



# Gear up for a greater future

Plan toward a better retirement by knowing what to expect along the way.



**Prudential**



# Retirement Mile Markers

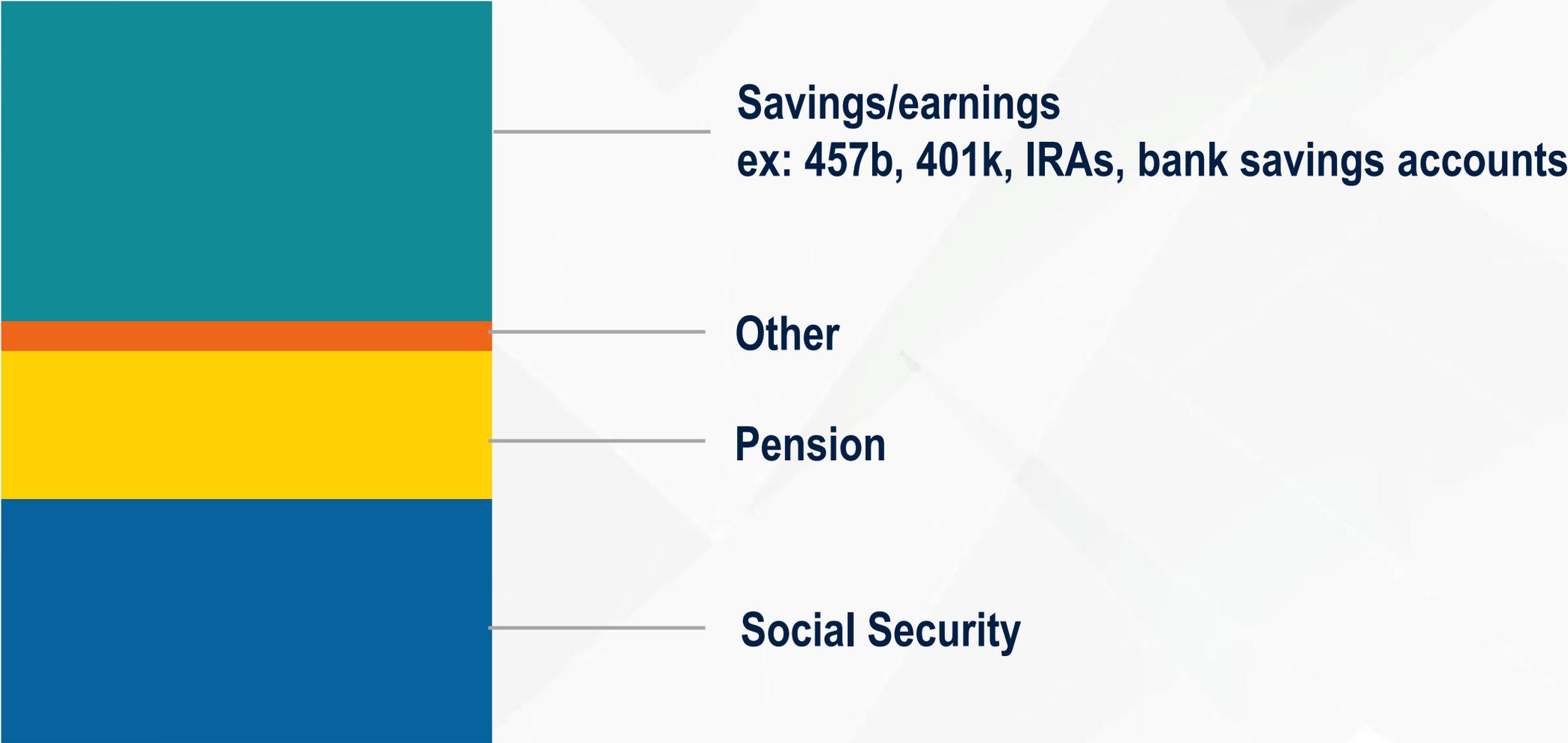
- Conduct a situation analysis
- Retirement income
- Social Security
- Health Insurance
- Estate planning
- Drawdown strategy
- Required minimum distributions



