

UNIVERSITY
OF
CALIFORNIA

PATHWAY
to Retirement



Envisioning Your Retirement
- Kim Becker

“FULFILLMENT”

What does it mean and how do you find it?

“RETIREMENT”

What is it today and how do you define it?



You are the architect of your retirement



- **Filling your days?**
- **Days of fulfillment?**



- **Every day is a Saturday!**

How many days might you need to fulfill?



63

**Average
retirement age
in America**



18

**Average length
of retirement**



30

**Retirement
planning horizon**

4 tips for finding fulfillment in retirement

- 1 Ask key questions...and answer truthfully
- 2 Create your purpose
- 3 Acknowledge this is not “business as usual”
- 4 Do your research

Ask key questions...and answer truthfully



- Are you ready to leave what you have been doing?
- Are you prepared for the challenges of creating a new life?
- Do you have the resources to create your new life?
- Have you coped well with other transitions?
- Are you patient?

Create your purpose



- **Identify and nurture your passion if you have one**
- **Start “living your dream”**
- **Expand on what you already know and love**
- **Talk to everyone you know**
- **Give each new idea 6 months or more to see if it “sticks”**

Consider care of you and your family



- **Plan to care for an aging parent**
- **Consider you might become a caregiver**
- **Consider you might become the one needing care**

Acknowledge this is not “business as usual”



- Expect a transition period – 2 to 5 years
- Create a new identity
- Embrace a new chapter of freedom
- Build and expand your social network
- Take the time to do what you’ve always promised yourself you would do

Where to start?

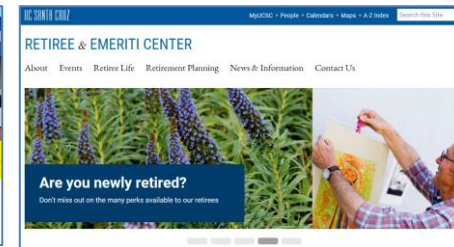
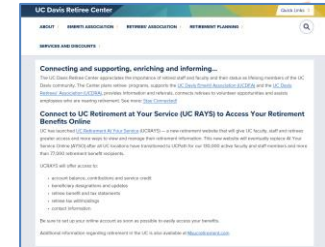
- Blogs and Books
- AARP

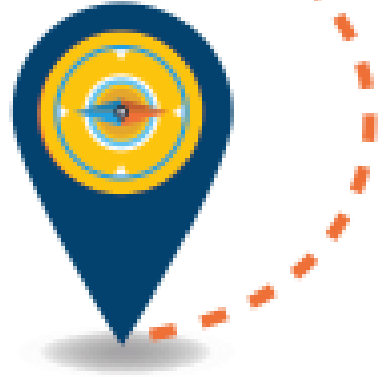


Wall Street Journal, "The Best Books of 2018 on Aging Well", 11/20/2018.

Where to start?

- UC Retirement Centers
- Emeriti and Retirees' Associations
- Other happy retirees





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Retirement Income Planning
- Kim Becker

A detailed **path** that helps you determine how to use your **financial resources** to generate **income to last** the rest of your life.

