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Welcome Shareholder

Our research shows that nearly a third of parents with school-age children are acting as caregivers across multiple generations. In our cover story, “Juggling Competing Priorities,” we discuss how these individuals can successfully manage their own needs while also providing for their children and aging parents.

Among other stories, we offer tips for reaching a 15% retirement savings goal as well as information on charitable giving adjustments you can make to better align with the tax laws enacted in 2017.

We hope this issue offers a helpful perspective as you make your financial decisions. Thank you for trusting T. Rowe Price with your investment needs.

Sincerely,

Dee Sawyer
Chair, T. Rowe Price Investment Services

Call 1-800-401-1819 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. All data included in this issue are as of 6/30/19, unless otherwise indicated. For up-to-date standardized returns, visit troweprice.com/performance.

The printing release date for the Fall 2019 issue was in late July.
Teaching Kids About Money
Take every opportunity to help prepare your children for financial independence.

Children typically receive much of their education on how to handle money from the adults in their lives. Fortunately, many common situations we encounter every day can produce teachable moments for our children—especially if we know what to look for. (See “What Makes a Teachable Moment?”)

According to T. Rowe Price’s 11th annual Parents, Kids & Money Survey:* 85% of parents believe they teach their children everything they need to know about money. 50% of parents said they often miss opportunities to talk with their children about money and finances. 2 in 3 parents expressed some level of reluctance to discuss money or financial topics with their children.

By taking time to help children better understand the many financial decisions that take place every day, you can help them build a solid foundation for the important financial choices that they may encounter in the future.

What Makes a Teachable Moment?
Here are some everyday situations that a percentage of parents surveyed found to be good opportunities to teach children about finances.

Figuring out how much you save on sale items 60%
Calculating how much to tip at a restaurant 48%
Going into a physical bank 47%
Determining the amount of sales tax you pay 43%
Discussing the cost of college 42%

*The 11th annual T. Rowe Price Parents, Kids & Money Survey, conducted by Research Now, was fielded from January 17, 2019, through January 23, 2019, with a sample size of 1,005 parents and 1,005 kids ages 8 to 14.

NEXT STEPS
Visit moneyconfidentkids.com for games and activities designed to educate children about money.
Aiming for a 15% Savings Goal

A disciplined savings plan can set you up for future success.

Contributing as much as you can and starting early will have the greatest impact on reaching your retirement savings goal. Most investors will rely on a combination of Social Security benefits and personal savings to fund a retirement that could last decades. Our analysis shows that, to accumulate enough money to retire, you should have saved about 3 times your salary by age 45, 7 times your salary by age 55, and 11 times your preretirement salary by age 65. (To see if your savings are on track for your age, take our Retirement Challenge at troweprice.com/30secondchallenge.)

Reaching your goal will require a savings rate of around 15% over the course of your working career. “I understand the challenges individuals face in setting aside enough for retirement,” says Judith Ward, CFP®, a senior financial planner with T. Rowe Price. And while it’s important to set your retirement savings goal at 15%, Ward notes that it’s okay if you can’t save the full amount today. “Simply getting started and then steadily increasing your contributions can help get your savings strategy on track,” says Ward. (See “Saving Early Makes a Difference.”)

Fortunately, there are ways to fund a steady increase in your contributions without significantly compromising your lifestyle. Consider these four steps:

1. **Take advantage of your workplace plan.**
   Many companies provide “matching contributions” in workplace retirement plans, such as 401(k)s. At a minimum, make sure you are contributing enough to earn the full company match. You don’t want to leave any money on the table that could count toward your 15% total.

2. **Automate your investing.**
   Typically, 401(k) contributions are automatically deducted from your paycheck. If you don’t have a workplace plan, or want to invest beyond it, you can set up an individual retirement account (IRA) and have contributions automatically deducted from your paycheck or a bank account on a regular basis. If you have irregular

You will need to have saved about 11 times your preretirement salary by age 65.
income, automate your reminders so that you can make saving for retirement a priority. Directing money from your paycheck or bank account to fund your savings goals can help keep you from spending it on other things. When you make savings a priority, you’re more likely to achieve your long-term goals.

What’s more, automating your investing allows your assets to benefit from any compounded growth. And an automated approach helps take the emotion out of investing. The result is a disciplined savings process that reduces the chance that you’ll make impulsive changes.

3 Increase your contributions each year. Many workplace plans offer a service that will automatically increase your retirement contributions by one percentage point each year. Sign up for this service to start working toward that 15% target. If auto-increase options aren’t available, or you’re investing outside of your 401(k) plan, then schedule gradual increases into your savings plan. If you’re saving in an IRA, you may need to supplement your investments with a taxable account, since IRAs have contribution limits that may make it difficult to achieve a 15% savings rate.

