

SHA Retirement – One Digital

Retirement Readiness

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2021

Who is OneDigital?

Combining people and technology, OneDigital offers employers a sophisticated combination of strategic benefit advisory services, human resources consulting, comprehensive insurance offerings and retirement plan and wealth management services.



THE ONEDIGITAL
TEAM

2,000+
employees
and growing



NATIONAL
FOOTPRINT

100
locations
In over 40 States



WHO WE
SERVE

50,000+
employers
Across the globe

About Us



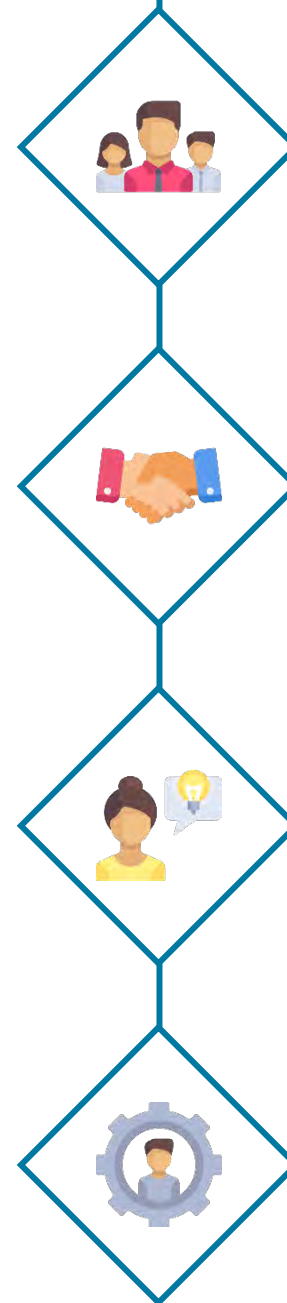
Your local team of retirement plan professionals and financial advisors focused on improving outcomes for your employees and assisting you in meeting your ever-changing fiduciary obligations.

- Kelley Snook AIF Plan Advisor
- Michael Neaton CFP Wealth Advisor



Our registered investment advisor and a national team of industry leaders that collaborate to support your retirement plan and financial well-being of your organization and employees.

- Based in Overland Park, Kansas
- Approximately \$80 Billion in Assets Under Advisement as of 3/31/2021



RETIREMENT PLAN SERVICES

WEALTH MANAGEMENT

PARTICIPANT ENGAGEMENT

RETIREMENT PLAN ADMINISTRATION

Overarching Questions

How much will retirement cost?



Vs.

What will you do in retirement?



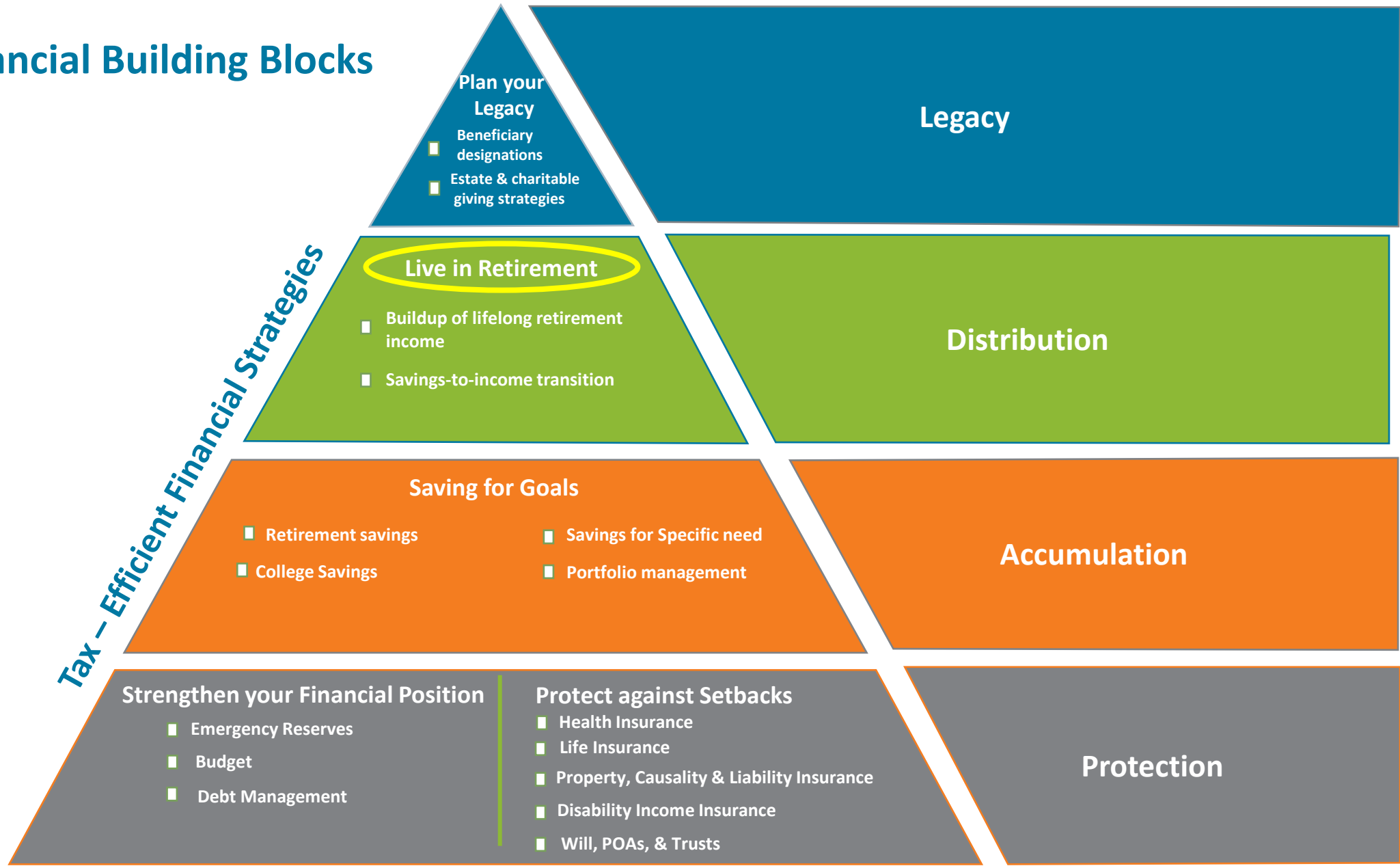
Retirement Readiness

Workshop Agenda

- Hybrid Retirement
- Developing Retirement Income
- Moving From Accumulation to Distributions *“its more than math”*
- Tax Diversification
- Social Security
- Health Insurance Cost
- Longevity Network



Financial Building Blocks





Disclaimer

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What is your biggest risk in retirement?



Market Risk – Stocks going down



Inflation – Good things going up



Taxation



Withdrawal – Spending too early



Sequence of Returns – Market downturn in first few years



Extended Long term Care – Needing to go to a nursing home

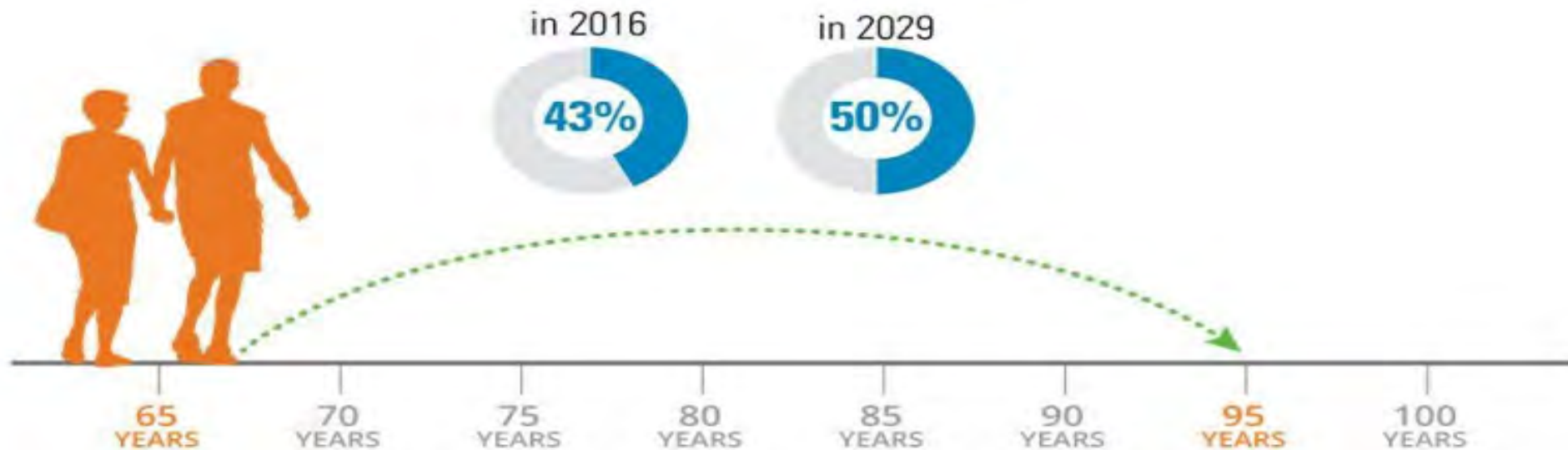


Longevity Risk

8,000 Days Says

A Good Shot of Living to 95

Chance one or both partners in an upper-middle-class couple age 65 survive to at least age 95



Source: *You May Live Longer Than You Think. Here's How to Afford It*, Money, 2/17/17. Most recent data available.

Are you Ready?

