



T.RowePrice

Retirement Readiness

T. Rowe Price



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Agenda

- What does Retirement Readiness mean?
- What role will your retirement savings play within the bigger picture?
- Options to consider that impact your income in retirement
- Milestone ages
- Monitor your account
- Q&A

“re-tire-ment

**The action or fact of leaving
one's job and ceasing to work.**

Retirement



Am I on track?

Do I have enough?

How much do I need?

Can I retire early?

Replacement income



75%

- Pensions
- Social Security
- Savings
- Wages

T. Rowe Price believes that investors will need 75% of their income in retirement.

88%

of **workers**
expect Social
Security to be an
income source

91%


of **current retirees**
report Social
Security as an
income source

84%

of **workers expect**
their employer-
sponsored savings
to be an income
source

48%

of **current retirees**
report employer-
sponsored savings
as an income
source



What role will your retirement savings play?

Retirement savings

How much should I have?

15%

rule

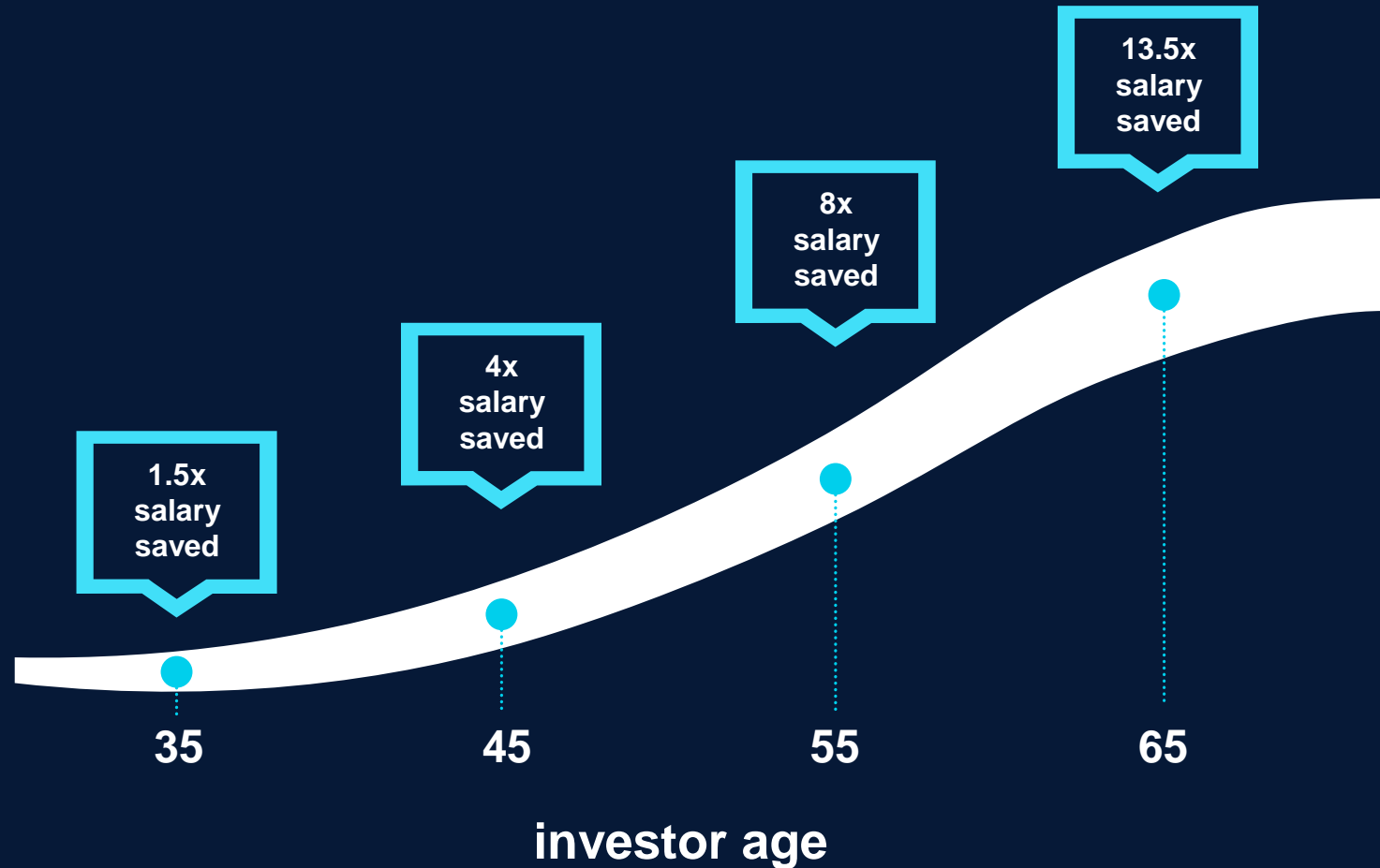
Investors should strive to

**SAVE
AT LEAST 6%**

Consider increasing contributions by 2% gradually to build toward the 15% target.

Assumptions: Benchmarks are based on a target multiple at retirement age and a savings trajectory over time consistent with that target and the savings rate needed to achieve it. Household income grows at 5% until age 45 and 3% (the assumed inflation rate) thereafter. Investment returns before retirement are 7% before taxes, and savings grow tax-deferred. The person retires at age 65 and begins withdrawing 4% of assets (a rate intended to support steady inflation-adjusted spending over a 30-year retirement). Ranges are based on individuals or couples with current household income between \$75,000 and \$250,000.

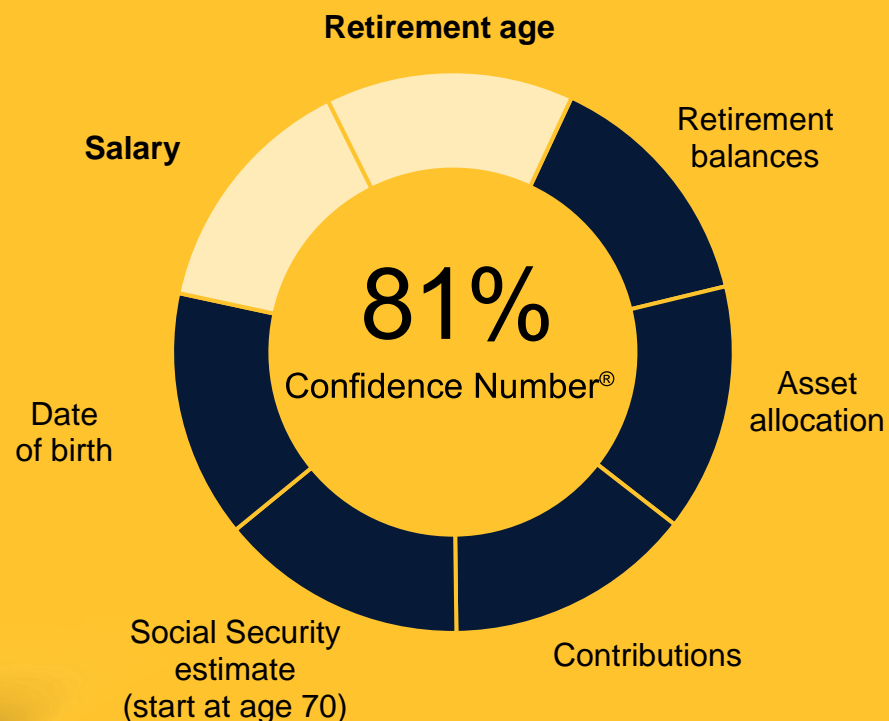
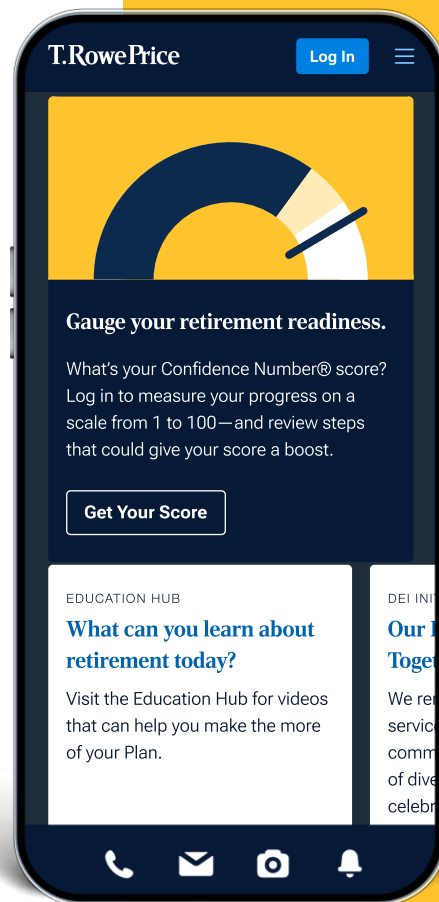
Savings benchmarks



