

A man and a woman are smiling and looking at each other in a kitchen. The man is wearing a blue button-down shirt and the woman is wearing a grey sweater and glasses. They are standing in front of a large window with a grid pattern. The scene is brightly lit, suggesting a sunny day.

Turn Your Savings  
into Retirement Income

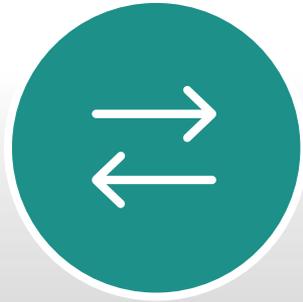




## Three key retirement income topics



**Importance  
of a plan**



**Factors to  
consider**



**Developing  
your plan**



The importance of having  
a retirement income plan



# Important retirement questions



**When will  
you retire?**



**Where will  
you retire?**



**What will you  
be doing?**

**IMPORTANCE**



## Adjusting to retirement



**Going  
to work**



**Doing  
your job**



**Relying on a  
paycheck**

**In retirement, you'll be responsible for creating your own paycheck**



## A retirement income plan can help you:



**Make your retirement savings last**



**Live the retirement you envision**



**Build a legacy**



Factors to consider when transitioning your savings into retirement income



# Potential sources of retirement income



## Reliable Income

- Pension plans
- Income annuities
- Social Security



## Investment Income

- 403(b)/401(k)/Rabbi Trust
- IRA's
- HSA's



## Other Sources

- Employment
- Rental property
- Trusts/inheritances

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# 5-10

years before you retire

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Categories of  
retirement expenses



### Essential Expenses

- Groceries
- Utilities
- Health care



### Discretionary Expenses

- Travel
- Hobbies
- Dining out



### Emergency Expenses

- Unforeseen health issue
- Home repair
- Auto repair



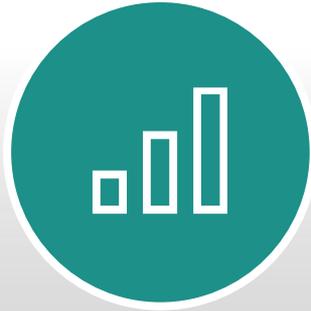
# Factors affecting your retirement savings and income



**Your  
withdrawal rate**



**Effects of  
inflation**



**Long-term  
investment**



**Longer  
lifespans**



**Health care  
costs\***

Estimate based on a hypothetical opposite-gender couple retiring in 2021, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2021. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

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Your  
withdrawal  
rate

## A variety of income sources



Interest  
From Savings



Social  
Security



Real Estate  
Revenues



IRA, 403(b), Rabbi Trust

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Effects of  
inflation



The value of your money could  
decline over time

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Long-term  
investing



Select an asset mix to  
help meet your needs and goals

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Longer  
lifespans



30-40

years in retirement

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Health care  
costs

Single retiring

**\$489**

Per month

Couple retiring

**\$978**

Per month

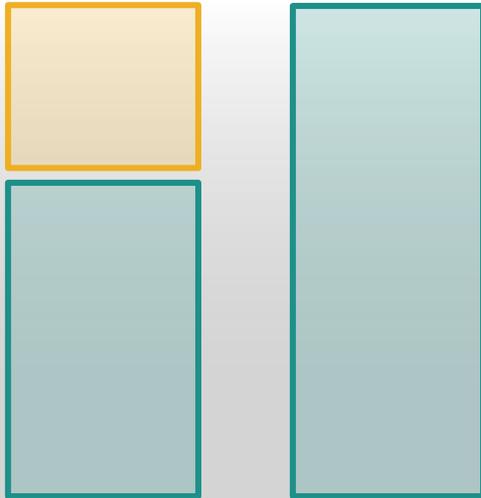
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## Retirement income and retirement expenses