4 Buckle down and budget. A budget, or spending plan, can provide a framework to track your expenses and accommodate your savings goals. Once you understand how you’re spending your money, you can find opportunities to reduce expenses and increase your retirement savings. There are apps and other resources that can help make this easier for you—or you can use a spreadsheet, if that’s more your style.

Keep in mind that these steps alone won’t be enough to ensure a financially secure retirement—but they can help get you closer to meeting your savings goal. And remember, it’s okay if you can’t save 15% today. “One of the most important things you can do is to start saving what you can right now,” Ward says. “Once you get started, you can work toward saving what you’ll need to fully fund your retirement.”

Assumptions: Examples beginning at age 25 assume a beginning salary of $40,000 escalated 5% a year to age 45 then 3% a year to age 65. Examples beginning at age 30 assume a beginning salary of $50,000 escalated 5% a year to age 45 then 3% a year to age 65. Example beginning at age 40 assumes a beginning salary of $80,000 escalated 5% a year to age 45 then 3% a year to age 65. Annual rate of return is 7%. All savings are assumed tax-deferred. Multiple of ending salary saved divides final ending portfolio balance by ending salary at age 65. This example is for illustrative purposes only and is not meant to represent the performance of any specific investment option. The assumptions used may not reflect actual market conditions or your specific circumstances and do not account for plan or IRS limits. Please be sure to take all of your assets, income, and investments into consideration in assessing your retirement savings adequacy.

NEXT STEPS
Call us at 1-800-401-5251 or visit troweprice.com/30secondchallenge to see if you’re on track with your retirement savings.
Juggling Competing Priorities

How to balance your own needs with those of your children and aging parents.
Feeling pulled in different directions raising children while caring for aging parents? You’re not alone. According to a recent T. Rowe Price survey, as many as a third of parents with school-age children are facing the same challenge.¹ Often referred to as the “sandwich generation,” they find themselves wedged between competing priorities across multiple generations. And this group is growing, so it’s possible you could find yourself in this situation in the future.

**The impacts are real**
There may be direct financial impacts for those in this situation—for example, our survey found nearly a third of those caring for an aging parent or relative spend $3,000 a month or more to do so.¹ “The reality is that your resources are limited,” says Judith Ward, CFP®, a senior financial planner with T. Rowe Price. “Remember to first focus on taking care of yourself, which will better position you to help your loved ones.”
examine your fixed and variable expenses. Doing this can help you identify opportunities to shift your resources.

Consider your parents’ needs
Once you have your own finances in place, you can decide where to focus your attention next. This may mean choosing how to prioritize the needs of both your parents and those of your children.

When talking with your parents, make sure to:

- Gather information about their overall financial situation. Ask about their assets, such as their home, retirement and pension plans, as well as Social Security income, and any insurance policies.

**7 in 10**

Dual caregivers said a parent or relative lives with them in their home.1
Talk about liabilities, such as a mortgage or credit card balances.

Include appropriate family members, like siblings, in the conversations so that you can discuss how to best share the commitment of time and expenses.

Discuss housing and your parents’ preferences, such as choices about downsizing or the possibility of having a parent move in with a relative.

Determine a plan should one parent pass away, including whether the survivor would have the information necessary to manage the finances.

Find out what your parents’ health insurance will cover and make adjustments if needed.

Additionally, discuss establishing a durable power of attorney well ahead of when it will become necessary. “If for some reason one or both of your parents can no longer provide for themselves, a durable power of attorney will give you the legal authority to act on their behalf,” says Roger Young, CFP®, a senior financial planner with T. Rowe Price. “And you don’t want to wait until they become incapacitated; they need to be competent to set one up.”

Young suggests keeping track of your parents’ records—documents related to banking, investing, insurance, health, and estate planning—along with any account passwords and contact information for their doctors and accountants, for example.

Provide for your children

Raising children involves both emotional and financial support. Our survey of children ages 8 to 14 revealed that those of dual caregivers are three times more likely than their peers to say that they don’t have enough time with their parents. If you sometimes find yourself stretched thin, creating a schedule to map out your time might provide more structure to your days. Planning ahead can help ensure that you’re setting aside time each week for all of your family members, including downtime with your children.

Be sure to build in time to plan for the future. It’s important to start saving for educational expenses as early as possible. Ward recommends that parents look first at 529 college savings plans. Any growth in these accounts will be tax-deferred, and withdrawals used to pay for qualified educational expenses are exempt from federal and, in most cases, state taxes.

Have open conversations with older children about expectations for college, including what level of support you think you’ll be able to provide toward college costs and what alternative sources of funding—such as scholarships, grants, or student loans—might be available to make up the difference.

Supporting Children

Be mindful of both the emotional and financial needs of your children.

When saving for their college expenses, take advantage of the benefits of tax-deferred investing by opening a 529 plan as early as possible.

Help with their financial literacy, and teach them the benefits of budgeting and saving.