8000 days of Retirement

“We have a longevity paradox. Now that we have achieved what humankind has tried to achieve since it has walked—living longer—we really don’t have a good idea of what to do with all that additional time.” —Dr. Joe Coughlin, Director of the MIT AgeLab



Everyday is Saturday?

Traditional Retirement Story



New Retirement Story

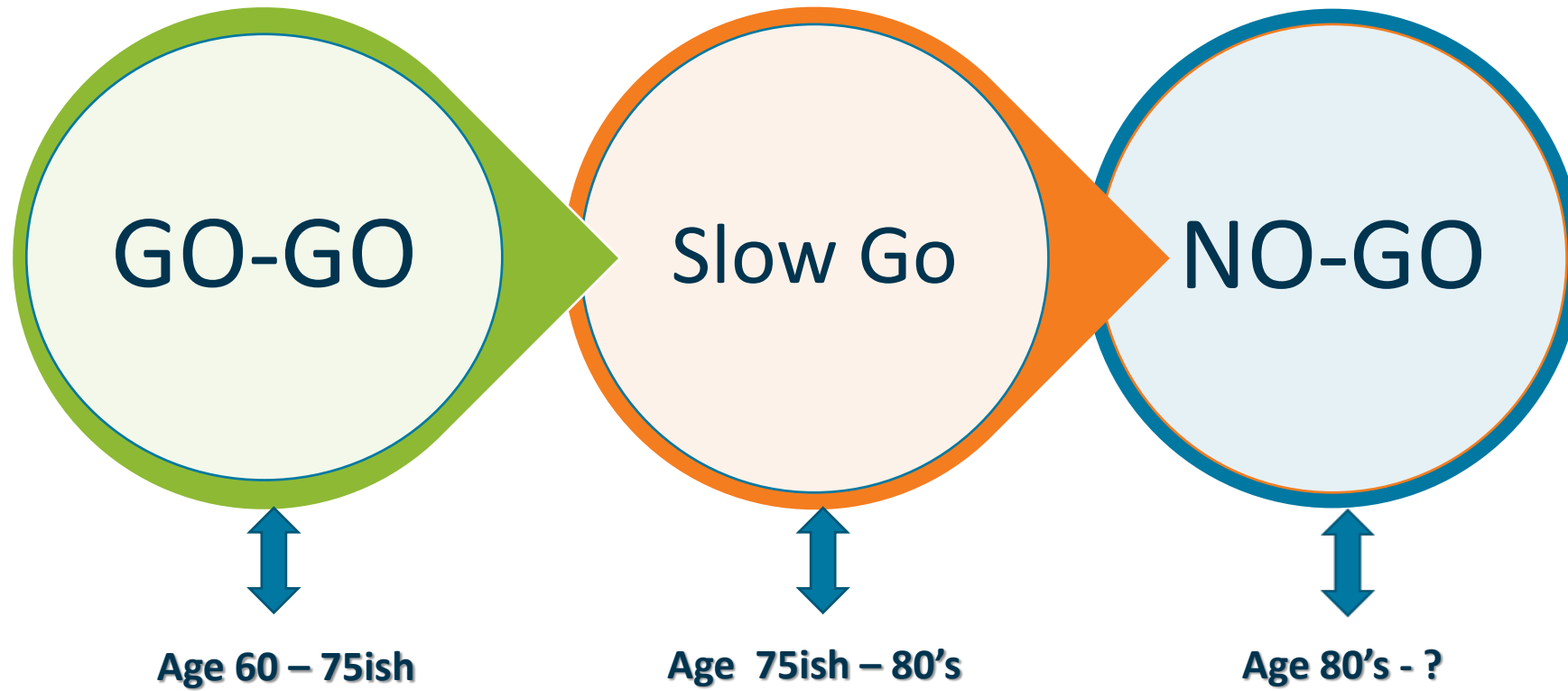


New Retirement Story Cont'd...

Baby Boomer

- More likely to live alone
- More likely to have fewer children
- Live in suburban or rural location, not as easy to access active and livable communities

Stages of Retirement



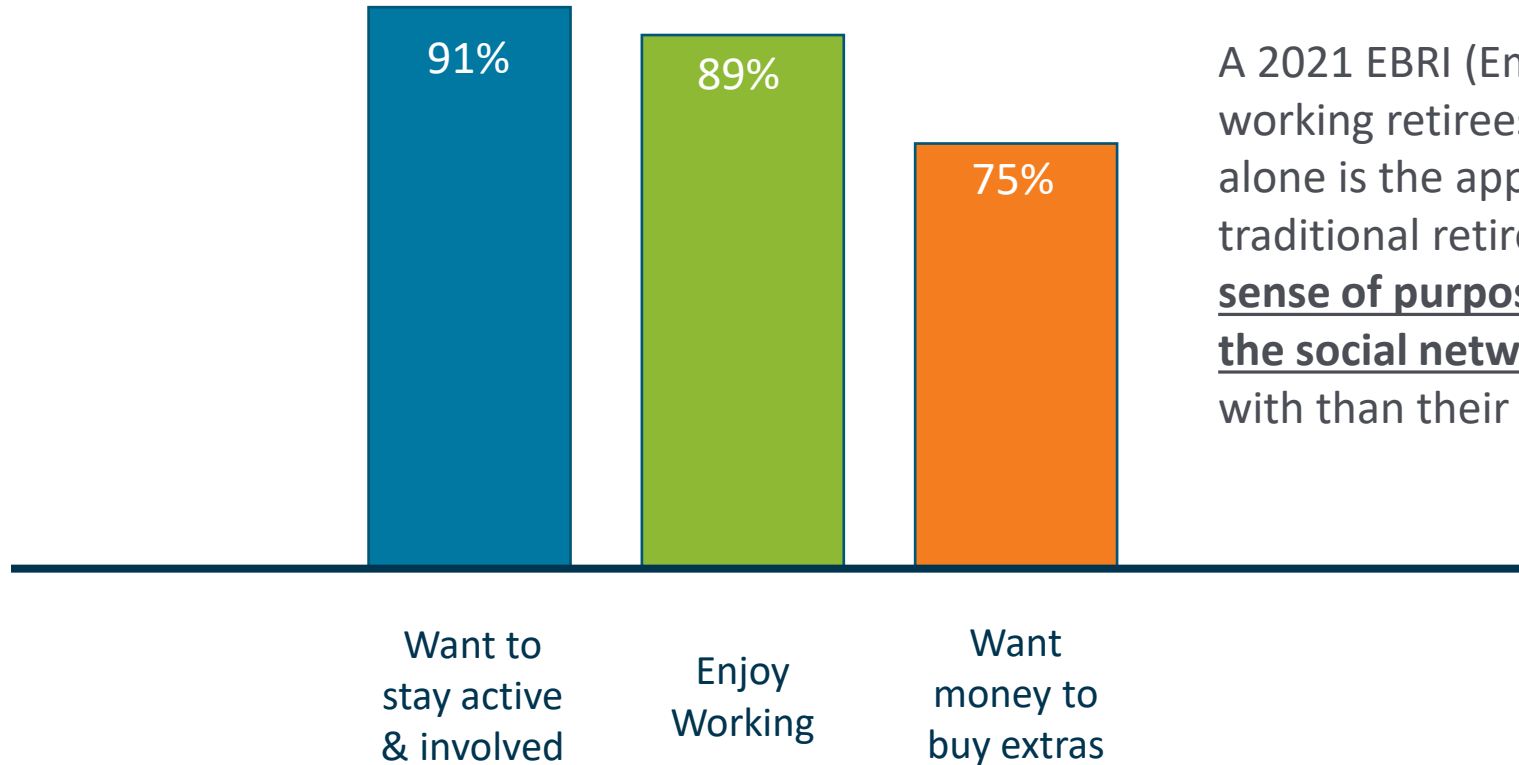
Quality of Life

42% of women and 23% of men over 75 years old live alone in the United States.¹

Three Great Questions

- Who will change my light bulbs?
 - Dad on a latter?
 - Housing
- How will I Get and Ice Cream Cone?
 - How will you easily and routinely access little experiences that give you a smile?
 - Transportation
- Who will I have lunch with?
 - Not only a meal but a an “occasion”!
 - Social Network

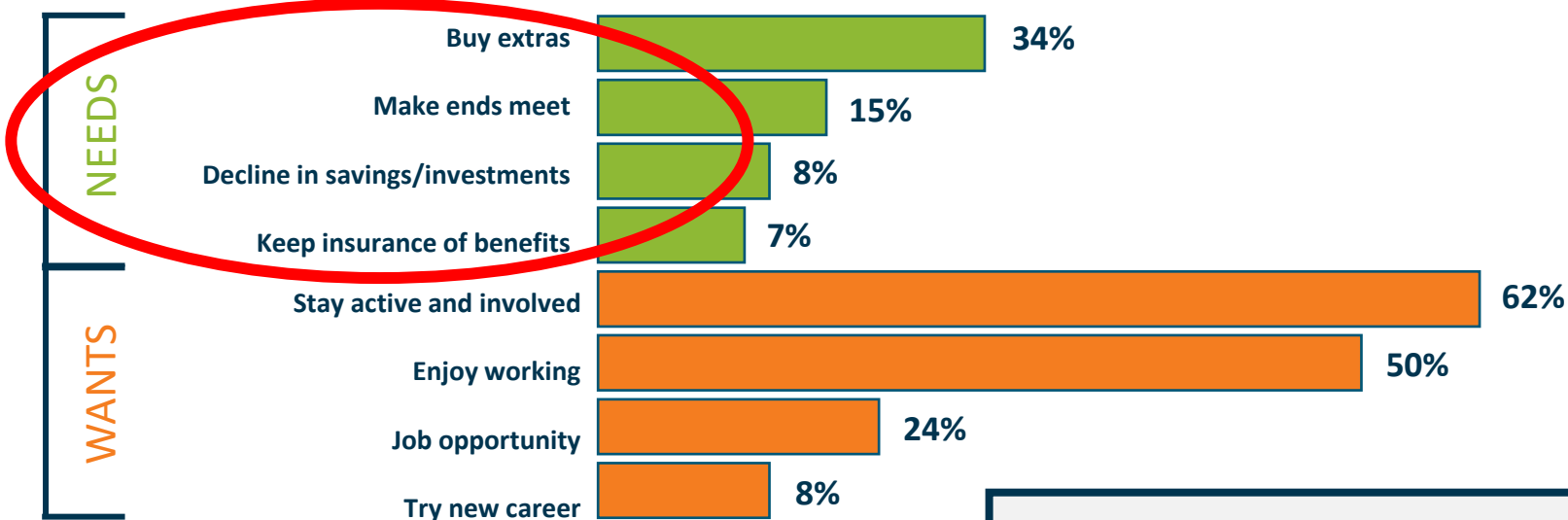
Top reasons for continued worked



A 2021 EBRI (Employee Benefits Research Institute) surveyed working retirees about their reasons for working. While money alone is the appeal for many to continue working past their traditional retirement age, others see work as providing a sense of purpose, personal meaning, and a vital connection to the social network of people they spend more waking hours with than their family.

