



Life After Work

How to Create a Good Life
in Retirement

Who Is Your Presenter



Randy Luebke, President Lifetime Paradigm, Inc.

- **Financial Services 30+ Years**
- **Clients Throughout U.S.**
 - **B2B = Business Owners & RE Investors**
 - **B2C = CPA's, Attorneys, Other Financial Advisors & Mortgage Originators**



**LIFETIME
PARADIGM**
A BETTER, SMARTER, SAFER WAY

**Registered Financial Consultants
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**Real Estate Integrated & Self-Directed
Financial Consulting & Planning**

The 4x4 Financial Independence Plansm



**LIFETIME
PARADIGM**
A BETTER, SMARTER, SAFER WAY

*a Better, Smarter, Safer Way!*sm

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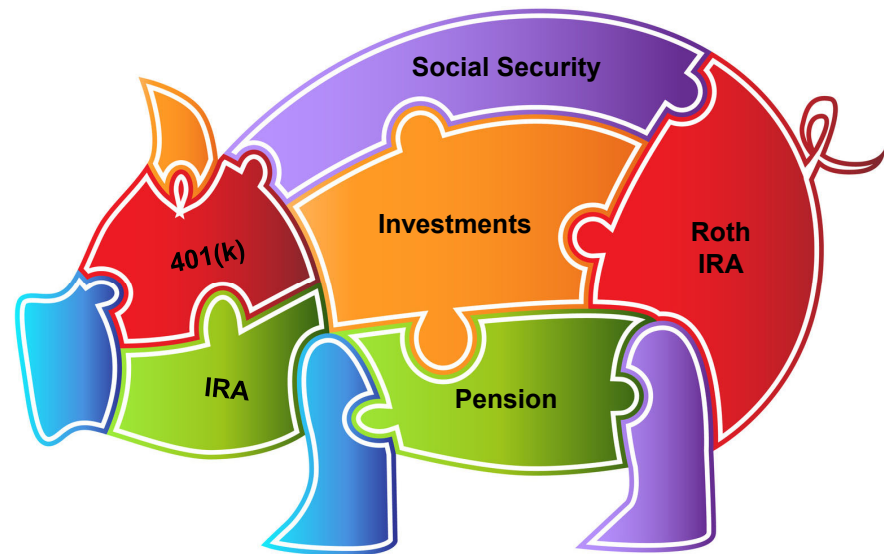
Agenda

- How does your retirement planning measure up?
- Imagine your life in retirement...
- Identify all potential sources of income
- Determine your withdrawal strategy
- Don't forget taxes
- Case study: The Doe Family
- How to get started



A Retirement Income Plan Helps You Determine:

- How much income will you need in retirement?
- Where will that income come from?
- How will you manage that income over a 30-year retirement?



Expected and Actual Retirement Income Sources

TOP 5

Expected Sources of Income:

1. Social Security (87%)
2. DC plan (83%)
3. Personal savings (76%)
4. IRA (73%)
5. Work for pay (68%)

TOP 5

Actual Sources of Income:

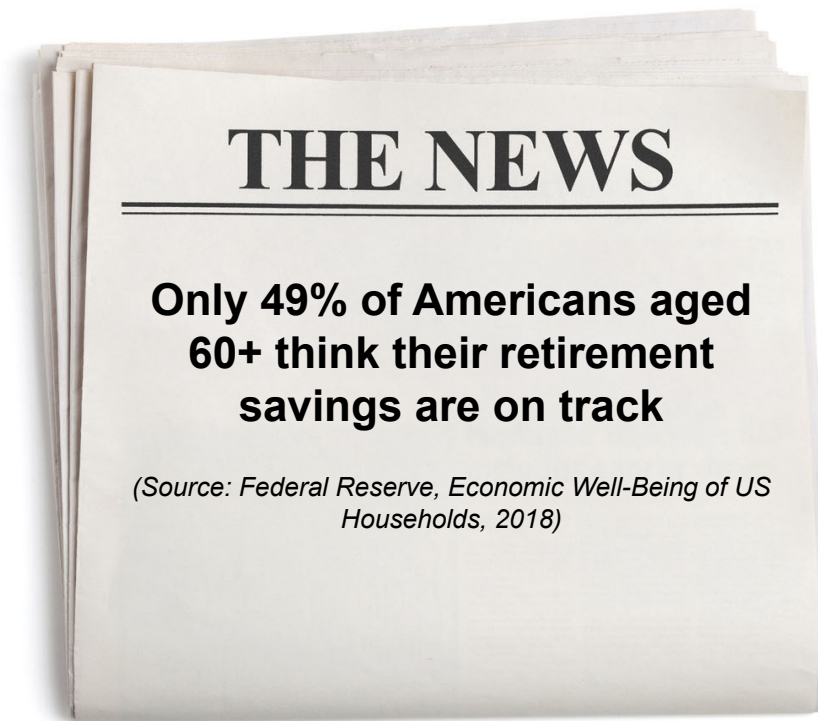
1. Social Security (92%)
2. Personal savings (66%)
3. DB/pension plan (58%)
4. IRA (55%)
5. DC plan (46%)

