Please note: This is a transcription so there may be slight grammatical errors.

Hello, everyone, and welcome to today's webinar presented by CAPTRUST Financial Advisors. I would now like to introduce Debra Gates, Manager Advice and Wellness with the CAPTRUST Participant Advice team. Go ahead, Debra.

- Yes. Next slide please, Tracy. Again, thank you all for joining us, and before we get started, I just wanna say that this presentation is intended for educational purposes only. So please be reminded that your individual needs and your financial goals are as unique as you are, so please feel free to reach out to CAPTRUST at captrustadvice.com, schedule an appointment so that we can discuss your personal needs. And remember, CAPTRUST does not offer any legal, tax, or accounting advice. Now let's go to that next slide, Tracy. Today, we're gonna ask that you participate in a couple of polling questions, so that we can kind of gauge the pulse of our audience. We're going to discuss the benefits of Social Security. We're gonna look at planning for healthcare. We're gonna show a short video on Medicare to answer some of those frequently asked questions. We're gonna look at asset allocation. We're gonna talk about creating income when you're in your time of retirement. We'll take a few questions from the chat. Oh my goodness, there are over 3,700 people registered for this webinar today. Thank you guys so much for attending our webinars. And right now, we're sitting at about 1,600 people and the number is continuing to increase. And after we take some questions from the chat, we're gonna wrap this up. I also wanna remind you that this webinar is being recorded. It'll be sent out to you within 24 to 48 hours to everyone that's registered for the webinar, so you will get a copy of that. So let's go to the next slide because I'm excited about my panelist today. So without any further ado, I wanna welcome my colleague, my guest panelist, Walter Abele. Walter is a financial advisor with CAPTRUST. Today, he's going to lend his expertise and share some of his experiences in the area of retirement readiness. Walter, welcome, and thank you for agreeing to participate in this discussion.

- Oh, it's my pleasure, Debra. Thanks for inviting me over.

- Absolutely, so let's go to this next slide. You know, I always like to start with the polling question because it helps us to level set and to get through the presentation. And so the first thing that we really wanna know, what we wanna ask you is, how concerned are you about retirement? Are you extremely concerned? Are you very concerned? Are you moderately concerned? Not concerned at all? Are you slightly concerned? So Tracy, can you launch that poll? So Walter, what do you think? What are you hearing out there? You know, we're in the times that we're in right now. What are you hearing out there about people and how concerned they are about retirement?

- Well, it's definitely been an interesting year in the market, you know? So it's nice to kind of come into this type of planning with the backdrop of a challenged market, just because people understand that they need to have, I shouldn't say say concern, but they need to have a plan, and they need to have an understanding of what's going on, so I think it's a good time to have this conversation.

- Yeah, I think so, too. So Tracy, I think, has that been about 20 seconds?

- [Tracy] It has, thanks.

- All right, so let's close that poll and let's look at the results. What are we seeing here?

- Yeah, that's about what I would've expected, with the not at all concerned, that they probably wouldn't have logged in, right? If there's a lot of not at all concerned.

- Right, right, and then looking here at people that are, you know, moderate, moderately concerned. So we appreciate you coming. So, you know, let's get to that next slide, Tracy, and let's get this conversation started with retirement, what we're doing. And so, you know, if you go to that next slide. So retirement planning. Let's go one slide before that one, Tracy. Yeah. So let's look here. You know, retirement planning, it can take many forms. You can do something as simple as pencil to paper, looking at your inflows, your outflows, all the way to really doing an elaborate financial plan. The important thing is to know what your end game is, how you gonna get there, and don't forget, it's not just about financial planning. Planning for retirement includes knowing what you wanna do with your life, so there's a psychological aspect of planning for your retirement as well, wouldn't you say, Walter?

- Yeah, absolutely. So in our practice, we work primarily with retirees, and we always advise our clients that are preparing to retire, it's important to have something to retire to, not just something to retire from, right? And so kind of understanding what retirement's gonna be ahead of time, psychologically, is a key component of having a successful retirement.

- And I love this quote that we have here by Lee Iacocca. "You plan everything in life, and then the roof caves in on you, because you haven't done enough thinking about who you are and what you should do with the rest of your life." You know, there's so many components of retirement readiness. It's that psychological and emotional piece that sometimes we kind of shy away from. So it's not just finances. It is finances, but not just finances. So you wanna make sure that you're staying in touch with people and have a plan for, you know, the hobbies and the things that you're going to do while you're in your retirement. It's so funny. You know, my boss is going to be retiring at some point, and he and his wife have started learning how to play pickleball. And I'm like, what is pickleball? And I'm sure everyone is laughing on the phone now because you probably know what that is, but he's starting to take lessons on pickleball. So he's getting ready, what he's gonna do in his time of retirement with his spouse. So make sure that you're doing some type of planning and deciding what you're gonna do with your time. Let's go to the next slide, and let's kinda look at, you know, here, you're going to see some common income sources for today's retirees. And so what you wanna think about is what are you going to do? What's gonna be your sources of income in retirement? You wanna look at how much of your needs are they going to cover? And part of that is going to be Social Security. You know, we know that Social Security was never meant to cover everything, but Social Security is a source. Working could be a source. And when you think about working, and I know that some people are turning over in their chairs. When we're thinking about working, it doesn't mean that what you've been doing for the past 30 years, you're gonna do for another 30 years. Sometimes working can be something that you really love doing, but it wouldn't generate enough income to sustain a family, but it could be something that would be a great supplement. So maybe it may be something full-time, or it could be something part-time, or maybe you're gonna start a business, or are you going to monetize one of your hobbies? So you wanna think about those sources. You know, retirement plans, what more and more people are going to need to look for as a source, but since a major portion of today's retirees' income is from Social Security, I wanna talk a little bit about that. So I wanna jump into that. So as we go into this next slide, I'm gonna have you jump in on that, Walter, where you're gonna... I just want you to address some of the more frequently asked questions, like, you know, people wanna know, how do I qualify? How is Social Security calculated? When should I take it? So if you could just kind of go through that section and kind of answer some of those questions for today's audience, that would be great.

