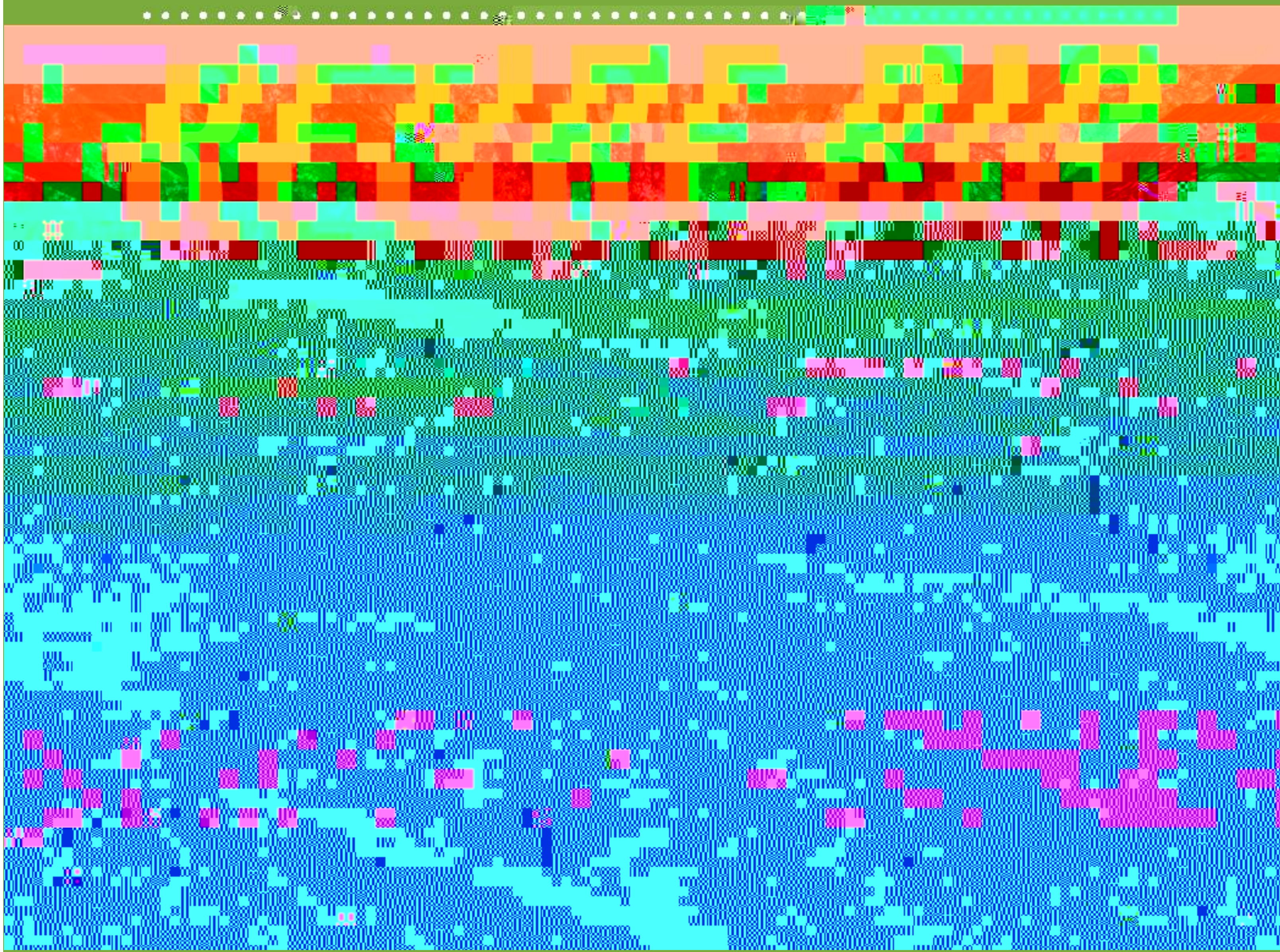


Workbook

Francis LLC is a Registered Investment Adviser with the SEC.

Start Small, Retire Big

Life without work awaits you; make sure you’re ready.