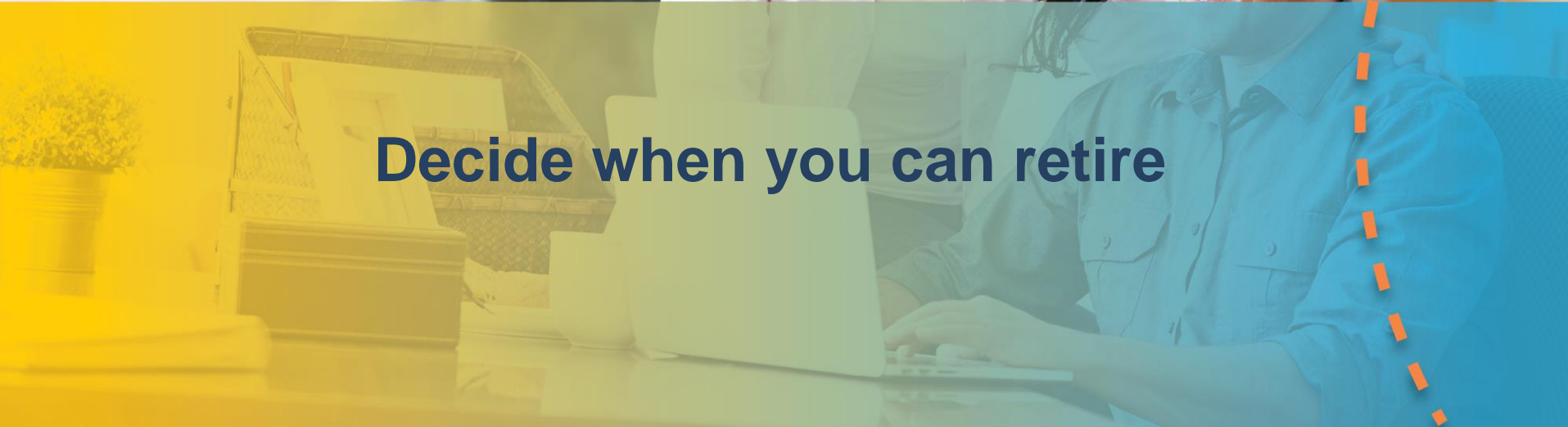
A decorative dashed orange line with a grey shadow, curving from the top right corner towards the bottom right corner of the slide.

Benefits of a Retirement Income Plan

- Decide when you can retire
 - Identify your sources of income
 - Prioritize your financial needs vs. wants
 - Understand and help minimize key risks
 - Stay on track to live the retirement you want
- 



Decide when you can retire





Part 1: What you want

When?



- By choice?
- By need?

Where?



- Downsizing?
- Upsizing?

What?



- Filling your days?
- Days of fulfillment?



Part 2: What you can afford



Ensure your savings last through retirement



Achieve the retirement goals and lifestyle you want



Maintain flexibility for opportunities and emergencies



Preserve your money for a legacy or inheritance



**Identify your sources
of income**



Traditional retirement income sources



**UCRP
(pension)**



**Social
Security**



**UC
Retirement
Savings
Program**



**Other
Savings**



Housing and Real Estate



Plans for your home

Rental Income

The gig economy opportunities

Working

- **Part-time**
- **Consulting**
- **Seasonal work**
- **Hobbies that generate cash**
- **Phased retirement**





**Prioritize your financial needs
vs. wants**

3

Categories of expenses



Essential Expenses



Discretionary Expenses



Emergency Expenses

Gap

Estimated
income

Estimated
expenses

\$5,000

Estimated income per month

- \$7,000

Estimated expenses per month

- \$2,000

Potential gap per month



**Understand and help minimize
key risks**

Longevity Is the Game Changer



Men¹



Women¹



1 of a couple²

- 1. Society of Actuaries Annuity 2000 Mortality Table, assumes a person is in good health and has reached age 65.
- 2. Society of Actuaries Annuity 2000 Mortality Table, updated to 2015 with Schedule G Adjustments. Figure assumes opposite-sex couple with both persons in good health.

Know How Much You Can Withdraw Each Year

It's not as much as you might like

4%

5%

~~10%~~



4% guideline when you need income for 30 years

\$500,000

x 4%

\$20,000

Beginning at 72*, you must take required minimum distributions

\$500,000

÷ 25.6

\$19,531

* The change in the RMD age requirement from 70½ to 72 only applies to individuals who turn 70½ on or after January 1, 2020. Please speak with your tax advisor regarding the impact of this change on future RMDs.