Source: Employee Benefit Research Institute and Greenwald Associates, 2021 Retirement Confidence Survey

How Does Your Retirement Planning Measure Up?



Are you on track for a good retirement?



How Does Your Retirement Planning Measure Up?



Imagine Your Life in Retirement...

1. Where will you live?
2. How much home will you need?
3. What will you do?
4. How long will you live?
5. What surprises does life hold?
6. How much income will you need?

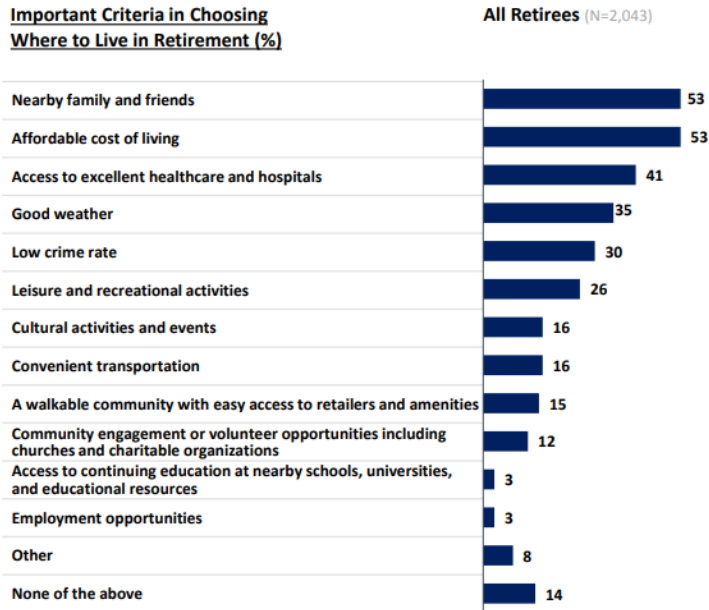


Where Will You Live?

- Proximity to family
- Affordability
- Employment
- Business opportunities
- Travel plans
- Climate
- Culture
- Recreation

Retirees Cite a Variety of Criteria in Choosing Where to Live

When choosing where to live in retirement, the five most often cited important criteria are: proximity to family and friends (53 percent), affordable cost of living (53 percent), access to excellent healthcare and hospitals (41 percent), good weather (35 percent), and low crime rate (30 percent).



FREE BASE: ALL QUALIFIED RESPONDENTS



Source: TransAmerica, Current State of Retirement, December 2018

How Much Home Will You Need?

