

FROM VISION TO REALITY

Visualize Retirement



Imagine your own retirement. . .

What Did You Imagine?

What Did You Imagine?

Travel

What Did You Imagine?

Travel

Sleeping late

What Did You Imagine?

Travel

Grandkids

Golf

Sleeping late

What Did You Imagine?

Travel

Grandkids

Golf

Sleeping late

Volunteering

What Did You Imagine?

Travel

Grandkids

Golf

Sleeping late

Volunteering

Hobbies

What Did You Imagine?

Travel

Grandkids

Golf

Sleeping late

Volunteering

Hobbies

Social Security rules



01

Why include the nonfinancials?

02

What are the nonfinancials?

03

How to incorporate them



01

Why include the nonfinancials?

02

What are the nonfinancials?

03

How to incorporate them

Opposing Ideas

Nearly all are looking forward to retirement, but many also **have concerns.**



Few Focus Beyond the Numbers

74%

of people have made
a serious effort to plan
financially for retirement



Source: Greenwald & Associates/The Diversified Services Group Retiree Insights 2018 Survey of Consumers Ages 50–59, as of August 2018

Few Focus Beyond the Numbers

74%

of people have made
a serious effort to plan
financially for retirement



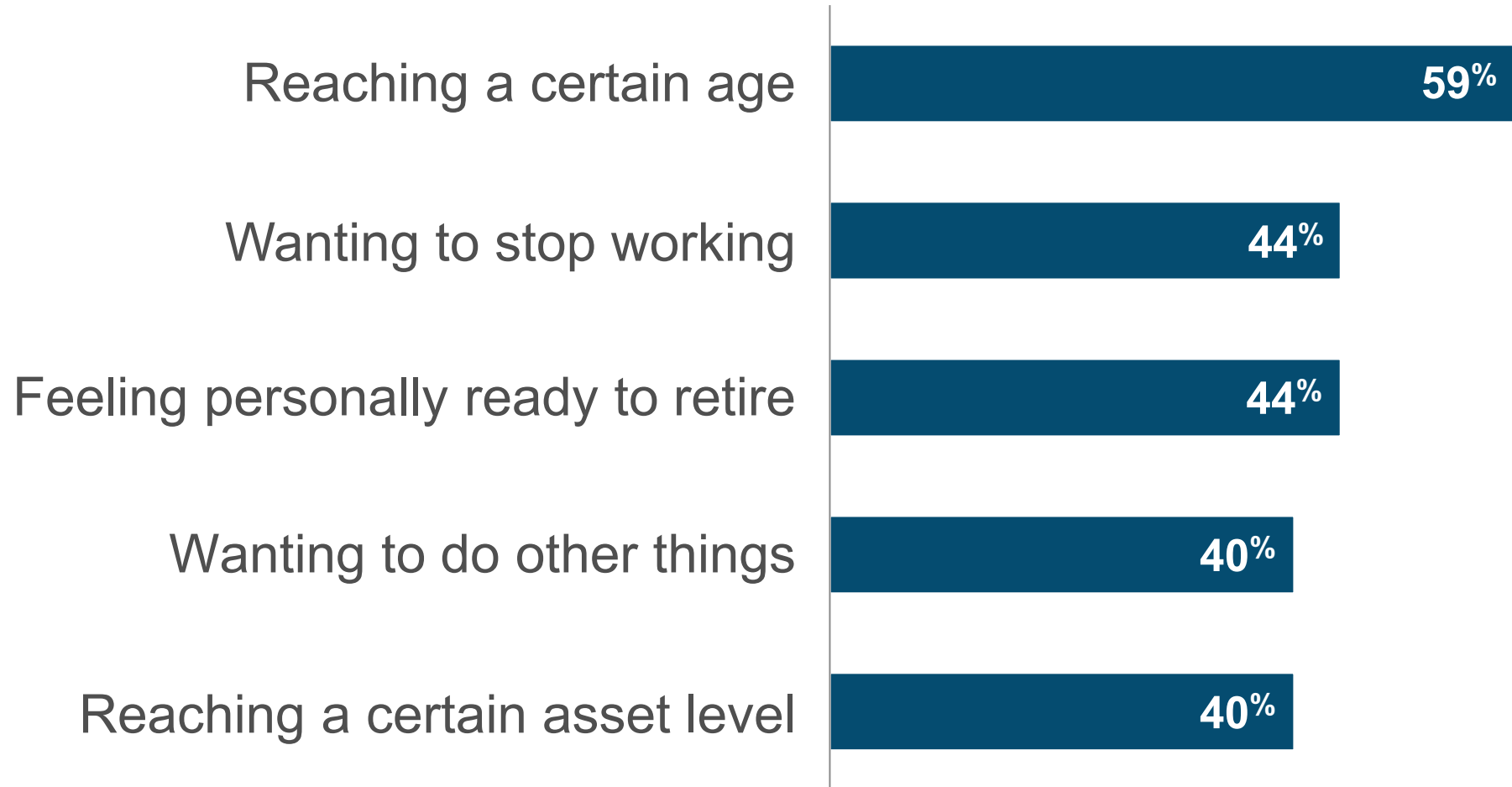
35%

of people have made
a serious effort to plan
emotionally for retirement



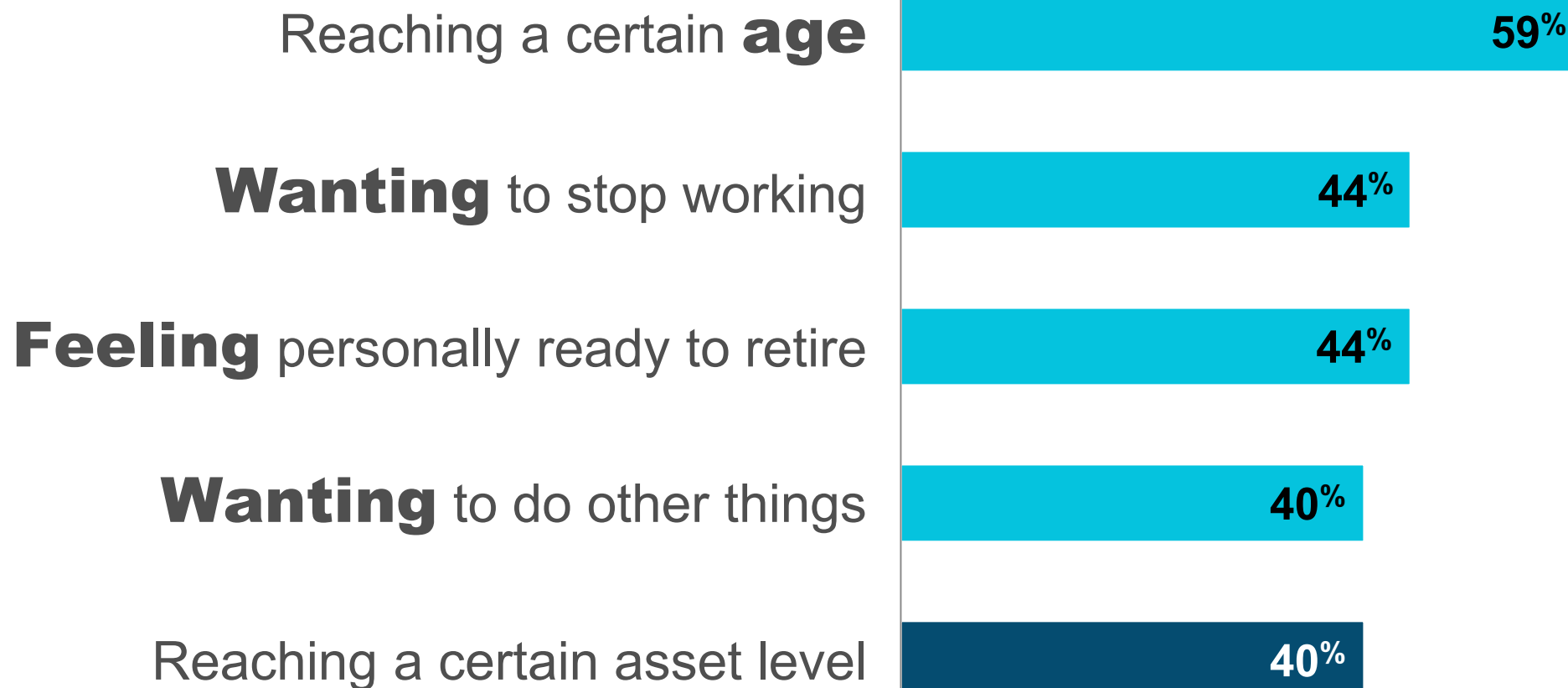
