

The Road to Retirement:

Getting on the Path to a More Secure Financial Future

Presented by:

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Vice President

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Investment Consultant

Ross & Brogan

As part of the Personal Investment Services team, Ross and Brogan offer fee-based investment management and financial planning services to businesses, individuals and their families. They provide education and guidance to retirement plan participants to help maximize their benefits in an effort to become retirement ready.



Ross James, CFP®, AIF®, QPFC
Vice President

Ross joined Sentinel in 2011.

He can be found at his family's lakeside cabin in Maine, spending quality time with friends on a beach somewhere in New England, or walking his chocolate lab.



Brogan O'Connor, AIF®
Investment Consultant

Brogan has been with Sentinel since 2013.

He enjoys playing softball in Central Park, navigating the city and spending time in his childhood hometown: Haverhill, MA.



The Road to Retirement



1. Starting the car
2. Tuning the Engine
3. Checking the brakes
4. Picking an exit

Why it's so confusing...



Understanding You



\$ Stretchers

Maximize savings opportunities and get to solid financial ground



Life Builders

Support “life-building” needs and begin to think about long-term planning



Accumulators

Address increasingly complex financial decisions and situations



Transitioners

Shift from accumulation focus to retirement income plan



Established

Help manage total financial needs in retirement

Starting the Car



\$ Stretchers

Maximize savings opportunities and get to solid financial ground

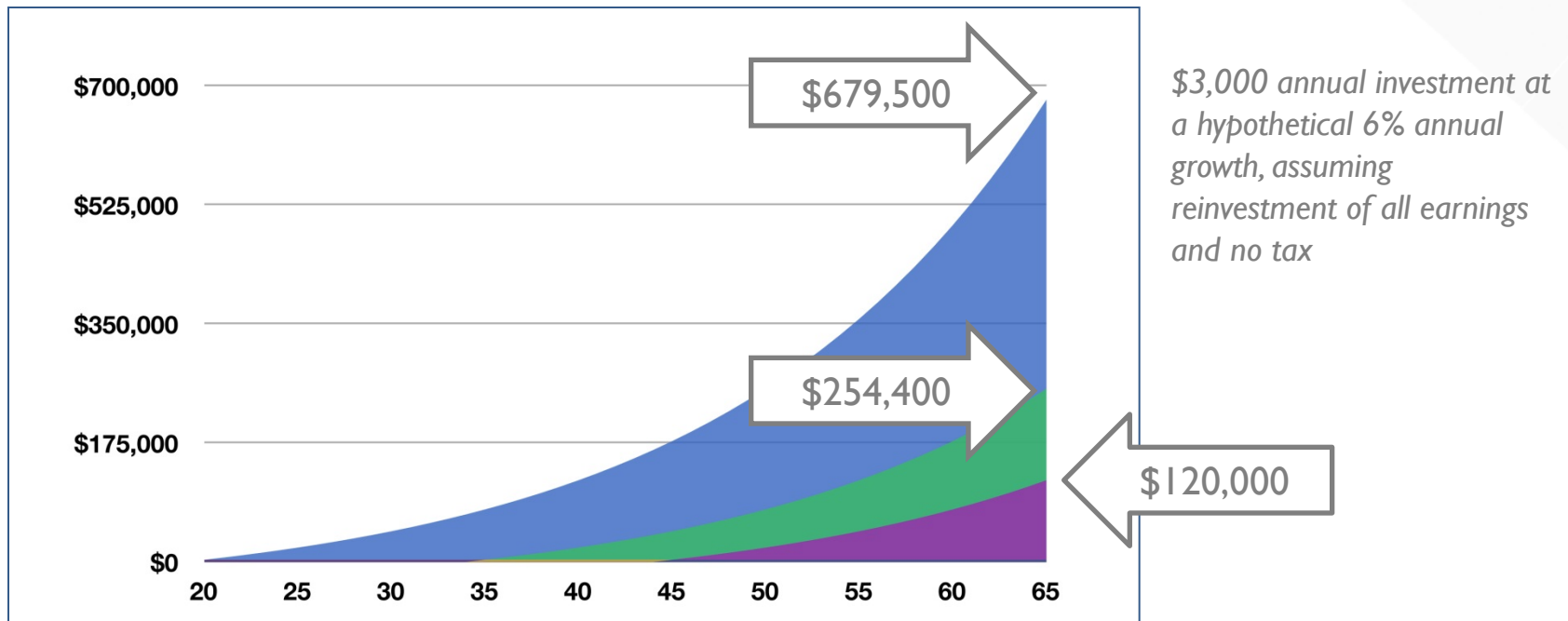


Starting the Car

- ▶ Start saving for retirement
- ▶ The power of compounding growth
- ▶ How to invest