# Start with a current situation analysis

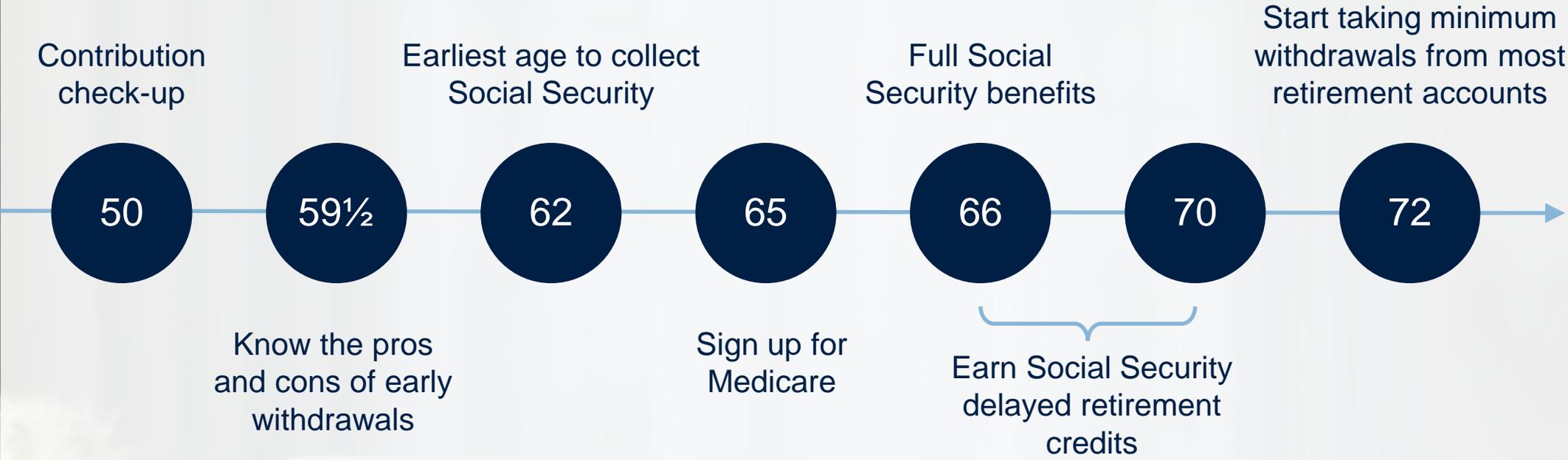
- Retirement savings to date
- Projected Social Security benefits
- Available assets
- Current expenses
- Projected future expenses
- Retirement savings plan

# Money sources in retirement



Source: Social Security Administration, Facts and Figures About Social Security, 2017.

# Suggested milestones





< 50

50

59½

62

65

66

70

72

- **Continued accumulation**
- **Review asset allocation**
- **Review retirement strategy**
- **Estate planning**
- **Help map out your course**



- **Maxing out and catching up**
- **Estate planning**
- **Beneficiaries**

# 2021 IRS limits

Workplace plan

**\$19,500**

Age 50 or over  
**+\$6,500**

IRA

**\$6,000**

Age 50 or over  
**+\$1,000**

# “Last Three Year” Special Catch-up

- Up to twice the standard limit over three years
- As much as \$39,000 in 2021
- No prior catch-ups with Alameda County or other governmental 457(b) plans



# Estate planning

- Taxes
- Will and/or trust
- Who gets the '69 Impala
- Make it easy on everyone



# How to skip probate court

- Write a living trust
- Name beneficiaries on your retirement and bank accounts
- Hold property jointly



# Name your beneficiary

- A will covers only probate assets
- Review beneficiary designations annually or after life-changing events
- Log into your account at [www.prudential.com/retirewow](http://www.prudential.com/retirewow)