Get your Confidence Number® score

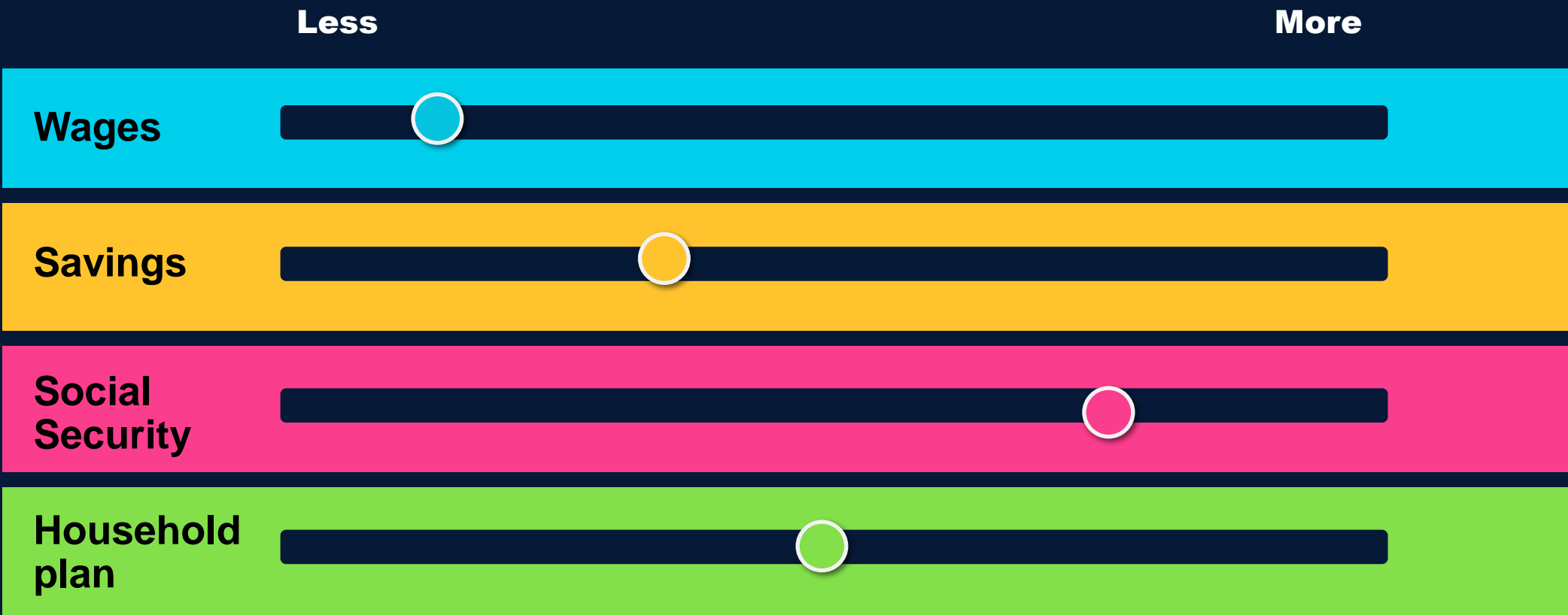
What does my Confidence Number score mean?