Start Saving for Retirement

- ▶ Don't put off planning and investing for retirement
- ▶ Playing "catch-up" later can be difficult and expensive



“Rule of 72”

$72 \div \text{Rate of Return} = \text{Years Needed to Double in Value}$

How to Invest

- ▶ Diversification
 - ▶ Stocks, Bonds, Alternatives
- ▶ Risk Tolerance
- ▶ Time Horizon
- ▶ Long Term Strategy
- ▶ Periodically reevaluate



Diversification neither assures a profit nor guarantees against a loss in a declining market.

Tuning the Engine



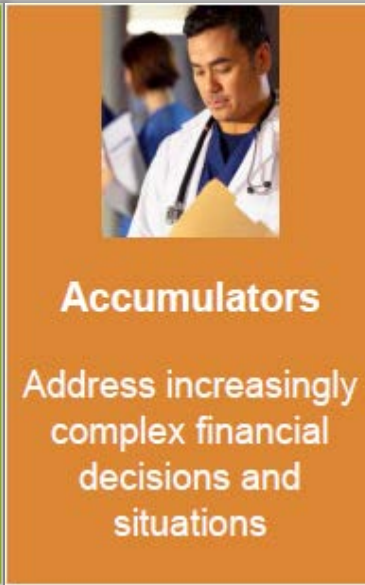
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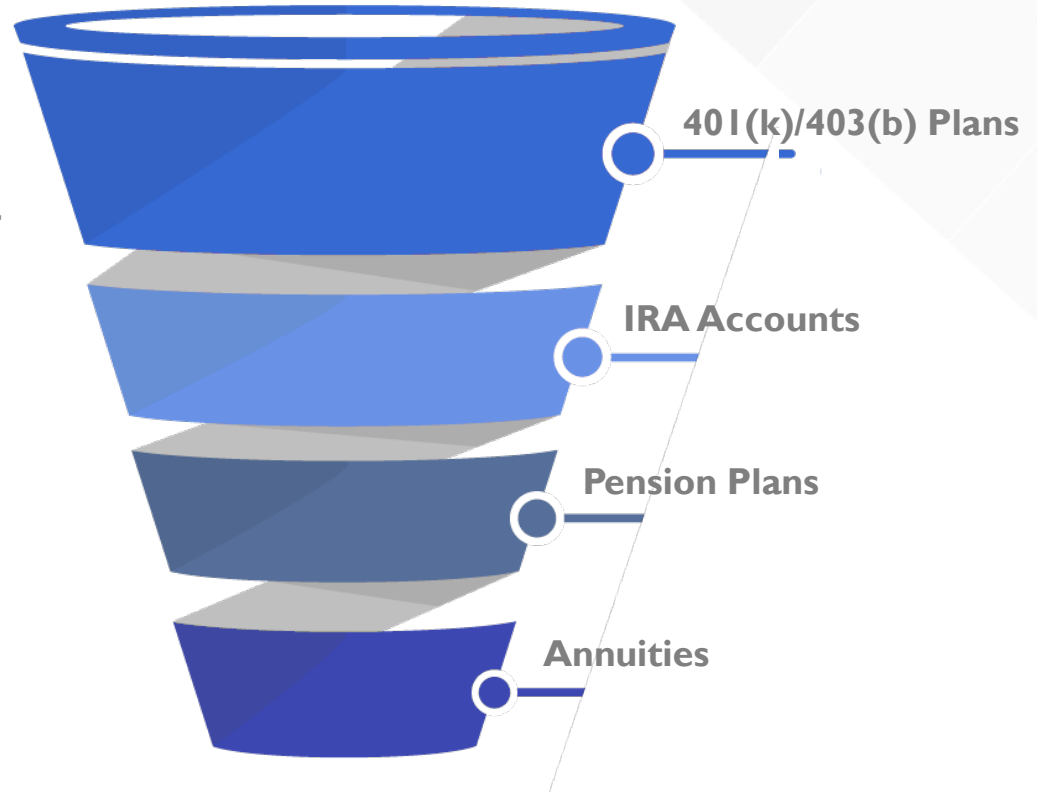


Tuning the Engine

- ▶ Investment Strategy
- ▶ Where to save for retirement?
- ▶ Traditional vs. Roth
- ▶ Family Financial Needs