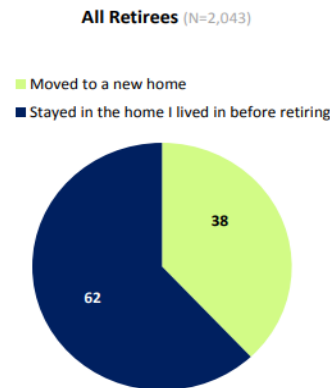
- Will you downsize?
- Should you rent?
- For the average American over 60, more than 50% of all equity is their home equity – **Should you use?**

(Source: Housing Finance Policy Center, *How Much House Do Americans Really Own?*, 2016)

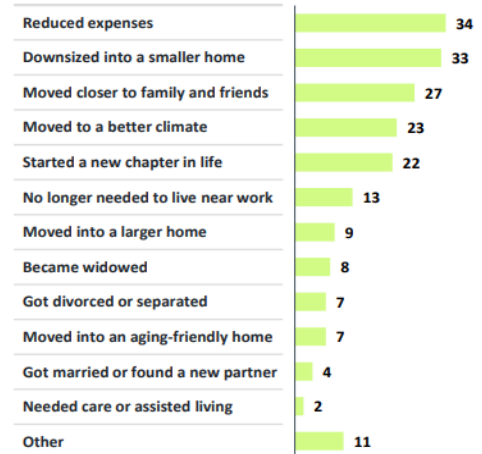
Almost Four in Ten Retirees Have Moved Since Retiring

Since entering retirement, almost four in 10 retirees (38 percent) have moved to a new home, while 62 percent have stayed in the home that they lived in before retiring. Among those who moved, frequently cited reasons for doing so include reducing expenses (34 percent), downsizing (33 percent), moving closer to family and friends (27 percent), moving to a better climate (23 percent), and starting a new chapter in life (22 percent).

Living Arrangements in Retirement (%)



Reasons for Moving (%)



Among Retirees Who Moved (N=735)

FIGURE BASE: ALL QUALIFIED RESPONDENTS

705. How have your living arrangements changed since entering retirement?

FIGURE BASE: MOVED TO A NEW HOME

708. What were your reasons for moving? Please select all that apply?

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES

Source: TransAmerica, *Current State of Retirement*, December 2018

What Will You Do?

Income-generating activities

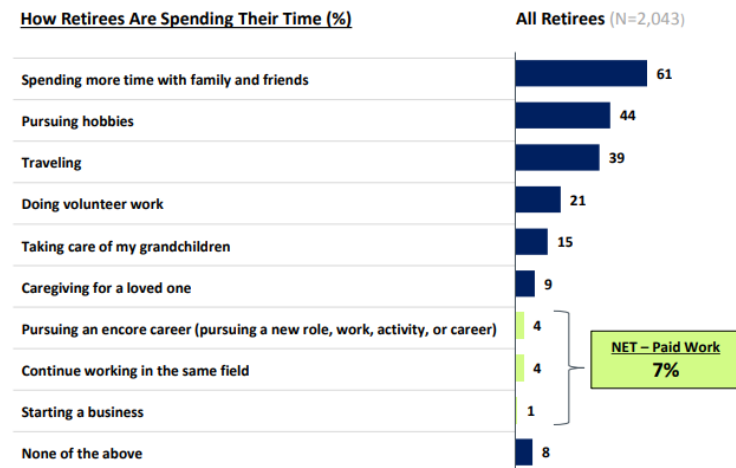
- Employment
- Own business (profitable)

Expense-generating activities

- Hobbies
- Travel
- Own business (startup)

Retirees Are Spending Their Time on a Variety of Activities

When asked how they are spending their time in retirement, retirees cite a wide variety of activities, including spending more time with family and friends (61 percent), pursuing hobbies (44 percent), and traveling (39 percent). Twenty-one percent are doing volunteer work and 15 percent are taking care of their grandchildren. Seven percent of retirees are doing some form of paid work such as pursuing an encore career (4 percent), continue working in the same field (4 percent), and/or starting a business (1 percent).



Other responses not shown

SEE BASE: ALL QUALIFIED RESPONDENTS

Now that you are retired, how are you spending your time? Please select all that apply.

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES

Source: TransAmerica, Current State of Retirement, December 2018

How Long Will You Live?

- Average life expectancy – a good starting point
- Estimate your life expectancy – www.livingto100.com
- Ensure your money lasts to age 95 or 100

Current age	Men Additional Life Expectancy	Women Additional Life Expectancy
50	29.6	33.2
55	25.4	28.8
60	21.5	24.4
65	17.7	20.3
70	14.2	16.5

Source: CDC/NCHS, National Vital Statistics System

What Surprises Does Life Hold?