Welcome…………………………………….9:00am – 9:10am

Marquette Retiree Benefits Overview….9:10 am – 9:40am

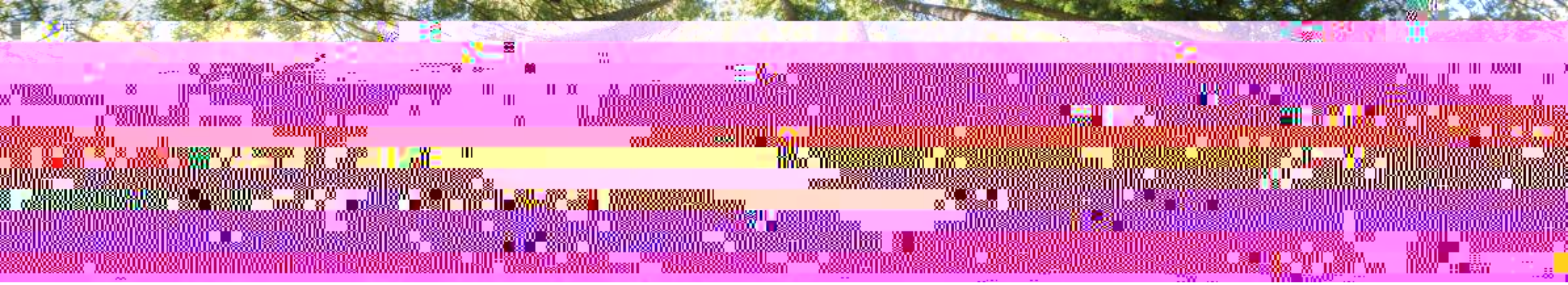
Retirement Pre-Launch Checklist……...9:40am – 10:30am

All About Retiree Health Insurance…..10:40am – 11:30am

Lunch

How to Turn on Retirement Income …12:10pm – 12:50pm

Understanding Social Security…………1:00pm – 2:00pm



About Us

Francis LLC is a nationally recognized expert advisor to the employer retirement plan marketplace. Our Firm's roots in retirement plan consulting opened our eyes to a tremendous need. We saw people lacking objective financial advice from professionals they could trust. Our philosophy, the Francis Way, is driven by our sincere desire to develop personal relationships with employees of all income levels, providing them financial advice within a sales-free environment, and helping them achieve Work-Life-Money Balance. Combined with years of experience, original content, and flexible delivery,

About Your Presenter

Kelli Send, CFP®, M.Ed.
Co-Founder
Senior Vice President – Financial Wellness Services
Financial Planner

Kelli leads the Firm's Financial Planning Team, which focuses on employee education and personal financial wellness services. She brings over 30 years of financial services experience to the team including over 26 years with the Francis team. She holds a Bachelor of Arts Degree in Business Administration – Marketing from Michigan State University and a Master of Education from Carroll University specializing in Adult Education. She is responsible for all aspects of employee education, including curriculum development, design of education programs, and delivery of face-to-face financial wellness services. She has extensive experience in training and public speaking engagements and has authored research on the impact of workplace financial education programs on 401(k) participant rates of return. She holds the Certified Financial Planner (CFP®) designation.

FRANCIS

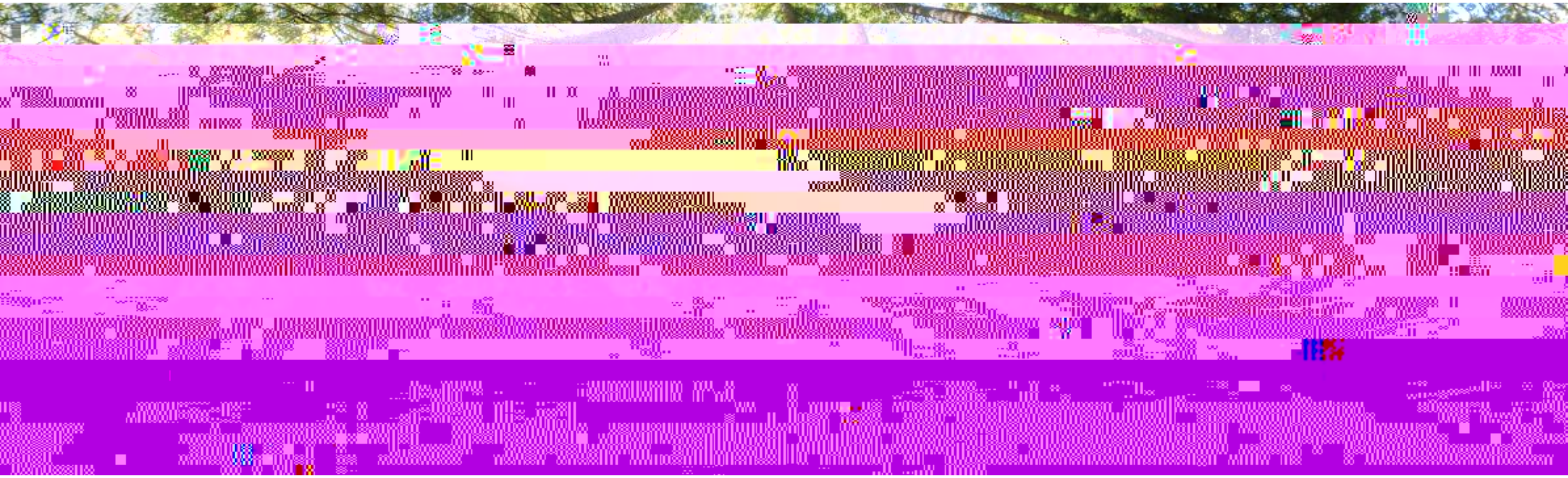
May I Keep My 403(b) with MU?