Source: Greenwald & Associates/The Diversified Services Group Retiree Insights 2018 Survey of Consumers Ages 50–59, as of August 2018

Nonfinancial Considerations Influence Retirement Decisions



Source: Greenwald & Associates/The Diversified Services Group Retiree Insights 2018 Survey of Consumers Ages 50–59, as of August 2018

Nonfinancial Considerations Influence Retirement Decisions



Source: Greenwald & Associates/The Diversified Services Group Retiree Insights 2018 Survey of Consumers Ages 50–59, as of August 2018

Benefits for Preretirees

- Holistic view of the individual
- Connection between the goal and solution
- Helps people take action



Benefits for Financial Professionals



“

Financial professionals who can skillfully and compassionately guide clients through these emotional tradeoffs stand to profit with strong, loyal client relationships.

—The Cerulli Report, U.S. Advisor Metrics 2017

Benefits for Financial Professionals

Your
financial
offer

- Advice/Guidance
- Services
- Solutions



The
nonfinancial
side

- Lifestyle
- Health care
- Meaning

Benefits for Employers

86%

of plan sponsors
strongly agree or agree²



Plan sponsors should
consider the **participant's
entire retirement journey** . . .

²T. Rowe Price, 2018 Plan Sponsor Views on Retiring Participants.



01

Why include the nonfinancials?