Talk openly with your older children so they understand the level of financial support you are willing to offer toward their goals and what level of financial responsibility you expect from them.

Dual caregivers are more than six times as likely as their peers to say they have withdrawn money from their children’s college savings accounts for their own needs.
Some parents may find themselves supporting adult children, as well. In 2018, 7.5 million young adults (ages 25 to 34) lived at home, representing nearly 17% of that demographic.\(^1\) If you are in this situation, work to set clear expectations about how much you can continue to provide for your grown children in terms of housing, health insurance, food, family cellphone plans, and so on—along with how much you expect them to contribute to the household.

**Find your balance**
If you’re facing multiple priorities—for yourself, your children, and your parents—remember that your ability to help other family members is dependent on the time and financial resources that you have available. Reevaluating your plan for retirement is one option. If you have flexibility, postponing your retirement for just a few years or working part time can give you more time to add to your savings while reducing the amount that you’ll need to withdraw over the long term. By establishing the right priorities for you and your family, and gaining a clearer perspective on your family’s financial situation, you’ll be able to get closer to achieving the right balance.

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**Tax Benefits to Keep in Mind**

Deductions and credits are available for those caring for aging parents or children.

Setting up a dependent care flexible spending account (DCFSA) through your employer will allow you to set aside pretax dollars for qualified expenses associated with adult dependents who are incapable of caring for themselves and daycare costs for children under age 13.

Depending on your income, you may be able to claim a “child tax credit” up to $2,000 per child under age 17. If you are supporting your parents or children 17 and older, you may be able to claim the “credit for other dependents,” up to $500.

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2. Earnings on a distribution not used for qualified expenses may be subject to income taxes and a 10% federal penalty.\(^2\)
3. United States Census: Historical Living Arrangements of Adults, Table AD-1, [https://www.census.gov/data/tables/time-series/demo/families/adults.html](https://www.census.gov/data/tables/time-series/demo/families/adults.html).

Please note that a 529 plan’s disclosure document includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

You should compare any college savings plan with the college savings program offered by your home state or your beneficiary’s home state, which may offer state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state’s 529 plan.
For most individual investors, it makes sense to include a highly liquid short-term allocation in their portfolio to meet near-term cash needs and provide a reserve against unexpected loss of income. Highly liquid assets may be invested in a variety of short-term vehicles, including bank savings accounts and certificates of deposit (CDs) or investment products such as money market mutual funds and low-duration fixed income funds.

Tiered liquidity structures offer a simple but powerful approach to investing.
“While individuals may review their portfolios periodically to determine whether their longer-term allocations are still aligned with their objectives, we believe many investors may be overlooking their cash or short-term allocations,” says Joseph Lynagh, portfolio manager of the T. Rowe Price Ultra Short-Term Bond Fund. “As a result, they may be missing potential opportunities to improve yields and enhance liquidity.”

Two key factors should be considered when structuring short-term allocations: anticipated cash needs and risk tolerance. How much risk investors are willing or able to take should be determined by their expected short-term cash needs or by the amount of their desired buffer against unexpected financial setbacks. Investors saving for an emergency fund or a down payment on their first house, for example, are likely to have a shorter time horizon and a lower tolerance for risk than investors saving for retirement.

Creating a tiered liquidity structure
One recommended approach to short-term liquidity management is to tier or align the assets in your short-term allocation based on the anticipated time frames for future withdrawals. Investment tiering is an effective strategy that can be applied to many different savings goals. (See “Creating a Tiered Liquidity Structure” for the basic concept, as well as some of the investment vehicles typically used in each tier.)

TIER ONE
Funds to meet an investor’s immediate cash needs.
This bucket should include an investor’s most liquid vehicles, assets that he or she could reasonably expect to access at any time. Many investors rely on bank checking, money market, or savings accounts to hold their most liquid funds. While these accounts are insured (up to $250,000) by the Federal Deposit Insurance Corporation (FDIC) against the risk of bank failure, and their principal values do not fluctuate as interest rates rise or fall, the typical amount of interest they accrue is significantly lower than the yields on longer-term bank instruments such as CDs.

Money market mutual funds are a popular alternative to bank accounts as vehicles for liquid cash reserves. In general, there are three types of money market mutual funds available to individual investors—U.S. Treasury, government, and retail prime funds. In our view, money market mutual funds offer the greatest level of flexibility and liquidity among the available short-term investment products.

While money market mutual funds do not guarantee an investor’s deposit like an FDIC-insured bank account or CD, U.S. Treasury and government money market funds are required to invest at least 99.5% of their assets in fixed income securities backed by the full faith and credit of the U.S. government.
TIER TWO
Funds for near-term cash requirements, defined as cash needed within six to 12 months.
Tier two investments also may include money market mutual funds, but more typically they are composed of low-duration fixed income vehicles such as ultra short-term and short-term bond funds.