- Health
- Family
- Economy
- Major disasters



How Much Income Will You Need?

Retirement Budget Worksheet

Retirement Income Sources	Monthly	Annual
Social Security	\$	\$
Work Earnings	\$	\$
Company Pension	\$	\$
401(k) Plan	\$	\$
Retirement Accounts	\$	\$
Taxable Investment Accounts	\$	\$
Annuity	\$	\$
Rental Income	\$	\$
Business Interests	\$	\$
Other	\$	\$

Taxes	Monthly
Income Tax	\$
Property Tax	\$
Capital Gains Tax	\$
Business/Corporate Taxes	\$
Other	\$

Household Expenses	Monthly
Rent	\$
HOA Fees	\$
Homeowners/Rental Insurance	\$
Home Maintenance/Repairs	\$
Home Improvements	\$
Security System	\$
Home Appliances	\$
Furniture	\$
Other	\$

Utilities	Monthly
Electricity	\$
Water	\$
Gas	\$
Cable/Satellite TV	\$
Internet	\$
Phone/Data Plan	\$
Other	\$

Retirement Budget Worksheet

Food	Monthly	Annual
Groceries	\$	\$
Beverages	\$	\$
Entertaining (Parties, Special Events)	\$	\$
Restaurants	\$	\$

Health Care	Monthly	Annual
Medicare/Supplemental Insurance Premiums	\$	\$
Deductible	\$	\$
Co-Payments	\$	\$
Co-Insurance	\$	\$
Eye Doctor/Glasses	\$	\$
Dental	\$	\$
Prescriptions/Over-the-Counter Medications	\$	\$
Vitamins	\$	\$
Fitness (yoga, personal trainer, YMCA, etc.)	\$	\$
Life Insurance	\$	\$
Long-Term Care	\$	\$
Other	\$	\$

Transportation	Monthly	Annual
Car Lease Payments	\$	\$
Auto Insurance	\$	\$
Registration	\$	\$
Gas	\$	\$
Maintenance	\$	\$
Repairs	\$	\$
Upgrades	\$	\$
Other	\$	\$

Personal Care	Monthly	Annual
Clothing	\$	\$
Tailor	\$	\$
Dry Cleaning	\$	\$
Toiletries	\$	\$
Feminine Products	\$	\$
Cosmetics	\$	\$
Hair	\$	\$
Nails	\$	\$
Facials	\$	\$
Shoe Shine	\$	\$
Massage	\$	\$
Other	\$	\$

Retirement Budget Worksheet

Child Care	Monthly	Annual
Child Support Payments	\$	\$
Day Care/Babysitting	\$	\$
Education	\$	\$
Sports	\$	\$
Recreational Activities	\$	\$
Summer Camp	\$	\$
Other	\$	\$

Pet Care	Monthly	Annual
Food	\$	\$
Grooming	\$	\$
Boarding	\$	\$
Veterinarian	\$	\$
Medication	\$	\$
Pet Insurance	\$	\$
Clothing	\$	\$
Other	\$	\$

Retirement Budget Worksheet

Professional Services	Monthly
Accountant	\$
Financial Planner	\$
Lawyer	\$
Business Consultant	\$
Other	\$

Debt Payments	Monthly
Mortgage	\$
Student Loans	\$
Car Loans	\$
Credit Cards	\$
Business Loans	\$
Bank Loans	\$
Other	\$

Education/Self Improvement	Monthly
College	\$
Classes	\$
Books	\$
Subscriptions	\$
Supplies	\$
Other	\$

Retirement Budget Worksheet

Entertainment/Recreation	Monthly	Annual
Sports	\$	\$
Theater	\$	\$
Camping	\$	\$
Movies	\$	\$
Music	\$	\$
Museums	\$	\$
Other Hobbies	\$	\$
Club Membership Fees	\$	\$
Digital Devices	\$	\$
Other	\$	\$