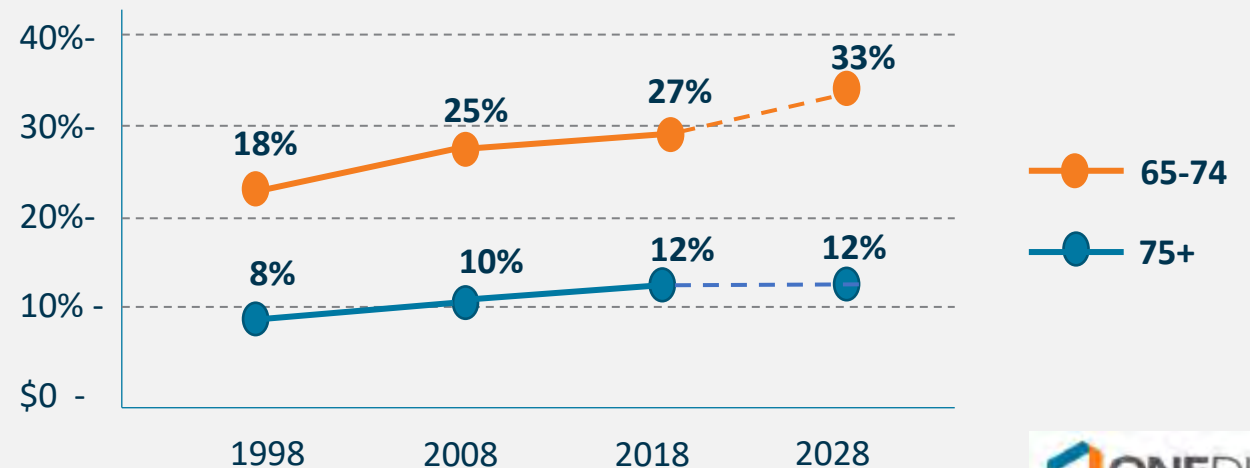
Older Americans still working

Major reasons people work in retirement



The U.S. Bureau of Labor Statistics (BLS) projects that by 2029 — just five years from now — 13 million people aged 65 and older will still be working. These older workers will constitute the fastest-growing segment of the workforce from 2014 to 2024. ⁴

Percent of people in civilian labor force 1998 - 2028



Your Purpose

- What types of arts and culture would you be interested in?

- What kinds of volunteer opportunities in educational setting does your town or city offer?

- What types of outdoor activity's interest you?

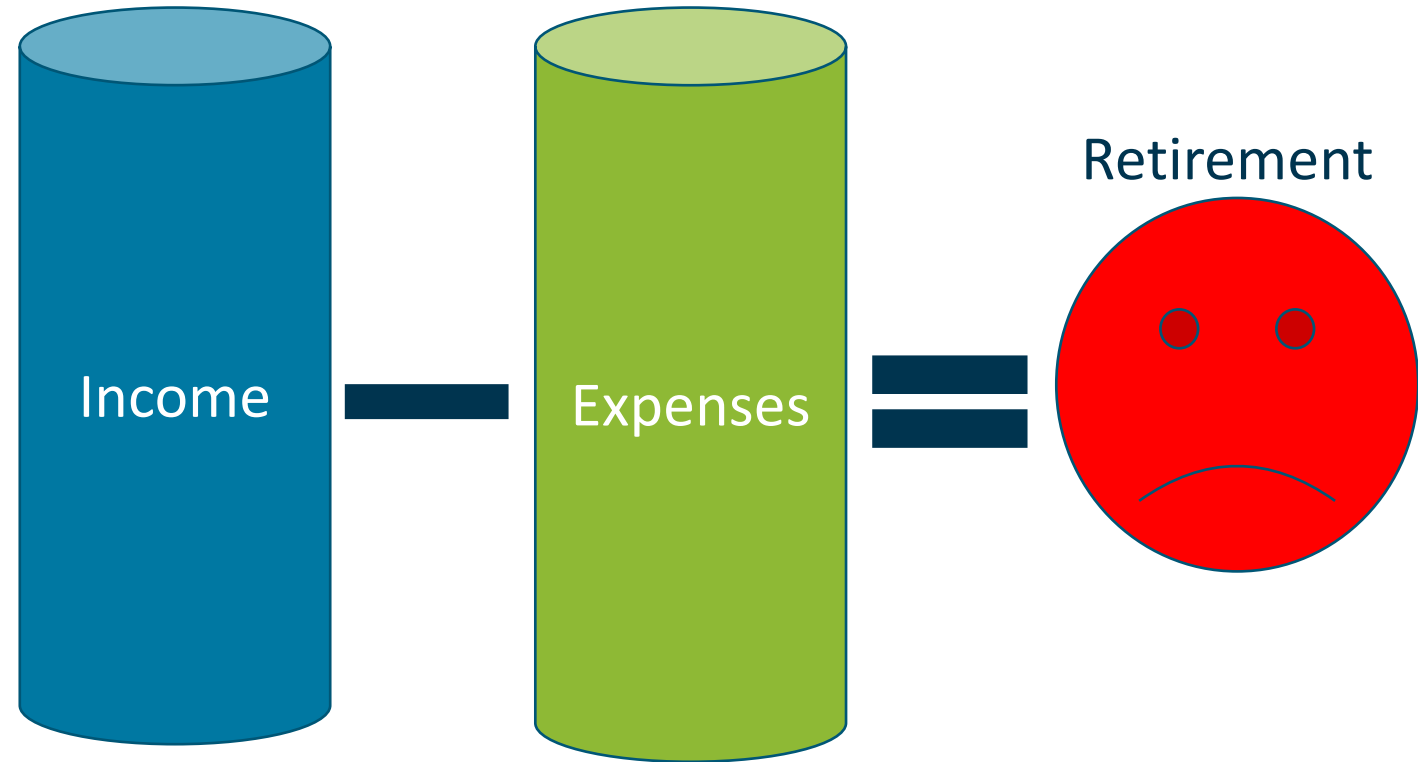
- Are you connected to faith organization?

- Could you help with children in your spare time?

- Are there civic organizations in your local community that you'd like to be involved with?

Retirement is Simple

Right?