Ultra short-term and short-term bond funds are professionally managed fixed income portfolios that invest in a broadly diversified set of fixed and floating rate bonds. These holdings may include government debt, securitized debt, or corporate bonds. The T. Rowe Price Ultra Short-Term Bond Fund typically invests in securities with maturities of six months to one year, while the T. Rowe Price Short-Term Bond Fund typically invests in securities with maturities between 1.5 and 2.3 years.

Compared with money market mutual funds, ultra short-term and short-term bond funds offer investors high to moderate levels of liquidity, plus the potential to obtain higher yields and performance with the addition of exposure to interest rate risk and credit risk.

TIER THREE
Funds for longer-term cash needs beyond the next 12 months but before the end of the next 36 months.
Typical tier three vehicles could include bank CDs or short-term bond funds. Bank CDs generally offer competitive rates, but they also require investors to lock up their savings for a specified period of time. If the investor’s cash needs change, early withdrawals typically are subject to a penalty. Investors can seek to reduce that risk by investing in multiple CDs with different maturities. “Laddering” CDs in this way may help improve liquidity but also could reduce the average yield on the investor’s tier three assets.

As with ultra short-term bond funds, short-term bond funds can combine high to moderate levels of liquidity with moderate levels of principal risk. The somewhat longer duration of these funds potentially can improve yields while adding only a modest degree of additional interest rate risk to the principal compared with ultra short-term bond strategies.

Laddered portfolios
Some investors prefer to manage and own their fixed income investments by creating laddered portfolios of short-term securities, such as Treasury bills.

We believe many investors may be overlooking their cash or short-term allocations. As a result, they may be missing potential opportunities to improve yields and enhance liquidity.

—JOSEPH LYNAGH, PORTFOLIO MANAGER OF THE T. ROWE PRICE ULTRA SHORT-TERM BOND FUND
As with bank CDs, these portfolios can be structured to include different maturities, providing liquid access to cash over different periods. Funds not needed immediately can be rolled from maturing securities into newly purchased ones.

If done properly, investing directly in laddered fixed income assets can generate relatively attractive yields. However, like investing in individual stocks, investing in individual fixed income securities may require a degree of skill on the part of both individual investors and their brokers. Constructing and maintaining laddered portfolios also may require a significant time commitment to research and monitor securities.

Comparing alternatives
Money market accounts offer relatively high liquidity and typically provide higher yields than bank checking and savings accounts. (See “Comparing Short-Term Investment Vehicles.”) While two-year bank CDs typically feature competitive yields, on average—relative to low-duration vehicles such as money market funds—they also require investors to face possible early withdrawal penalties.

Although three-month Treasury bills provide somewhat higher yields compared with money market accounts, directly investing in individual fixed income securities poses its own challenges—as noted previously—and we believe should be reserved for more experienced investors.

Planning ahead
The Federal Reserve has indicated it does not expect to raise interest rates for the remainder of 2019. Meanwhile, the Treasury yield curve (the spread between shorter- and longer-term interest rates) is flat or even inverted out to five years. Therefore, now may be a good time for individual investors to review their cash and short-term allocations to see if they are still appropriate given their financial needs and objectives. Investment tiering is a simple but powerful concept that investors can use to align their assets with their expected cash needs.
“In our view, individual investors are most likely to benefit from short-term allocations that combine competitive yields, high levels of liquidity, and limited exposure to interest rate risk,” says Whitney Reid, a T. Rowe Price fixed income portfolio specialist. “We believe most investors would do well to avoid illiquid vehicles or lengthy lockup periods, especially if there is a significant possibility that their financial situations and cash needs may change in the near future.”

Risks—Retail Money Market Mutual Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Government Money Market Mutual Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Ultra short-term bond funds and short-term bond funds are subject to credit risk, liquidity risk, call risk, and interest rate risk. As interest rates rise, bond prices generally fall. The funds involve more risk than a money market mutual fund and are not subject to the same diversification and maturity standards. The net asset value will fluctuate and investing in these products could result in the loss of principal.

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NEXT STEPS
Learn more about T. Rowe Price fixed income investments at troweprice.com/bondfunds or call to speak with one of our noncommissioned Investment Specialists at 1-877-333-4446.

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How Much Retirement Income Will You Need?

Many people find it’s easier to think about money in terms of income, rather than spending. For example, how much money do you make? That’s a fairly easy question. How much money do you spend? That one might be harder to answer. What exactly counts as spending? Are you including taxes? If you’re paying down a mortgage, is the principal portion considered spending? What about your child’s tuition payment from a 529 account?

These questions highlight how, for many people, calculating total spending can be more difficult than simply looking at income. That’s why your income replacement rate—the percentage of your preretirement income before taxes that you’ll need to support your lifestyle in retirement—can be a useful planning tool.