- Your Confidence Number is the likelihood your savings will last through your retirement.
- **We estimate what you'll need.** Unless you've entered a retirement income goal, we estimate the percentage of your current salary required to maintain your lifestyle in retirement, which could last 30 years or more. This amount is based on your spending needs.
- **Then we estimate what you'll have.** We run your salary, retirement age, and account information through 500 market scenarios. Our calculation estimates the percentage of times you'll have enough to meet your retirement income goal throughout retirement. For example, if you end up with enough money in 70% of the scenarios, your Confidence Number will be 70.

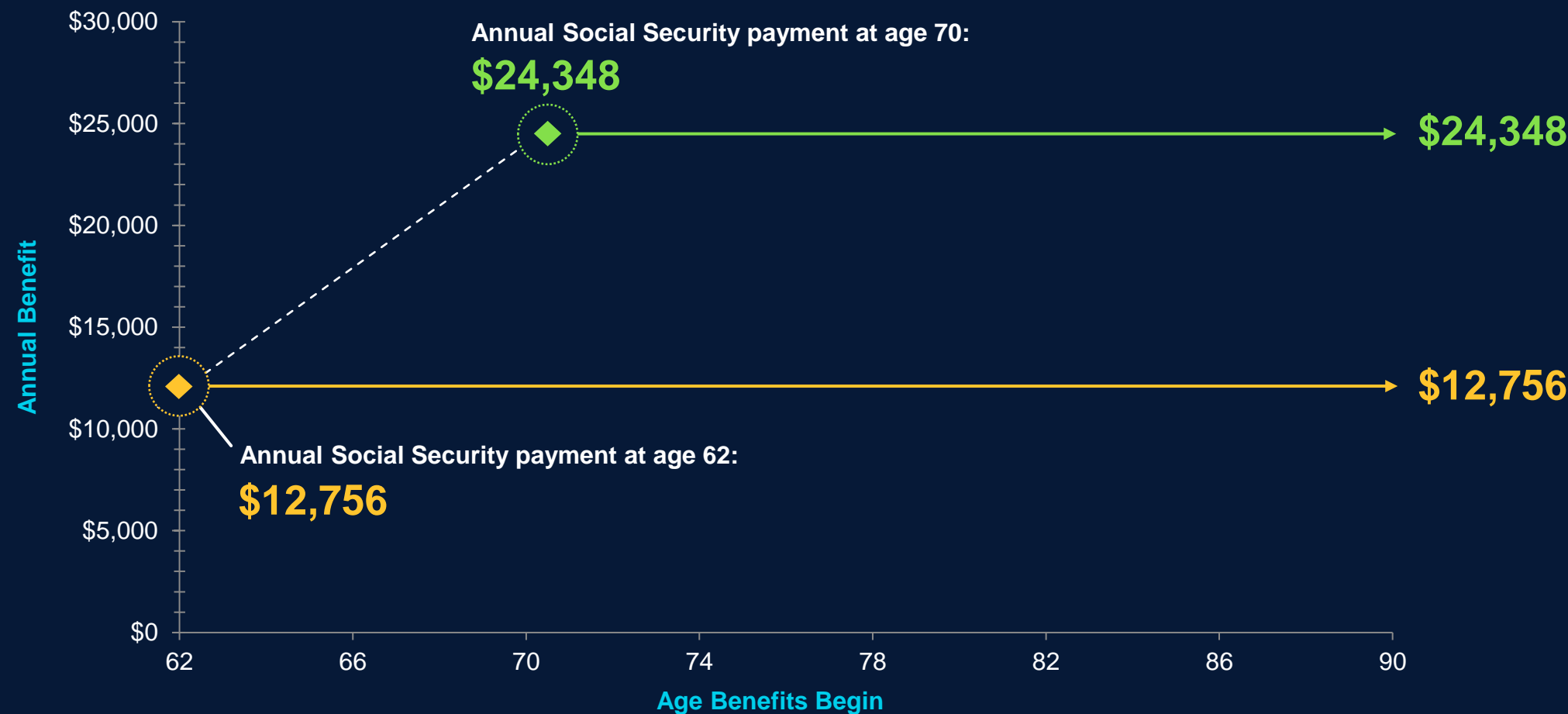


IMPORTANT: The projections or other information generated by the Confidence Number score regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. The simulations are based on assumptions. There can be no assurance that the projected or simulated results will be achieved or sustained. Actual results will vary with each use and over time, and such results may be better or worse than the simulated scenarios. Clients should be aware that the potential for loss (or gain) may be greater than demonstrated in the simulations.

The levers: What can I adjust?



Impact of delaying Social Security benefits



Social Security payments calculated using the Social Security Administration's Quick Calculator. This assumes an individual who turns age 62 in 2020 (date of birth 1/15/58) who is continuing to work and earning \$50,000 each year until benefits begin. The analysis uses Social Security's default assumptions for prior earnings history. All figures reflect current dollars (no inflation or future earnings increases). If an individual initiates Social Security benefits prior to full retirement age (66 and 8 months in this example), annual retirement benefits from Social Security are reduced by 6⅔% annually for the first 3 years of early retirement and by 5% for additional years. Waiting past full retirement age adds 8% per year to benefits. The illustration also reflects a small impact from additional years of earnings replacing years with different indexed earnings. These results are for illustrative purposes only and are generic in nature. Source: Social Security Administration Quick Calculator Benefit Estimates June 2020, <https://www.ssa.gov/oact/quickcalc/>.

You have options



Your retirement savings

Address current expenses