- Yeah, so the answer to all those questions, it ends up being very individual to the retiree. But if we can go to that next slide, in order to qualify for Social Security, you have to have 40 working quarters paying into Social Security. So that's, you know, roughly 10 years of employment, and then your Social Security amount, like what they call your primary insurance amount, is determined by your highest 35 years, 35 earning years, right? So if you've only worked for 30 years, every additional year you work, you're dropping off a zero year and adding a year of income so that you're gonna increase your benefit. And so that, when you get your Social Security statement, you see that primary insurance amount, that's the amount you would receive if you started the claiming Social Security at your full retirement age. And so most people on the call, I suspect if you were born sometime after 1960, your full retirement age is age 67, right? And so if you retire at 67, you're gonna get that primary insurance amount per month. However, you're probably, most of you are probably aware of this. So you can claim early. You can claim as early as age 62, but if you do that, you're gonna permanently reduce your benefit. Or you can delay until age 70, which will increase your benefit dramatically. And so there's different claiming strategies based on, you know, when you're stopping working, what your spouse's income or what your spouse's Social Security benefit may be. There's different ways you can kind of optimize what your claiming strategy's gonna be. And then if we can go to that next slide.

- Yeah, because on this next one, you know, it was kind of talking about spouse, and speaking of spouse, spouse and survivor benefits, because sometimes we get the question, so if I'm getting Social Security, something happens to my spouse, do I get their Social Security as well? So am I getting two? Because we are planning for both of those incomes. So how does that work, Walter?

- Yeah, so when a spouse passes away, the surviving spouse keeps the higher of the two benefits, and so that's why in some claiming strategies, you might have one spouse claim for retirement age or early, whereas the other one might go ahead and delay until full retirement age, so that way, a surviving spouse will eventually get a maxed out benefit. But one thing to think about, though, if you don't have, if you have a low Social Security benefit, or you didn't work your 40, pay into the Social system for 40 quarters, you can still get a spousal benefit if you're married. And so what that basically is is you get half of what your spouse's full retirement age benefit would be. Your spouse has to be on claim, but your claiming that spousal benefit does not reduce your spouse's benefit. It's just how they calculate that half, half of their benefit to calculate what the spousal benefit is. And then if you're divorced, if you were married for at least 10 years, and you've not remarried, then you can also claim a spousal benefit. And in that case, your spouse does not have to be on claim, as a married spouse would need to be. So you can still get a spousal benefit if you're divorced.

- So what if someone wants to continue working?

- So if we go the next slide, so if you continue working, and so if you claim Social Security before full retirement age and you continue working, your Social Security benefit gets reduced by $1 for every $2 you earn over 19,560, $19,560. And so, you know, really what that means, it doesn't necessarily that money's not gone forever. It gets added to your benefit later in life, but it is something you want to think about if you're gonna claim early and take a part-time job or continue working. It may not be as big of a benefit to you as you think it might be. Now, once you hit full retirement age, you can earn as much as you like, and it does not impact that.

- Okay, and so is any of this taxed?

- Yeah, so if we can go to the next slide, so the way taxation on Social Security benefits works is if your provisional income is below, if you're married and your provisional income is under $32,000, there's no tax on your Social Security benefit. And as you can see from the slide, it starts to step up as you earn over a higher amount under that provisional income. And so your provisional income is gonna be a combination of one half of your Social Security benefit, plus your non-taxed interest, which is your like muni bond interest, plus your adjusted gross income. And so, you know, now, the most that Social Security will ever get taxed is 85% of your Social Security benefit could be taxed. That's the highest, that's the most, the highest amount of what your Social Security benefit will be taxed. There's always gonna be that 15% piece that's gonna be tax-free.

- And so you're saying, Walter, that 85% of the benefit will be taxed. They're not taxed at 85%. So can we just make that clarification?

- Yeah, no, you're absolutely right. So you're not taxed at 85% rate. You're taxed at your ordinary income rate, you know, wherever your ordinary income falls in the federal brackets. That's correct. Good clarification.

- All right, so Tracy, let's go to the next slide. And so, you know, Social Security, the website, there is a plethora of information out there that you can review. And so was the most important thing, the first thing they need to do when they go out to that website, Walter?

- So that once you create your account, your sign-in with Social Security, if you go to that My Social Security button, that will take you to everything you need to know as far as, you know, what your current benefit is and how to claim, you know, in the future.