You have the option of either leaving your funds in your 403(b) account upon your retirement until you wish to draw from your balance, rollover your funds into another account, or choose from one of several distribution options. Call TIAA at 1-800-842-2776 for more information.

IMPORTANT TIPS:

<u>Employee currently employed (currently receiving a paycheck) even if previously terminated/retired or were most recently full-time and switched to part</u>

Notes



Retirement Pre-Launch Checklist

Planning for Life After Work

The big day may be several years away or just around the corner. You've been waiting and working towards this moment for a long time, but have you thought about how your life will change? Here are some things to think about.

Where will you live? Give some thought to where you'd like to spend your retirement years. Think about how close you'd like to be to your friends and family. Do you have grandchildren in other states that you'd like to live near or travel to see? Are you tired of the cold and snow in the north, or do you enjoy the change in seasons? Have you thought about living in another country? What impact will that have on your taxes and Social Security?

Will you own or rent? Will the house be paid by retirement? If not, should you focus on making additional payments, so the mortgage is retired when you are? Some may wish to continue with a mortgage into retirement. For others, nothing beats the feeling of being completely debt-free. Contact your lender to determine how much extra you would need to pay each month in order to eliminate mortgage debt. Do you enjoy yard work, or are you ready to have someone else mow the lawn? Smaller house? Condo? Apartment? Motor home? The options are endless!

How will you spend time? We all have a wish list of how we'd spend our time if we had more of it. Soon you'll have more time, so consider what your day will look like. Retirement is a time to get to know yourself and your family a little better, especially the grandchildren! Do things with your spouse, but remember to have some alone time, too. Work on your intellectual and physical growth. Take some classes. Do some crossword puzzles or Sudoku.

Perhaps you've decided you don't want to stop working completely. If you want part-time work to be part of your transition into retirement, where will you work? How many hours? Do you want to do volunteer work? Serve on committees and boards? How can you make these connections while you're still working? Now is a great time to try out your potential retirement job to make sure you'll love it.

Lastly, it's time to get organized. No one wants to talk about it, but you can't be the only one who knows where all of your important papers are located. If you and your partner are going to take on the world together, you need to share, minimally, the location of your important financial documents, and log in passwords.

Hey, It’s Your Birthday!

Many people wonder, “

Social Security Full Retirement Age

40 5 7	! 4 4 4 64
40 4	40
	0 3 7
	0 3 7
	0 3 7
	0 3 7
	0 3 7
	40
	0 3 7
	0 3 7
	0 3 7
	0 3 7
	0 3 7
0 3 0 4	40

FRANCIS

Take Your Retirement for a Test Drive

Take a moment to consider the car buying process: you've got to shop around to find the perfect make, model, and color to fulfill the dream of your "perfect car." Imagine if that process was applied to your retirement. Test driving your retirement can help you determine whether your "dream" lifestyle will work, given your projected financial situation. Here's how to test run your retirement dream.

1 **Live on your Retirement Budget**
Evaluate your current spending and rank "must haves from wants." Cut back spending by about 10-20% for a couple months and then pay down any debts with the extra cash. It's a good idea to start your life after work with a clean balance sheet. This allows for extra room for those unexpected expenses.

2 **Vacation in your New Home**
If you plan to move to your dream community or downsize your living arrangement, use your vacation to try it out first. If moving is not for you, ensure your house will age well; make all necessary improvements and renovations while you're still working.

3 **Apply for your Post-Retirement Job**
Establish yourself in whatever line of part-time work you hope to pursue. Try it out ahead of time by meeting with potential clients, volunteer, or get a part time job to truly determine your passions.

HSAs Can Be A Powerful Retirement Savings Tool

If you own a high deductible health plan, it's likely you've been offered a Health Savings Account (HSA), too. These accounts allow you to save pre-tax dollars for future health expenses. Most use them to pay for current health care expenses until the deductible is satisfied. But rethink this: HSAs also make great retirement savings vehicles as they offer a triple tax break, unlike IRAs and workplace retirement plans.