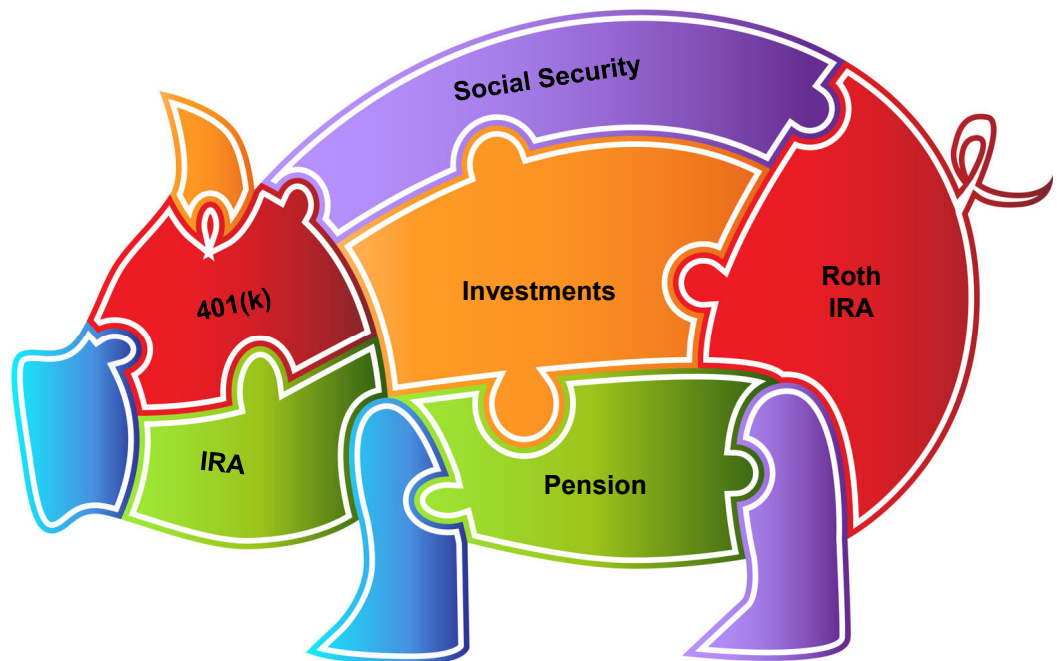
Vacations/Travel	Monthly	Annual
Travel Tickets	\$	\$
Hotels/Lodging	\$	\$
Food	\$	\$
Auto	\$	\$
Entertainment	\$	\$
Souvenirs	\$	\$
Other	\$	\$

Miscellaneous	Monthly	Annual
Charitable Cash Donations	\$	\$
Gifts	\$	\$
Alimony	\$	\$
Other	\$	\$

Total:	\$	\$
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Identify All Potential Sources of Income...

- Social Security
- Pensions
- Annuities
- Part-time work
- Investment properties
- Business interests



Retirement Income Characteristics

Social Security: Inflation-adjusted income
Guaranteed for life

Pensions: Fixed income
Guaranteed for life

Earnings from work: Fixed or variable income
Not permanent; will cease with ill health or old age

Annuities: Fixed or variable income
Must manage for sustainability

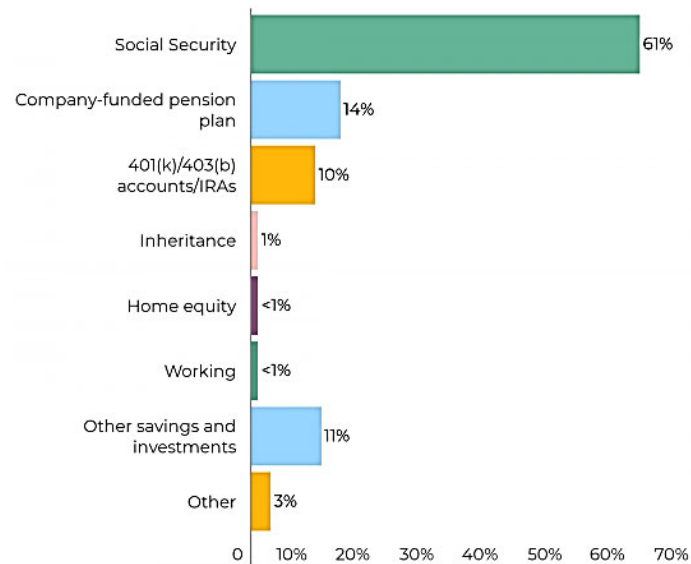
Other Income: Do you have other income sources such as an investment property or business interests?