Other investment and income risks



**Preparing
for inflation**



**Investing for
the long-term**



**Anticipating
health care costs**

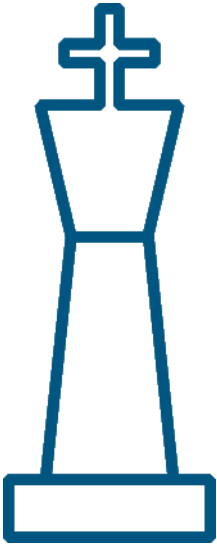


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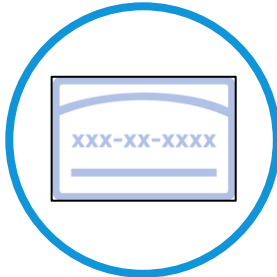


**Stay on track to live the
retirement you want**

Your initial plan pulls the pieces together



Risks



Income Sources



Goals



Distributions





Annual check-ins address current topics

**Reduce the
impact of taxes**



**Adjust your
investment mix**

**Help determine
your investments**

Specific Actions Needed at Specific Ages

50s–Quick Plan

- Write down best estimates
- “Super save”
- Set up an initial planning session with Fidelity

60s–Detailed Plan

- Determine Social Security strategies
- Reassess risk and asset allocation
- Build a detailed financial assessment

65+ –Master Plan

- Sign up for Medicare
- Discuss retiree health insurance options with employer
- Prepare portfolio for required minimum distributions

Next steps



**Attend classes
available at
myUCretirement.com/classes**



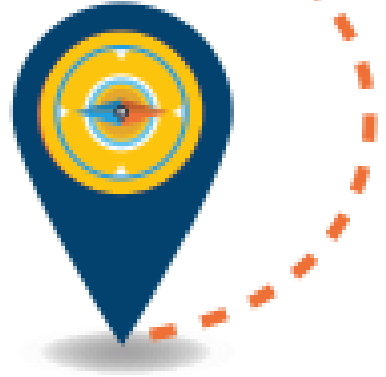
**Gather your UCRP
estimate, UCRSP
account balances
and Social Security
Estimate**



**Read articles on
income planning at
myUCretirement.com**



**Schedule a
planning session
in person or over
the phone
800-558-9182**



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Retirement Income Sources

- Social Security

5 Important Questions
to Ask Before You Claim
- Spencer Richards

5 Important questions

- 1 When should I claim (vs. when can I claim)?
- 2 How can I claim retirement benefits?
- 3 Where do I get information?
- 4 What do I need to get my benefits?
- 5 Where does Social Security fit in my plan?

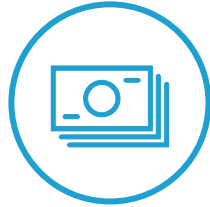


Q1. When should I claim
(vs. when can I claim)?

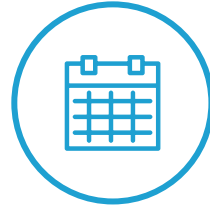
Everyone knows the earliest age to claim, but is that the right time for you?