- Wonderful. Let's go to the next slide. Now, you know, we talk about Social Security, but I know that a lot of people, when they're getting ready to retire, one of the things that they oftentimes are concerned about is healthcare, and how is healthcare going to work? So we get a lot of questions about that. We get questions like that through our advice desk. But I do have one question that someone asked when they registered, and that they were curious about the approaches to covering healthcare. It was for herself, her 17-year-old son, and she was thinking about retiring at age 62, which is really before Medicare eligibility. So she was wondering, what are her options? What are some things that she should consider?

- Well, it is definitely important that if you're gonna retire before Medicare age, which is 65, that you have a plan for healthcare, what healthcare expenses are gonna look like. And so if we go to the next slide, so one of the options to bridge that gap until you're 65 is to stay on your employer's plan using Cobra. And so typically, you can stay on Cobra for up to 18 months. Also, if you have a spouse who's still working, you can also, hopefully there might be a way to stay on your spouse's plan. But beyond that, actually, so the public marketplace, the Affordable Care Act Marketplace is a good source for getting healthcare plans. There are provisions there with premium credits. If your income in those years before age 65, if your income is low, where you can get premium credits that make your healthcare relatively affordable. But if you still have a higher income in those pre-retiree years, the pre-65 years, you need to plan for healthcare being, you know, roughly $20,000 for a married couple, for you.

- Yeah, and then if your employer offers the high deductible plan, the HSA, that's another consideration that you might have. So you might wanna check with, go back to your benefits department and check with your employer and see if there's anything that they offer as it relates to someone retiring at a certain age. So that's another resource as well, to not forget, and sometimes we forget about HSAs if you have that available in your benefits. So, you know, before we dig any deeper into Medicare, we wanted to play this short video on Medicare, and it's gonna help with some of the dates, some of the more frequently asked questions, We're gonna come back and Walter's gonna give us a summation. This video is probably about five minutes long, and so it's from one of our colleagues. It's a CAPTRUST video that we're doing. So Tracy, could you launch that video? We're gonna go off screen for a minute, but we'll be back.

- Medicare coverage can be one of the more confusing pieces of the retirement puzzle. Today, we'll review each of the different Medicare options, as well as some key enrollment dates to remember. Medicare is the federal health insurance program for people 65 and older, as well as younger people with disabilities and individuals with end stage renal disease. Once eligible, there are two main types of Medicare you can choose from, Original Medicare and Medicare Advantage. Original Medicare consists of Medicare Part A, which is hospital insurance, and Medicare Part B, which is medical insurance. Under Original Medicare, you'll pay a premium for Part B, which is adjusted at certain income levels. As you receive services, you will need to satisfy an annual deductible, after which you'll usually have a 20% copay for Medicare-approved services. For prescription drug coverage, you will need to purchase an additional plan, known as Part D. You can pay out-of-pocket for the costs not covered by Original Medicare, or you can purchase a Medicare supplement known as a Medigap policy, to help cover these costs. Some supplemental policies also cover services Original Medicare does not, such as medical care when you travel outside of the US. Medicare Advantage or Medicare Part C is more of an all-in-one health plan. These plans must include all services offered in Part A and Part B, and will typically also include drug coverage as well as some of the services not covered by Original Medicare, such as vision, hearing, and dental. Under Medicare Advantage, you're still subject to the Part B premium, and you will typically be limited to healthcare providers within the plan's network, whereas with Original Medicare, you may go to any provider that accepts Medicare. Now let's talk about costs. Premiums for Original Medicare plus a Medicare supplement are going to be higher than a Medicare Advantage plan. However, Medicare advantage has higher out-of-pocket costs. Medicare Advantage can be a good option if you're in good health, are willing to have healthcare provider restrictions, and are willing to risk costs varying yearly based on changes in your health. Original Medicare with a Medicare supplement is the best option if you want to be able to choose healthcare providers and manage your costs to a relatively predictable, albeit higher level each year. It's important to understand when you will need to enroll in Medicare. If you're receiving Social Security, the Social Security Administration will automatically sign you up for Part A and Part B when you reach age 65. Otherwise, you have a seven-month enrollment window starting three months prior to the month you turn 65 and ending three months after the month in which you turn 65. If you enroll prior to the month you turn 65, your coverage will begin on the first day of your birth month. If you sign up during the month you turn 65 or after, your coverage will begin on the first day of the following month. However, if you're still working and have employer coverage or are covered under a spouse's employer coverage, you may qualify for a special enrollment period and not need to enroll at 65. The special enrollment period gives you eight months to sign up, starting the month after your qualifying employment ends or the month after your employer-based group health coverage ends, whichever comes earlier. It's important to note that you are not required to sign up for all parts of Medicare when originally eligible, but there may be some disadvantages to waiting. For instance, if you sign up for a Medicare supplement when you're originally eligible for Medicare, you do not need to medically qualify for coverage. Anytime afterwards, adding or changing a Medicare supplement may require medical underwriting. Additionally, if you sign up for Part B or Part D later, you'll be subject to a penalty that will likely outweigh the cost benefit of delaying coverage. Hopefully this video helps you better understand the basic structure of Medicare and when you need to enroll. Other than Part A and Part B, the other plans available are going to vary based on where you live. The various plans can be difficult to compare, so we encourage you to check out resources such as senior resource centers and insurance brokers that represent multiple carriers to help you choose the Medicare plan that's best for you.

- Thank you so much for that. So, yeah, so here we are, getting back to this presentation. So, you know, Bri kind of spoke about the premiums for Part B, and I think there's a little bit more involved with that, Walter, so with this slide, can you really explain this to us? Can you expound a little bit on that, with those premiums for Part B?