Tax-Advantaged Investment Vehicles

- ▶ Pre-tax deferral may help your money grow
- ▶ Take full advantage of 401(k)s and other employer-sponsored retirement plans
- ▶ Contribute to a traditional or Roth IRA if you qualify



Tax-Advantaged Investment Vehicles

401(k) Plans

- ▶ Defer Pretax up to \$18,000 of compensation (2017)
- ▶ Individuals age 50 or older can make additional “catch-up” contributions of \$6,000 (2017)
- ▶ Funds grow tax deferred until withdrawn
- ▶ Distributions made prior to age 59½ (age 55 in some circumstances) are subject to additional 10% premature distribution tax

IRAs

- ▶ Traditional IRAs and Roth IRAs
- ▶ You can contribute up to \$5,500 (2017)
- ▶ Individuals age 50 or older can make additional “catch-up” contribution of \$1,000



Traditional vs. Roth Contributions

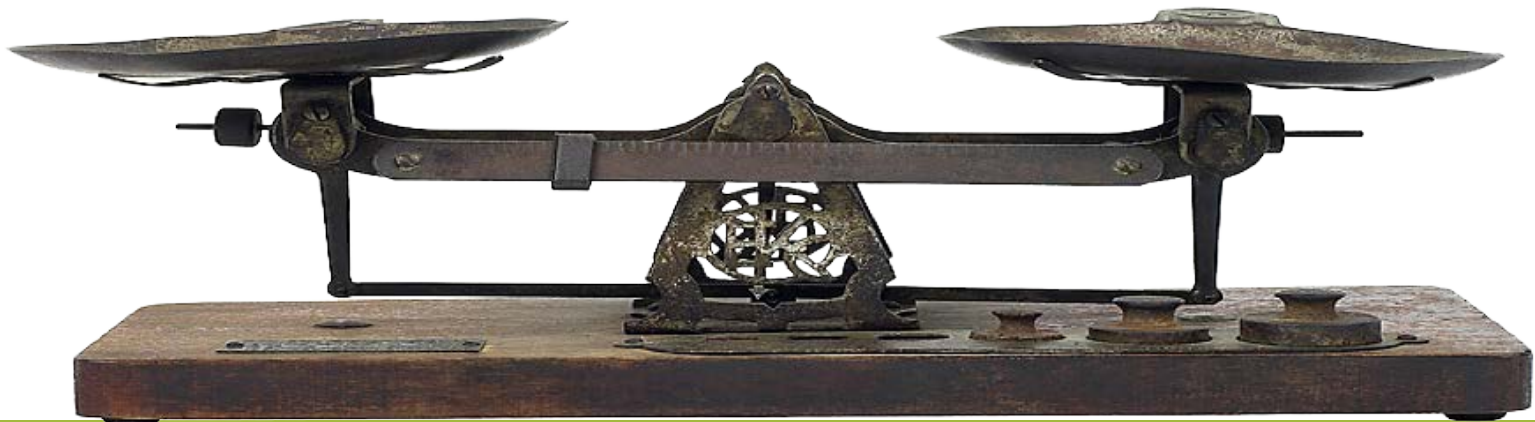
Taxed now or later?

Roth

- ▶ After-tax contributions
- ▶ Taxed at today's rate
- ▶ Tax free growth potential
- ▶ Estate Planning tool

Traditional

- ▶ Pre-tax contributions
- ▶ Immediate tax benefit
- ▶ Tax-deferred growth potential
- ▶ Taxed when distributed



Checking the Brakes



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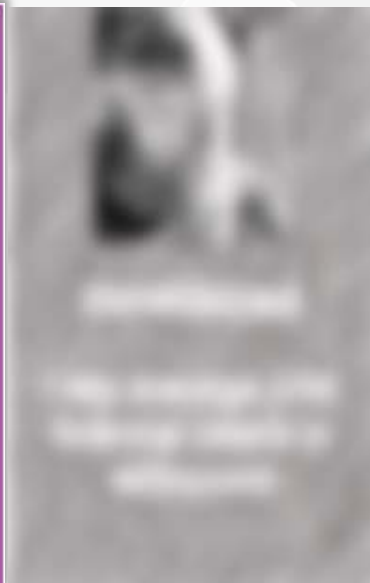
Tuning the Engine

- ▶ Investment Strategy
- ▶ Where to save?
- ▶ Traditional vs. Roth
- ▶ Family Financial Needs



Checking the Brakes

- ▶ Maximize Retirement Savings
- ▶ Reevaluate Investment Portfolio
- ▶ Complete Financial Plan