This simple metric may help you put your retirement finances into clearer context. The key to making this percentage useful is to estimate it with your specific financial situation in mind.

Your income replacement rate

Start with a general rule of thumb. “After analyzing many scenarios, we found that 75% is a good starting point to consider for your income replacement rate,” says Roger Young, CFP®, a senior financial planner with T. Rowe Price. This means that if you make $100,000 shortly before retirement, you can start to plan using the ballpark expectation that you’ll need about $75,000 a year to live on in retirement.

You’ll likely need less income in retirement than during your working years because:

- Most people spend less in retirement.
- Some of your income during your working years went toward saving for retirement, which isn’t necessary anymore.
- Your taxes will likely be lower—especially payroll taxes, but probably income taxes as well.

The 75% income replacement rate ballpark figure is based on reducing your spending at retirement by 5% and saving 8% of your gross household income during your working years. “We chose 8% because it’s about the average that people are saving in their retirement accounts,” Young says. (See “Income Needed in Retirement.”)
How to tailor the rule of thumb
These savings and spending assumptions may not fit your situation, so the 75% starting point may not be right for you. For example, you may be saving closer to the 15% we recommend for retirement. Fortunately, T. Rowe Price analysis found this to be an easy adjustment to make: Every extra percentage point of savings beyond 8%, or spending reduction beyond 5%, reduces your income replacement rate by about one percentage point.

Think of these adjustments as a nearly one-to-one ratio. If you’re saving 12% of your income instead of the assumed 8%, take your replacement rate of 75% and subtract four percentage points, resulting in a personally adjusted estimate of around 71%.

The way you’ve saved for retirement also affects the replacement rate. The 75% starting point assumes all savings are pretax—like a Traditional 401(k) or IRA. That’s a conservative assumption, since you’re fully taxed on those assets when you withdraw them. Saving with a Roth account, on the other hand, is after tax and can generate tax-free income. That means if you have a large proportion of your retirement savings in Roth accounts, your income replacement rate should be lower.

Finally, your marital status and household income are two factors that affect Social Security benefits and your tax situation. Those two factors, in turn, affect your income replacement rate. The 75% starting point reflects a household earning around $100,000 to $150,000 before retirement.

See “Income Replacement Rate by Source” as a starting point, then make any necessary adjustments for your personal circumstances based on the parameters outlined in this section.

Understanding the income you’ll need from sources other than Social Security can help you estimate a savings level to aim for before you retire. At higher income levels, Social Security benefits make up a much smaller percentage of the total income replacement rate—meaning you’ll need more savings or other income sources to fund retirement.

"...we found that 75% is a good starting point to consider for your income replacement rate.

- ROGER YOUNG, CFP®, SENIOR FINANCIAL PLANNER WITH T. ROWE PRICE
The income replacement rate in action

Suppose you’re single and your preretirement salary is $100,000 a year before taxes. Based on the graph “Income Replacement Rate by Source,” as a starting point you should plan to replace around 74%, or $74,000, of that income. Let’s assume you expect $26,000 of annual Social Security benefits, which means you’ll need about $48,000 of gross income from other sources.

To find out how much you might need to have saved for retirement, you can work backward from the $48,000 figure. If you’re comfortable with a 4% initial withdrawal rate on your assets, then you should aim for a $1.2 million nest egg. (To arrive at that figure, we took $48,000 and divided by 0.04.) You’ll want to bump that up for inflation, especially if you’re a long way from retirement.

Another way to look at it is to focus on accumulating an amount equal to a multiple of your preretirement income. In this case, the $1.2 million target is based on a $100,000 salary times 12. “We recommend that most people consider a target between eight and 14 times their ending salary,” Young says. “This target will vary based on your income and marital status.”

There’s no “right” number that works for everyone, and your situation can change over time. As you approach retirement, it will be important to assess your spending needs more carefully. But for someone several years from retirement, the income replacement rate—which is based on estimated spending—can be a helpful guide.

NEXT STEPS
For more information on retirement planning, visit troweprice.com/insights or call us to speak with a Retirement Specialist at 1-800-401-4153.
The T. Rowe Price Global Stock Fund (PRGSX) provides investors an opportunity to buy into well-established companies in a broad variety of industries and regions. The fund seeks long-term growth by focusing on large- and mid-cap growth stocks in developed and, to a lesser extent, emerging markets. Normally, the fund holds investments in a minimum of five countries and keeps at least 40% of its net assets invested in companies that operate outside the U.S.

**A solid track record**
The Global Stock Fund has consistently outperformed its Lipper peers. (See “A History of Strong Performance.”) As with any investment, the Global Stock Fund is subject to market risk. International investments can be riskier than U.S. investments for a variety of reasons related to currencies, market structures, and liquidity, along with specific country, regional, and economic developments. These risks are generally greater for investments in emerging markets. Further, growth stocks can be volatile because these companies typically invest a high proportion of earnings back into their businesses, which can lead to sharp price declines during market downturns.