- Yeah, so with Part B, you're gonna automatically, you're gonna get charged $170 per month for the premium. However, if your modified adjusted gross income, which in this case, it is gonna be your adjusted gross income plus any untaxed interest, is higher than, if you're married, if it's higher than 182,000, or if you're an individual, it's higher than 91,000, you're gonna get charged a premium surcharge. And so your income is, your current premium surcharge is determined by what your income was two years ago. And so it's important, so you say if you're retiring at 64 and you have a full working year and your income puts you over those thresholds, it could impact your premium surcharge when you're age 66. However, you're able to file an appeal with Social Security for work stoppage, and so it's gonna be important that you file that appeal with Medicare, so that they recognize that you've retired, and they will base your income based on what you expect your retirement income to be. And this is also something to keep in mind if you take a large withdrawal from your IRA or other retirement accounts. That could impact your Medicare premium a couple years down the road.

- Okay. So let's go to the next slide, because here, again, you know, these websites, medicare.gov, they have become a lot more user friendly than they were in the past. You know, you can do the chat, you can ask questions, you can put questions in and they can send an answer to you. You can call Medicare, go online. You know, if you don't wanna go online, you know, can they go into an office if they need to, to speak to someone in an office, Walt?

- Yeah, so you can always make an appointment to go to the Social Security office and sit with an agent, and they can talk you through what you want to do. Absolutely.

- Right, so it's a lot better now. So you can get a lot of information, and so for those who wanna do a face-to-face, set that appointment, just check out to see if there are any COVID guidelines for where you wanna go. You know, take your mask, and you can have an in-person appointment. So that's healthcare, and if you have any other questions, you can always reach out to CAPTRUST, but these websites are gonna give you a lot of information. So I wanna do another polling question because we're gonna switch reels here. We've talked about Social Security, we've talked about Medicare, talked about retirement planning. Now I just wanna see where you are as it relates to retirement finances. You know, what's your biggest fear? What are you really concerned about? Are you concerned about meeting your monthly expenses? Outliving your savings? We've talked about the healthcare concerns. You know, right now, market's a little volatile. Is that keeping you up at night? Or you don't have any concerns, or is this something else that you might be concerned about? So let's see what you have to say about that. What are you hearing out there about that as well when you're meeting with your clients, Walter?

- So usually it's outliving savings or healthcare concerns are the main things that come up. You know, with those, you're really dealing with the biggest unknowns, right? And so whenever we start a financial plan, you know, at some point you have to plan for how long you plan on living. That's the one answer none of us have, and then, you know, also one of the things, the biggest impediments to a long, happy retirement can be those healthcare concerns that pop up as we get older. So those are two of the things that people have the most concern and questions around.

- And you know what? And it's really okay to have these concerns, because you know, like we'll talk about later, you've never done this before. This is the unknown, and you're stepping into something that you've never experienced before. So you've never retired before, so of course, you know, to think about all the times that you've saved and everything that you've accumulated, of course, you're gonna have some concerns about that. So let's see what the results are, Tracy. That's been about 20 seconds now. Yeah, there it is, Walt. You called it. We have like those first three kind of tied, healthcare concerns, outliving your savings, and so, you know, that's why you wanna make sure that you have a plan. Reach out to CAPTRUST and let us help you in determining a plan and looking at... And so what we'll do when you're reaching out to CAPTRUST, you know, we'll give that information at the end of the presentation. You'll have that. We're gonna help you to see where you are. What do you have up unto this point, and what do you need to do to make sure that you're hitting your goals? And we wanna show you how to optimize the benefit that you have. So let's move on to the next slide, and let's start looking at creating income during retirement. And so here, Walter, some of the questions that people ask. You know, what are some of those questions that people should consider when they're looking to create this financial plan?

- Sure.

- So what are you gonna look at today?

- Well, so what you wanna have an idea of is, you know, what are gonna be your expenses in retirement? What are your sources of income to meet those requirements? You know, taxes are different, believe it or not, in retirement. You still pay the same taxes, but you have a little bit more control over what your taxable sources are. And then, but the biggest thing is that you start building a plan.

- Yeah. So let's go here to this next slide, and so kind of look at, let's kind of take what Walter just said. You know, what are your expenses in retirement? Let's kind of look at these individually and expound on that some.

- Yeah, so you brought up the point earlier that you've never done this before as a retiree, right?

- Yeah.

- And so really, expenses in retirement is a learned behavior, right? And so you can do, you know, as you're planning for retirement, you know, these are the types of things you wanna start looking at, is, you know, what will your mortgage actually look like in retirement? What do credit cards look like in retirement? Dependents, healthcare, but then also beyond that, what are your hobbies and passions that you're gonna pursue and what kind of expenses are those gonna... You know, do you wanna wanna incur for those? And so really kind of, before retirement, kind of building what your expense expectations are, but then also kind of understanding it in the first six months to a year of retirement, learning what your expenses really are, because there's gonna be expenses that you thought you'd have that you don't, and vice versa, so it's really a learned experience.

- Yeah, so let's go to the next slide and let's talk about, let's go back to taxes again. You know, we talked about taxes and Social Security, but let's look at the tax considerations.

- Sure.