With a traditional workplace retirement plan, you save pre-tax, but savings are taxed upon withdrawal. With a Roth account, you forgo the up-front tax break to gain tax-free withdrawals. HSAs offer the best of both worlds: pre-tax savings, tax-free compounding, AND tax-free withdrawals if the savings are used for health care expenses and qualified insurance premiums.

Here's the crazy part, there is no "use it or lose it" clause. HSA dollars can be retained from year to year in the account and even invested in mutual funds for growth. Then, dollars can be withdrawn tax-free for any current or past health care expenses, if the expenses occurred during a year that you held the HSA.

To qualify, you must be covered by a high deductible health plan. In 2024, this includes a minimum deductible of $1,600 for single coverage and $3,200 for a family plan.

At any time, withdrawals for qualified medical expenses can be made income tax-free After age 65 you can spend the money on anything you want, but withdrawals will be considered taxable income just like your pre-tax workplace retirement plan. If you take a withdrawal for non-medical expenses prior to age 65, you'll owe income taxes on the amount withdrawn and get hit with a 20% penalty.

The HSA could be a worthy way to supplement your retirement savings, especially if you've maxed out your contributions elsewhere. Given that the cost of your health care in retirement could be $200,000 or more, according to industry estimates, using the HSA as a tax-advantaged account just for retiree medical bills is a smart way to boost your wealth for retirement.

HSA Contribution Limits	2023	2024
Single Health Plan	$3,850	$4,150
Family Health Plan	$7,750	$8,300
55+ Catch-Up Contribution	$1,000	$1,000

Source: irs.gov

Retirement Checklist

10-15 Years to Go

Did It:

- Run projection – define target date ☐
- Begin downshift in portfolio risk ☐
- Consider Roth vs pre-tax savings ☐
- Verify you will be debt free by retirement ☐
- Build HSA balance ☐
- Convert kids costs to your financial priorities ☐
- Consider catchup contributions ☐

5-10 Years to Go

- Define retirement lifestyle ☐
- Estimate income need ☐
- Project Social Security and pension ☐
- Start building retirement cash position ☐
- Consider long term care insurance ☐

3-5 Years to Go

- Consider financial management plan ☐
- Develop risk reduction plan for investments ☐
- Update Social Security and pension ☐

Retirement Checklist, *continued*

Did It:

1 Year to Go

- Asset allocation at retirement level ☐
- Interview and select an advisor ☐
- Consolidate retirement accounts ☐
- Determine Social Security file date ☐
- Familiarize yourself with Medicare ☐
- Finalize income strategy ☐

