

# Planning for Retirement

Enrolling in Your Retirement Plan

Presented by: Joe Simmons

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# Today's Agenda

- ❑ Alpha Pension Group: Introduction
- ❑ Your Retirement Plan Overview
- ❑ Why Save for Retirement?
- ❑ How Much Should I Contribute?
- ❑ How Do I Choose My Investments?
- ❑ How Do I Get Started?
- ❑ Contact Us

# Alpha Pension Group

617.916.0335   Our Team   Our Services ▾    **ALPHA**  
PENSION GROUP, INC.   For Clients ▾   About Us ▾    Consultation Requests

**WE ARE ALPHA**

- \* Employee Advocates
- \* Retirement Plan Consultants
- \* Investment Fiduciaries
- \* Objective Consultants

3001   How We Help Employees Plan for Retirement

The image shows a professional meeting in a conference room. A man in a white shirt and tie stands at the head of a table, gesturing with his hands. Three other people (two men and one woman) are seated around the table, looking towards him. The room has large windows in the background. The overall tone is professional and collaborative.

# Introducing Your Retirement Partners



## Retirement Plan Advisor

- Reviews the investments in the fund lineup
- Provides regular financial wellness education
- Answers questions and provides guidance



## Retirement Plan Provider

- Acts as the middleman between your contributions and your investments
- Provides quarterly statements
- Provides retirement plan website
- Processes transactions

# Your Retirement Plan Overview

Eligibility Info:

No Age or Service Requirement

Plan entry:

Immediate

Vesting:

100% Immediate Vesting




Contributions:

Both Traditional & Roth

Descriptions of plan features and benefits are subject to the plan document will govern in case of inconsistencies.

# Why Save for Retirement?

# You may need income for longer than you think.

Current Age	50% Chance of Reaching Age	25% Chance of Reaching Age
 <b>Male: 65</b>	<b>87</b>	<b>93</b>
 <b>Female: 65</b>	<b>90</b>	<b>96</b>
 <b>Couple: 65</b>	<b>94</b>	<b>98</b>

Source: Society of Actuaries RP-2014 Mortality Table projected with Mortality Improvement Scale MP-2014, as of 2016.  
For illustrative purposes only.

## Inflation can significantly drain your savings

	1969	2020	2030*
Cup of Coffee	10¢	\$2.85	\$4.29
Postage Stamp	6¢	49¢	76¢
Gallon of Gas	38¢	\$2.85	\$3.74
Movie Ticket	\$1.50	\$8.84	\$13.42
Mid-priced car	\$2,500	\$33,560	\$49,824

\*Assumes a 3% rate of inflation. Sources: Lexis Nexis, U.S. Postal Service.



# Your Social Security Benefits

## Retirement

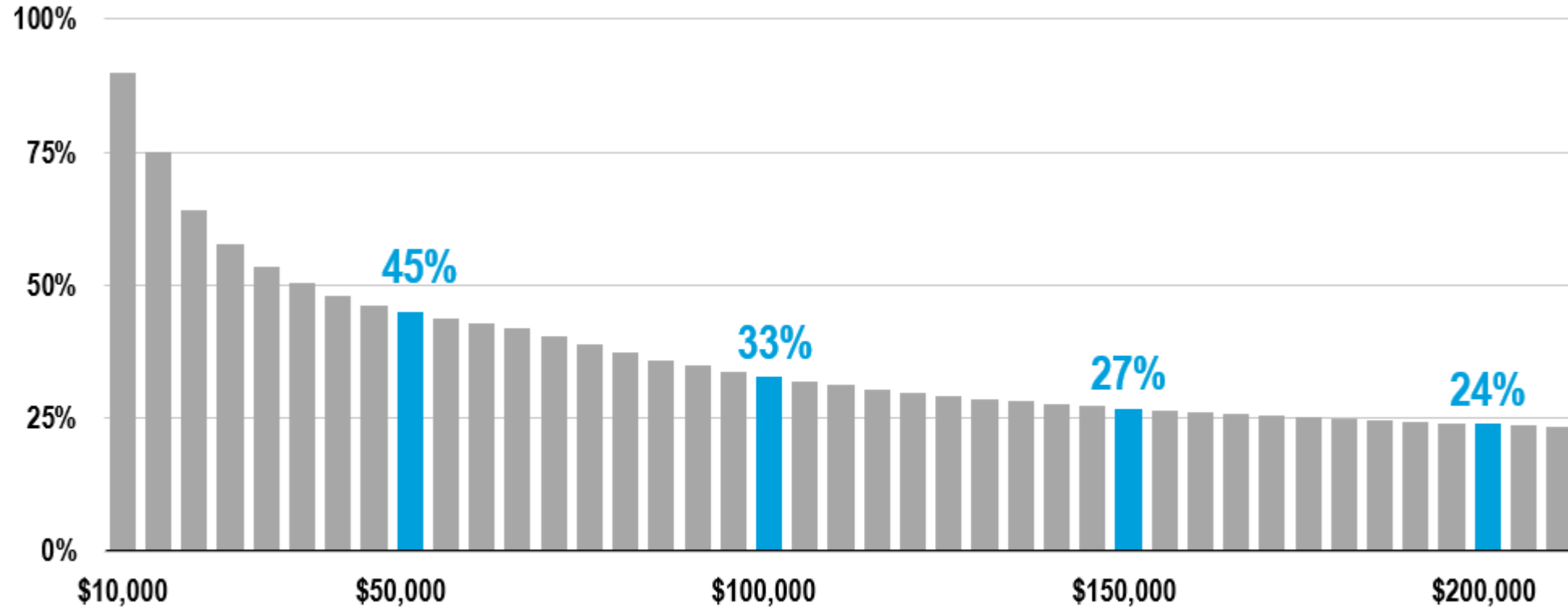
You have earned enough credits to qualify for retirement benefits. At your current earnings rate, your estimated payment would be:

At full retirement age (67):	<b>\$2,309 a month</b>
At age 70:	<b>\$2,866 a month</b>
At early retirement age (62):	<b>\$1,588 a month</b>

Find your social security benefit estimates today at [ssa.gov](https://ssa.gov)

For illustrative purposes only.

# How Much Does Social Security Pay?



Source: Social Security Administration. Benefits calculated for different income levels using the Social Security Administration's Primary Insurance Amount formula for an individual at full retirement age in 2018.

# How Much Should I Contribute?

# How Much Should I Save?

Ask Yourself:

- ▶ Where will my money come from if I'm not working?
- ▶ What do I need for today?
- ▶ What will I need in the future?
- ▶ Can my company help?



<http://www.lawfulrebel.com/thinking-important/>

# Pre-tax versus Roth

## Pretax Contributions

- ▶ Contributions are made before taxes
- ▶ Lowers taxable income
- ▶ Grows tax deferred
- ▶ Feels like it costs less
- ▶ Defers taxes from a high tax bracket year to a hypothetical future lower tax bracket

## Roth Contributions

- ▶ Contributions are made after taxes
- ▶ Contributions and earnings grow tax free
- ▶ Creates future after-tax income
- ▶ Locks in current tax rate avoiding potential future tax increases

3001

\* ROTH Accounts have a 5-year minimum holding term regardless of age

## Pre-Tax Saving

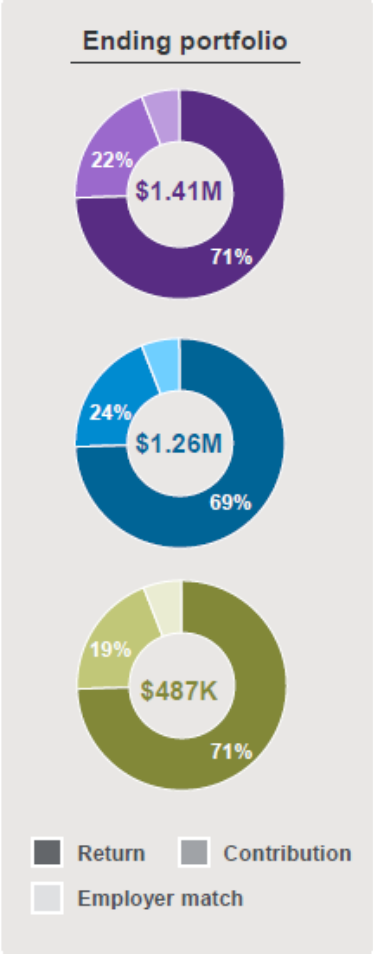
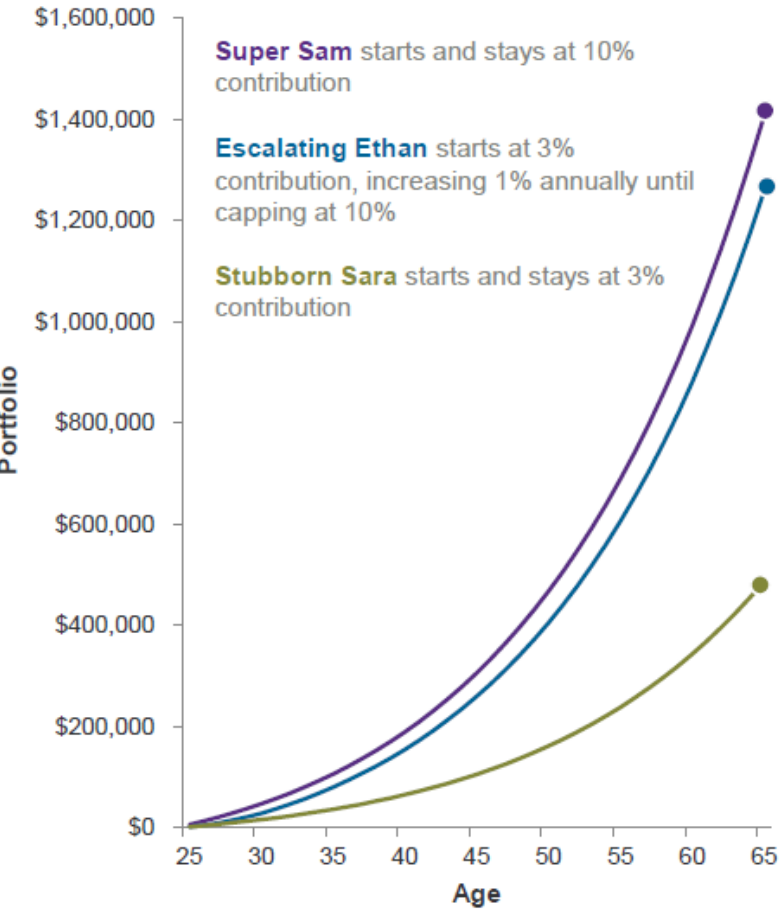
It costs less than you think to save for your retirement.

	<b>Annual Salary: \$30,000</b>		<b>Tax Bracket: 15%</b>	
		<b>2%</b>	<b>4%</b>	<b>6%</b>
Pre-tax Contribution Rate				
» Weekly Plan Contribution		\$11.54	\$23.08	\$34.62
Weekly Tax Savings		\$1.73	\$3.46	\$5.19
» Weekly Out-of-Pocket Amount		\$9.81	\$19.62	\$29.43