- And I want to just add, we do not offer any tax advice, but we can educate you on what to look for and what to expect when you're in your time of retirement.

- Yeah, so in your working life, what you pay in taxes is really driven by what your salary is, right? So you really don't spend, most of us don't spend a whole lot of time in our working life kind of planning for taxes, because it's really determined for us based on our salary. In retirement, you have the ability to have some control over how you get taxed by pulling from different sources of income. So, you know, some of us are gonna have some tax-free options. So, you know, funds that you have. Might be a Roth IRA, a Roth 403 , a Roth 401 . You know, those are gonna continue to grow tax-free, but when you pull them out, you pull those out without any tax implications, and that's a way to kind of keep your taxable income low. So we talked earlier about Social Security, and how that gets taxed, and we talked earlier about your Medicare surcharge there. That's one of the ways you can kind of manage what your tax rate is on those types of things. The other item, other thing that people don't really think about from their savings, is if you have a personal savings, personal brokerage account, capital gains and long term capital gains and qualified dividends get taxed at a different rate than ordinary income. So those are also kind of tax-deferred vehicles, if you will, if you manage those correctly, right? And so, you know, typically our capital gains rate is gonna be about half of what our ordinary income rate. In certain brackets, capital gains are actually free, and so it is a really great way to kind of manage what your taxation is in retirement. Ordinary income is gonna be what you pull from your retirement accounts. Those get taxed at your full ordinary income rate. You know, so those, and so something to think about, if you're planning on most of your income coming from your IRA, or your 403 , 403 , or 401 , keep in mind that if you want $10,000, you're gonna have to pull out 15 or 13 to pay the tax on that withdrawal. So always, always keep that piece in mind. We talked about Social Security, how to manage the taxation of that. You know, again, that's not all taxable, but it can be up to 85% of that income can be taxed. And then rental income is something that's really something where you're definitely wanna get a CPA's advice if you have rental properties, on how you can do different things with depreciation to cover some of the ordinary income that that might kick out.

- Yeah, but you definitely wanna consult with your tax advisor. Have a plan. You'll hear us say this several times before we end this presentation. You just wanna have a plan and make sure that you're being efficient as it relates to your taxes. So, Tracy, let's go to that next slide, because, well, let's talk about when you have to start taking out some of these distributions. I mean, you just can't continue to save, save, save, save. At some point, you have to start taking out some distributions, so can we talk a little bit about that?

- So under current law, once you turn age 72, you're required to take distributions each year from your IRAs or your 401 s or your 403 s. And so typically in that first year, it works out to be roughly 4% of the balance, and then it kind of starts to step up from there as you get older. In that first year, you get a grace period, where you don't have to pull it out until April 1st of the following year, but you would only do that if, typically you'd only do that if you forgot to pull it out during your first year, because otherwise, if you wait 'til April 1st in the following year, you're gonna have a year where you're pulling out two RMDs in one year, and so that's gonna spike your taxes up a little bit that year. There's some exceptions to having to take that requirement of distribution if you're still working, but those are gonna be real specific to your cases, so it's important to educate yourself on that. And so the failure to take an RMD is up to, it's a 50% penalty of what you did not take. So definitely be aware of your RMDs, and make sure you take those in a timely manner. Now, keep in mind that Roth IRAs do not have an RMD, so you if you don't need to pull from your Roth, you can continue to let that grow in there tax-free. And then the other piece is, if you don't need your entire requirement of distribution, and you are charitable, the way you can avoid paying taxes on your RMD is to do your charitable distributions directly from your IRA. And so if you do a $1,000 charitable contribution directly from your IRA, it reduces what your RMD is by that amount, and it comes off tax-free, and you don't have to be itemizing your taxes in order to take advantage of that. That's above the line deduction, so it's a great way to lower your income.

- Wonderful. All right, so let's look at the next slide. So let's kind of talk about creating this plan. And so, you know, one thing I definitely suggest is that you reach out to CAPTRUST so we can help you create that plan, but let's look at this. So, what is your suggestion? What's the first thing that you would say, you know, when you're creating that plan?

- So I always, with our clients, we work on planning expenses before we plan income, because I find that if we plan income first, they'll find a way to spend all of that, right? And so I'd rather go the other way and plan expenses first, and if income's enough to cover it, then, you know, we can work on that. But you know, it's important to have a plan ahead of time, because if you identify an issue now, you can overcome that gap by making a small change now, as opposed to a big change later, right? And so if you identify that there's a gap now, you still have an option of working another year or two, if that's important, or you can lower your retirement budget by $100 a month, and it makes things work for you 20 years down the road. So it's just important to have a plan now and make minor adjustments now, as opposed to having to make a major adjustment in the future.

- So, you know, where does debt come in in all of this? When you're looking at your income, your action plan, how does that play a role in this?

- So with debt, so you know, it depends, right? And so it depends on the type of debt we're talking about. You know, credit card debt is, once you're in retirement, you're less likely to have these kind of windfall incomes that you can pay off a big debt, right? And so it's important that we live within our means and we don't take on much additional debt, if we can avoid it. Yeah, so mortgages, you know, mortgages are out there and it is more common that people have a mortgage on their house now in retirement than it used to be.

- Right.

- Mortgages aren't necessarily a bad thing, right? So we have clients a lot of times that they retire, they owe $100,000 on their home and they wanna pay it off, and they have a million dollars in a retirement plan. Well, we don't wanna pull $100,000 from the retirement plan all in one year and pay that off, because the taxation on that's gonna be detrimental, right?