- Cash distribution

Defer taxes

- Leave in current plan
- New employer's plan
- Rollover IRA

Retirement income

First year 
Our rule of thumb

4%

Increase dollar amount
by 3% in subsequent years
(based on 3% inflation
assumption)

Retirement income: \$500,000 saved



This illustration is hypothetical and not representative of any specific investment or strategy. All investments involve risk, including possible loss of principal. Assumes \$500,000 initial investment, 4% first-year withdrawal, with subsequent years increased by annual inflation of 3%.

Retirement income



Multiple sources

**Taxable
accounts**

**Tax-
deferred
accounts**

**Tax-free
accounts**

**Part-time
work**

**Real
estate**

Milestone ages



Age 50

Eligible for
catch-up
contributions



Age 55

Penalty-free
withdrawal
provision



Age 59½

10% early
withdrawal
penalty no
longer applies



Age 62

Eligible for
reduced Social
Security
benefits



Age 65*

Eligible for
Medicare



Age 70

Claim Social
Security
benefits if you
haven't
already



Age 73 or 75**

Required
minimum
distributions

*Medicare has an initial enrollment period of 7 months: the enrollment period begins 3 months before the month you turn 65, includes the month you turn 65, and ends 3 months after you turn 65.

**If you will turn 72 on or after January 1, 2023, your first required minimum distribution (RMD) will not be required until 2024. The new deadline for taking your first RMD is April 1 following the year in which you turn 73 or the year that you stop working for your employer, if later. If you are still employed at that time, your employer may allow you to delay your first RMD until the April 1 following the year in which you terminate employment. If you turned 72 in 2022, you must still take your RMD by April 1, 2023, and continue to take RMDs no later than each December 31 after that. If you turned 72 in 2022 and are still working, you must still take your RMD by the April 1 following the year you no longer work for your employer. If you were born after January 1, 1960, your first required minimum distribution will be April 1 following the year in which you turn 75 or the year that you stop working for your employer, if later.

If you turned 70½ in 2019, you must still take your RMD by April 1, 2020, and continue to take RMDs no later than each December 31 after that. If you turned 70½ in 2019 and are still working, you must still take your RMD by the April 1 following the year you no longer work for your employer.