**How much income
do you need?**



**What other
income sources
are available?**

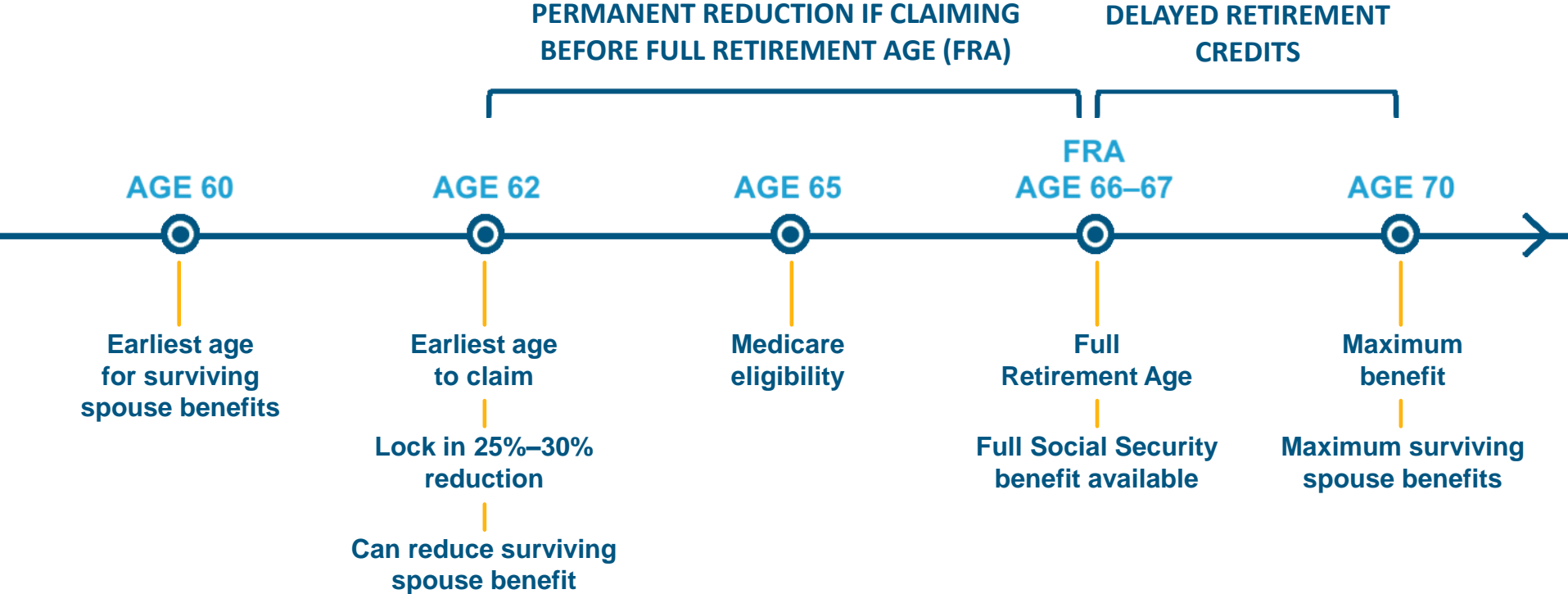


**The longer your
wait, the higher
the benefit**



**Consider
life expectancy and
longevity**

Claiming early locks in permanent reductions



Source: Social Security Administration.

A smiling woman with grey hair, wearing a yellow sweater, is looking down at a smartphone in her hands. She is in a bright, modern kitchen with a window in the background showing a small potted plant. The image is overlaid with a semi-transparent blue and yellow gradient. A dashed orange line curves along the right edge of the slide.

Q2. How can I claim retirement benefits?