- Right.

- And so we just wanna kind of be aware of the buckets of money you have, and if you can get out of debt and avoid debt before retirement, you know, it's advantageous.

- Yeah. All right, so in talking about this plan, let's go to the next slide. You know, you can't look at creating a financial plan without considering asset allocation. So, and simply put, we all know asset allocation is simply the way that your money in your retirement is allocated among the three major asset classes, cash, stocks, and bonds, and even in a volatile market, you still wanna have a well diversified investment strategy that's going to invest across those asset classes, and you want a strategy that's gonna take you through the ups and downs, and it's gonna take you throughout your years of retirement, because it was days of old, way back when, you could take all of your money and put it into like a guaranteed interest contract. Those things are far gone. So now you need to generate some growth while you're in your time of retirement. So help us with this, with this asset allocation and what that really means, especially for someone who's getting ready to retire.

- Yeah, so it's really, it's important to consider this, you know, especially if we look at the next slide, you'll see the there's that fourth, that inflation inflation graph, right? And so if you aren't invested, eventually, that inflation piece is gonna catch up to you and reduce your buying power. And unfortunately, so this looks over a long period of time. There's not a 3.26% cash option today, and so it's important to have a well diversified portfolio that invests in equities, as well as bond stocks and bonds. You know, a couple of things that it is gonna be really important with asset allocation is during your working life, market volatility wasn't as big of a challenge on your portfolio. We are aware of it, and it gives us some butterflies in our stomachs and whatnot, but in your retirement years, as you're pulling money from the portfolio, volatility is more of a challenge, right? And so it's important to have different buckets of money to be able to pull from, so that you're not selling a growth asset at a bad time, right? And so like in a market like what we're in currently, you know, we're advising our clients that we're taking income. You know, we're taking it from the less volatile cash or fixed income buckets, as opposed to stocks. You don't wanna sell stocks in a down market. If we look at the next slide, and the next slide, it's a bit of an eye chart, but basically what this does, is each color there represents a different asset class in your portfolio, and it shows for each year, what is the top performing asset class and what is the worst performing asset class. And so, you know, typically if you look at the maroon color, I'm not sure how this is coming up on your screens at home, but that maroon color is cash, and then the purple is fixed income. And so in these these years that have been challenged, so 2022, 2018, 2015, and 2021, or excuse me, 2011, you see, you know, cash and fixed income are the best performing classes. And so it's important that you kind of weigh your need for income with your need for growth, and so, you know, there's a lot of rules of thumb out there that say, okay, well, in retirement, you just need to automatically be a 60-40, a 60-40 split between stocks and bonds, or you need to be a 50-50. You know, it it's really an individual determination based on how much you're spending out of a portfolio, and we usually tell clients that basically, you know, if you're at age 65, a 4% withdrawal rate from a diversified portfolio is manageable, but if you get up above that, is when you're gonna start getting into trouble. But the important piece is that underneath of that, you have a diversified portfolio that is built to manage through volatile times. And so the way we do it individually for clients is that we try to keep up to their five-year spending needs. We try to keep that in fixed income or actually very short-term fixed income, so we can keep that kind of five-year bucket safe.

- Okay. So, yeah. So thank you, Walter. That's really very helpful. I mean, this is one of my favorite slides, and I think it just really drives the point home in seeing the various colors and the volatility of the market, and seeing, you know, what was the best performer or the worst performer one year could be the best performer the next year. I'm thinking this really drives the point home of it's not it's time in the market, not trying to time the market. You don't know what the next best is going to be. That's why it's so important to speak with an advisor and really get a strategy that's gonna take you through the volatility and those short term ups and downs of the market. Wow, this has been so great. I do wanna leave some time for questions, but before we do that, I wanna talk about, let's go to the next slide and let's look at, you know, taking the next steps and how to contact CAPTRUST. We're gonna leave some time for questions, so let's go to that next slide, when we're looking at what do you need to do. Begin gathering your information. Irrespective of where you are, especially if you're getting close to that time of retirement, start gathering any important documents that you need. You know, mark your calendar for some of those significant milestones. Think about when you plan to retire. Look at your employer plan, that 401 or that 403 plan or your 457, any of those retirement plans, and look at your plan for your employer and see if there are any significant milestones that if you retire at 55, or is it 62, or are you gonna retire at 67, or are you gonna wait until 70? So start looking at that and then calculating what your expenses and the income from all of those sources that you have. And once again, contact CAPTRUST, because we are here to help you. We can run, if you haven't had one done, or if you've had one done, we'll run a blueprint for you, and the blueprint is simply a tool that we have that's a part of our arsenal that we use to kind of guide that conversation. And so when you're calling CAPTRUST, we do that. We utilize that tool, and it's having a conversation with one of our advisors. You know, the data is the data. We wanna know the why behind the data. We wanna have a conversation with you. We wanna talk to you. We are readily available to speak to you about your personal situation. So I know there have been a lot of questions coming through the chat, and unfortunately, we don't have 200 people to answer the questions in the chat, so any of your individual questions, but we do have a website that you could go to, captrustadvice.com, set an individual appointment, and then we'll reach out to you and run that blueprint and to check where you are as it relates to your retirement readiness. So I always say, whatever that is, you wanna know what it is and know where you're starting from and where you are at this point. So let's put up the information. So can you pop up the next slide, please, Tracy? So there are two ways that you can contact us. You can schedule an appointment. Go out to captrustadvice.com. When you go out to captrustadvice.com, at the very top, there's gonna be a little yellow bar that says, "Schedule an appointment." Click on, "Schedule an appointment." The only thing we need, we need your name. We need your first and last name. We need an email address because we're gonna send you a confirmation. We need a phone number where we can reach out to you. We will contact you when you schedule that appointment. When you're opening up that window, it's gonna populate a calendar, and you'll see all of the available appointments, and so you can make those appointments, 8:30 AM until 8:00 PM Eastern Standard Time, Monday through Thursday, 8:30 AM until 6:00 PM Eastern Standard Time on Friday. Or you can call us directly. When you're calling us directly, there are two prompts, press one to speak in English, press two to speak to someone in Spanish. The number is 1-800-967-9948, Monday through Thursday, 8:30 AM until 5:30 PM Eastern Standard Time. On Friday, 8:30 AM until 4:00 PM Eastern Standard Time. Now, I am going to leave this up so that you can continue that you can see that, and you can take down that number or take down the web address as well. But we have a couple of people that are back, that have been working feverishly, answering questions and sending notes. And so, David, I know there are questions that have come in. What do you have for us from the chat?