**A History of Strong Performance**
The T. Rowe Price Global Stock Fund has consistently exceeded its peer group as of 6/30/19.

Current performance may be higher or lower than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or loss when you sell your shares. For the most recent month-end performance, visit troweprice.com/gls. The fund’s expense ratio as of its fiscal year ended 6/30/19 was 0.82%. Average annual total return figures include changes in principal value, reinvested dividends, and capital gain distributions.

1Returns as of 12/31/95.
2Fund inception date 12/29/95.
Source for Lipper data: Lipper Inc.

**NEXT STEPS**
Learn more about the T. Rowe Price Global Stock Fund at troweprice.com/gls or call to speak with a noncommissioned Investment Specialist at 1-800-541-4710.
Parents of young children receive a lot of advice about saving for college. Trying to cover the full sticker price can be overwhelming—even for an in-state public school. For most people, it makes sense to estimate how much financial aid your family might be eligible for when developing a savings strategy. As you factor financial aid into the total savings you will need, consider these five points.

1. **Colleges probably expect you to pay more than you think you can afford.**

The government and most colleges award financial aid based on your FAFSA—the Free Application for Federal Student Aid. The information you provide on your FAFSA determines your Expected Family Contribution, or EFC. The EFC depends on many factors, with the most important being your family’s income. If your EFC is less than a college’s cost of attendance, the difference is considered your “need.”

For example, based on the EFC formula, a hypothetical dual-income family of four earning $120,000 with $50,000 saved in a 529 college savings plan (or other nonretirement accounts) would have an EFC of around $25,000. At a private college costing $60,000 per year, this family would have $35,000 of need. At an in-state public college with a $22,000 annual cost, their need would be zero. The EFC amount may surprise you and could be a higher portion of your annual income than you would expect.

“Keep in mind that accumulating more savings doesn’t increase your EFC nearly as much as increasing your income,” says Roger Young, CFP®, a senior financial planner with T. Rowe Price. “Some assets are excluded from the calculation—the amount depends on your age—and at most, only 5.64% of additional assets are added to the EFC. An increase in income, on the other hand, can raise your EFC by as much as 47%.”

2. **Colleges may not give you the amount of financial aid you need.**

Fewer than 10% of four-year colleges meet 100% of their students’ financial need. As you develop your savings strategy, consider the amount of aid you might receive and plan accordingly.
demonstrated financial need, according to the College Board. (See “Colleges and the Financial Need They Meet.”) Nearly half meet between 60% and 80%, and even then the exact amount can vary widely from student to student. Be conservative in estimating how much need-based aid your family will receive.

3 Financial need provided includes loans.

Your aid package is not necessarily “free money”—loans can represent a large part of your overall financial aid, especially for families with significant income. In fact, federal loans accounted for nearly a third of financial aid for undergraduates in 2016–2017, according to the College Board. So, even if a college offers financial aid equal to your need, your family could still ultimately have to pay more than your EFC. Saving more now can help you limit the amount of loans you may need to take in the future.

4 Your child may not receive large merit or athletic scholarships.

You may hear about scholarship opportunities that are available from a variety of sources. But many are relatively small compared with the scholarships offered by colleges, which can be very competitive. And elite schools such as the Ivies don’t offer merit scholarships at all. Meanwhile, athletic scholarships are primarily offered at Division I schools and generally don’t provide a full ride for most sports.

5 Rely on your numbers instead of hypothetical amounts.

There are tools available that can help you estimate your financial aid and the amount you may need to save each month. To get more specific with your estimates, check out the online Net Price Calculator (NPC) provided by each college. Just enter your financial data (anonymously, if you wish) and you’ll receive an estimated financial aid package for that school. Results from the NPC can then inform your inputs into a savings calculator, such as the T. Rowe Price College Savings Planner.

“If a calculator suggests what seems to be an unrealistic amount, don’t despair,” offers Young. “Save what you can and work toward a plan that enables your child to graduate. And whatever you do, don’t let the quest for financial aid eligibility deter you from saving.”

Source: T. Rowe Price calculations from College Board data.

Colleges and the Financial Need They Meet

Most colleges provide aid that only meets a portion of undergraduates’ needs.
Tax-Smart Giving Strategies

Tax law changes have many donors making some adjustments.

Earlier this year, taxpayers were able to experience firsthand how the 2017 Tax Cuts and Jobs Act directly impacted their 2018 tax filing—and in particular their deductions. The standard deduction amount was increased, and it is likely that many filers found this to be the most beneficial option, even if they had typically itemized their deductions in the past. In switching to the standard deduction, donors may not have been able to claim any charitable contributions they made during 2018.