Annual Contribution		\$600	\$1200	\$1800
<b>Account Balance After 30 Years</b>		<b>\$75,015</b>	<b>\$150,030</b>	<b>\$225,044</b>

This chart is for illustrative purposes only. This example assumes contributions made at the beginning of the month and an 8% annual effective rate of return compounded monthly. Results are not meant to represent past or future performance of any specific investment vehicle. Investment return and principal value will fluctuate and when redeemed, the investment may be worth more or less than its original cost. Taxes are due upon withdrawal. Withdrawals taken prior to age 59½ may be subject to a 10% tax penalty. ADP makes no recommendation regarding the appropriateness of any amount you may consider contributing to your employer's plan.

# Baby Steps

Account growth of auto-escalate vs. a static contribution



**MODEL ASSUMPTIONS**

- Start age: 25
- Retirement age: 66
- Starting wages: \$50,000
- Wage growth: 2.0%
- Assumed annual employer match: 50% of contribution, capped at 3%
- Investment return: 6.0%

The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing. Individual is assumed to retire at the end of age 65. Growth of portfolio is tax deferred; ending portfolio may be subject to tax. The above example is for illustrative purposes only and not indicative of any investment. Source: J.P. Morgan Asset Management, Long-Term Capital Market Assumptions.

# Start Early

From age 25–65,  
I contributed  
\$100/month.



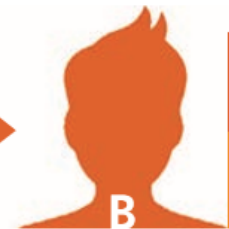
TOTAL  
CONTRIBUTIONS \$48,000

TOTAL  
SAVINGS \$191,696

**+\$55,002**

Person A ends up with  
more when he contributes  
less...More time to grow!  
**The sooner you start,  
the better.**

From age 45–65,  
I contributed  
\$300/month.