# Tax diversified

\$50,000  
taxable income

–\$6,000 taxes

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**\$44,000**

\$25,000  
taxable income

\$25,000  
from Roth

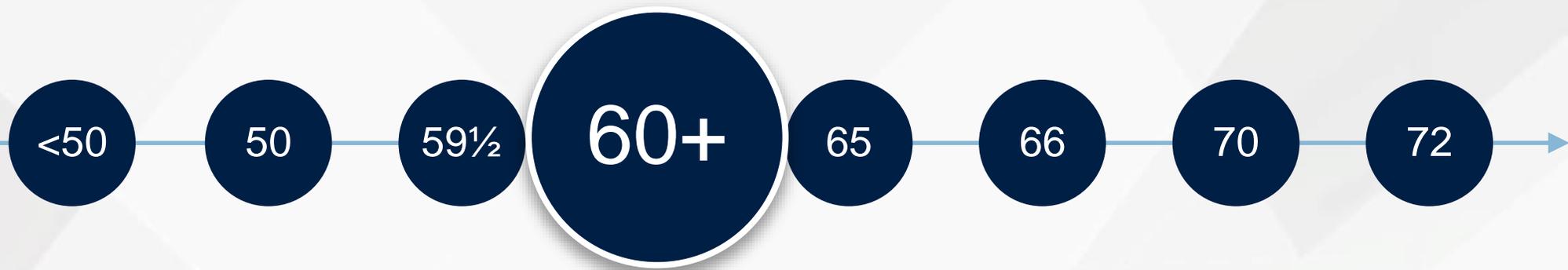
–\$3,000 taxes

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**\$47,000**

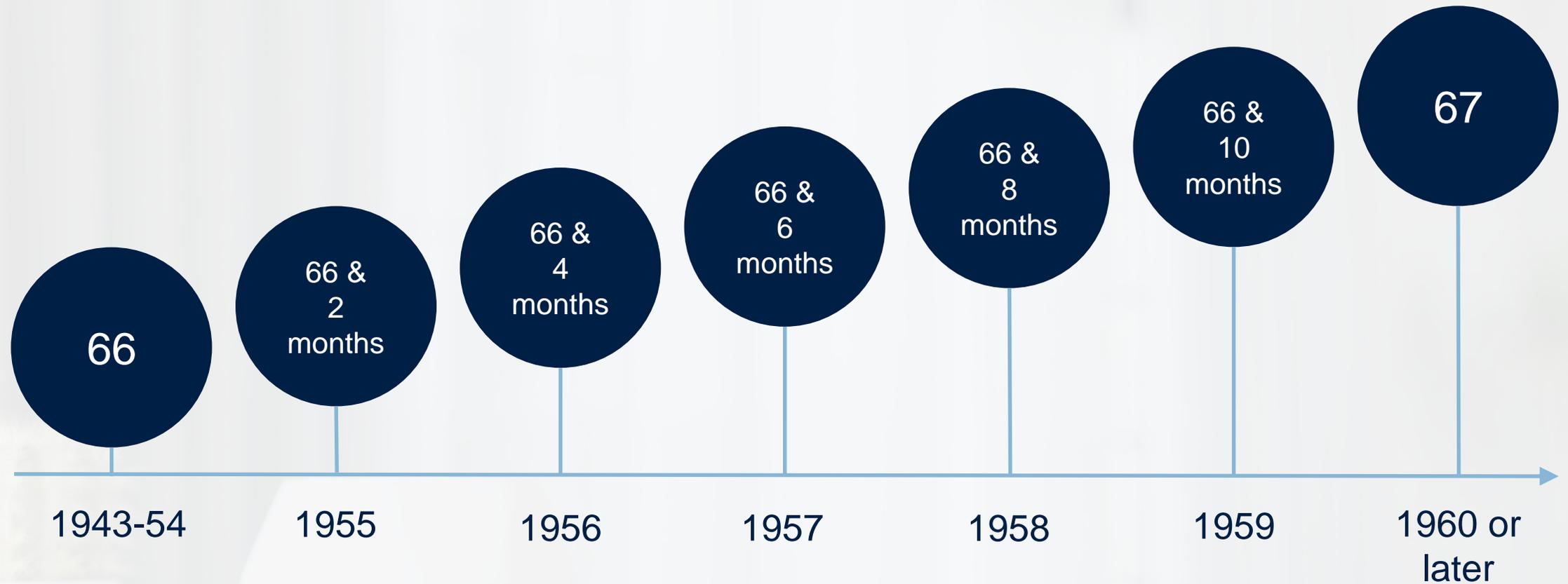
Taxes shown are for a married couple filing jointly.