Pre-Retires Underestimate

True Living Expense

Cost of Medical Care

Cost of Long-Term Care

Withdrawal Rate

Social Security Running Out

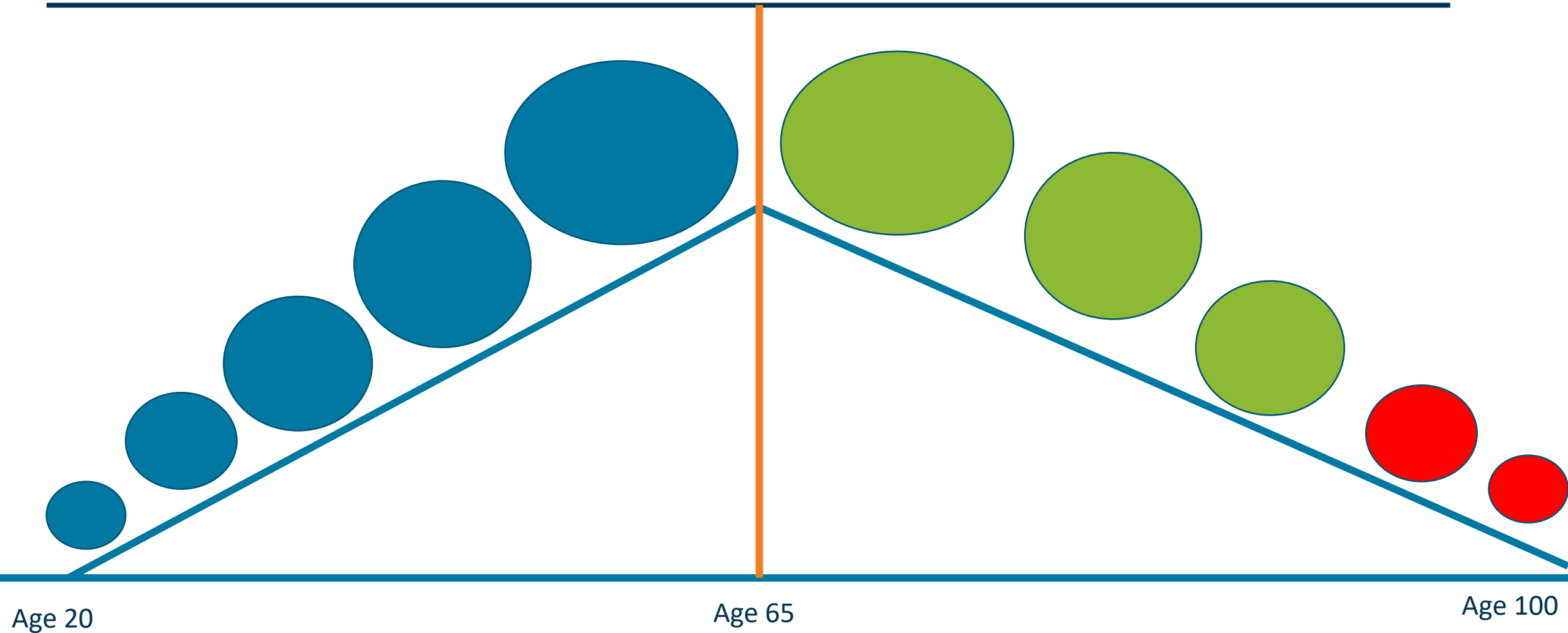
Income Gap

Survivor Gap

Social Security Taxation

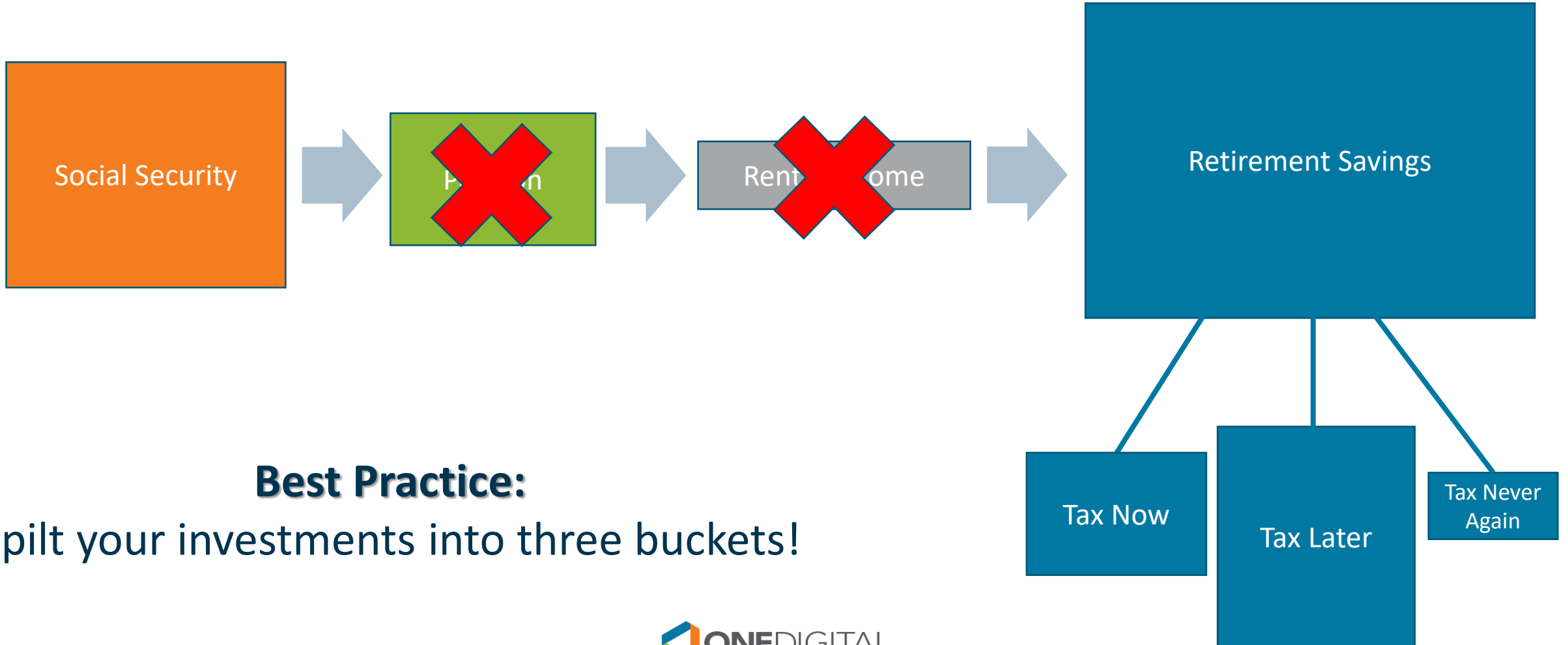
Medicare Part B

Accumulation Transition Distribution





Sources of Retirement Income



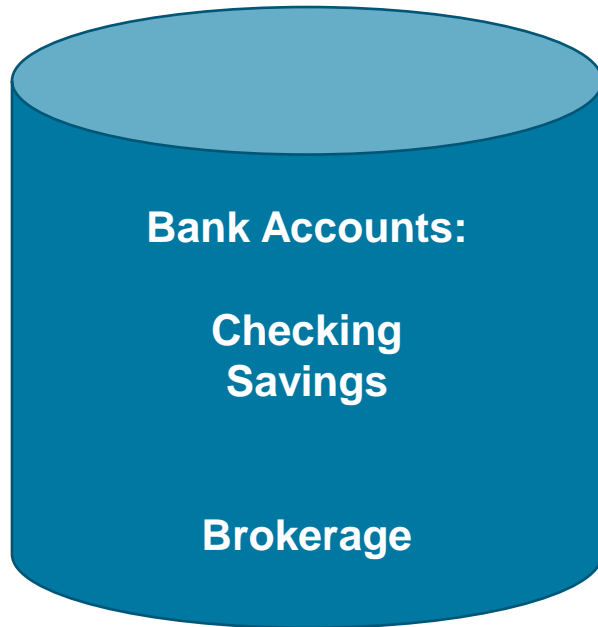
Best Practice:

Spilt your investments into three buckets!