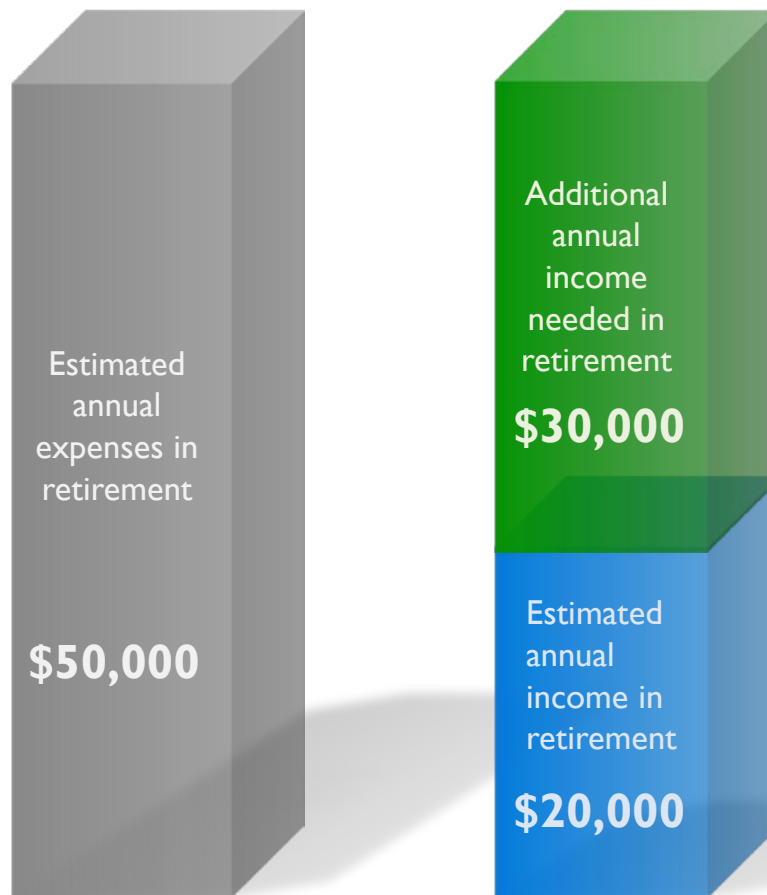
Crunching the Numbers



Estimating Retirement Expenses

- ▶ “Rules of thumb” (e.g., you’ll need 60% to 90% of pre-retirement income) are easy but too general
- ▶ Think about how your actual expenses will change (mortgage may decrease, health-care costs may increase)

Identifying the "Gap"



- ▶ Compare projected annual retirement income and expenses
- ▶ "Gap" represents additional annual retirement income needed

Food for Thought



In Retirement...

- ▶ Who is going to change your light bulbs?
- ▶ How are you going to get ice cream?
- ▶ Who are you going to have lunch with?

Basic Considerations



How Long Will Retirement Last?

- ▶ 65 yr. old American can expect to live another 19.4 years*
- ▶ The average house in the U.S. was built in 1974
- ▶ At the age of 65, men have a 21% chance to live to age 90 while women have a 33% chance of living to that same age. There is a 47% probability that at least one person in a couple will reach the age of 90
- ▶ Over 40% of women age 65 and above live alone in the U.S

Picking an Exit



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Established

Help manage total financial needs in retirement

Picking an Exit

- ▶ Optimal use of multiple income sources
- ▶ Social Security Planning
- ▶ Estate planning and wealth transfer

Crunching the Numbers:



Estimating Retirement Income

The 3-legged retirement income stool:

- ▶ Social Security
- ▶ Traditional employer pension
- ▶ Individual savings & investments

An individual who currently earns \$30,000 can expect to receive roughly \$1,300 each month(today's dollars) in Social Security retirement benefits at full retirement age.*