At Retirement

- Manage Withdrawals ☐

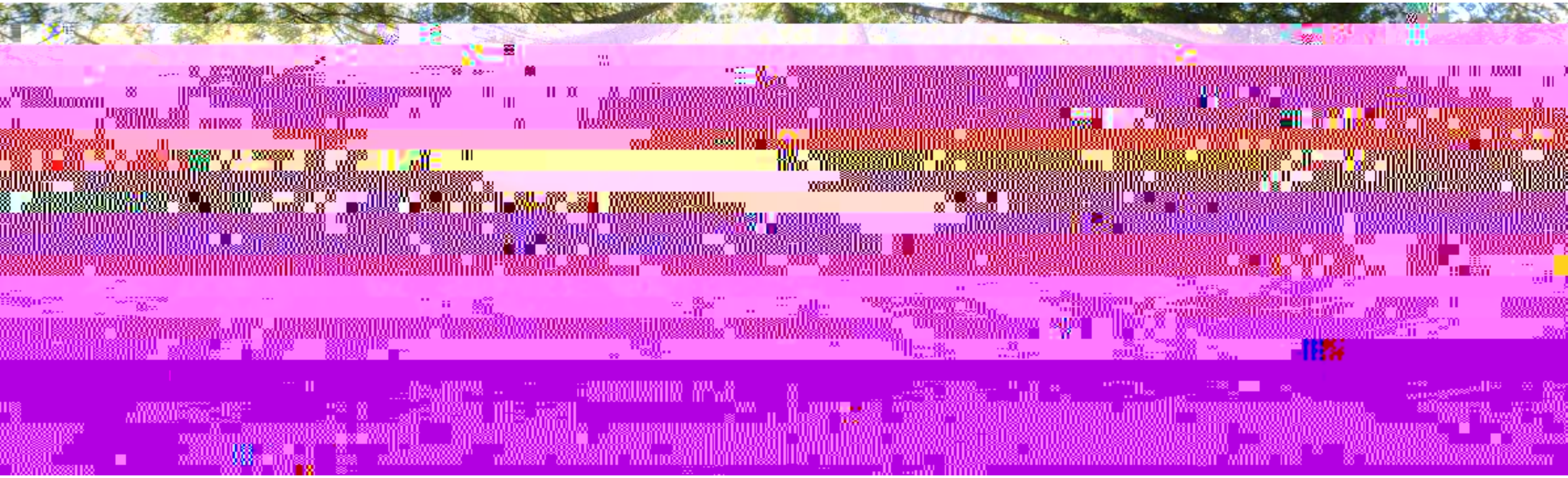
Between Ages 62 and 70

- Apply for Social Security ☐

At Age 73

- Begin required minimum distributions (RMD) ☐
- Consider qualified charitable distribution (QCD) ☐

Notes



All About Retiree Health Insurance

Before you dive too deep into the parts of Medicare, consider a more basic decision that is at the heart the Medicare decision:

Original Medicare was created as a government medical insurance provider back in 1965. It has evolved over time to become

Cost

The cost of any health insurance will be

Source: medicare.gov

Additional Considerations

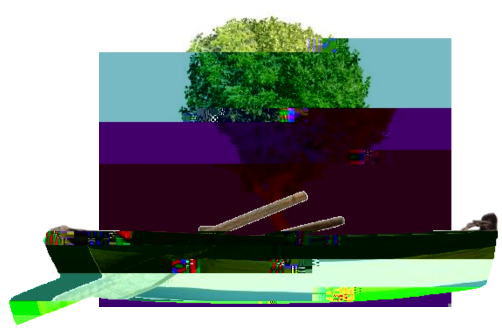
Retiring Before Age 65?

The most important factor for achieving an early retirement is often the availability of health insurance. Here are your options:

1. **Continued insurance through your employer.** If covered at the time of retirement, Marquette offers those meeting the definition of a Marquette University Retiree the ability to stay on the Marquette University plans until age 65. Check with the Human Resources Department for current retiree rates.
2. **Family coverage.** Some families will stagger their retirement dates so that the retiree can stay on their partner's workplace plan.
3. **COBRA.** Employers must allow you to stay on your workplace plan for 18 months after departure. This won't be a low-cost option, as you will be responsible for the entire cost of insurance.
4. **National Healthcare Exchange.** Health insurance is available for all through the National Healthcare Exchange (Obamacare). Tax credits are available for lower income individuals. Visit healthcare.gov for more details.

Going Abroad? Check Your Health Coverage

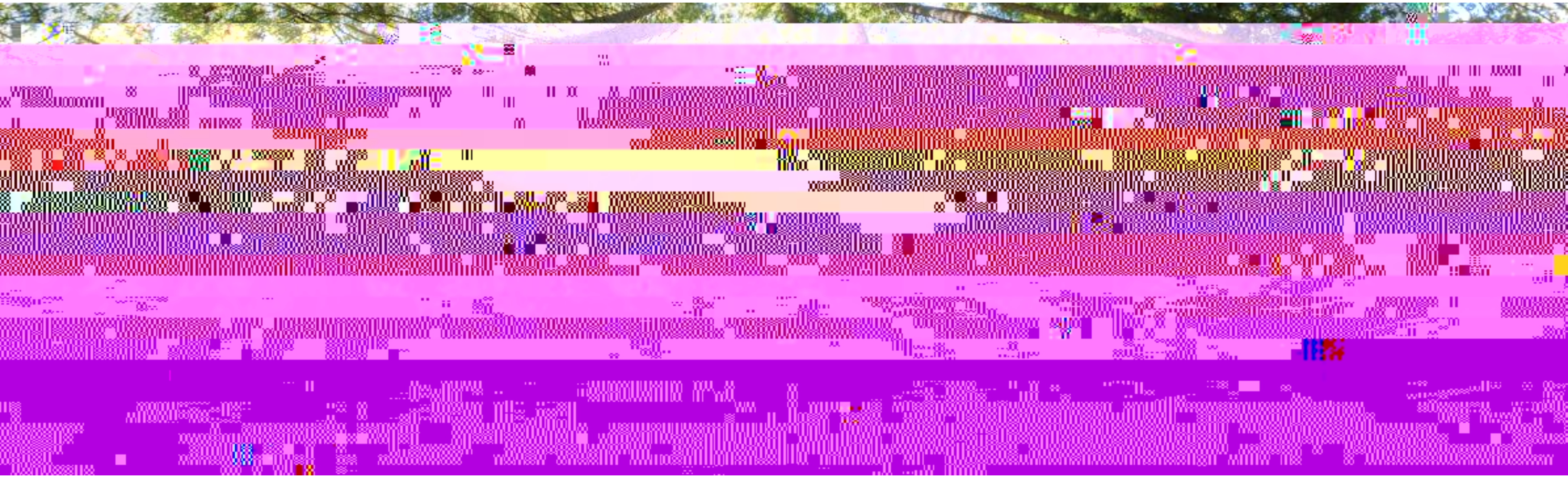
Many bucket lists contain overseas travel. Before you pack your bags, review your medical insurance coverage. Retirees on Medicare can be in for a big surprise if a sudden health issue arises while traveling.