Income Gap



Estimated income

Estimated expenses



Sam

**\$4,284**

Estimated income per month

**- \$6,104**

Estimated expenses per month

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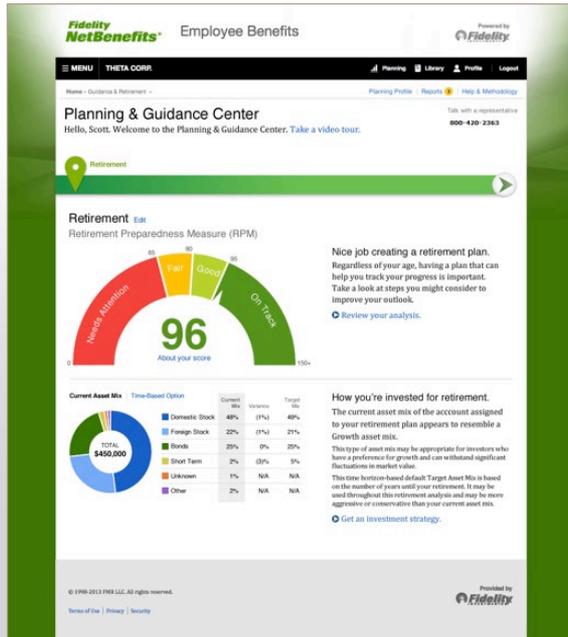
**\$1,821**

Potential gap per month

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# Identifying potential gaps



If your retirement income estimate is not anticipated to meet your expenses, consider:



Delaying retirement and continuing to work



Spending less now and saving more for later

**IMPORTANT:** The projections or other information generated by the Planning & Guidance Center's Retirement Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Your results may vary with each use and over time.



# Managing your tax situation

» **Understand how benefits and income are taxed**

» **Estimating your tax bracket can help you:**

- Reduce taxes and save more
- Adjust your taxable & nontaxable investment mix
- Choose how much to put in each investment



A distribution from a Roth IRA is tax-free and penalty-free, provided the 5-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, qualified first-time home purchase, or death.

Fidelity does not provide legal or tax advice. The information herein is general in nature and should not be considered legal or tax advice. Consult an attorney or tax professional regarding your specific situation.

**15 MINUTE BREAK**

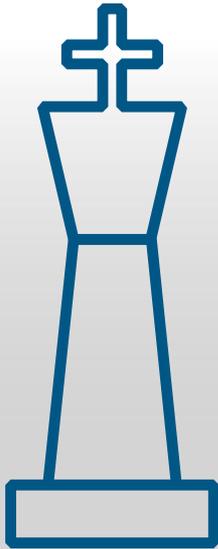


How to develop a  
retirement income plan

DEVELOP



## Potential income strategies



Taking systematic withdrawals



Using other income before claiming Social Security



Living off earnings and interest



Bucketing your investments



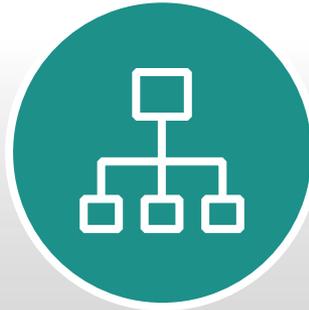
Taking systematic withdrawals  
from your investments