- [David] That's absolutely true. Hey, thanks, Debra and Walter. Great information so far, but we do have a few common questions that have popped up, and I'm gonna start with some Medicare questions.

- Okay.

- [David] I'll send this one to you, Walter. Are you automatically enrolled in Part B Medicare when you initially sign up?

- Yes, so actually, when you sign up for Social Security, it's gonna set up so that it's when you turn 65. You're automatically gonna get enrolled in Part A and Part B for Medicare, when you turn 65. So you're gonna have, if you continue to work and you have insurance through your employer, you can opt out of Part B, so that way you don't pay that Part B premium. And so typically, you wouldn't bother to opt out of Part A, because Part A is free, and so it it actually will supplement your benefit through your employer, right? So Part A is your hospital benefit, and so if you have a tragic healthcare need, and you run out of, you go over your insurance for your employer, Medicare Part A will pick up on that hospitalization expense. A key thing to think about, though, is if you opt out of Part B and you do not have qualifying insurance, if you sign up for Part B in the future, you're gonna be charged an additional penalty surcharge, and it makes it, if you're just signing up, if you're just opting out of Part B or even Part D in order to save on the premium, and you don't have other insurance, it's not worth it. The penalty you're gonna pay down the road when you do sign up for Part B and Part D, it's too punitive.

- [David] Perfect, perfect. Great answer. And this one kind of dives in just a little bit more specific. Do I need to sign up for Medicare at 65 if I'm still working?

- Yeah, so.

- [David] Another piece thrown into the puzzle. You're still working. Talk to us about that.

- So as long as you have qualifying insurance, you do not need to sign up, but one thing that's important, especially if you're considering getting a supplement, is that if you sign up for a supplement at age 65, you do not go through healthcare underwriting. So you automatically are able to get supplemental insurance. If you do not sign up for a supplement at age 65, and you do not have qualifying insurance, when you do choose to sign up for a supplement, you will have to go through underwriting, and so, as we get older, you know, going through underwriting for insurance is really a roll of the dice. So I encourage you, as long as you have qualifying insurance, you really don't have anything to worry about, but it's important that as soon as when that insurance is gonna end, that you have a plan for signing up for Medicare, and whether or not you're gonna want a supplement or a Medicare Advantage type plan.

- [David] Great information. Go ahead, Debra.

- Yeah, can I jump in real quick? So when you say qualifying, what does that mean?

- So basically in an employer plan, so as long as you're on an employer plan, that's considered qualifying, a qualified plan, qualified insurance.

- Would that include Cobra?

- So you wouldn't want to stay on Cobra, right? So Cobra, you're paying out of pocket. It's gonna be dramatically more expensive.

- Right.

- So I don't know specifically that answer, but the reason why I don't know the answer is because I can't think of why you would wanna be on Cobra.

- On Cobra, gotcha.

- When you're Medicare eligible.

- [David] Yeah, no, great information. I do know that when we talk to people on the advice desk, obviously use your resources, that ssn.gov. Great resource to go get your own specific information. But one quick question, and this one's kind of interesting, and even for me, personally. If you move to another state on Medicare, does it follow you? Because we do know a lot of people like to move to the nice, warm climates, but talk a little bit about that, if you will.

- Yeah, so with your Medicare Part A and Part B, it will have no impact on those, but it will impact a Medicare supplement, a Medicare Advantage plan or your Medicare Part D drug plan. And so you're gonna need to contact your provider. It will be a qualifying event when you do move, so you will be able to get into a new plan, but that's something, if there's a likelihood that you're gonna move, you know, it's something that you're gonna wanna talk to your Medicare advisor upfront, so you can make a plan for when you're gonna move.

- [David] Now, another common question, just to shift gears a little bit. It's Social Security. A lot of people, you mentioned your full Social Security age. Obviously some people like to retire sooner. Debra mentioned some people like to work, which is kind of interesting, and we absolutely get those people. But talk to me just a little bit about maximum Social Security benefits when they come around, and when you sign up for that.