Source: healthcare.gov

Notes

FRANCIS



How To Turn On Retirement Income

Market Risk (Returns might not meet your expectations)

In the early years of your career, you could afford to be cavalier about a market downturn because you had plenty of time for a rebound in value

FRANCIS

Consider Available Retirement Investment Vehicles

There are two primary methods of managing your money into retirement. You can either buy a lifetime income promise using an annuity or continue to invest your money through either staying in your company plan or rolling your savings into an IRA.

Pros of Immediate Annuities

If you miss the good old days of the pension plan, where you didn't have to worry about the performance of the markets and knew that you would never run out of income, then immediate annuities look appealing. When you invest in an immediate annuity, you transfer the **market risk** to the annuity provider. Whether the markets go up or down, the annuity provider has promised and is obligated to provide you with the monthly income agreed to by contract. You also transfer the **longevity risk** to the annuity

Control Your Withdrawals

The length of time that your money lasts in retirement is determined by the amount of money you withdraw each year and investment returns. So how do you determine how much to withdraw each year?

Let's start by estimating how long you need your money to last.

Now, let's assume that you will achieve an overall 5% rate of return on your investments in retirement. Under this scenario, you could withdraw the following amounts in the first year, then increase that dollar amount with inflation annually.

*Hypothetical example assumes withdrawal of shown percentage of retirement assets in first year then followed by annual inflation increases of 2.5%. Additionally, a 5% rate of return assumed on assets. For illustration purposes only. Past performance is no guarantee of future results..

Obviously the less you withdraw each year, the longer your money will last in retirement. We generally suggest retirees consider a 4% withdrawal rate, especially if they are healthy, have longevity in their family history, or are retiring early.

So, you’ve decided to continue to invest into retirement. But if you are like many, you might not want the responsibility of maintaining a a well-diversified portfolio in retirement without hiring an advisor. We’ll learn more about how to hire your own advisor in a later section. But for now, let’s focus on how to “do it yourself.”

Cracking Open Your Retirement Nest Egg

There's much to consider as you transition to life after work, including what to do with your retirement plan savings. The information below will get you thinking about your options.

1

Stay in the plan

Just because you are transitioning away from your employer does not mean you are required to remove your savings from the plan. You retain control of how your savings are invested; but you're not able to add new dollars. If you stay in the plan, your savings remain invested in the menu of lower-cost institutional funds, carefully screened and monitored by your employer, with the advice their investment consultant. The plan allows you to establish installment payments, whether monthly, quarterly, or annually. You decide how much and how often you receive income.

If you decide to delay distributions, remember that you will need to begin required minimum distributions (RMD) after age 73 unless you are still employed by the employer who sponsors the plan.

Staying in the plan may be the best option if you do not want the responsibility of managing your own IRA or do not have access to a new employer plan. An IRA rollover would mean you must choose a provider, and either select and monitor an investment strategy or pay someone else to do so. In addition, those retiring early (from age 55 to 59 ½) will avoid penalties on distributions by staying in their company plan.

If your balance is less than $1,000 at departure, your balance will be automatically distributed to you as a cash distribution after 90 days unless you request a distribution directing those savings into another account.

2

Rollover to new plan

Your savings and any vested portion of company contributions may be rolled over into a new employer's plan, if you continue to work. Most employer plans gladly accept rollovers but be sure to check their specific eligibility requirements with the human resources department. No taxes or penalties apply; your entire balance continues to grow, tax-deferred for your pre-tax accounts and tax-free for Roth.

If you have both pre-tax and Roth accounts, confirm that your new employer's plan offers Roth and accepts rollovers from Roth accounts. If they don't offer Roth, you can roll the Roth 403(b) savings into a Roth IRA.

Before rolling money into another employer plan, make sure you understand the in-service distribution options in the new plan. Some employers restrict access to rollover accounts while you are still employed.