“Americans appear to be as committed as ever to giving,” says Dr. John Brothers, president of T. Rowe Price Charitable.1 “But the strategies they’ve used to donate efficiently in the past may benefit from adjustments due to the new tax landscape.”

A strategic approach
Donors typically have a strong commitment to philanthropy and a desire to support the causes that are most meaningful to them, whether they include education, the environment, the arts, or any number of other worthwhile causes. But tax deductions are important to consider when developing a financial strategy around making charitable contributions. Donors can still claim a deduction equal to the fair market value of any long-term appreciated securities they contribute. This means you can support your favorite nonprofits while avoiding potentially significant capital gains taxes.

What’s more, careful planning and donating in a tax-efficient manner could help increase the amount you are able to donate. One strategy could include combining two years’ worth of contributions into one tax year, perhaps at the start or the end of the calendar year, which could result in a higher total itemized deduction for the donor in that year. Then, in the following year, donors could elect to receive the standard deduction instead. The total donation amount wouldn’t change, but this strategy would allow donors to take full advantage of any tax deductions.

Charitable giving remains a core value for many American families.

— DR. JOHN BROTHERS, PRESIDENT OF T. ROWE PRICE CHARITABLE
Exploring donor-advised funds
Another option to consider is a donor-advised fund (DAF). DAFs are public charities that accept irrevocable gifts of cash or appreciated non-cash assets from individuals and then distribute these funds to qualified nonprofit organizations, per the donor’s recommendation. One particular benefit of using a DAF for your charitable giving is that it will allow you to accelerate multiple years of giving into one tax year, along with the option to spread out distributions to charities over multiple years. In the meantime, any balance in your DAF account has the potential for tax-free growth, resulting in even more funds for your favorite charities. DAFs assist donors with everything from facilitating the liquidation of appreciated non-cash assets (to potentially eliminate capital gains tax liability) to handling administrative tasks, such as recordkeeping. The structure is typically more cost-efficient and less time-consuming than establishing a private foundation, and DAFs still make it possible to involve additional family members to develop a multi-generational approach to philanthropy.

Make any adjustments
With just a few months left before the traditional year-end giving season, take the time to evaluate how your existing charitable strategies could be adjusted to be more beneficial as a result of the 2017 tax cuts. "Charitable giving remains a core value for many American families," says Brothers. "As tax laws change, tax-related gifting strategies may need to be adjusted. But the values and philanthropic legacy will persist."

Understanding the Impacts of the 2017 Tax Changes
Consider the following ways the new laws have influenced charitable giving.

**Positive Impacts**
- **Higher limits for cash donations.** Donors can take a deduction for cash donations of up to 60% of their adjusted gross income (up from 50%).
- **Lower tax rates.** With more discretionary income, donors will potentially have more to give.
- **Lower corporate tax rates.** Employers may be able to increase charitable matching programs and direct giving due to lower tax rates.

**Negative Impacts**
- **Higher standard deduction.** Fewer taxpayers will benefit from itemizing deductions, which would include their charitable giving, making it important to reevaluate your charitable giving strategies moving forward.
- **Limits on other deductions.** Changes to other deductions, such as the cap on deductions for state and local taxes, make it even more likely that taxpayers will benefit most from the standard deduction.

No Pease limits. The original Pease legislation limited itemized deductions once a taxpayer’s adjusted gross income exceeded a given amount. Eliminating this complex calculation should make it easier for donors to coordinate their charitable giving and tax planning.

Carryforwards still apply. An unused deduction, credit, or loss can still be saved and used in a subsequent year.

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1T. Rowe Price Charitable is an independent, nonprofit corporation and donor-advised fund founded by T. Rowe Price to assist individuals with planning and managing their charitable giving. 2You will not receive a second charitable deduction at the time a grant is made from your DAF. 3Examples include publicly traded securities, private stock, business interests, real estate, etc.
The Gift of Education

Saving for college, graduate school, vocation training, or even K–12 public, private, or religious schools can be more attainable with the tax-advantaged benefits of a 529 college savings plan. Consider one of the three flexible 529 plans managed by T. Rowe Price:

- T. Rowe Price College Savings Plan
- Maryland College Investment Plan
- University of Alaska College Savings Plan

NEXT STEPS
To learn more and to use our College Savings Planner, visit troweprice.com/college or call us at 1-800-401-5340.

Be sure to review any 529 college savings plan offered by your home state or your beneficiary’s home state, as there may be state tax or other state benefits, such as financial aid, scholarship funds, and protection from creditors that are only available for investments in the home state’s plan. Be sure to read the college savings plan’s disclosure document, which includes investment objectives, risks, fees, charges and expenses, and other information you should read and consider carefully before investing.