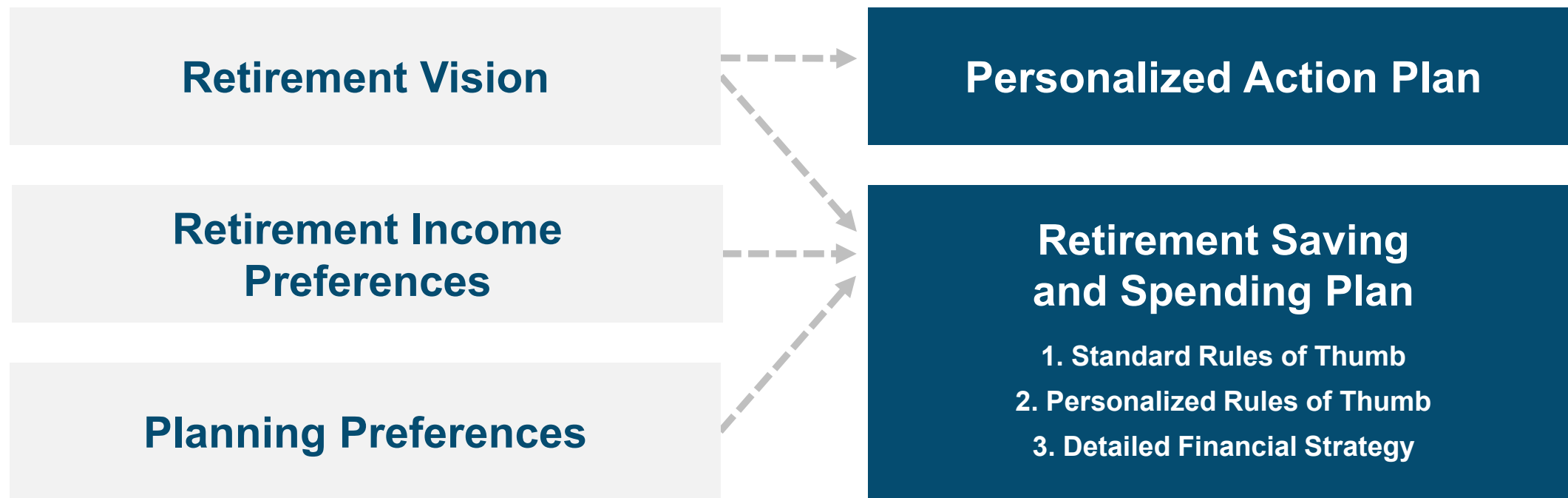
02

What are the nonfinancials?

03

How to incorporate them

Visualize Retirement Framework



Visualize Retirement Framework

Retirement Vision

Retirement Vision—The 5 Ws



WHO



WHAT



WHERE



WHEN



WHY

Retirement Vision—The 5 Ws



WHO



WHAT



WHERE



WHEN



WHY

Who

- 1 First let’s look at your social network. Think about the people you spend the most time with today and how that may change when you retire. Rank the list below by entering a number between 1 and 6 in each column, where 1 = the people with whom you spend the most time.

	Today	In Retirement
Family/household	_____	_____
Friends	_____	_____
Work/former colleagues	_____	_____
Social groups (clubs, sports, worship)	_____	_____
Neighbors/community/volunteer work	_____	_____
Other: _____	_____	_____

Who

2 Now let’s look at your caregiving support network. Think about whose health and wellness support team you may be on and who will be on your health and wellness support team in retirement. Select all that apply.

	You will be on their support team	They will be on your support team
Spouse/partner	<input type="checkbox"/>	<input type="checkbox"/>
Siblings	<input type="checkbox"/>	<input type="checkbox"/>
Children	<input type="checkbox"/>	<input type="checkbox"/>
Parents/in-laws	<input type="checkbox"/>	<input type="checkbox"/>
Other family members	<input type="checkbox"/>	<input type="checkbox"/>
Friends	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

Retirement Vision—The 5 Ws



WHO



WHAT



WHERE



WHEN



WHY

What

3 Think about how you spend your time today and how that may change when you retire. Rank the list below by entering a number between 1 and 10 in each column, where 1 = the activity in which you spend the most time.

	Today	In Retirement
Working	_____	_____
Relaxing/pursuing leisure activities	_____	_____
Exercising/being active	_____	_____
Spending time with family	_____	_____
Caring for pets	_____	_____
Engaging in fun/social activities	_____	_____
Learning/pursuing education	_____	_____
Participating in religious/spiritual activities	_____	_____
Traveling	_____	_____
Other: _____	_____	_____

4 What are the primary things you plan to do to help you live a healthy and vibrant retirement? Select up to five.

- ☐ Exercise regularly
- ☐ Eat well
- ☐ Manage your weight
- ☐ Be proactive about preventive care with doctors
- ☐ Adopt a positive mindset
- ☐ Learn new things to keep your mind sharp
- ☐ Do mental exercises
- ☐ Spend time with family and friends
- ☐ Do nice things for yourself (pampering)
- ☐ Other: _____

Retirement Vision—The 5 Ws



WHO



WHAT



WHERE



WHEN



WHY

Where

5 What are the main factors that influenced your decision for where you live today and what factors will influence where you live in retirement? Select all that apply.

	Today	In Retirement
Closeness to family	<input type="checkbox"/>	<input type="checkbox"/>
Climate	<input type="checkbox"/>	<input type="checkbox"/>
Quality of schools	<input type="checkbox"/>	<input type="checkbox"/>
Peaceful/beautiful location	<input type="checkbox"/>	<input type="checkbox"/>
Access to social, cultural, recreational, and spiritual activities	<input type="checkbox"/>	<input type="checkbox"/>
Cost of living	<input type="checkbox"/>	<input type="checkbox"/>
Low crime	<input type="checkbox"/>	<input type="checkbox"/>
Access to good health care	<input type="checkbox"/>	<input type="checkbox"/>
Proximity to work	<input type="checkbox"/>	<input type="checkbox"/>
Access to public transportation	<input type="checkbox"/>	<input type="checkbox"/>
Low maintenance	<input type="checkbox"/>	<input type="checkbox"/>
Low taxes	<input type="checkbox"/>	<input type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