Consider rolling savings into your new employer's plan if you like the idea of a streamlined investment menu. Most employer plans feature a short list of high-quality funds. Also consider your new employer's plan if you'd like to consolidate retirement accounts. Combining savings into one account simplifies investment decisions and may reduce costs.

Cracking Open Your Retirement Nest Egg, *continued*

Rollover to an IRA

You may also roll your savings into an Individual Retirement Account (IRA). Your pre-tax savings will roll into a traditional IRA; your Roth savings will roll into a Roth IRA.

If you plan to roll savings into an IRA, research costs first. Some retail advisors charge commissions and/or management fees that may be greater than your workplace plan. So, ask your IRA provider to outline all the ways they receive compensation and any other fees being charged against your plan balance.

Consider rolling your savings into an IRA if you would like access to virtually unlimited investment options.

IRAs also feature more distribution flexibility. Distributions before age 59 ½ for higher education expenses or for a first home purchase ($10,000 lifetime limit) are exempt from the 10% tax penalty. You may begin taking payments earlier than age 59 ½ without penalty, but the rules are complicated. Your IRA provider can help make this clear. Plus, if you remain in an employer plan, distributions will generally be made from each fund, pro rata. In an IRA, you select which investments to sell in order to create income.

Roth IRAs offer an even better deal: your after-tax deposits can be withdrawn at any time with no taxation. Roth earnings are still subject to ordinary income taxes and potential penalties if withdrawn before age 59 ½ and five years after the first Roth contribution.

Cash out

Hiring Your Own Advisor

There are two standards of care and practice available in the financial services industry: Fiduciary and Suitability.

Industry Designation Alphabet Soup

Most financial professionals have some letters following their names. These Industry designations may indicate a level of education, experience, demonstrated competency, and a commitment to continuing education and a code of ethics. For a list and descriptions of designations, see www.finra.org. Some of the more common designations are listed below.

Certified Financial Planner (CFP): CFP® Certificants have amassed three years of experience, earned a bachelor's degree, completed a college level program of study in personal financial planning and passed a demanding and broad-based exam. Further, they must complete 30 hours of continuing education every two years and agree to a Code of Ethics including a requirement to act as a fiduciary any time they are engaging in the financial planning process.

Chartered Financial Consultant (ChFC): ChFC holders have completed 75 hours of coursework overlapping much of the CFP® requirement with a few additional courses, and without the final broad-based exam.

Certified Public Accountant (CPA): Certified Public Accountants have passed a demanding exam focusing on tax and accounting proficiency. Financial planning is not specifically included in the CPA skill and knowledge requirement.

Chartered Financial Analyst (CFA): A CFA is an expert in investment research and portfolio management. A holder has passed three six-hour exams over several years, amassed 48 months of experience, and agreed to a strict code of ethics. While personal financial planning is not included in the testing, the CFA is proficient in researching investments and building portfolios.

Registered Investment Advisor (RIA): A Registered Investment Advisor is a firm that provides investment advice to individuals for compensation and is under the oversight of either the SEC or their individual state, depending on the size of their business. An individual who works for an RIA is a Registered Investment Advisor Representative and has passed the Series 65 Exam, a combination of the Series 7 and 66 Exams, or has a qualifying professional designation such as a CFP or a CPA.

Check Out Disciplinary History:
Before hiring an advisor, ask them about any disciplinary history or customer complaints they've had. Then, go to the web to verify.

For Advisors: www.sec.gov/investor/brokers.htm

For Brokers: https://brokercheck.finra.org/

For CFP® Certificants: www.letsmakeaplan.org/choose-a-cfp-professional/verify-a-cfp-professional

The Scoop on Beneficiary Elections

Now is a great time to get your personal records up-to-date, including beneficiary elections. Just like life insurance, retirement plans pass directly to the person or entity you've named on your beneficiary election, so it's very important to keep them current. Here's what you need to know:

Your Spouse is Your Primary Beneficiary
If you are married, Federal law states that your spouse is your primary beneficiary. You are free to name someone else, for example, children from your first marriage, but your spouse must sign off on this election in front of a notary public.

If you are unmarried, you may name anyone you wish, but upon marriage, your spouse becomes your primary beneficiary, even if your beneficiary election indicates otherwise. You are free to name contingent beneficiaries, in case the person you named as your primary beneficiary passes before you or with you.

Naming Children as Beneficiaries
If you name minor children as beneficiaries, their guardian would be responsible for management and safekeeping of the account until the child turns the age of majority. If you're not sure you want your child's guardian to have access to the account, you may wish to name another loved one or consider setting up a trust. Be sure to consult with a legal and tax advisor before naming a trust as a beneficiary.