4 Ways to claim



**Individual
Worker**



Spouse



Ex-Spouse



**Surviving
Spouse**

Individual worker



**MAXIMIZE
BENEFITS**
at 70?



**OTHER
RESOURCES**
AVAILABLE?



**CONTINUE
WORKING?**

Spouse



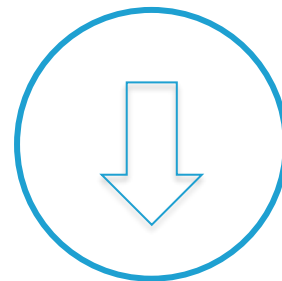
You are married



**Spouse enrolled in
Social Security**

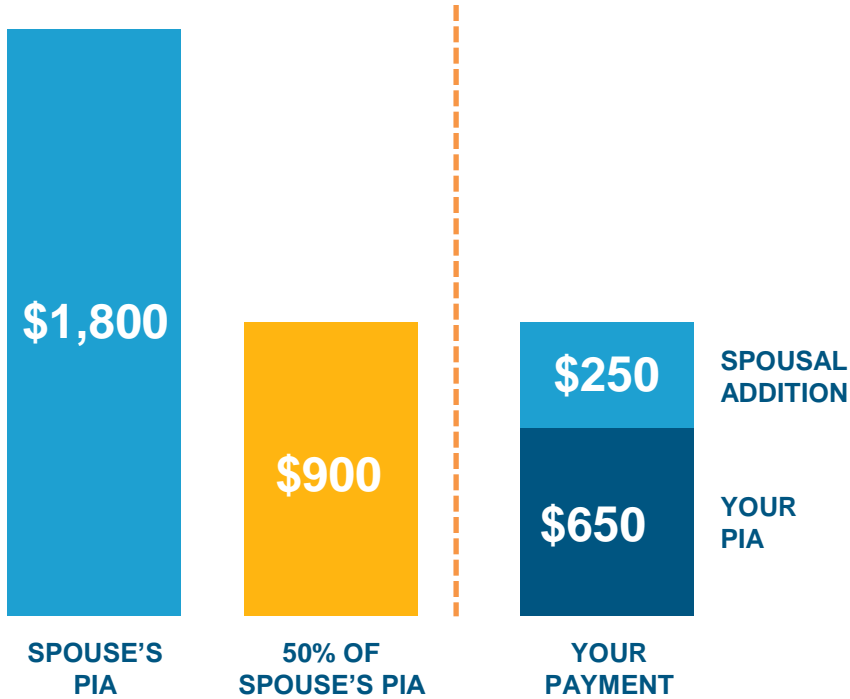


**Maximum benefit:
half of spouse's full
benefit**



**Reduced amount
if you claim
before FRA**

You have a work record and a current spouse



total benefit cannot exceed

50%

of your spouse's Primary Insurance Amount (PIA)

Ex-spouse



**Marriage for
10 years**



**You have not
remarried**

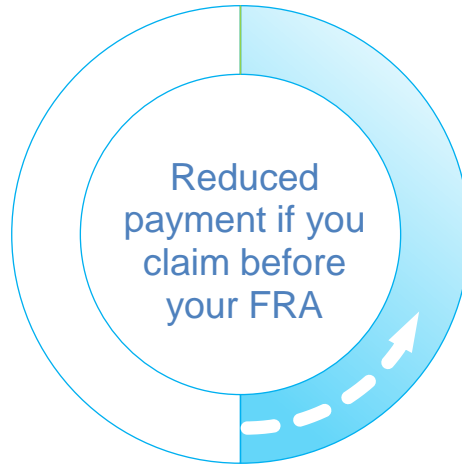
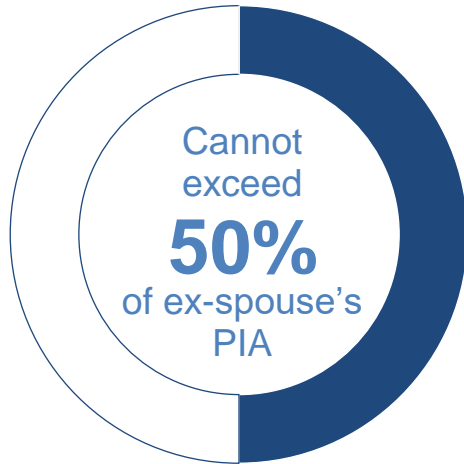


**Both at least
age 62**



**Divorced 2+ years or
ex is claiming**

Ex's can claim on each other's records



Confidentiality:

- Between you and the SSA
 - Marriage certificate
 - Divorce decree
 - Ex's SSN
 - Other required proof and documentation
-

Surviving Spouse or Surviving Ex-Spouse

Your spouse dies



Your ex-spouse dies
if you were married 10+
years and did not remarry
before age 60

You “step into his/her shoes”

When the higher-earning
spouse / ex dies first



Survivor benefit considerations:

- Survivor benefits available as early as age 60
- Early claims will be reduced
- Can switch between survivor and individual benefits
- You are responsible for notifying the SSA



Q3. Where do I get information?

Social Security website: SSA.gov



UC and Fidelity Resources




**CLAIMING
SOCIAL SECURITY:
HELPFUL TIPS**


Choosing when to start claiming Social Security benefits is an important decision, with pluses and minuses for every option. This guide will help you make a more informed decision.

Provided by
Fidelity

When should you claim SOCIAL SECURITY?

If you are 50 or over, it's a good time to start thinking about how Social Security fits into your overall plan. The right strategy could mean a significant difference in your retirement benefits, so let us show you an example of how you can get the most for your future.

I WAS BORN 





Q4.