Conversions to a Roth IRA are generally fully taxable. Before you convert to a Roth IRA, consider how your tax bracket will affect the overall benefit of the rollover. Conversion income may push you into a higher tax bracket. It is, however, possible to convert only part of your traditional IRA. This could enable you to remain in the same tax bracket you would be in without the conversion. It is generally advisable to pay the taxes on the conversion with funds other than those in your traditional IRA. If you are under age 59½ when you do a conversion, any funds not deposited in the Roth IRA will be subject to the 10% federal income tax penalty (unless an exception applies).



- **Start thinking about when to take Social Security**
- **Determining your full retirement age**
- **Calculating benefits**
- **Taxes**

# Full retirement age





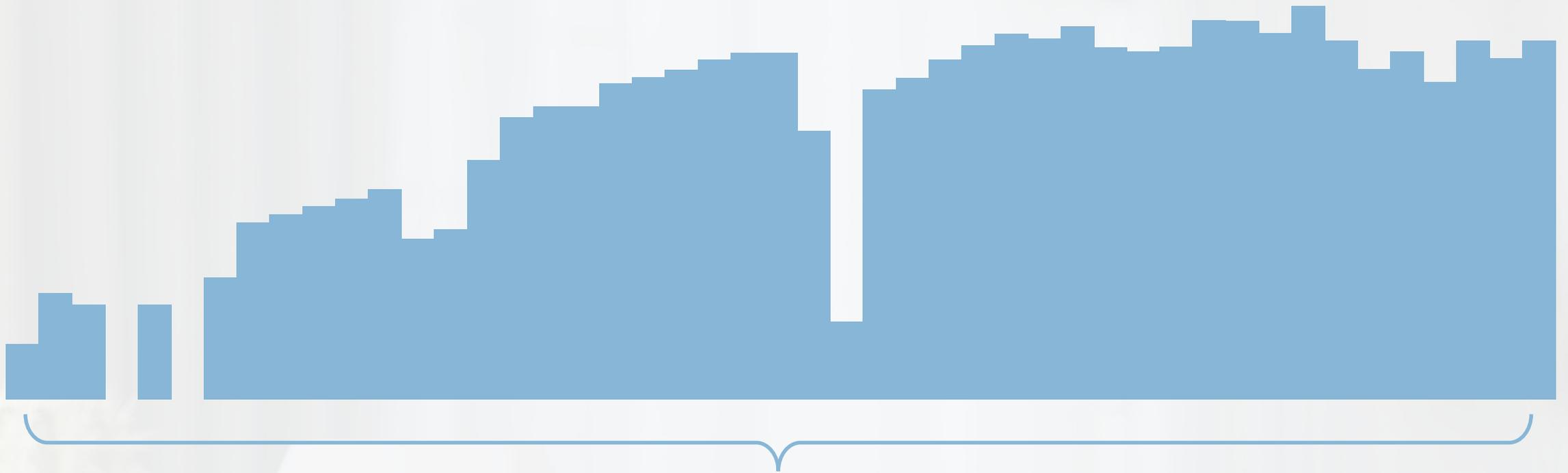
# Social Security Eligibility

40 quarters/credits (ten years) of wages that were subject to Social Security payroll taxes

Quarters do not need to be consecutive

Source: "How you earn credits," SSA Pub. No. 05-10072, ICN 467510; Jan 2017

# Calculating benefits



Earning history

Source: "How you earn credits," SSA Pub. No. 05-10072, ICN 467510; Jan 2017

# The joy of delayed gratification

Start at age 62



Start at age 66



Start at age 70



# Taxes on Social Security

Benefits only taxable if combined income exceeds:

	Single or head of household	Married filing jointly
Social Security not taxable	\$25,000	\$32,000
Up to 50% taxable	\$25,000 to \$34,000	\$32,000 to \$44,000
Up to 85% taxable	Above \$34,000	Above \$44,000

Source: "Retirement Benefits," SSA Publication No. 05-10035, ICN 457500; accessed Jan 2017



## A withdrawal strategy

- Your plan to withdraw your funds
- Determine how much and when

## Health insurance

- Consider health care and insurance costs
- How can Medicare help supplement?