TOTAL  
SAVINGS \$136,694

TOTAL  
CONTRIBUTIONS \$72,000

The accumulated amounts assume 26 pay periods per year, contributions made at the beginning of each period, a 6% annual rate of return compounded monthly, and a retirement age of 65. This hypothetical illustration is not guaranteed and does not reflect the performance of any specific investment option. It does not take into account the payment of taxes and does not intend to predict investment results. The illustration does not include fees or expenses that an investment product could assess. If included, these fees would reduce the figures shown above. Systematic investing does not ensure a profit or guarantee against loss. You should consider your ability to invest consistently in up as well as down markets. The illustration is not intended to serve as financial advice or as a primary basis for your investment decisions. Taxes are generally due upon withdrawal and will depend on tax bracket in effect at that time. This information is not considered legal or tax advice. If you need legal or tax advice, consult with a lawyer or tax advisor.



# How Do I Choose My Investments?

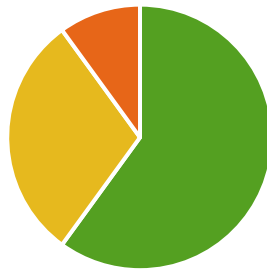
# Investment Options

## Mix Your Own

- ▶ Select your own combination of stocks and bonds to match your risk tolerance and time horizon
- ▶ Diverse investments to choose from
- ▶ Research your funds and select what will be best for you

## Choosing a Pre-made Mix

- ▶ Easy one-stop shopping for bonds and stocks mixed for you
- ▶ Put 100% in one pre-mixed fund and know you are diversified
- ▶ Choose the investment for your age or a portfolio that will take more or less risk



■ Stocks ■ Bonds ■ Cash

# The three investment types and the role they play

Inflation risk

Investment risk

## Short-term investments

- Money market, T-bills, CDs
- Relatively stable value
- Potential to pay interest
- Lower risk, lower potential return