Tax Diversification



Tax Now



Tax Later

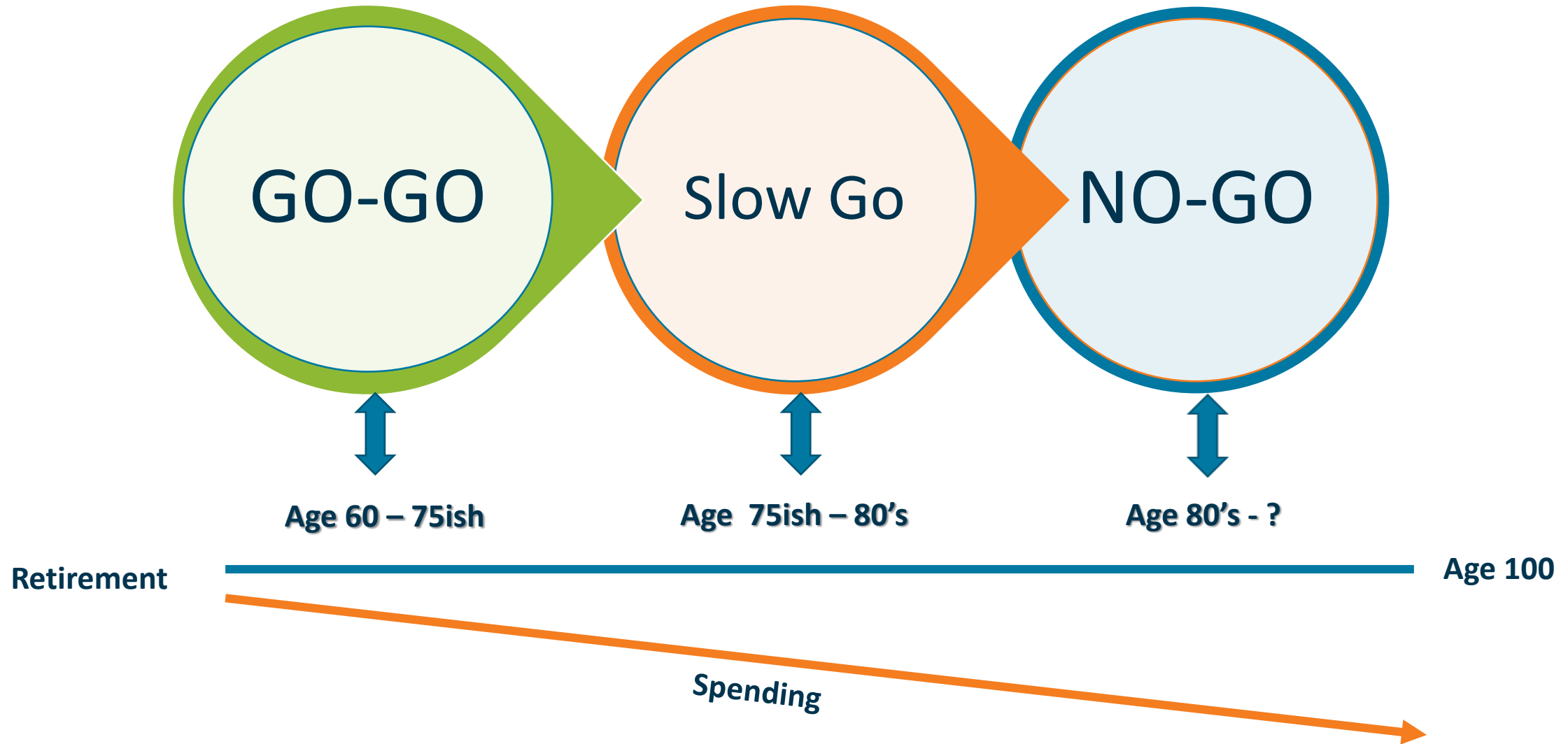


Tax Never Again

Roth IRA
Roth 401k
HSA
529 Plan



Stages of Retirement



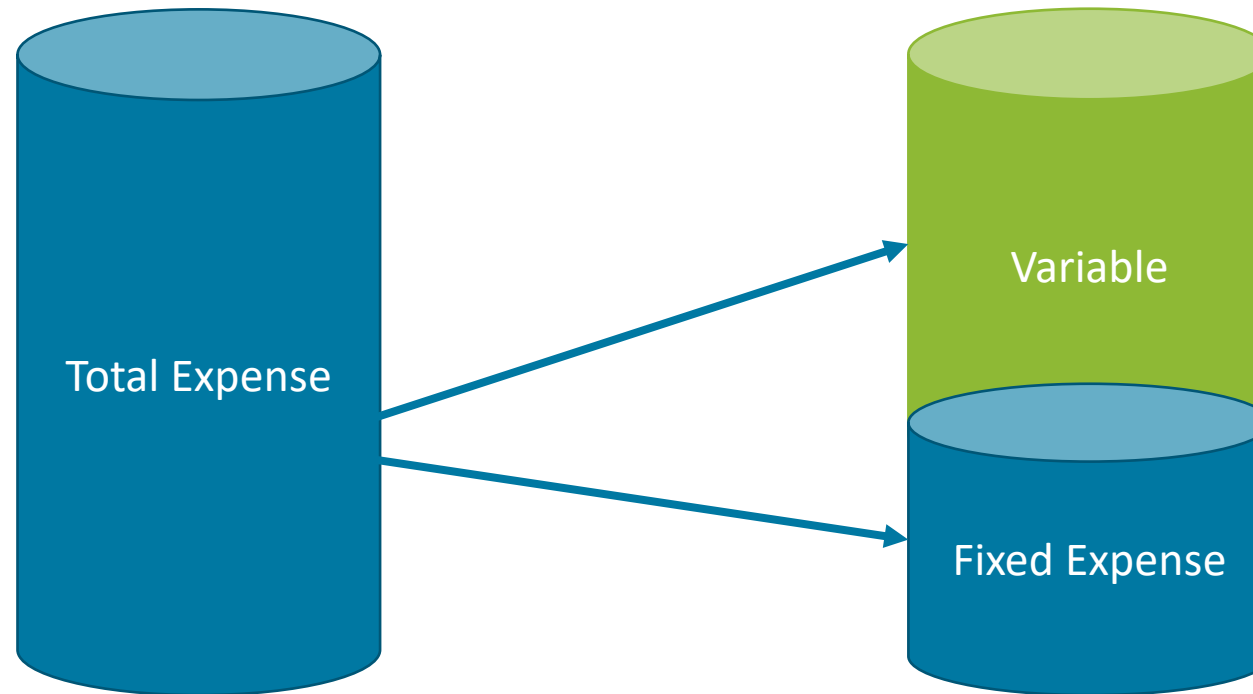
Expense's Needed



How much of your preretirement income do you really need?

Industry Experts Say 75% to 80%

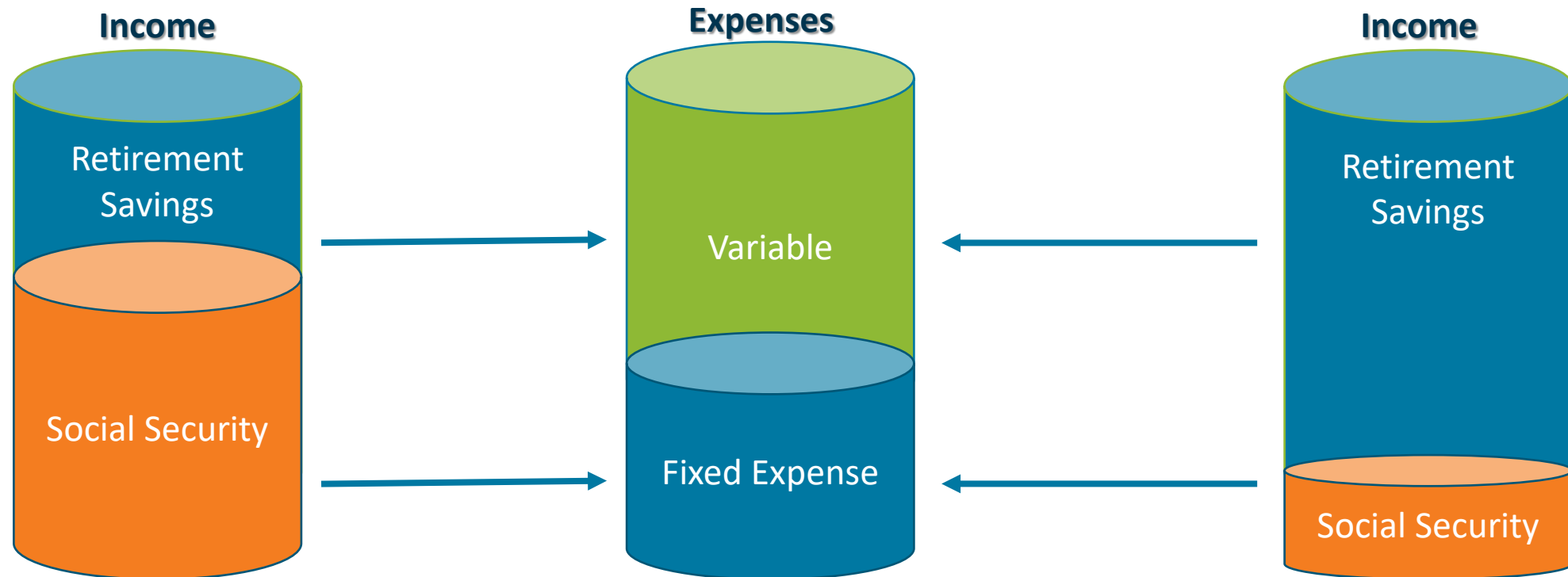
Best Practice:
Spilt your expense into two buckets!



Fixed and Variable Income



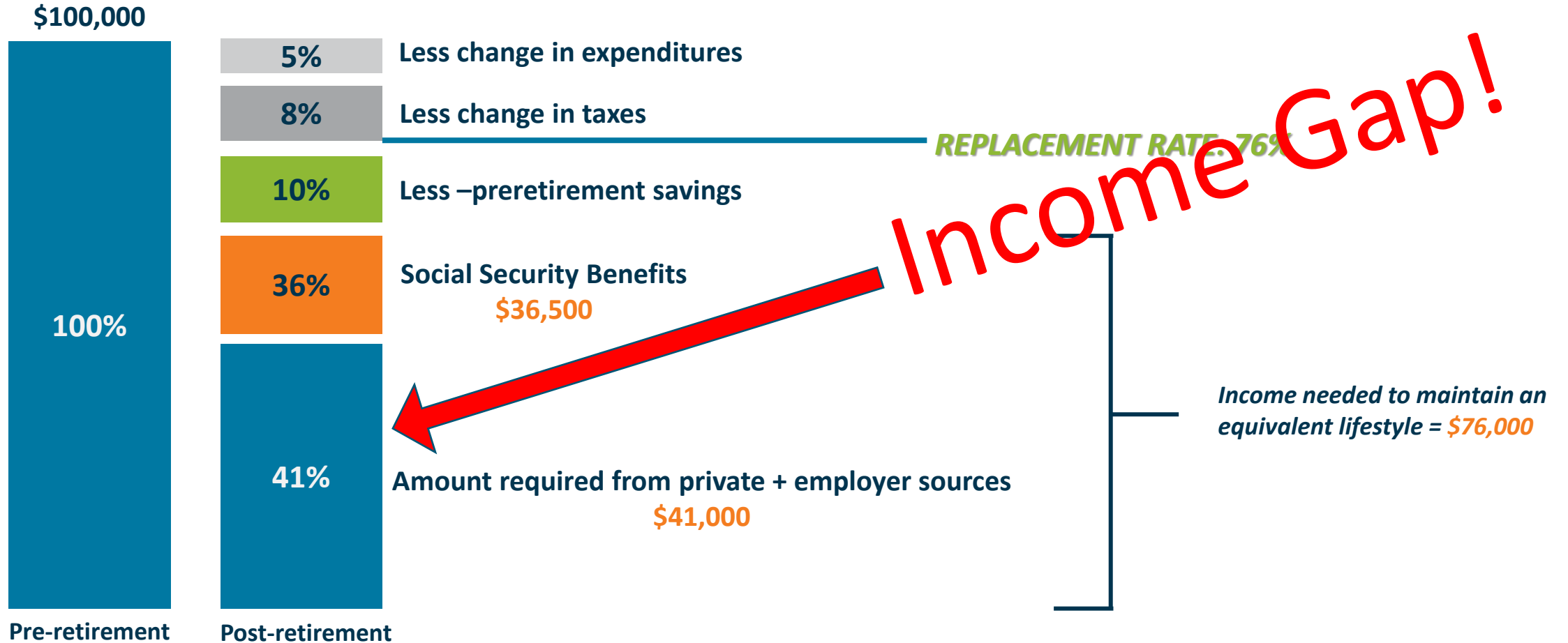
How much of your social security or other guarantee income will cover fixed expenses?