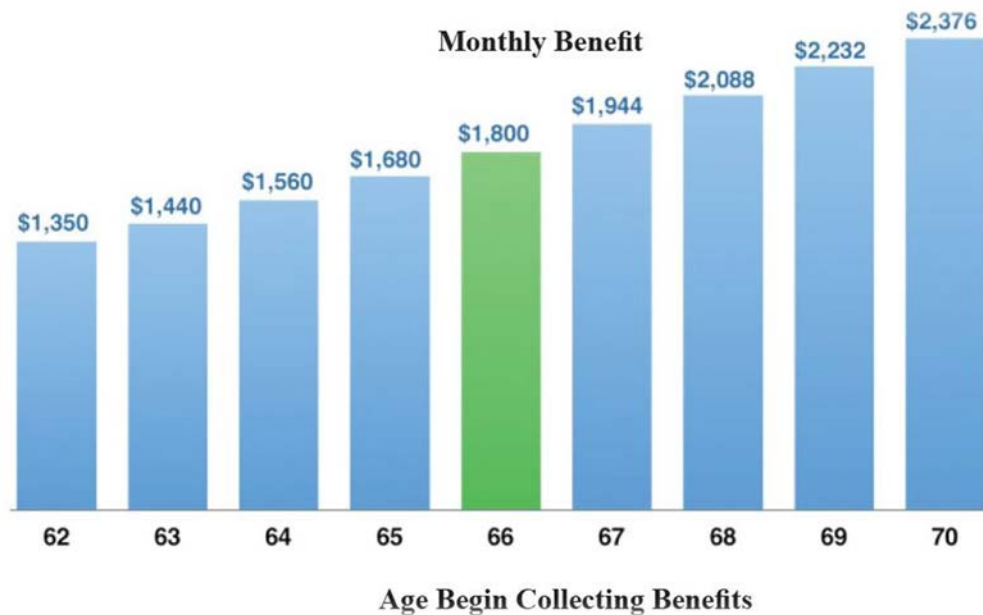
Basic Considerations:

When Do You Want to Retire?

- ▶ The earlier you retire, the shorter the period of time you have to accumulate funds and the longer those dollars will need to last
- ▶ Social Security isn't available until age 62
- ▶ Medicare eligibility begins at age 65



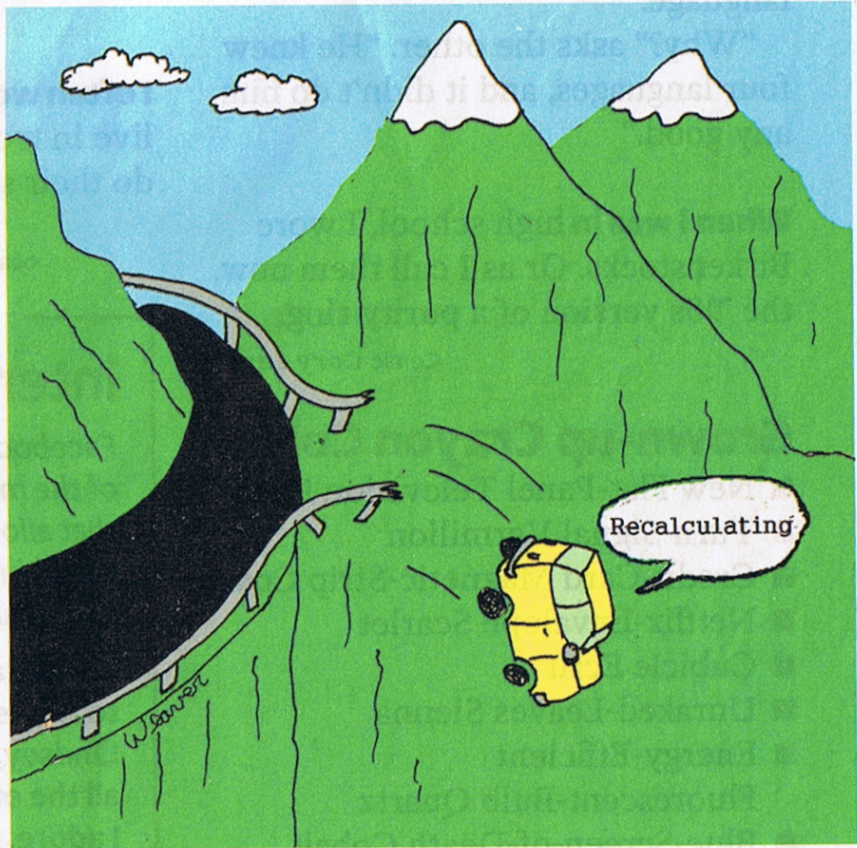
Monthly Benefit Comparison



62, 66, 70

- ▶ You can start benefits as early as age 62
- ▶ You receive delayed retirement credits, up until age 70
- ▶ Benefit is increased 8% for each year you postpone receiving benefits past full retirement age
- ▶ Benefit at age 70 is 76% more than benefit at age 62
- ▶ But cumulative benefits from age 62 to 70 equal \$129,600

Implementing Your Plan



- Develop your own road map
- Start now
- Review plan on regular basis and adjust accordingly

How We Can Help



- ▶ Investment Reviews
- ▶ Financial Plans
- ▶ IRA's
- ▶ Life Insurance
- ▶ College Savings Plans



Thank You

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