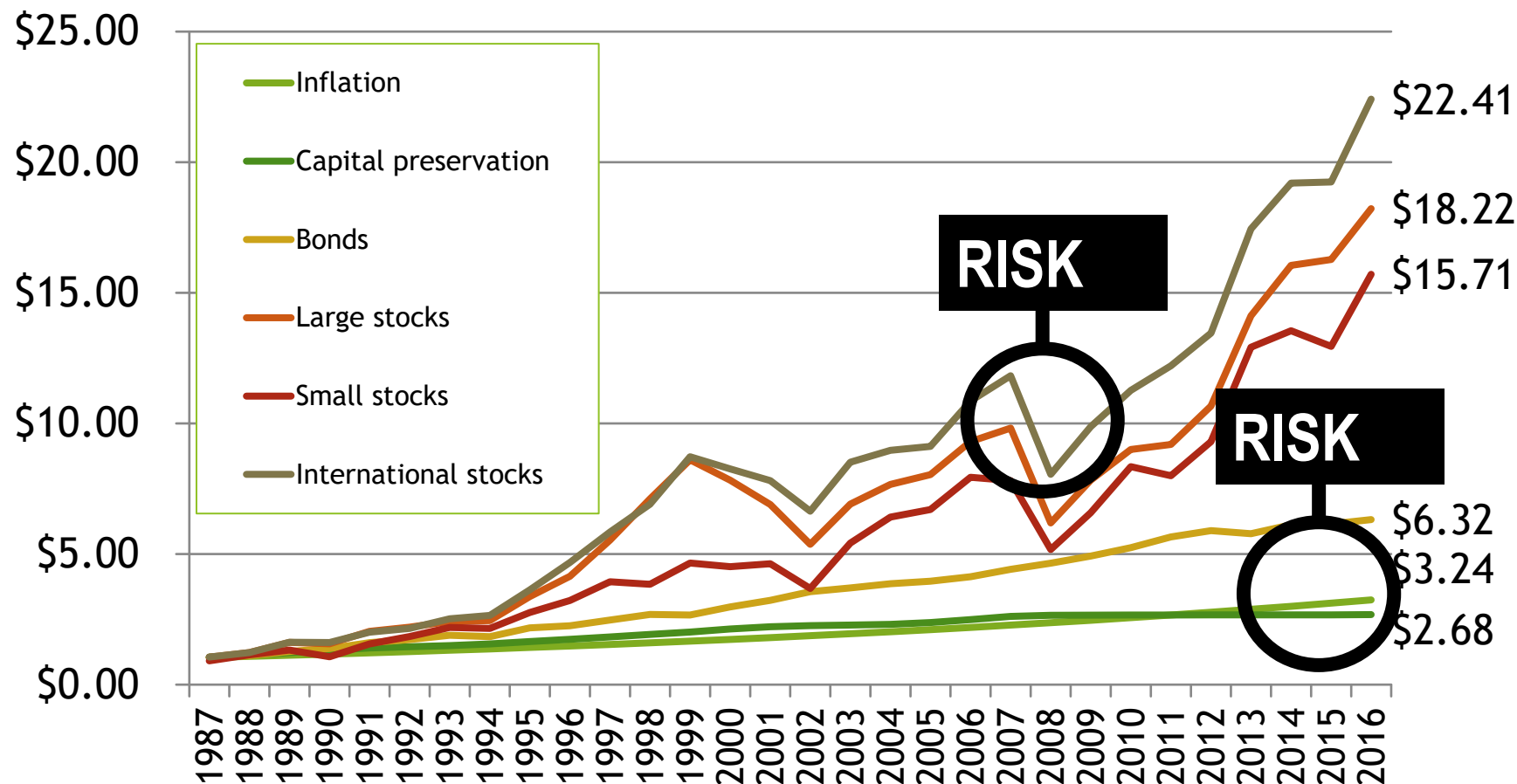
## Bonds

- I.O.U.
- Debt securities issued by governments and corporations
- Potential to pay interest
- Moderate risk, moderate potential return

## Stocks

- Share of a company, “equity”
- Long-term growth potential
- Value can go up and down
- Higher risk, higher potential return

# Investing principles: Growth of \$1 over 30 years



Source: Morningstar® Direct<sup>SM</sup> FOR ILLUSTRATIVE PURPOSES ONLY. International stocks are represented by MSCI EAFE Index. Small stocks are represented by the Russell 2000. Large stocks are represented by the S&P 500 Index total return. Bonds are represented by the Bloomberg Barclays Capital U.S. Aggregate Bond Index. Capital preservation represented by the Citi Treasury Bill 3 Mon USD Index. A 4% annual inflation rate is assumed. For additional details on indices see disclosures at end of presentation. Past performance is no guarantee of future results. The indices' returns are for illustrative purposes only and are not intended to be an indication of fund performance. Data from 1/1/87 to 12/31/16. This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment advice. It assumes reinvestment of earnings with no withdrawals. Rates of return may vary. The illustration does not reflect any associated charges, expenses or fees.

# Asset Class Returns

															2006 - 2020	
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Ann.	Vol.
REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	Large Cap 9.8%	EM Equity 23.3%
EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Small Cap 8.9%	REITs 23.1%
DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 0.5%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	High Yield 7.5%	Small Cap 22.6%
Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	REITs 7.1%	DM Equity 19.1%
Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 1.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	EM Equity 6.9%	Comdty. 18.8%
Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 26.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.1%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	Asset Alloc. 6.7%	Large Cap 16.7%
High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield -15.0%	High Yield 7.0%	DM Equity 5.0%	High Yield 12.2%
Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income 4.2%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Fixed Income 4.5%	Asset Alloc. 11.8%
Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Cash 1.2%	Fixed Income 3.2%
Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	Comdty. -4.0%	Cash 0.8%