- Sure, so on average, people tend to, I think the average benefit is around 1,600 is what the average full retirement age benefit is. The maximum full retirement age is $3,345, is the maximum benefit currently. However, again, you can delay, and as you delay, it goes up 8% per year, and so that's a nice little compounding opportunity. But again, if you're gonna delay, it's important to keep on foregoing a year of income. And just typically we find that the sweet spot tends to be, you know, claiming around age 68 in a typical married couple that have the same ages or a single individual. You know, that tends to be kind of the sweet spot, unless there's some health questions.

- [David] And that's what we find out as well. Now, is there a maximum age that you have to sign up? Is that 70, Walter?

- Yeah, 70. Yeah, so there's no benefit to waiting until after 70. That's when you need to start getting it. Don't need to push beyond that.

- [David] Take it and enjoy it, right? Hey, thanks for your information. Again, you've been a valuable resource, no question, as it comes to this type of information, and everyone's asking these questions. But Debra, let's kinda shift over to you just a little bit, 'cause you've mentioned this so far, but talk to us a little bit when you set some time with CAPTRUST, what type of information do you want to have the participants have available to us, so we can have those in-depth conversations? 'Cause I know I've met with a lot of participants inside of these retirement plans, and it's so useful when they just have all of the information that they wanna talk about ready, because it just makes our time very focused and valuable, if you will. But talk to us a little bit about that.

- Yeah, so let's talk about that experience, and thank you, David. Thank you. I'm so glad that someone posed that question. So when you're meeting with CAPTRUST, the first thing I wanna do is say it's an easy conversation. We don't use a lot of financial jargon. It is an inviting... We want to talk to you. So don't feel like this is, you know, you're not gonna understand the conversation or you've gotta have all of this financial savvy and investment savvy to speak with us. We speak to you in layman's terms, and we look at a holistic approach. So when you're coming onto that call, any statements that you have, anything that you wanna consider for you, your spouse, your partner, anybody that's gonna be involved in your life in that time of retirement financially, you wanna bring any statements. If you worked somewhere else where you had prior plans, bring those statements. You wanna have your login information for your current retirement plan, because we wanna see if there are any changes that you need to make. Then we wanna make sure that we guide you through that process, so we don't just tell you, "This is what we're looking at. This is what you need to do," and then we leave you to your own devices. We wanna help you execute the information and execute the plan that we place before you. So any statements that you have for you or your spouse, how much you're contributing, anything that you want to consider. So those statements, it's really important to have that information, and when you have a conversation with us, it's not just one conversation and you're done. It's not like you can never call us again, but to have all of that with you would be great. And you can call us as often as you want. And so we'll do, we'll take you through this blueprint tool that we use, and then after it's over, then we're going to send you an email and how to log into our Okta system so that you can get the blueprint. So it's an analysis, probably about 12 to 13 pages. So you can get that, and so it's gonna show you all the input that you put in, and then you can have that as a foundation, and then a year from that time, we're gonna reach out to you again and remind you that you had a blueprint done with us, and if you'd like to have another one, if you have any-life changing events, once again, you can have as many blueprints done as you want. We can update that. We can look at various scenarios, but it's a very easy conversation, so bring all of that information with you so that we can help you and devise a plan for you. Was that about it? Any other questions, David? Because we're about...

- [David] No. In fact, yeah, we're running up on time, but I'll just kind of mention one thing because I actually do those appointments. There is a comments section when you set some time with us here at CAPTRUST. Type in what you would like to talk to us about. That way, we can be prepared for the appointment. As Debra mentioned, and I'll just kind of emphasize, that blueprint tool is so valuable to see if you're on track towards retirement. Just simply type in, "Would like to run a blueprint." That way, we can be prepared. That information that Debra just mentioned, bring that information, because we really do like to do the holistic plan, but nonetheless, that's the type of information. Give us the comments, what you're looking to talk to us about, so we can be prepared. I'm gonna let you guys go ahead and finish this up. That's all I had on questions, and again, great information, you guys. And go ahead, Debra and Walter.

- Thanks.

- [David] And finish it up for us.

- All right, so I just wanna say that, I just wanted to add that CAPTRUST offers you independent investment advice. We have nothing to sell you. We wanna help you to be more confident about your financial future and answer any questions that you might have. Thank you so much for the questions that you put in. Thank you, David, for that. And remember, this presentation has been recorded. It'll be sent out within 24 to 48 hours. We would also appreciate your completing the survey at the end of this webinar. I'm telling you, I read all of your comments. We try to make adjustments accordingly. If we didn't get to your question, I'm so sorry. Please make sure that you reach out to our advice desk. Set an appointment, schedule an appointment on captrustadvice.com. Call us on the 800 number. Again, I just wanna thank you, Walter, for joining today's discussion. Your input was invaluable. Do you have any closing remarks, as we have one more minute? You've got 30 seconds.

- The main thing thing is, you know, again, you have to plan for the financial, but you also have to plan for the personal and the psychological and what your passion's gonna be in retirement, so don't forget that piece of it. Debra, thank you so much for having me. I really enjoyed it.

- Absolutely. So thank you, everyone, for joining. I want you to enjoy the rest of your day. Stay safe and make sure that you reach out to us, because we are readily available here to help you. Thank you, everybody. Have a great day, and that ends our presentation. Thank you, Tracy.