Retirement Vision—The 5 Ws



WHO



WHAT



WHERE



WHEN



WHY

When

6 What are the main factors influencing the timing of your retirement?
Select all that apply.

- ☐ Financial readiness
- ☐ Satisfaction with my job
- ☐ Reaching my intended retirement age
- ☐ Starting a new chapter/doing other things
- ☐ Health-related issues (mine or others)
- ☐ Feeling personally/emotionally ready
- ☐ Becoming eligible for government benefits (Social Security, Medicare)
- ☐ Spouse's/partner's timing
- ☐ Other: _____

7 When do you plan to retire based on your personal definition of retirement?

- ☐ At age: _____
- ☐ When I have saved \$ _____
- ☐ Never
- ☐ I don't know

Retirement Vision—The 5 Ws



WHO



WHAT



WHERE



WHEN



WHY

Why

8 Think about what provides you with the most fulfillment and meaning in your life today and how that may change when you retire. Rank the list below by entering a number between 1 and 9 in each column, where 1 = what provides you the most fulfillment.

	Today	In Retirement
Success in my job	_____	_____
Family time	_____	_____
Staying healthy and energized	_____	_____
Continuous learning/education	_____	_____
Traveling to new locations	_____	_____
Non-work-related hobbies	_____	_____
Religious/spiritual activities	_____	_____
Neighborhood/community involvement	_____	_____
Other: _____	_____	_____

Visualize Retirement Framework

Retirement Vision

Retirement Income Preferences

Retirement Income Preferences

- Amount of income needed (income yield)
- Length of time income needs to last (income duration)
- Variability of income from month to month and year to year (income volatility)
- Access to money (asset liquidity)
- Opportunity to leave money behind (asset preservation)



Retirement Income Preferences

Fixed and stable



Potential growth to
keep up with inflation



Visualize Retirement Framework

Retirement Vision

**Retirement Income
Preferences**

Planning Preferences

Planning Preferences

Sentiment and approach to planning

36%
Enjoy it

Source: T. Rowe Price Retirement Savings and Spending Study (RSS6), 2020

Planning Preferences

Sentiment and approach to planning

36%

Enjoy it

52%

Value it

Source: T. Rowe Price Retirement Savings and Spending Study (RSS6), 2020

Planning Preferences

Sentiment and approach to planning

36%
Enjoy it

52%
Value it

12%
Avoid it

Source: T. Rowe Price Retirement Savings and Spending Study (RSS6), 2020

Visualize Retirement Framework

Retirement Vision

**Retirement Income
Preferences**

Planning Preferences



01

Why include the nonfinancial side?

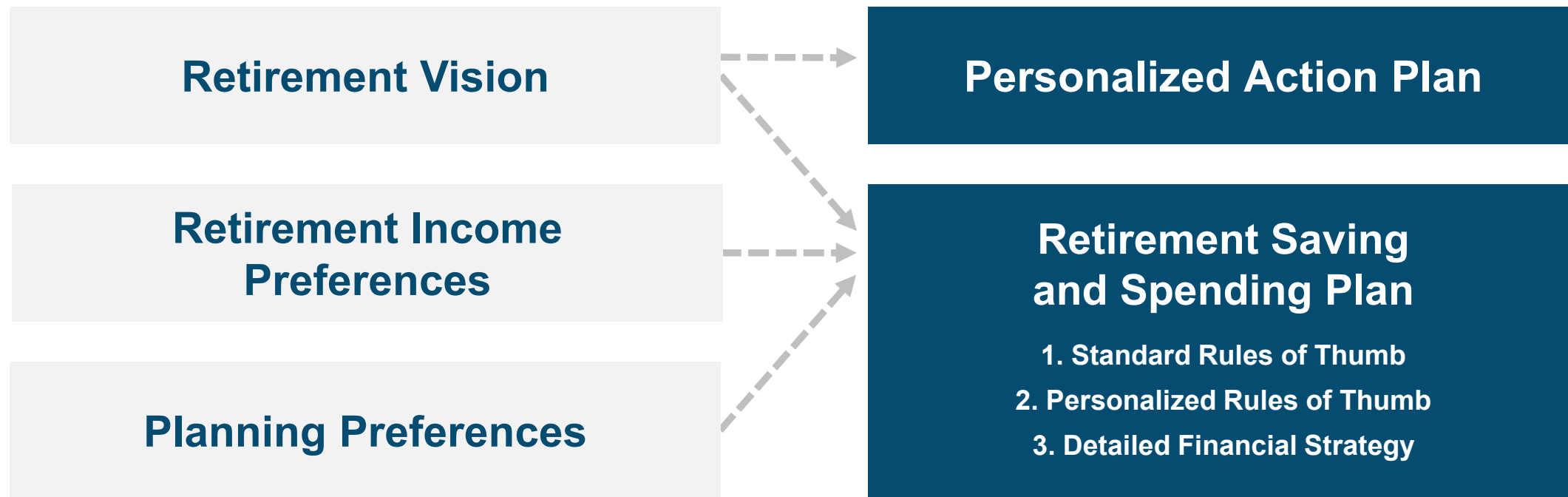
02

What are the nonfinancials?