Income from Investments: Income and Withdrawals from IRA's, 401(k)'s, savings, non-qualified investments, etc.

Average Retirement Income Sources

Where do retirees say their income is coming from?

Percentage of polled retirees who rely mainly on the following income streams for the duration of retirement:



Source: Nerd Wallet, *The Current State of Retirement: A compendium of Findings About American Retirees*

Social Security

- What will your benefit be?
- What will your spouse's benefit be?
- What age will you and your spouse claim Social Security?
- How can you optimize your benefits?

If your monthly benefit is \$2,000 today and annual cost-of-living adjustments are 2.8%:

In 10 years	Your monthly benefit could be	\$2,636
In 20 years		\$3,474
In 30 years		\$4,580

Source: Social Security Retirement Estimator

To determine your benefit:
Visit SSA Retirement Estimator at
www.ssa.gov/estimator

Pensions

- Will you get one?
- When do you become eligible for it?
- How much will it be?
- What are your distribution options?



Earnings From Work

- Will you work during retirement?
- What will you do?
- Full-time / part-time?
- How much income can you expect?
- How long can you expect to work?



Annuities

- Do you have an existing annuity?
- Are you looking to replace income?
- Options to explore:
 - Living benefit riders
 - Guaranteed income benefits
 - Fees
 - Surrender charges
 - Tax implications



Income From Investments & Personal Savings

- Traditional IRA
- Roth IRA
- SEPP & SIMPLE IRA
- Keogh
- 401(k)
- 457(b)
- Cash
- Brokerage account
- Non-qualified accounts
- More...



Other Income

- Home equity
- Real estate investments
- Business ventures
- Inheritances
- Trusts



Determine Your Withdrawal Strategy...

- Live off the interest
- 4% Rule
- Bucket strategy
- Mandatory vs. Discretionary
- **Essential vs Lifestyle Expenses**



Live off the Interest

- Assets are invested in income-oriented securities and investment products
 - Bonds
 - Dividend-paying stocks
 - Master limited partnerships
 - Other income-oriented investments
- Income is spent as it is received
- Principal remains untouched



4% Rule

- Assets are invested for total return
- Withdrawals may come from interest, dividends, capital gains, or principal
- Withdrawal amount not dependent on investment earnings
- First-year withdrawal = 4% of account value
- Subsequent withdrawals increase each year by inflation rate



Bucket Strategy

- Assets are placed in buckets corresponding to time horizon or expenses
- Investments vary depending on time horizon and risk tolerance
- Income is taken from bucket earmarked for that purpose
- Other buckets left to grow



Mandatory vs. Discretionary Expenses

- Mandatory expenses are funded by guaranteed income such as Social Security
- Discretionary expenses are funded by investments offering growth potential and inflation protection
- **Essential Expenses**
 1. Food
 2. Shelter
 3. Clothing
 4. Healthcare
 5. Transportation



Pros and Cons of Different Approaches

Approach	Pros	Cons
Live off the interest	Simplicity	Low income No inflation protection
Mandatory vs. discretionary	Peace of mind that basic expenses will be met	Complexity of vehicles offering guaranteed, inflation-adjusted income Discretionary fund subject to fluctuation
4% rule	Predictable Inflation protection	Success depends on investment results -- Could either run out of money or die with too much (i.e., deprive yourself of more comfortable lifestyle)
Bucket strategy	Flexibility Inflation protection Potentially more income	Complexity Harder to set up Requires close monitoring Success depends on investment results

Don't Forget Taxes...