Beneficiary Elections Name *Who* Not *How*
Beneficiary elections determine *who* gets the account, not *how*. If you wish to dictate how your loved ones receive the money, you'll need to consider setting up a trust. An estate planning attorney can advise you on how best to establish a trust.

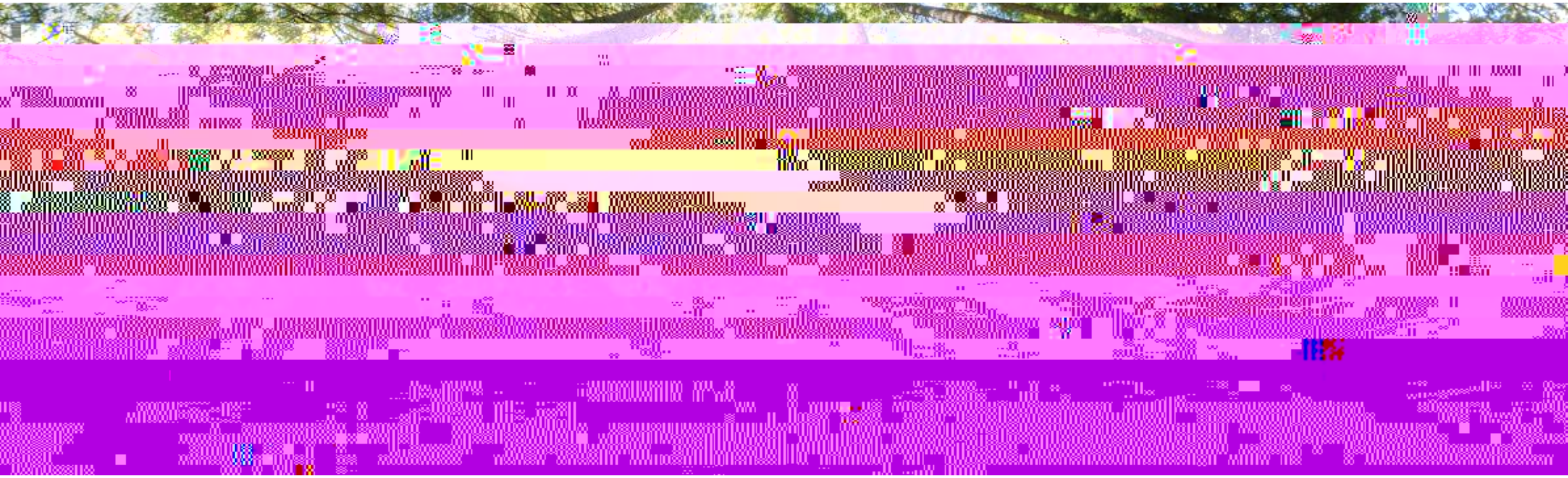
What Beneficiaries Can Do With the Money
Beneficiaries can cash out any or all of the account. They will still owe income taxes on any pre-tax portion, but no penalty applies. Spouses have special rights; they can simply retitle the account as their own. All the rules regarding tax deferral and distribution then proceed based on their age. Non-spousal beneficiaries aren't that lucky. Non-spousal beneficiaries must deplete the account and pay income taxes on the pre-tax portion within ten years.

What Happens When No Beneficiary is Named
Your family still receives your account, but without specific instructions, so your savings will pass to heirs in the order determined by state law. The account will go through the probate process where a judge makes the official determination of who receives what. This costs time and money and may subject your account to dispute.

Keep Them Up-to-Date
It is critical that you keep your beneficiary elections up-to-date after significant life events. Court cases have ruled that ex-spouses were entitled to retirement accounts from their deceased ex-spouses because elections were not updated.

FRANCIS

Notes



Understanding Social Security

FRANCIS

FRANCIS

Can I collect on my ex-spouse?
Normally, to be eligible to collect on your former spouse you must have been married for at least ten years and not currently married. You can collect benefits as early as age 62 (but earnings limits apply) if your ex-spouse is old enough to be eligible for benefits, even if he or she has not yet claimed them. It doesn't matter if your ex-

Paying Tax on Your Social Security Benefits

Individual Tax Return	Joint Tax Return	Taxation of Benefits
Provisional Income less than $25,000	Provisional Income less than $32,000	No taxation of benefits
Provisional Income between $25,000 and $34,000	Provisional Income between $32,000 and $44,000	50% of benefits will be taxable as income
Provisional Income above $34,000	Provisional Income above $44,000	85% of benefits will be taxable as income

FRANCIS

Notes