03

How to incorporate them

Visualize Retirement Framework



Visualize Retirement Framework

Personalized Action Plan

Personalized Action Plan



LEARN

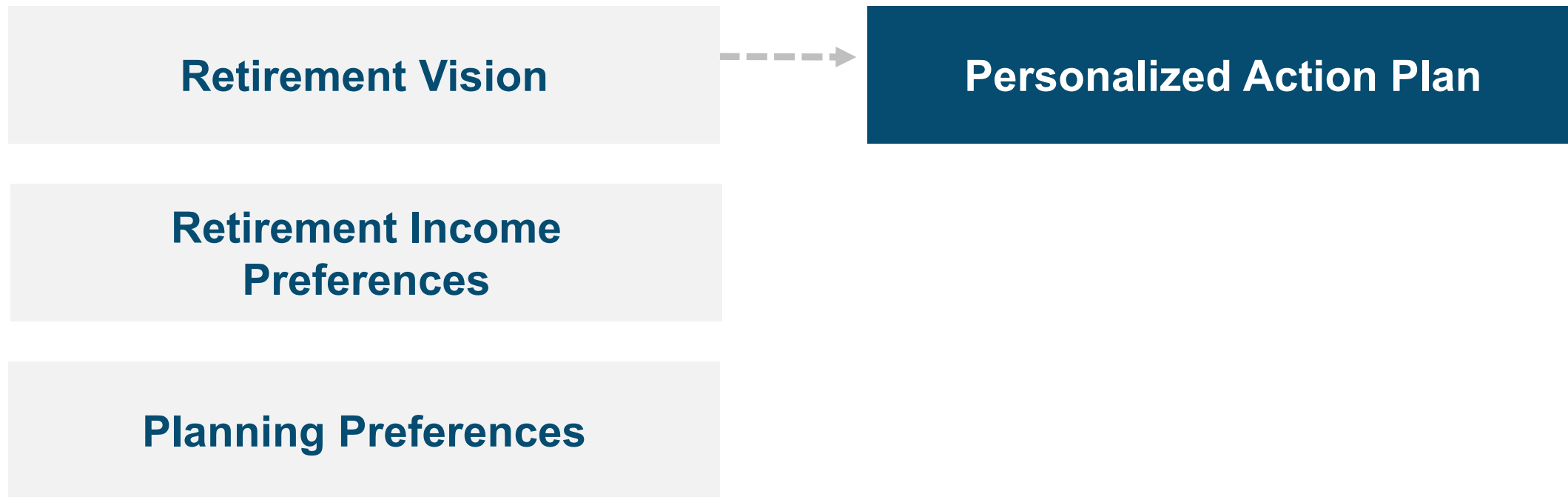


PRACTICE



COMMUNICATE

Visualize Retirement Framework



Visualize Retirement Framework

Retirement Saving and Spending Plan

Visualize Retirement Framework

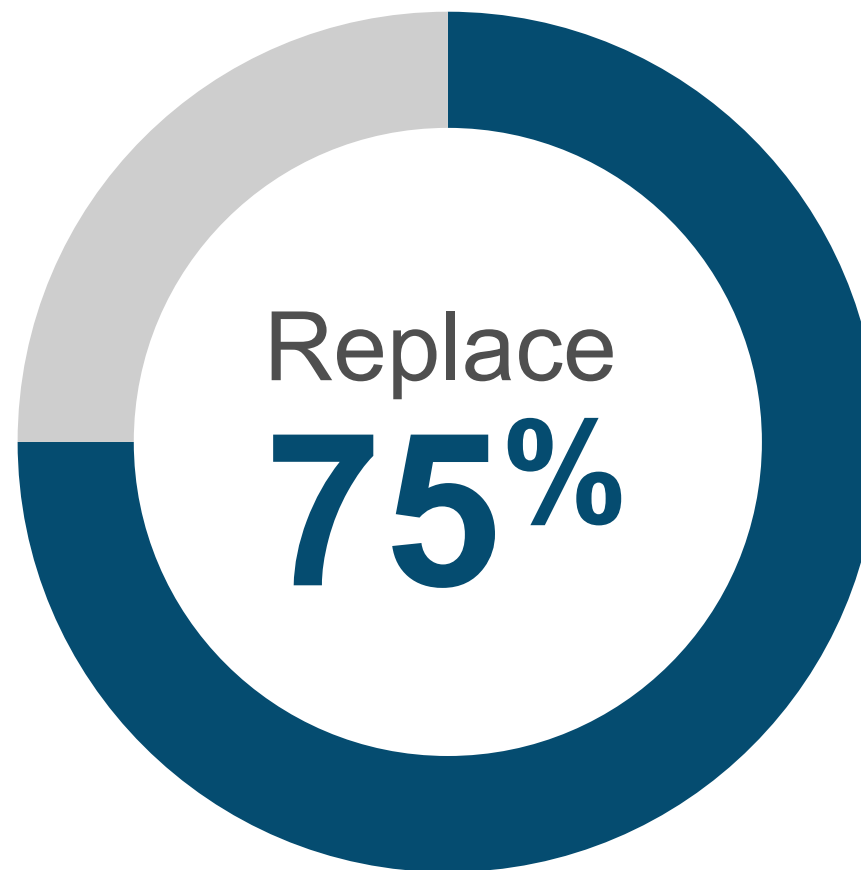
Retirement Saving and Spending Plan

1. Standard Rules of Thumb

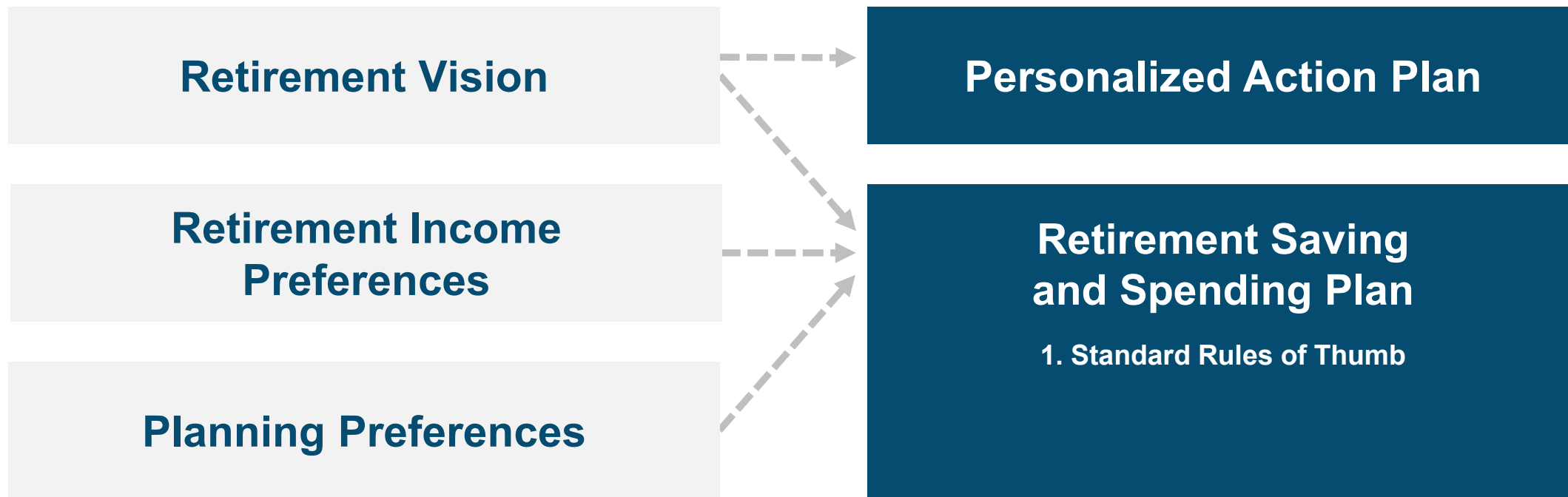
Standard Rules of Thumb

Save
15%

Retire at
65



Visualize Retirement Framework



Visualize Retirement Framework

Retirement Saving and Spending Plan

2. Personalized Rules of Thumb

Top Retiree Spending Categories



HOUSING



TRANSPORTATION



FOOD



HEALTH CARE

Source: U.S. Bureau of Labor Statistics, Table 1300. Age of reference person: Annual expenditure means, shares, standard errors, and coefficients of variation, Consumer Expenditure Surveys, 2021.