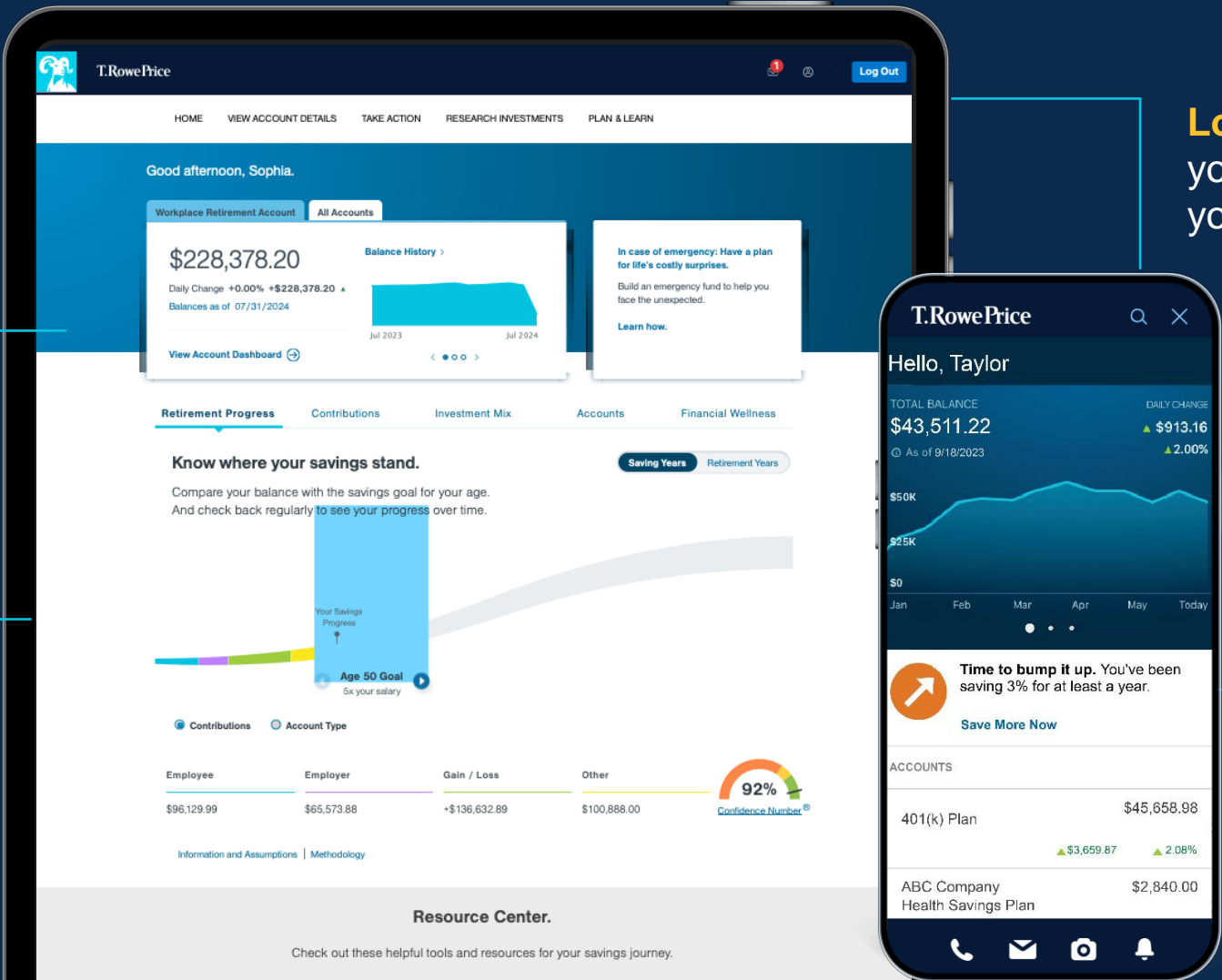
Monitor your account

Quickly view and **access accounts and balances**

Check in on your **progress toward retirement**

Log in wherever you are, whatever your device

Tips and tools to help you plan for retirement, save for college, pay down debt, and more



Call or scan the QR Code below to get started

Securely track your retirement.

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