# Where will you keep your money?

**After your service with the County ends, you can still enjoy the great benefits of the deferred compensation plan:**

- No commissions
- High-quality, long-term track record
- Publicly traded investments
- Actively managed and index funds
- Stable Value Fund
- Penalty-free access to money at any age at retirement or separation

Keep in mind that application of asset allocation and diversification concepts does not assure a profit or protect against loss in a declining market. **You can lose money by investing in securities.**



# Turn savings into retirement income

- What accounts to tap into first
- Risks to income:
  - Market volatility
  - Tax strategies
  - Low interest rates
  - Inflation
  - Higher taxes
  - Cost of living
  - Longevity

# Retirement might last 30 years

The age a woman  
who's 65 today can  
expect to live to

87

The age a man who's  
65 today can expect  
to live to

84

1 in 4 people who are  
65 today will live to  
reach their nineties

90+

Source: SSA.gov Life Expectancy Calculator, September 2020



## Evaluate Medicare options

- Enrollment begins at age 65

## Consider signing up for

- Part A Hospital coverage—usually free
- Part B Doctor visit coverage—at least \$144.60 per month

## Must enroll eight months from last month of work, otherwise:

- Coverage may be delayed for 3 to 15 months
- 10% premium penalty for every 12 months of delay



## Impact of taking Social Security benefits later

# Social Security benefit increases



Full  
retirement  
age

Wait 1 year

Wait 2 years

Wait 3 years

Wait 4 years

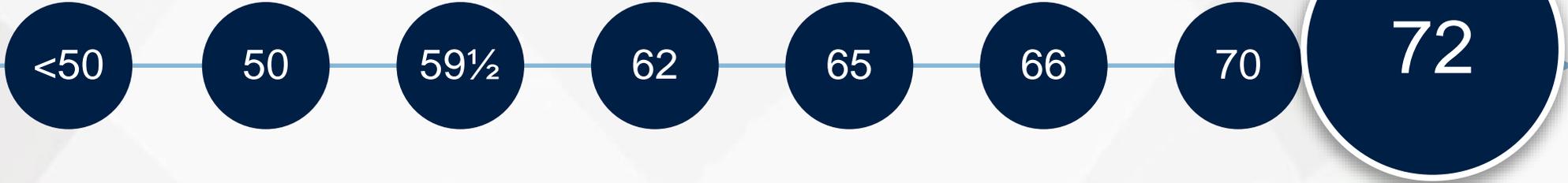


# Social Security spousal and survivor benefits

Spouses are entitled to receive the greater of their own or their spouse's benefits

