Retirement Planning

Getting Started

Retirement Specialist

William Wesley

Money Coach

William is a financial coach, corporate trainer, author and transformational speaker. He has a 20-plus year career in financial services and retail management; and over 10 years in finance, management and lifestyle coaching. He has taught management principles, organizational behavior and management communication at the university level. After working with some of the major firms in the financial services industry, William started his own coaching and keynote presentation firm.

Before We Begin

Have a Question?

If your question isn't answered, make an appointment with a Money Coach!

Missed Something?

A recording of today's broadcast will be made available by the following business day.

Your Opinion Matters!

Let us know how we did by filling out a brief survey after the broadcast.

Agenda
Defining your path to retirement

Starting to Plan

Achieving Goals through Savings

Funding Accounts

Taking Action

Retirement Planning and Competing Priorities
There is no “right” answer

Relocation/occupation

Other education expenses

Pay down debt (student loans)

Emergency savings

Vacations & travelHousing

Your Money Decisions Today Influence Your Retirement Income
There is a competition for every dollar you spend

Opportunity Costs

Housing Expenses

Family Expenses

Entertainment Expenses

Daily Habits
Small expenses can add up over long periods of time

Daily Food Deliveries $25

Annual Cost of the Habit $9,125

3-Year Savings Account Value* $29,404

*Savings value assumes consistent 5% annual interest compounded monthly with no withdrawals or fees, and reinvested returns.

Opportunity Cost
How many other ways can you imagine spending $9,125?

A vacation

Retirement Savings

Other investments

Your daily purchases may have a direct impact on your long-term goals

Guidelines & Strategies
Target Consistent Savings

Housing Expenses

- Target 20% to 35% of budget
- Understand the return on investment for any remodeling
- Plan to set aside 1 - 2.5% annually for maintenance

Family Expenses

- 24-hour rule for large purchases
- Prioritize important goals like retirement or college savings
- Budget for irregular expenses

Entertainment Expenses

- Determine and stick to an allocated monthly amount
- Avoid trade-up syndrome
- Don’t sweat a bad week or month

Achieving Goals Through Savings

Suggested Budget Guidelines
Your target percentages will vary

50/30/20 BUDGET GUIDELINES		
BUDGET CATEGORY		PORTION OF BUDGET
LIVING EXPENSES 50% OF BUDGET	HOUSING	20-35%
	FOOD	10-20%
	TRANSPORTATION	10-20%
	MEDICAL	5-15%
PERSONAL EXPENSES 30%	ENTERTAINMENT	5-15%
	PERSONAL, FAMILY, & PET CARE	5-20%
	VACATIONS, GIFTS, & DONATIONS	5-15%
SAVINGS & DEBT 20%	DEBT	<10%
	SAVINGS	5-20%

Start by Writing Goals

Specific

Measurable

Achievable

Relevant

Time bound

- Write SMART goals
- Establish checkpoints and milestones
- Make adjustments as necessary
- Celebrate your progress

Mariah’s Efforts to Prioritize Savings
Allocating savings towards all goals

Goal/Objective

Mariah wants to build a consistent savings discipline

Through prioritizing, she hopes to put away money for a house and retirement at the same time

Financial Considerations

Her savings were good, but never consistent over the long term.

She tended to overemphasize one goal at the expense of another.

Wanted to allocate 25% to savings while using 75% for expenses.

Other Considerations

Mariah was often influenced by other people's goals and not her own.

Not consistently saving for emergencies, down payment, and retirement.

Establishing & Funding Retirement Accounts

The Power of Compounding
Time could potentially help your investments grow

Annual Salary*	3% Monthly Contribution*	10 Years	20 Years	30 Years
$40,000	$100	$16,000	$46,000	$100,000
$70,000	$175	$29,000	$81,000	$176,000
$100,000	$250	$41,000	$116,000	$251,000

*Annual salary, rate of return, and contribution amounts are used as an example only. This table shows how retirement savings accounts can grow when contributions are consistent over long periods of time. This table assumes a 6% average annual rate of return. Savings values shown are approximate and do not account for inflation, taxes, or account fees. Past market performance is no guarantee of future results.

Company Sponsored Retirement Accounts
Could be the most important retirement planning step

401(k), 403(b), TSP, etc.

Consider company matching contributions

Annual contribution limits

Risk Tolerance Questionnaire

Tax benefits – Traditional vs. Roth

Taking Action

The Importance of Time When Saving for Retirement
The power of compounding can make all the difference

Saving from age
25 to 40 (15 years)

Saving $10K per year including any match can go a long way if you start early.

Contributions **$150,000**

Total Savings at Retirement Age (65)
$998,970

Saving from age
35 to 65 (30 years)

A late start, using the same amount ($10K per year) contributed annually as above, could mean the difference of over $200,000.

Contributions **$300,000**

Total Savings at Retirement Age (65)
$790,580

This hypothetical illustration assumes an annual 6% return. Investing involves risk. Your investments may gain or lose money over time. This graph/chart/diagram is for educational purposes only. Values shown are approximate and do not account for inflation, taxes, or account fees. Past market performance is no guarantee of future results.

Tips as You Invest
Learn from previous generations

Remember your goals and time frames. Exercise patience.

Don’t compare yourself to other people.

Only invest in what you understand.

Uncertainty or volatility is natural.

Be prepared to make mistakes.

Time, not timing.

Action Plan: Working with My Money Coach
Three common next steps

Review your budget to prioritize saving for retirement

Discuss the pros and cons of Traditional vs. Roth contributions

Answer questions about potential asset classes

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[1] Alling, Brian T. and Clark, Jeffrey W. "How America Saves 2021" *Vanguard*. institutional.vanguard.com/content/dam/inst/vanguard-has/insights-pdfs/21_CIR_HAS21_HAS_FSreport.pdf June 2021 Accessed 1.26.2022