- Tax basics
- Tax regulations vary for different income sources



How Retirement Income Is Taxed

Social Security: Up to 85% of benefits may be taxable depending on your income and filing status

Pensions: All or part may be taxable depending on plan

Earnings from work: All taxable at ordinary income rates

Investment income: If taxable account, taxes are paid on income as it is earned in the account; no additional tax when taken out for spending

If IRA or other tax-deferred account, taxes are paid on money as it is withdrawn

Annuities: Depends on the type of annuity:

- Non-qualified contract withdrawals are taxed earnings first as ordinary income then principal as a tax-free withdrawal
- Qualified contracts are taxable when withdrawn

Other assets: Depends on type of income

Tax Planning Strategies for Retirement

- Start drawing down IRAs before age 72 to reduce RMDs
- Convert traditional IRAs to Roth
- Delay Social Security: Reduces number of years benefits are subject to tax
- Reduce expenses: pay down debt, adopt simpler lifestyle
- Continue to manage taxes throughout retirement



Which Accounts to Tap First?

- **Type of account**

- Taxable
- Tax-deferred
- Tax-free

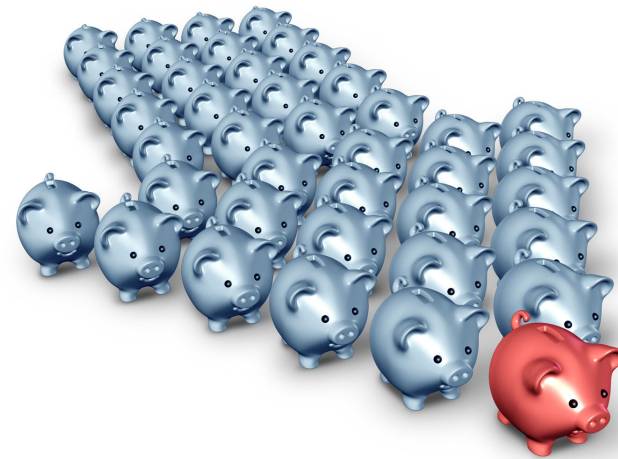
- **Type of investment**

- Risk tolerance
- Time horizon
- Income needs



How to Get Started...

What should you do next?



Action Plan

- Gather resources on transitioning to retirement
- Gather together necessary financial information
- Make a list of questions and concerns
- Make appointments with advisors
- Get started!



How We Can Help

Life Planning

- Questions to help you imagine your life in retirement

Account Management

- IRA rollovers
- Roth conversions
- Establishing suitable withdrawal plan
- Help with required minimum distributions



Budgeting

- Determining your income needs
- Identifying sources of retirement income

Portfolio Management

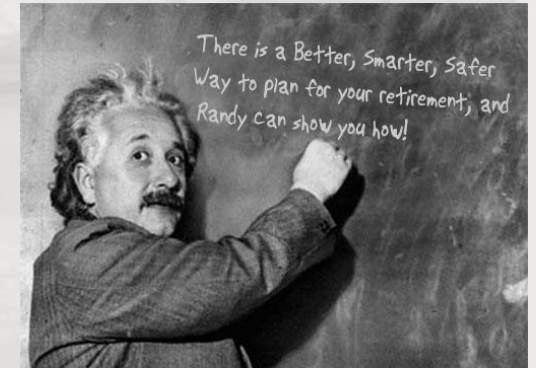
- Investments
- Financial products
- Tax considerations in investing

Summary

- **Financial Independence** is the New Retirement, and Anyone Can Retire At Any Age
- Financial Independence is when **“The assets you have, provide the income you need, to live the life you want, and work is no longer a requirement, it’s an option”**.
- No One Can Do Comprehensive Financial Planning Well On Their Own
- Everyone Can Do Better With Some Help
- We Are Here To Help

How To Get Started

1. **Enroll in the Financial Independence Toolkitsm**
 - It's Free, and It's Awesome
2. **Schedule a 15-minute Interview**
 - It's Also Free
 - We will learn more about each other and,
 - If there's a fit, we will tell you how to get started
3. **Listen to This Webinar Again**
 - Share it with your family, friends and co-workers
 - Checkout our website for past presentations
 - Join us again next time
4. **Remember, There Really is a Better, Smarter, Safer Way!**



How To Contact Us

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