# Systematic withdrawals



**Determine  
income need**



**Establish  
asset allocation**



**Identify  
investment mix**



**Invest and  
manage**

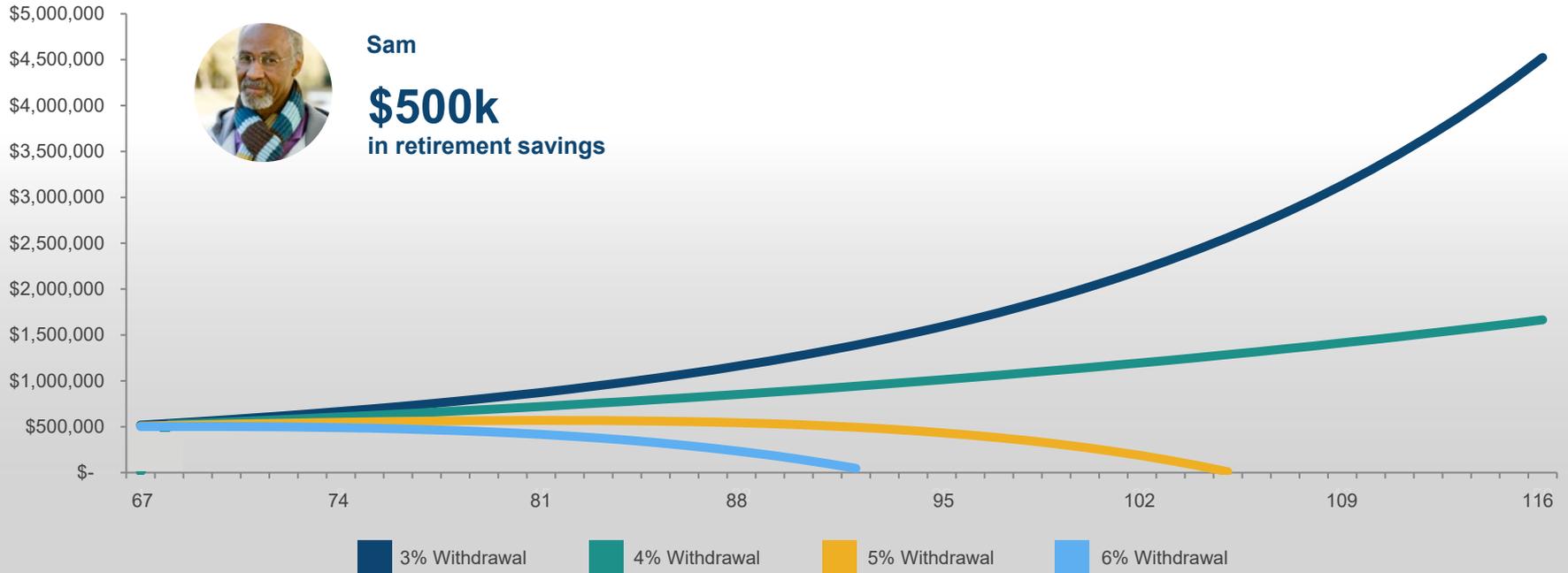


How much should you  
withdraw annually?





# Hypothetical illustration of withdrawal rates



Hypothetical value of \$500,000 invested in a portfolio of 50% stocks, 40% bonds, and 10% short-term investments with inflation-adjusted withdrawal rates as specified. Hypothetical illustration uses 6.75% rate of return and 2.5% inflation rate. Illustrated to show withdrawal taken at the beginning of the year with the balance growing to end of year. Values shown are end of year values. No taxes are considered on growth or withdrawals. This chart is for illustrative purposes only and is not indicative of any investment.



## Withdrawal rate example



Sam

**\$500k**  
in retirement savings

4% withdrawal rate

IRS-required minimum distribution (RMD)

**\$500,000**

**x**                      **4%**

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**\$20,000**

**\$500,000**

**÷**                      **25.6**

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**\$19,531**



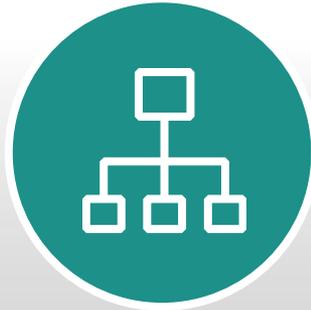
Living off interest and  
account earnings



## Income from interest and account earnings



**Determine  
income need**



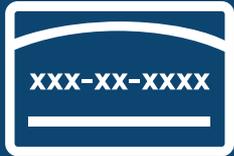
**Identify  
asset allocation**



**Manage  
reinvestments**

**You could lose money by investing in a money market fund. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Before investing, always read a money market fund's prospectus for policies specific to that fund.**

DEVELOP



Using other income  
sources until you start  
claiming Social Security



## Bridge strategy



**Determine  
income need**



**Identify  
investment mix**



**Rebalance if  
needed**



“Bucketing” your investments to generate both income and growth



# 3

## Buckets

You could lose money by investing in a money market fund. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Before investing, always read a money market fund's prospectus for policies specific to that fund.



Conservative  
Bucket



Moderate  
Bucket



Aggressive  
Bucket



## Monitoring and adjusting your investment buckets



**Conservative  
Bucket**



**Moderate  
Bucket**



**Aggressive  
Bucket**

**Periodically shift the gains from the moderate and aggressive buckets over one bucket**



Take the next steps



# Workshop summary

**Monitor  
your plan**



**Assess your  
financial situation**



**Review your  
income goals**



**NEXT STEPS**



**Take your  
next step**



**Call for help  
800.603.4015**



**Visit the Planning &  
Guidance Center**

NEXT STEPS



# Thank You!

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Investing involves risk, including risk of loss.

**30-Day Treasury Bill Index** measure the annual total return of a short-term obligation that is not interest-bearing (it is purchased at a discount); it can be traded on a discount basis for 91 days.

**MSCI EAFE Index** is a market capitalization-weighted index that is designed to measure the investable equity market performance for global investors in developed markets, excluding the US & Canada

**S&P 500 Index** is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent US equity performance.

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