Income Replacement

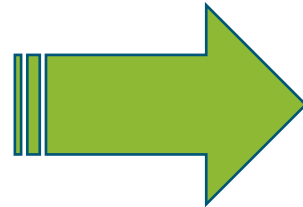


Based on Gross Annual Household Income



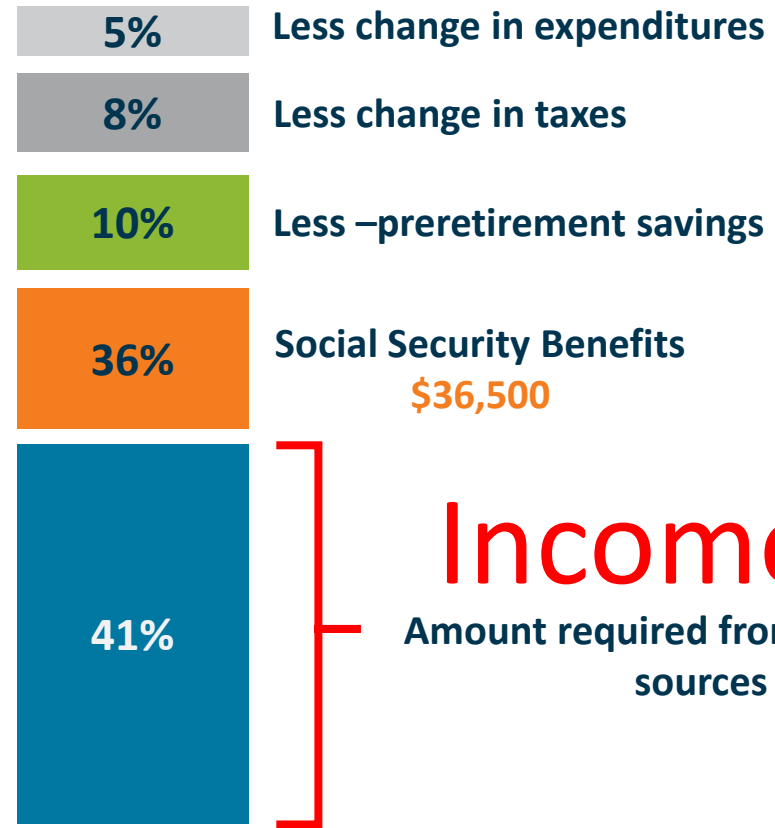
Lump Sum or Interest

4% Rule?



Annual Need

\$76,000

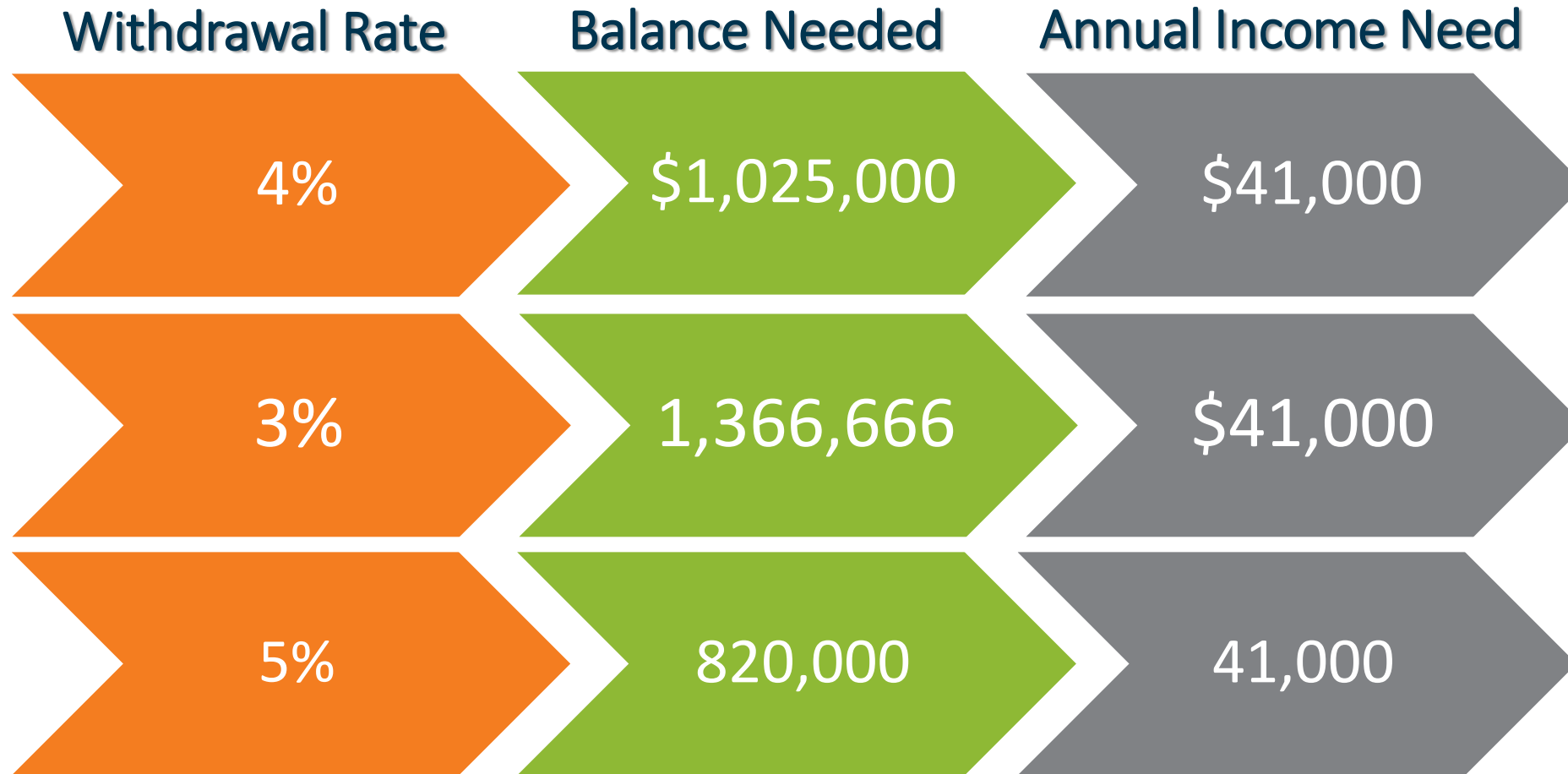


Income Gap!

Amount required from private + employer sources **\$41,000**

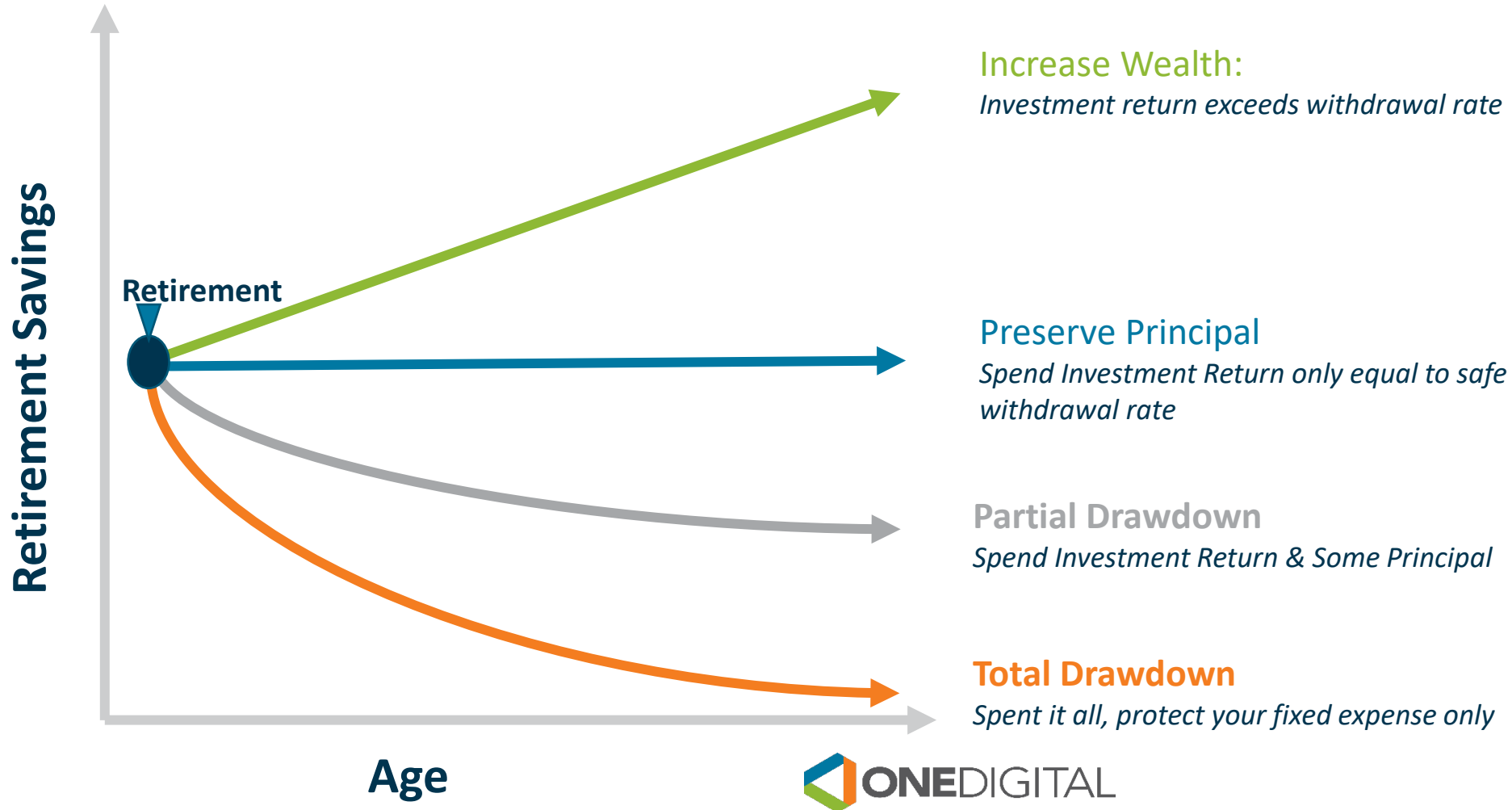
Withdrawal Rate

What is a safe percentage?