While distributions from 529 college savings plans for elementary or secondary education tuition expenses are federally tax-free, state tax treatment will vary and could include state income taxes assessed, the recapture of previously deducted amounts from state taxes, and/or state-level penalties. You should consult with a tax or legal advisor for additional information.

Insights From Our Experts

Follow T. Rowe Price Senior Financial Planners Judith Ward, CFP®, and Roger Young, CFP®, on Twitter for their latest retirement and financial planning insights.

NEXT STEPS
Log in to Twitter to follow them at @JudithB Ward and @Roger_A_Young.
A Simpler Way to Save for the Future

The T. Rowe Price Automatic Asset Builder (AAB) service makes it easy to invest regularly. Just select the accounts you want set up with AAB, and the periodic contribution will be funded from your bank account, paycheck, or Social Security check.

NEXT STEPS
Get started at troweprice.com/aab or call us at 1-800-401-5343.

Over 95% of Our Retirement Funds With a 10-Year Track Record Beat Their 10-Year Lipper Average

In a variety of markets, over 95% of our Retirement Funds with a 10-year track record beat their 10-year Lipper average as of 6/30/19.* So when you choose a T. Rowe Price Retirement Fund, you can feel confident in our experience and expertise. Past performance cannot guarantee future results.

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Visit troweprice.com/retirementfunds to learn more or call us at 1-800-541-4633.

The principal value of the Retirement Funds is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire (assumed to be age 65) and likely stop making new investments in the fund. If an investor plans to retire significantly earlier or later than age 65, the funds may not be an appropriate investment even if the investor is retiring on or near the target date. The funds’ allocations among a broad range of underlying T. Rowe Price stock and bond funds will change over time. The funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term postretirement withdrawal horizon. The funds are not designed for a lump-sum redemption at the target date and do not guarantee a particular level of income. The funds maintain a substantial allocation to equities both prior to and after the target date, which can result in greater volatility over shorter time horizons.

*36 of our 40 Retirement Funds (Investor, Advisor, and R Class) had a 10-year track record as of 6/30/19 (includes all share classes). 35 of these 36 funds beat their Lipper average for the 10-year period. 39 of 40, 38 of 39, and 38 of 39 of the Retirement Funds outperformed their Lipper average for the 1-, 3-, and 5-year periods ended 6/30/19, respectively. Calculations are based on cumulative total return. Not all funds outperformed for all periods. (Source for data: Lipper Inc.)
CLOSING BELL

RETIREMENT PLANNING

Visualize Your Retirement

What do you want your future to look like?

Smart retirement planning goes well beyond saving money. Qualitative feedback from retirees has shown that there are several key components of retirees’ lives that impact their level of happiness.*

Lifestyle An active social life in retirement can have tremendous mental, physical, and emotional benefits. Consider what types of things you love to do now and what it might take to ensure you can continue to do them in the future. Determine who you will want to spend your time with and who will form your social support network in retirement. These choices will likely influence where you’ll want to live.

Health Care It’s more than just the cost of doctor’s visits and prescriptions. Retirees must also consider how they will care for themselves—and the role they may play in the care of others. Since the cost of staying healthy increases as we get older, there is even more incentive to live a healthy lifestyle now.

Meaning It’s important to prepare yourself mentally for the inevitable shifts in your identity during retirement. What will your purpose be? What will provide you with fulfillment? What does retirement mean to you? Some retirees may plan to never work another day in their lives, while others plan on scaling back to part time or pursuing freelance work in retirement. Try identifying things you’d do more often now if you had more time for them. Understanding what drives you can help make the transition easier.

NEXT STEPS
Take our quiz to help you determine your vision for retirement. Visit troweprice.com/retirementpersonalityquiz.

74% of preretirees have made a serious effort to plan for the financial aspects of retirement.*

35% of preretirees have made a serious effort to prepare for the emotional aspects of retirement.*

You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund’s liquidity falls below required minimums because of market conditions or other factors.

An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

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1Closed to new investors except for a direct rollover from a retirement plan into a T. Rowe Price IRA invested in this fund. 2Formerly Capital Opportunity. 3Formerly Emerging Markets Value Stock. 4Formerly International Concentrated Equity. 5$25,000 minimum. 6Certain tax-free funds may not be appropriate for tax-deferred investments, including individual retirement accounts (IRAs).

7Retail Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund’s liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund’s sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

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Past performance cannot guarantee future results. All funds are subject to market risk, including possible loss of principal.

*36 of our 40 Retirement Funds (Investor, Advisor, and R Class) had a 10-year track record as of 6/30/19 (includes all share classes). 35 of these 36 funds beat their Lipper average for the 10-year period. 39 of 40, 38 of 39, and 38 of 39 of the Retirement Funds outperformed their Lipper average for the 1-, 3-, and 5-year periods ended 6/30/19, respectively. Calculations are based on cumulative total return. Not all funds outperformed for all periods. (Source for data: Lipper Inc.)