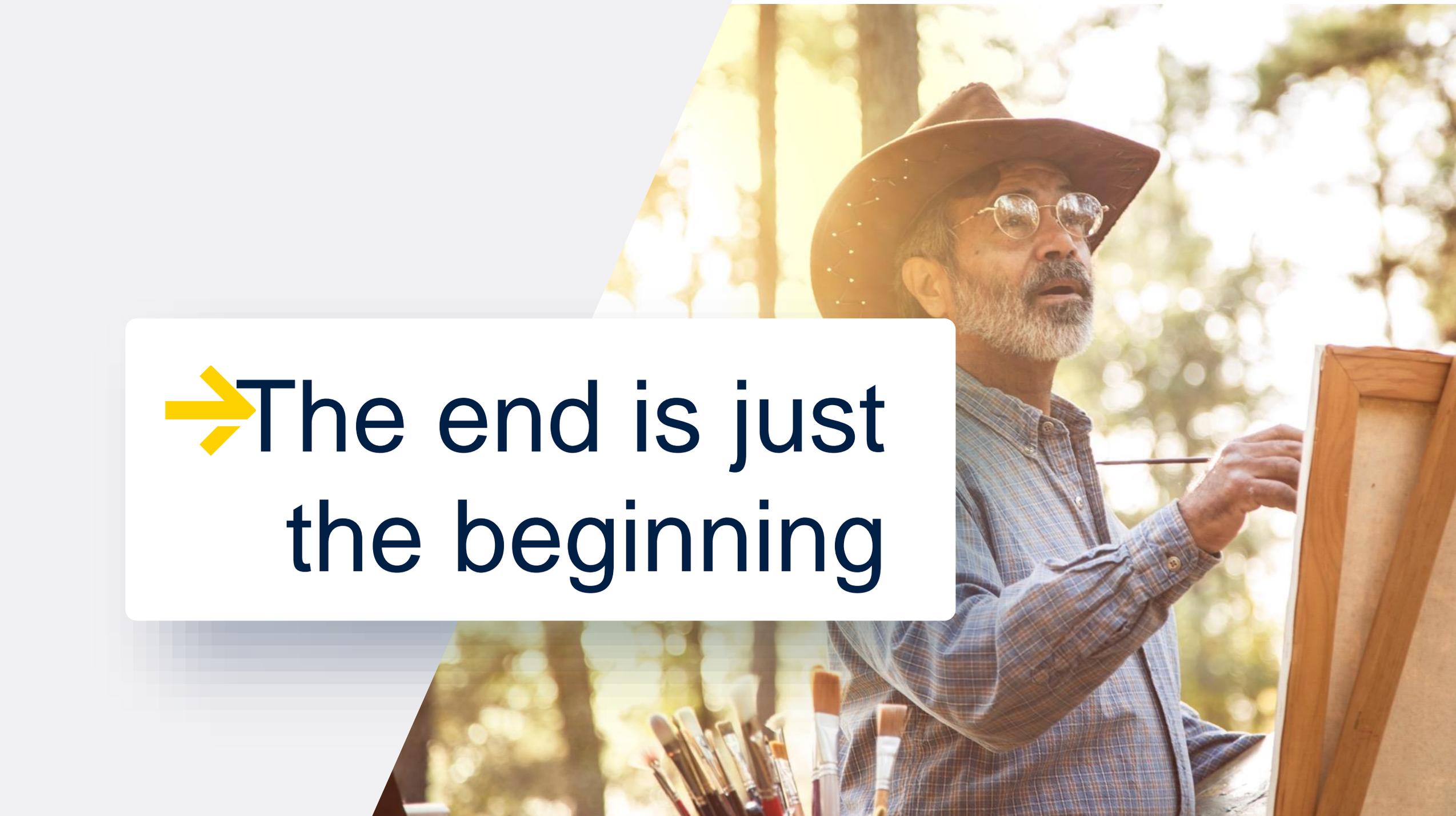
Early benefit election = reduced benefits

Source: "Retirement Benefits"; SSA Publication No. 05-10035, ICN 457500



## Required minimum distributions

- Most start taking at age 72  
(or 70½ if you turned 70½ before Jan 1, 2020)
- Tax regulations
- 50% penalty of RMD shortfall
- Annual increases

A man with a grey beard and glasses, wearing a brown cowboy hat and a blue plaid shirt, is painting on a canvas outdoors. He is holding a paintbrush and looking towards the right. The background is a soft-focus forest with sunlight filtering through the trees. In the foreground, there is a wooden easel and a container filled with various paintbrushes.