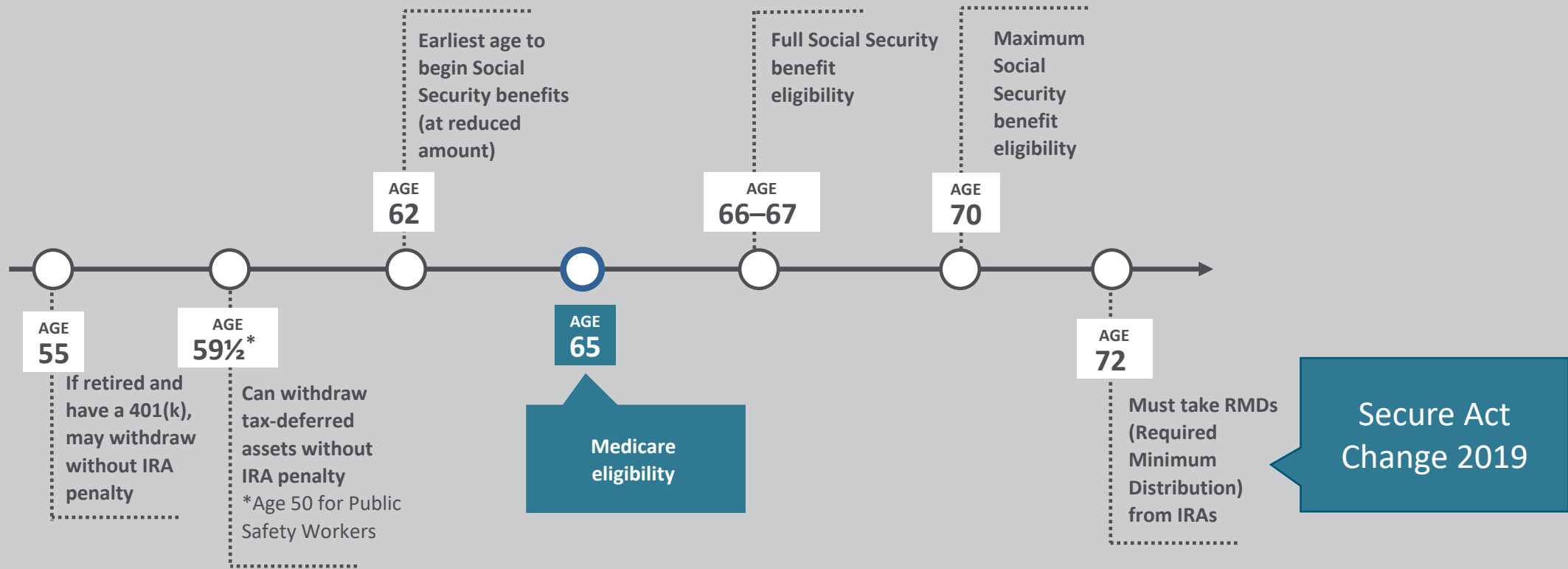


Retirement Spending

What's your goal?

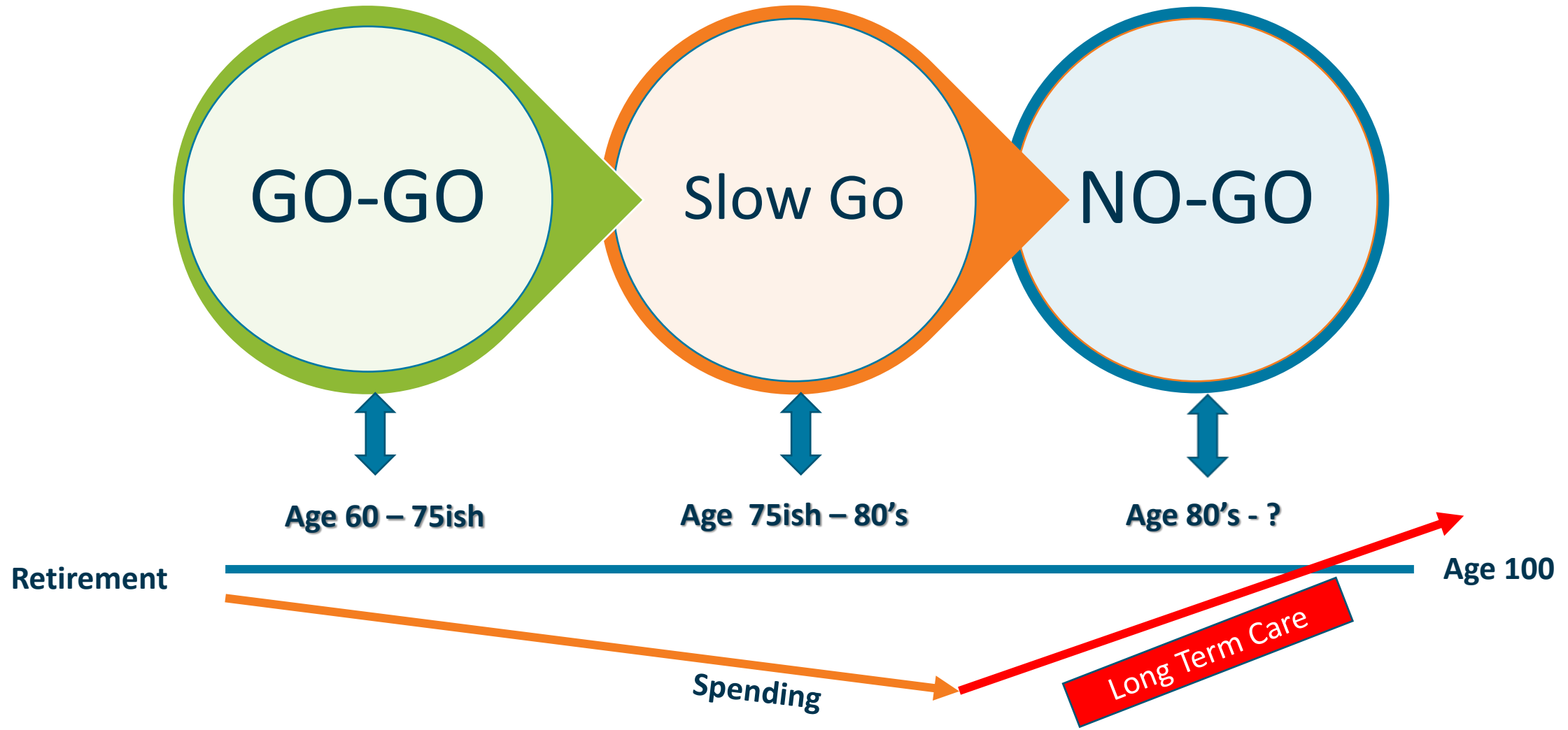


Retirement Decision Points



Source: *The Retirement Income Reference Book, 2015, LIMRA.*

Stages of Retirement




Long Term Care Cost in Michigan

Someone turning **age 65 today** has almost a **70% chance** of needing some type of long-term care services and supports in their remaining years. **Women** need care longer (**3.7 years**) than men (**2.2 years**)

Michigan Median Cost	Annual	Monthly
Homemaker Services	\$53,402	\$4,451
Adult Day Care	\$22,067	\$1,839
Assisted Living Facility	\$49,014	\$4,085
Semi Private Room	\$109,006	\$9,084

Will Social Security Be Here?





Your payment would be about

\$1,827 a month

at full retirement age

WANDA WORKER
456 ANYWHERE AVENUE
MAINTOWN, USA 11111-1111

January 2, 2017

Your Social Security Statement

Your Estimated Benefits

*Retirement	You have earned enough credits to qualify for benefits. At your current earnings rate, if you continue working until...	
	your full retirement age (67 years), your payment would be about.....	\$ 1,827 a month
	age 70, your payment would be about.....	\$ 2,266 a month
	age 62, your payment would be about.....	\$ 1,271 a month
*Disability	You have earned enough credits to qualify for benefits. If you became disabled right now,	
	your payment would be about.....	\$ 1,809 a month
*Family	If you get retirement or disability benefits, your spouse and children also may qualify for benefits.	
*Survivors	You have earned enough credits for your family to receive survivors benefits. If you die this year, certain members of your family may qualify for the following benefits:	
	Your child.....	\$ 1,356 a month
	Your spouse who is caring for your child.....	\$ 1,356 a month
	Your spouse, if benefits start at full retirement age.....	\$ 1,809 a month
	Total family benefits cannot be more than.....	\$ 3,298 a month
	Your spouse or minor child may be eligible for a special one-time death benefit of \$255.	
Medicare	You have enough credits to qualify for Medicare at age 65. Even if you do not retire at age 65, be sure to contact Social Security three months before your 65th birthday to enroll in Medicare.	
	* Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2034, the payroll taxes collected will be enough to pay only about 79 percent of scheduled benefits.	
	We based your benefit estimates on these facts:	
	Your date of birth (please verify your name on page 1 and this date of birth).....	April 5, 1957
	Your estimated taxable earnings per year after 2017.....	\$45,468
	Your Social Security number (only the last four digits are shown to help prevent identity theft).....	XXX-XX-1234

Proposed Changes

- ❖ Raise Payroll Tax
- ❖ Raise Taxable Wage Base
- ❖ Raise Retirement Age
- ❖ Means Testing
- ❖ Recalculating COLA
- ❖ Raise Earliest Eligibility Age
- ❖ Base Benefits on Highest 40 years of Earnings

Taxable Wage Base
\$147,000 2022

The law governing benefits may change because, by 2034, the payroll taxes collected will be enough to pay only about 79 percent of scheduled benefits.

