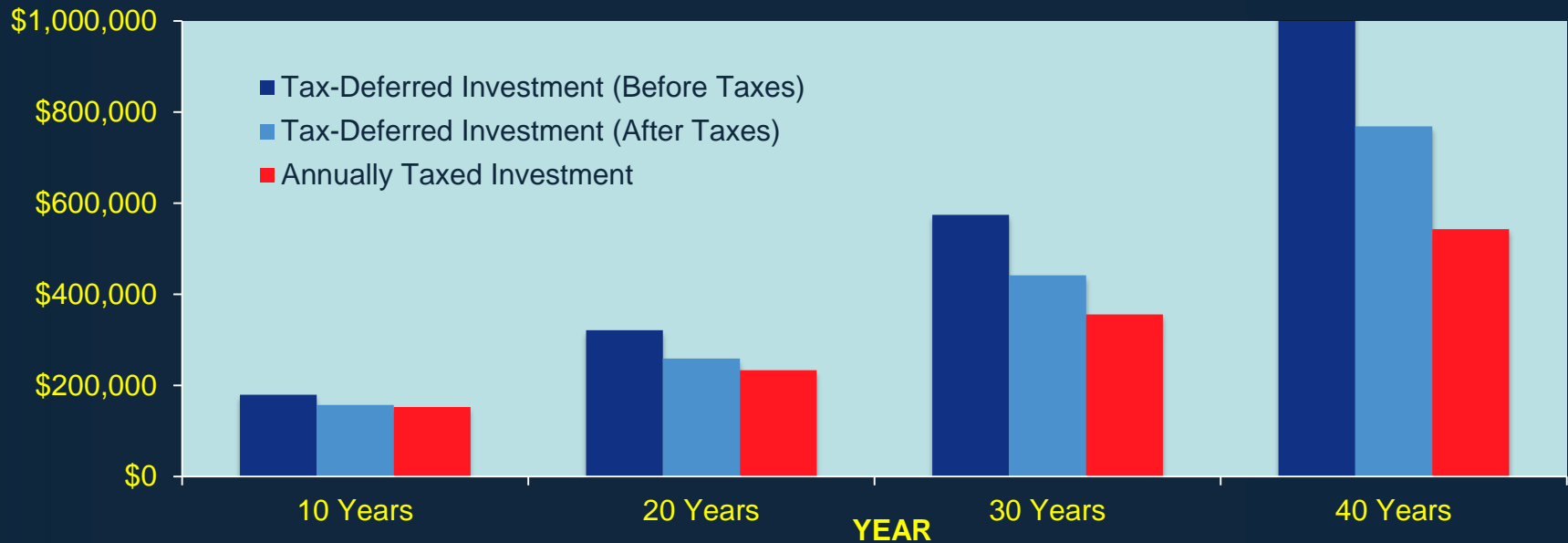
- Build your nest egg
- A carefully chosen plan may:
 - Attract qualified candidates
 - Retain key staff
 - Minimize cost of plan administration
- Compounding of earnings
- Investment Opportunities
- Tax deductions and tax deferred growth potential
- Asset allocation, dollar cost averaging and other tools

NOTE: Since dollar cost averaging involves continuously investing in securities regardless of fluctuating price levels, you need to consider your ability to continue purchasing through low price periods. Asset allocation does not guarantee a profit or protect against loss.



Expand Your Retirement Planning Horizons

VALUE OF TAX-DEFERRMENT



For illustrative purposes only. This hypothetical chart does not represent actual performance of any specific product or investment. Withdrawals of tax-deferred earnings are subject to ordinary income tax. A 10% federal income tax penalty may also apply if you take the withdrawal before you reach age 59½. Dividends and sales profits on annually taxed investments are generally taxed at capital gains tax rates, which can be lower than ordinary federal income tax rates. Using capital gains tax rates with the taxed annually investment would reduce the difference between the taxed annually and tax-deferred accounts shown above.

Many tax-deferred products have fees and charges, which are not included in the tax-deferred examples shown here. If they were, the returns of the tax-deferred examples including variable annuities would be lower. Consider your personal investment horizon and income tax bracket, both current and anticipated, when making an investment decision. These factors, as well as changes in tax rates and the treatment of investment earnings, may further affect the results of this comparison.



CREATE YOUR RETIREMENT VISION

Step 1

Assess where you stand

- Estimate assets from each retirement income source
- Identify current investments and contribution amounts
- Determine how much you *should* be saving

Step 2

Identify Goals

- Define the amount you'll need at retirement
- Identify savings gap (if any)
- Determine how much you should be saving

Step 3

Get Started

- Review existing plan or create one
- Enroll in programs that can help meet your goals
- Contribute enough to close your savings gap
- Contact a Retirement Program Specialist for a complimentary consultation or free evaluation and comparison of your current plan

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Questions? Comments?

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