The Road to Retirement:
Getting on the Path to a More Secure Financial Future

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Bios

Ross James joined Sentinel Benefits & Financial Group in 2011 as a Registered Representative of Sentinel Securities and an Investment Advisor Representative of Sentinel Pension Advisors.

► Connecticut College – B.A. in Government with a concentration in International Political Economy
► Commonwealth of Massachusetts – Life Insurance license
► Currently enrolled in the College for Financial Planning Certified Financial Planner (CFP) program
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► Accredited Investment Fiduciary, AIF

Ryan Ransford joined Sentinel Benefits & Financial Group in 2011 as a Registered Representative of Sentinel Securities and an Investment Advisor Representative of Sentinel Pension Advisors.

► University of Rhode Island – B.S. in Finance
► FINRA Licenses: Series 7, and 66

As part of the Private Client Group, Ross and Ryan offer fee-based investment management and financial planning services to businesses, individuals and their families. As Investment Advisors with Sentinel Pension Advisors they provide education and guidance to plan participants to help maximize their retirement benefits in an effort to become retirement ready. For institutions, they work closely with plan sponsors to help implement custom retirement programs and employee benefits package as well as fiduciary governance.
When You Imagine Your Retirement, What do You See?
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!

- When to start?
- How much to save?
- How to invest?
- Roth vs. Traditional?
- When to retire?
- How much to take out?
### Understanding You

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<td>Maximize savings opportunities and get to solid financial ground</td>
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<td>Support “life-building” needs and begin to think about long-term planning</td>
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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

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$3,000 annual investment at a hypothetical 6% annual growth, assuming reinvestment of all earnings and no tax

$700,000
$525,000
$350,000
$175,000
$0

20 25 30 35 40 45 50 55 60 65

$679,500
$254,400
$120,000

“Rule of 72”
72 ÷ Rate of Return = Years Needed to Double in Value

*This is a hypothetical example and is not intended to reflect the actual performance of any investment.*
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
Starting the Car

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

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 / Pre-tax contributions

- Defer Pretax up to $17,500 of compensation (2014)
- Individuals age 50 or older can make additional “catch-up” contributions of $5,500 (2014)
- 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
Tax Advantaged Investment Vehicles

IRAs

► Traditional IRAs and Roth IRAs

► You can contribute up to $5,500 (2014)

► Individuals age 50 or older can make additional “catch-up” contribution of $1,000
Traditional vs. Roth Contributions

Taxed now or later?

**Roth**
- Aftertax contributions
- Taxed at today's rate
- Tax-free growth potential
- Estate Planning tool

**Traditional**
- Pretax contributions
- Immediate tax benefit
- Tax-deferred growth potential
- Taxed when distributed
Checking the Brakes

Starting the Car
- Start saving for retirement
- The power of compounding growth
- How to invest

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

Transitioners
Shift from accumulation focus to retirement income plan

$ Stretchers
Maximize savings opportunities and get in 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

Established
Help manage Intel financial needs in retirement
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)
Crunching the Numbers

Identifying the “Gap”

- Compare projected annual retirement income and expenses
- “Gap” represents additional annual retirement income needed

Estimated annual expenses in retirement: $50,000
Estimated annual income in retirement: $20,000
Additional annual income needed in retirement: $30,000
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 19.2 years*

► The average house in the U.S. was built in 1974

► Couples – 63% chance a spouse lives to age 90 and a 36% chance a spouse lives to age 95

► Over 40% of women age 65 and above live alone in the U.S

* National Vital Statistics Report, Vol. 61, No. 6, October 2012
Picking an Exit

Optimal use of multiple income sources

Social Security Planning

Estate planning and wealth transfer

Established
Help manage total financial needs in retirement

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

Tuning the Engine
► Investment Strategy
► Where to save?
► Traditional vs. Roth
► Family Financial Needs

Checking the Brakes
► Maximize Retirement Savings
► Revaluate Investment Portfolio
► Complete Financial Plan

Family Financial Needs
Crunching the Numbers:
Estimating Retirement Income

The 3-legged retirement income stool:
- Social Security
- Traditional employer pension
- Individual savings & investments

An individual born in 1957 who currently earns $70,000 can expect to receive roughly $24,000 each year (today’s dollars) in Social Security retirement benefits at full retirement age.*

*www.ssa.gov Quick Calculator (March 4, 2013)
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

Hypothetical Example
Implementing Your Plan

► Develop your own road map
► Start now
► Invest regularly
► 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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