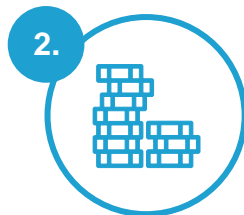
**What do I need to get
my benefits?**



You must first qualify for Social Security



You paid into
Social Security



You earned at
least 40 “credits”



Reach age 62



You need to know your Full Retirement Age

If you were born in...	Your full retirement age is...
1943–1954	66 years
1955	66 years, 2 months
1956	66 years, 4 months
1957	66 years, 6 months
1958	66 years, 8 months
1959	66 years, 10 months
1960 or later	67 years



You need to understand the implications



Average of
your 35 highest-
earning years



Actuaries
determine PIA



Claiming Age

Not waiting:
Permanent reduction
As much as **30%** less

Waiting:
Increases until age 70
Up to **32%** more





Q5. Where does Social Security fit in my plan?

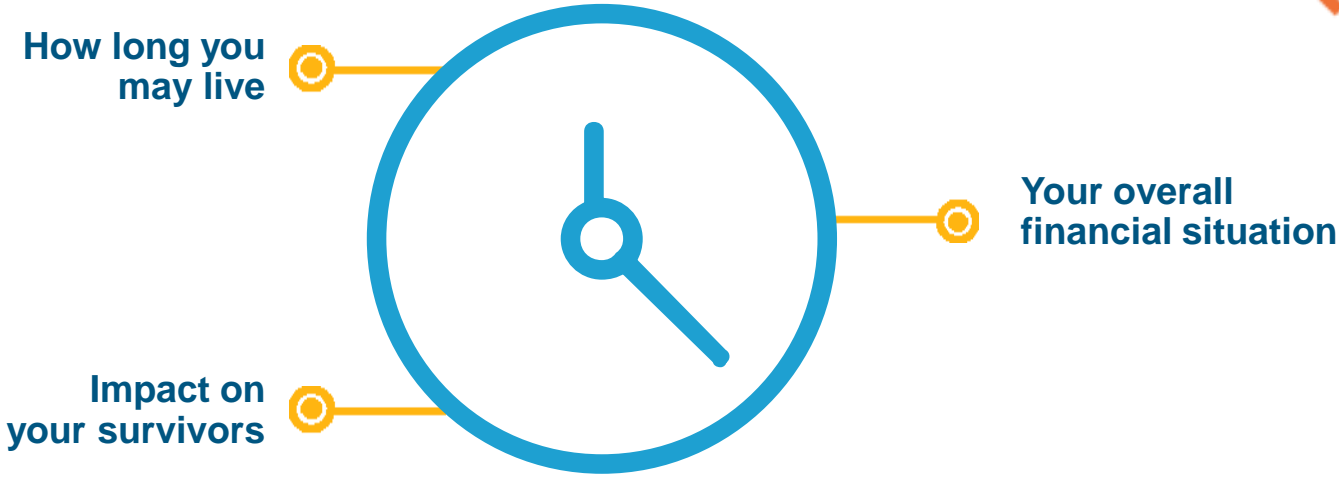
When you claim Social Security can have a significant impact on your savings

	Social Security	Your Portfolio
FRA (Full Retirement Age)	\$1,800	\$2,200
Age 70	\$2,232	\$1,768
Age 62	\$1,260	\$2,740

Annotations: An orange arrow points from the Age 70 Social Security value (\$2,232) to a box containing "77%". Another orange arrow points from the Age 62 Social Security value (\$1,260) to a box containing "\$972".

Hypothetical example to illustrate how different Social Security claiming dates deliver different income amounts. Assumes FRA is 67. Essential expense need is \$4,000 per month.

Deciding when to claim is a key piece of your retirement income plan



Next steps



Attend Social Security classes available at myUCretirement.com/classes



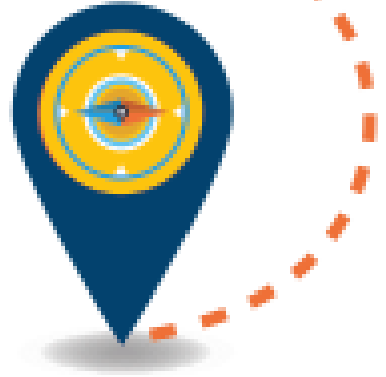
Get your Social Security Statement at SSA.gov



Read articles on Social Security at myUCretirement.com



Schedule a planning session in person or over the phone [800-558-9182](tel:800-558-9182)



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