Survivor Income Gap



What happens to your benefits at first death?

Age	62	66
Joe	\$1,950/mo.	\$2,600/mo.
Erin	\$750/mo.	\$1,000/mo.

Pop Quiz!

How much is the death benefit from Social Security?

- ❖ The bread winner protects two lives!
- ❖ Higher benefits stays lower benefit leaves!
 - ❖ Will they be able to make it on **\$1,000 less** a month?
 - ❖ Survivor Gap

\$255 Form SSA-8



Social Security Taxed?

Note:

In most cases your Social will be taxed, you would need to show very little income on in order to avoid taxation.

Yes! In most cases

Provisional Income federal tax on benefits



Provisional Income



Modified Adjusted Gross Income + $\frac{1}{2}$ Social Security Benefits

Percentage of Benefits Subject to Tax	Single Filers' PI	Married Filers' PI
0%	\$25,000	\$32,000
Up to 50%	\$25,000 – \$34,000	\$32,000 - \$44,000
Up to 85%	Above \$34,000	Above \$44,000

Provisional Income Example



Income Sources	Month	Annual
Joe's Social Security	\$2,500	\$30,000
Erin's Social Security	\$1,000	\$12,000
Social Security Total	\$3,500	\$42,000 divide by 2 = 21,000
Erin's Pension	\$1,000	\$12,000
Joe's IRA Distribution	\$1,250	\$15,000
Provisional Income	=	\$48,000 (4,000 over 44k)

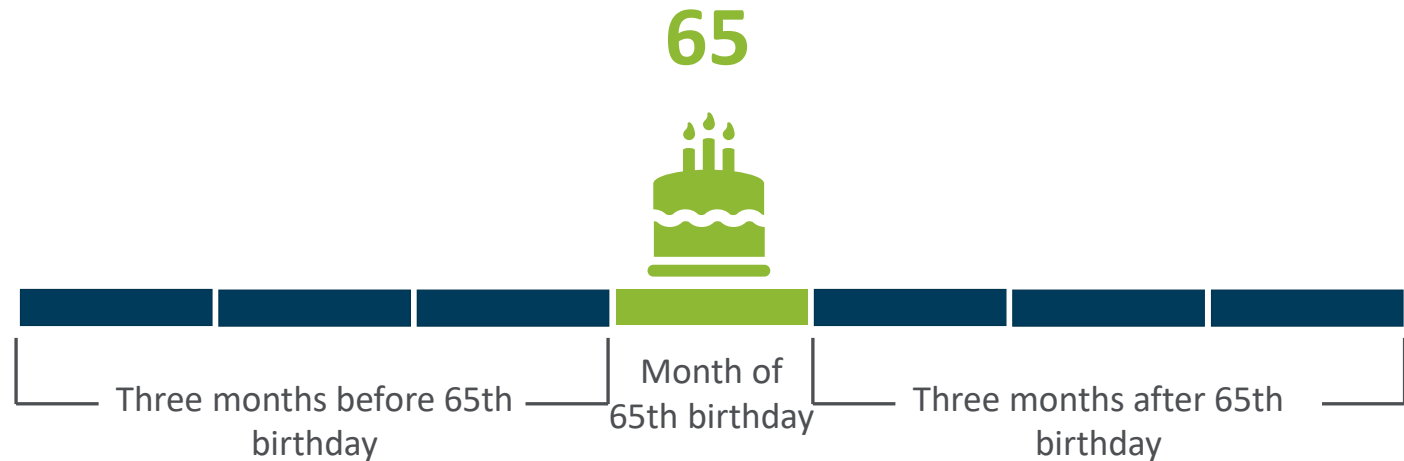
85% of \$42,000 = \$35,700

\$35,700 taxed at 12% Tax Rate = \$7,854

Applying for Medicare

Enrollment is automatic if clients are collecting Social Security prior to Medicare eligibility

All others must apply with Social Security during their **seven-month Initial Enrollment Period (IEP)**



Retirement Health Insurance Gap:

How will you fill this gap if retiring prior to age 65?

The sooner, the better.

Cost of Medicare Premiums



Coverage	Monthly	Annual
Medicare Part A	\$0	\$0
Medicare Part B	\$170*	\$2,040 ¹
Medicare Part D	\$35.00	\$420 ²
Medigap Plan G	132.00	\$1,584 ³
Total per person	\$337	\$4,044
Total per couple	\$674	\$8,088

**If protected by the hold-harmless provision.*

This grid shows you the actual cost of premiums based on investor's annual income below \$182,000 married filed jointly. This is for illustrative purposes only.

Medicare.gov, 2022.

National Average for Medicare Part D 2022

Medicare.gov., 2022 BCBS cost for Medigap Supplement Plan F in Oakland County, MI. (no deductible)

Planning vs Preparing

Planning

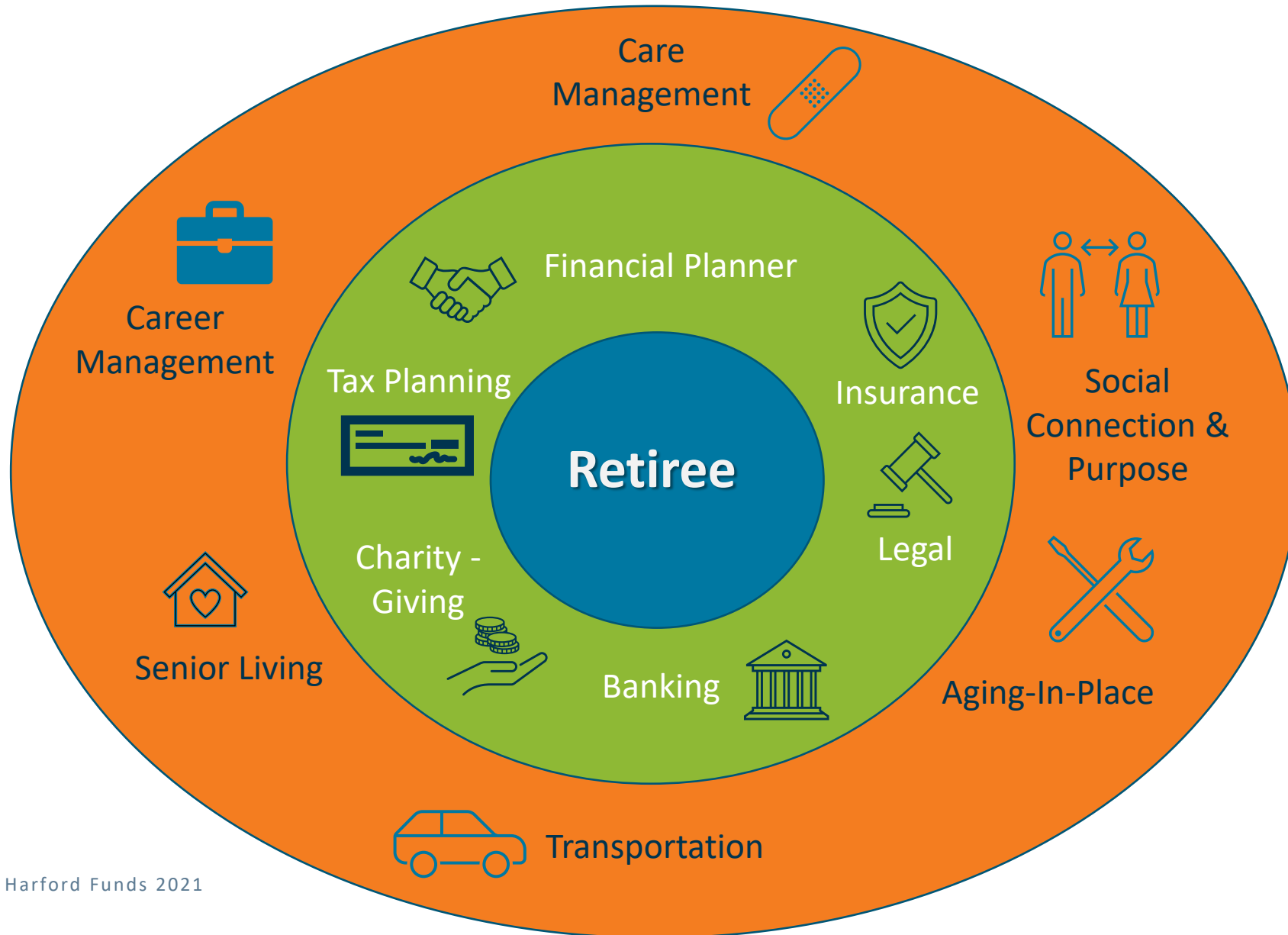


Vs.

Preparing



Longevity Network



Resources

- ❖ Social Security 800-772-1213
- ❖ www.ssa.gov.com
- ❖ Medicare 800-633-4227
- ❖ www.medicare.gov
- ❖ Encore.org
- ❖ Lifereimagined.aarp.org
- ❖ Hartfordfunds.com/purpose

Best to prepare before you must repair!

Questions?

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Team



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