➔ The end is just  
the beginning



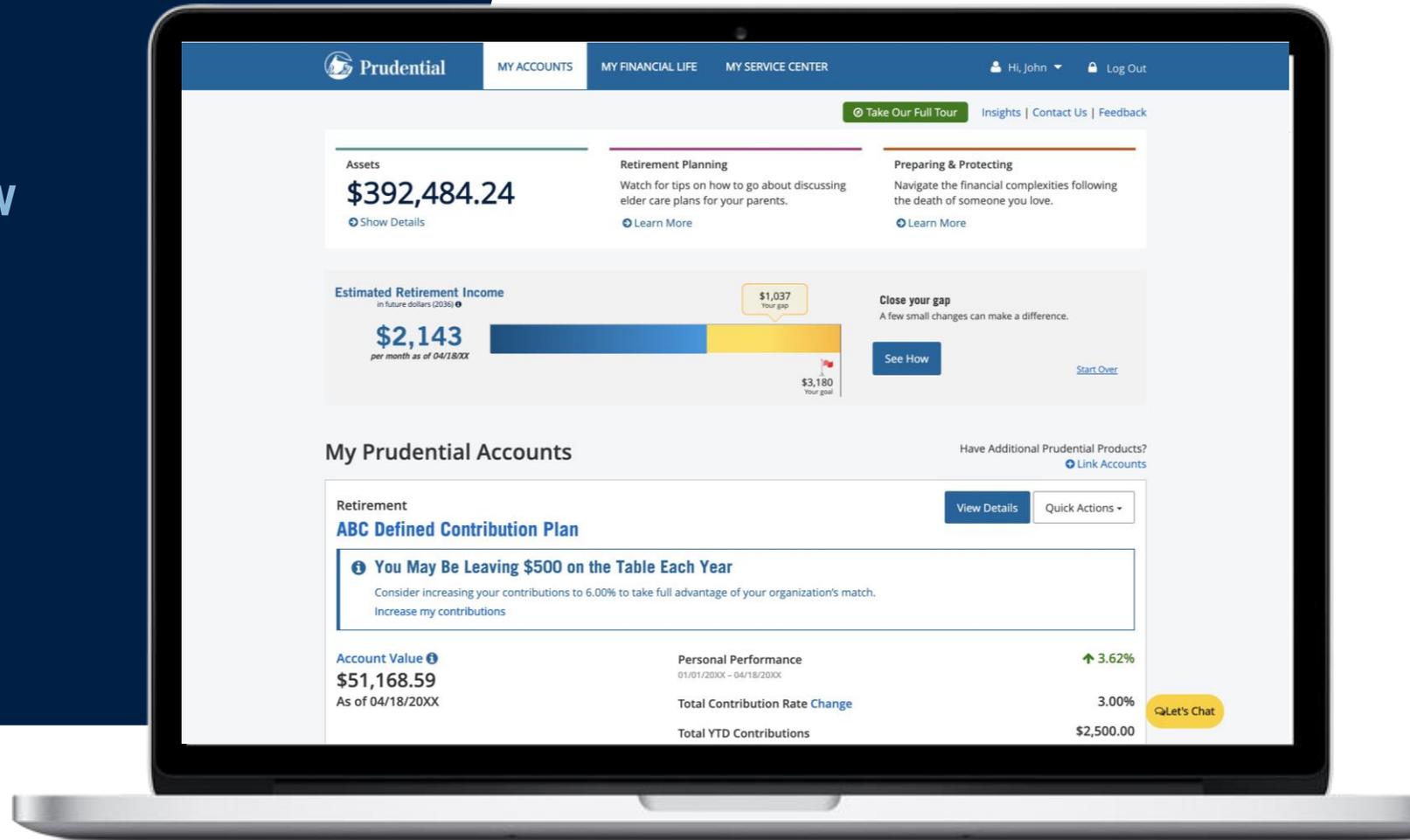
# Estimate Your Pension Benefit

Log in to your ACERA account to see what your future retirement benefit could be.

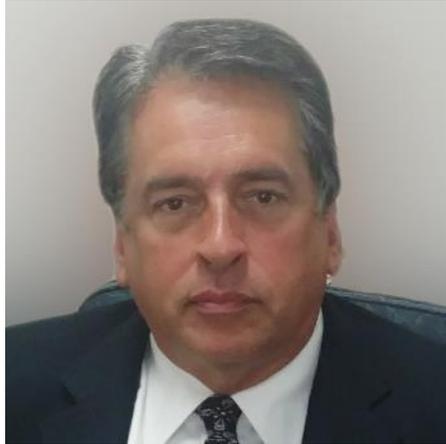
Visit [www.acera.org](http://www.acera.org) and click *Login/Sign up*

# Utilize the Retirement Income Calculator

Log in to your account at [www.prudential.com/retirewow](http://www.prudential.com/retirewow)



# Make an appointment to start strategizing



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Online: [www.prudential.com/retirewow](http://www.prudential.com/retirewow)

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# Thanks for attending!



Log in to your account:  
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