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

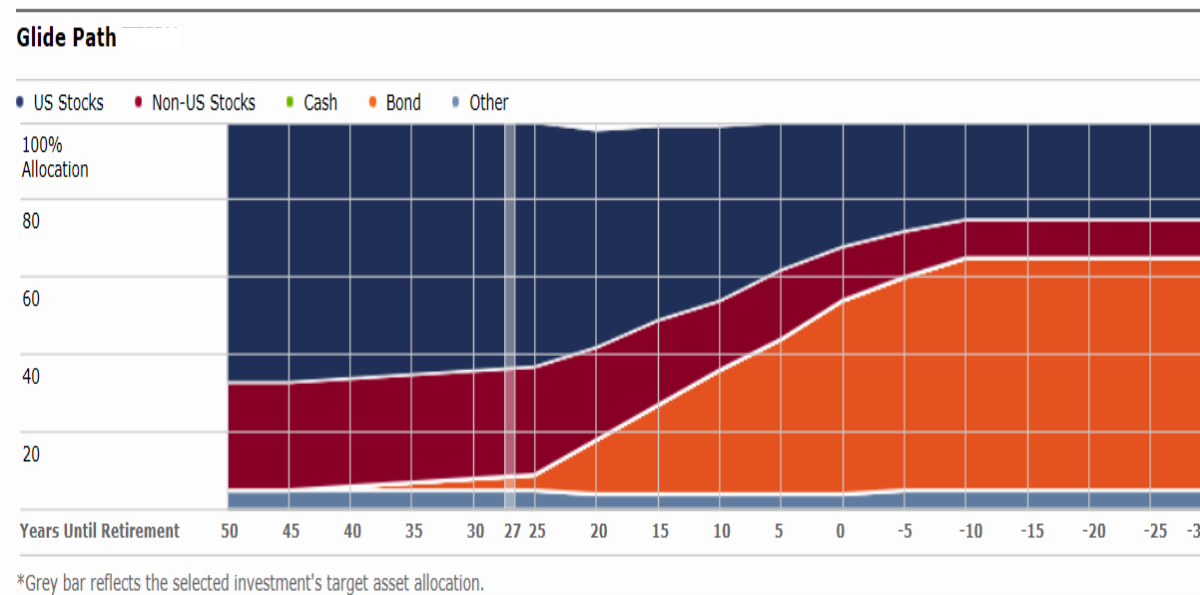
Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Barclays Global HY Index, Fixed Income: Bloomberg Barclays US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg Barclays 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg Barclays US Aggregate, 5% in the Bloomberg Barclays 1-3m Treasury, 5% in the Bloomberg Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/04 – 12/31/19. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.

Guide to the Markets – U.S. Data are as of December 31, 2020.

# Target Date Funds

The year you were born + 67 (Full Retirement Age) = Your target date fund

Example: 1978 + 67 = 2045 Target Date Fund



[http://portfolios.morningstar.com/fund/summary?t=TTFRX&region=usa&culture=en\\_US](http://portfolios.morningstar.com/fund/summary?t=TTFRX&region=usa&culture=en_US)

For illustrative purposes only as a guideline. Each experience is unique. This is not tax or investment advice. Consult your tax accountant for further guidance.

# How Do I Get Started?

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- Complete the enrollment process
- Decide how much to contribute
- Roth, Pre-tax, or Both
- Choose Investments that are in line with your objectives
- Designate your Beneficiary

**Remember to review your plan at least annually and, when possible, look into the opportunity to increase your contributions over time.**



Take action today! We're here now and when you need us.

- Need information or guidance? Call us!
- Alpha Pension Group
- David Bradshaw - david@alphapension.com
- 1-877-449-401k or direct at 617-467-2816
  
- Prefer to make a change yourself? Call your recordkeeper.
- Customer Service Representatives
- Quarterly Statements
- [www.voya.com](http://www.voya.com)
- 1-800-334-3444



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<https://www.alphapension.com/events-schedule/>

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Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

An investment in a target date fund is not guaranteed at any time, including on or after the target date, the approximate date when an investor in the fund would retire and leave the workforce. Target date funds gradually shift their emphasis from more aggressive investments to more conservative ones based on the target date.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

All investing involves risk including loss of principal. No strategy assures success or protects against loss.

# Important Information

The prices of small cap stocks are generally more volatile than large cap stocks.

Government bonds and Treasury bills are guaranteed by the US Government as to the timely payment of principal and interest, and if held to maturity, offer a fixed rate of return and fixed principal value.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Investing in Real Estate Investment Trusts (REITs) involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained. The fast price swings in commodities will result in significant volatility in an investor's holdings.

Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

Dollar cost averaging involves continuous investment in securities regardless of fluctuation in price levels of such securities. An investor should consider their ability to continue purchasing through fluctuating price levels. Such a plan does not assure a profit and does not protect against loss in declining markets.

Bloomberg Commodity Index is a broadly diversified commodity price that tracks prices of futures contracts on physical commodities on the commodity markets.

Bloomberg Barclays US Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S. traded investment grade bonds are represented.

Bloomberg High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. High Yield bonds are considered low quality bonds.

Bloomberg Barclays US Treasury Index is a market-capitalization weighted index that measures the performance of public obligations of the U.S. Treasury that have a maturity of one year or more.

MSCI EAFE Index is a stock index that is a performance benchmark for the major international equity markets as represented by 21 major MSCI indices from Europe, Australia and Middle East.

MSCI Emerging Markets Index consists of 23 economies: Brazil, Chile, China, Columbia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and the UAE.

The FTSE NAREIT All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs.

Russell 2000 Index is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index. The index serves as a benchmark for U.S. small-cap stocks.

S&P 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.