Same



Same

- Save 15%
- Retire at age 65

More

Less

Spend More



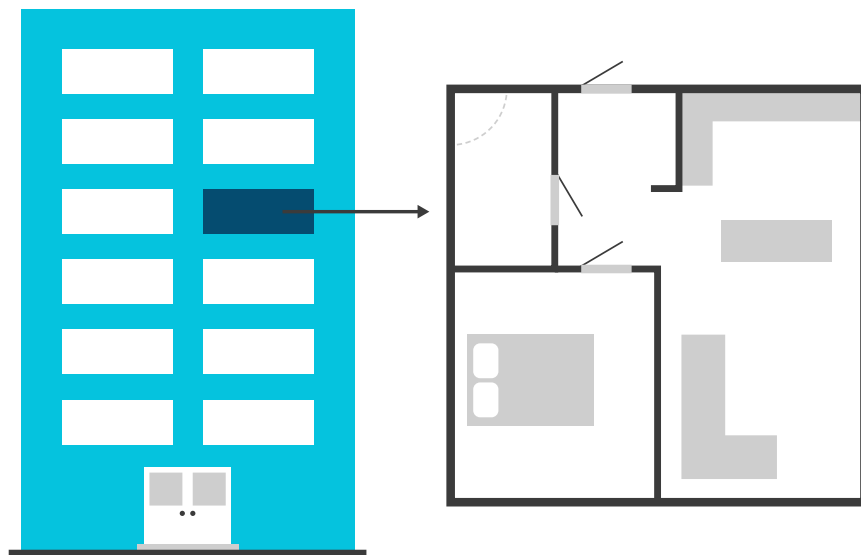
Same

Higher

Less

- Save more than 15%
- Retire later than age 65

Spend Less



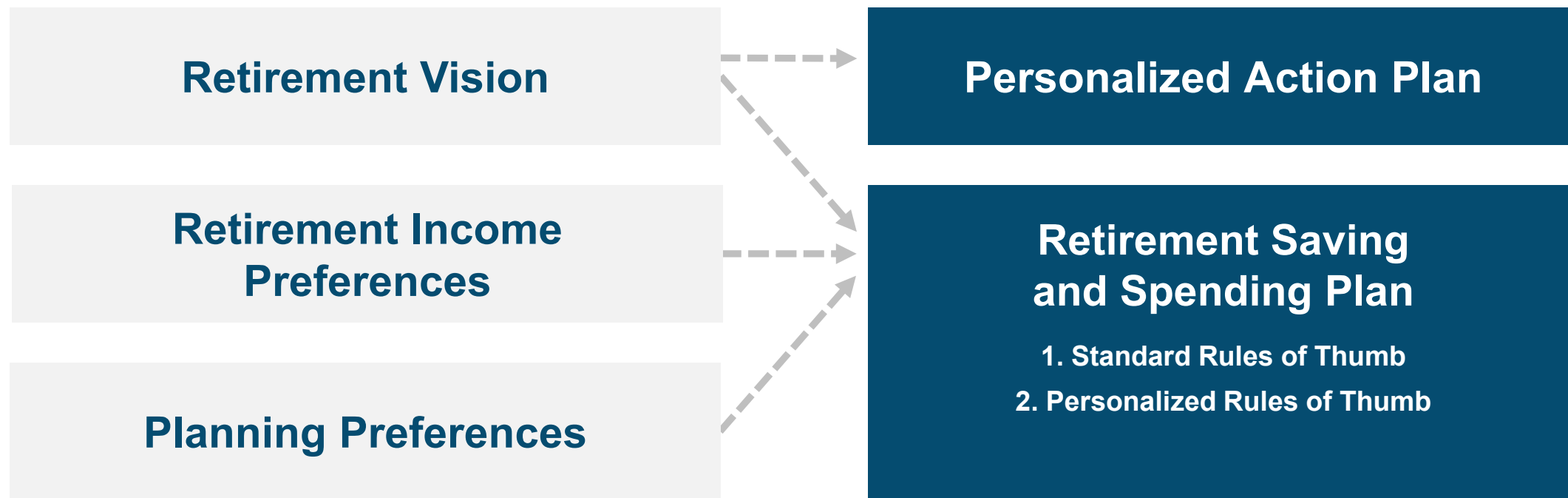
Same

Higher

Lower

- Save less than 15%
- Retire earlier than age 65

Visualize Retirement Framework

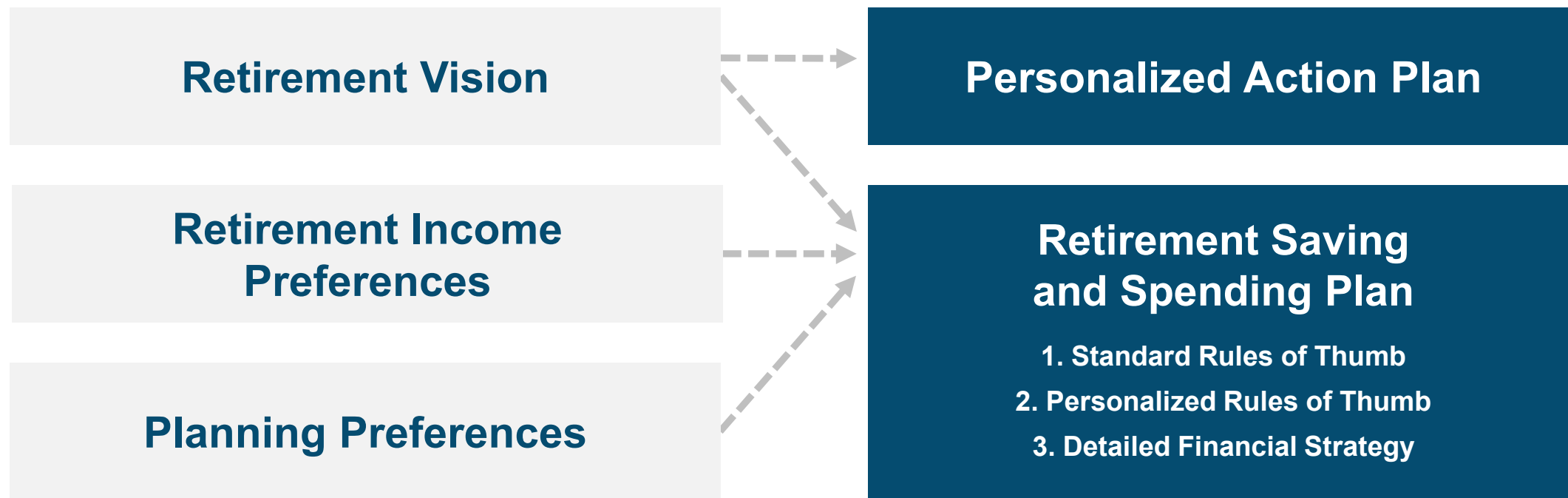


Visualize Retirement Framework

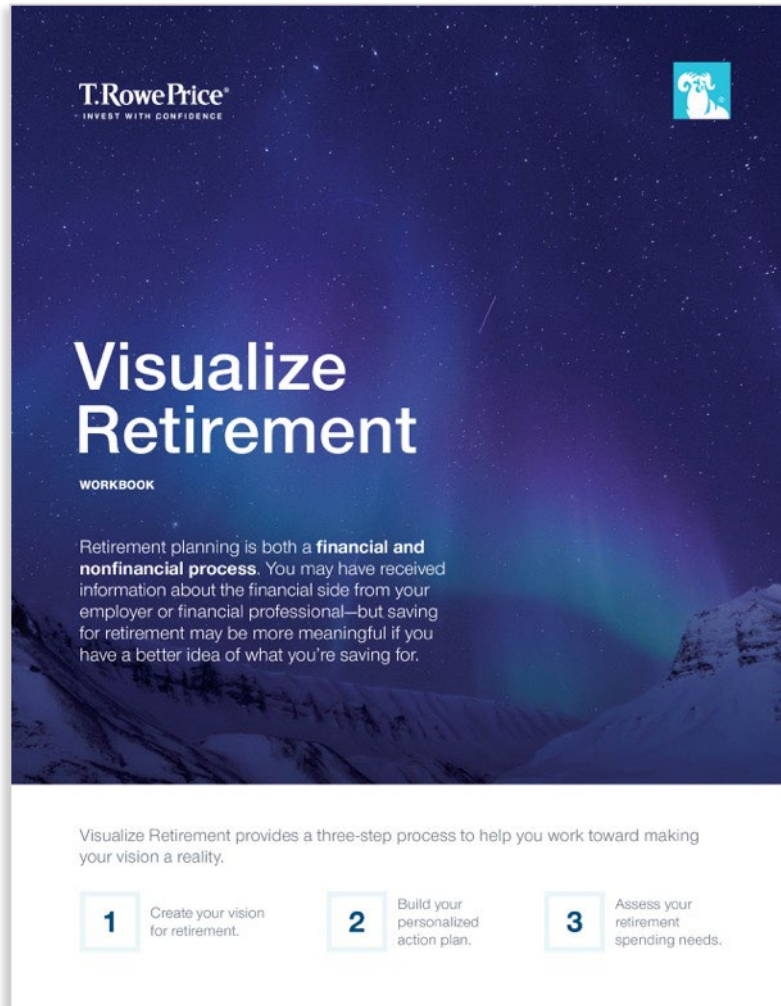
Retirement Saving and Spending Plan

3. Detailed Financial Strategy

Visualize Retirement Framework



Visualize Retirement Workbook



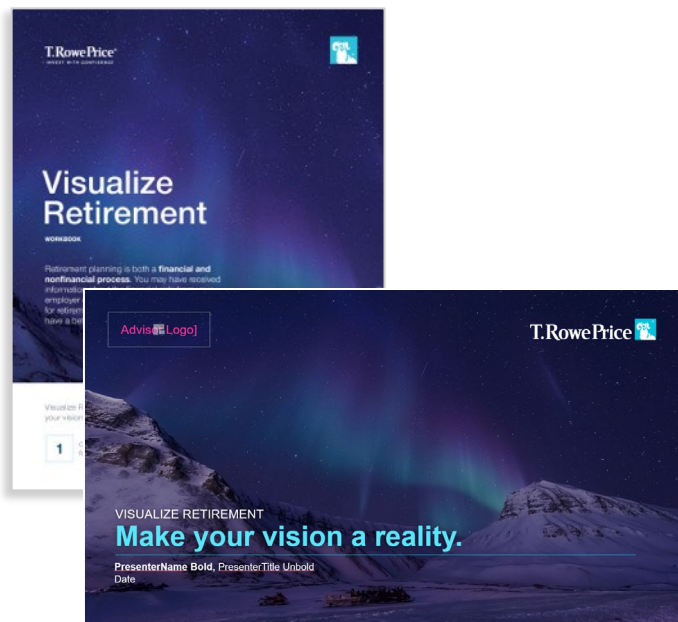
Step 1: Create Vision

Step 2: Build Personalized Action Plan

Step 3: Assess Retirement Spending Needs

Resources for Preretirees

Preretiree workshop and Workbook



Nonfinancial checklist

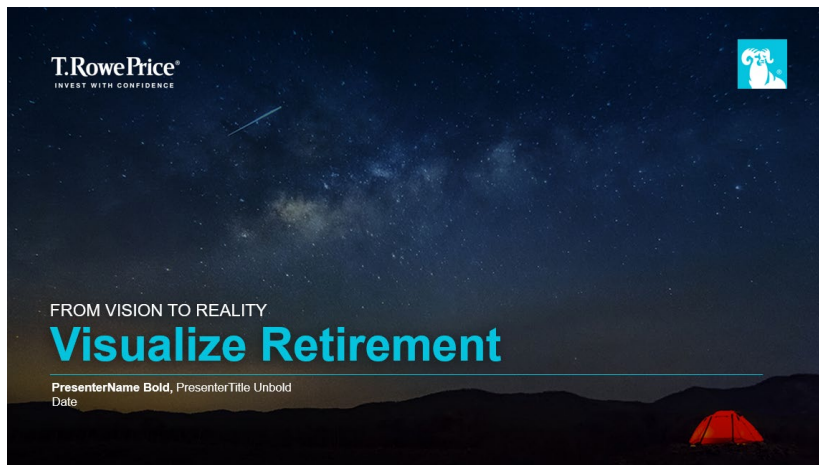


Building a Bridge From Retirement Vision to Retirement Income



Additional Resources

Presentation



Program Guide



Summary

Why include nonfinancials

- Financial and nonfinancial factors drive retirement happiness
- Improves your understanding of and relationship with preretirees

What nonfinancials to include

- Retirement vision
- Retirement income and planning preferences

How to incorporate them

- Identify preretirees who could benefit from this program
- Use workbook; create Personal Action Plan and Retirement Saving and Spending Plan

Important Information

This material is provided for general and educational purposes only, and not intended to provide legal, tax or investment advice. This material does not provide recommendations concerning investments, investment strategies or account types; and not intended to suggest any particular investment action is appropriate for you. Please consider your own circumstances before making an investment decision.

The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. The views contained herein are as of the date noted on the material and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

Unless indicated otherwise the source of all market data is T. Rowe Price.

T. Rowe Price Investment Services, Inc.

© 2023 T. Rowe Price. All Rights Reserved. T. Rowe Price, INVEST WITH CONFIDENCE and the Bighorn Sheep design are, collectively and/or apart, trademarks or registered trademarks of T. Rowe Price Group, Inc.



THANK YOU