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Improving Retirement Readiness – at Any Age

A Series of Financial Wellness Webinars

October 3, 2023



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CNBC Your Money Survey

57% of eligible workers are contributing, of those:

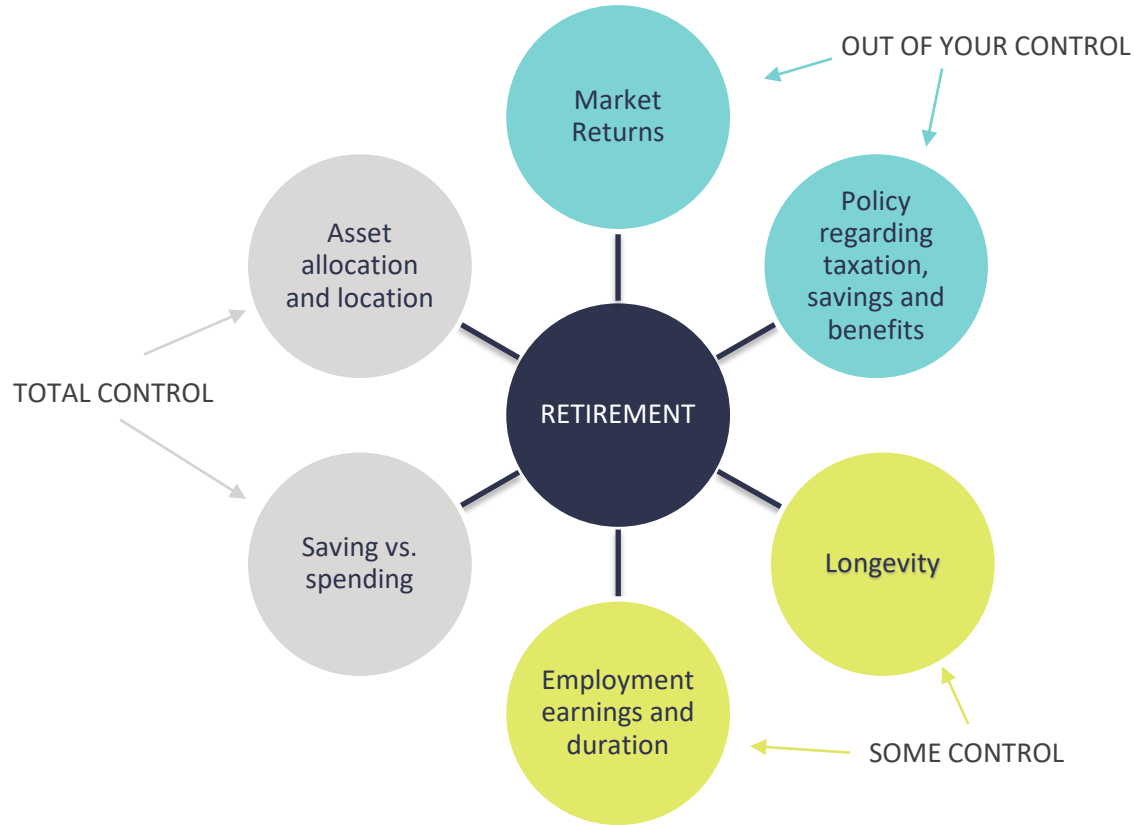
- 46% are contributing as much as they can afford
- 24% are putting away as much as their employer will match
- 11% are saving up to this year's employee contribution limit
- 8% just save the automatic default amount set by their plan

Average company match is 4.7%

Average auto-enroll contribution rate is 4.1%



Retirement Factors



Source: J.P. Morgan, Guide to Retirement 2023; The Importance of Being Earnest, J.P Morgan Asset Management, 2013

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Learning Objectives



Spending plan



Savings strategies & vehicles



Savings rates & checkpoints



Risk tolerance



Health & retirement gaps



What are your Top 3 Financial Goals?



Common Financial Goals

To be better off than my peers

To pay for personal self-improvement
(e.g. go back to school, learn a skill)

To experience the excitement of investing

To start a new business

To buy a house

To help pay for my kids' college education

To stop working and do something I love

To go on a dream vacation

To relocate in retirement

To care for my aging parents

To give to charity or other causes I care about

To feel secure about my finances in retirement

To feel secure about my finances now

To leave an inheritance to my loved ones

To retire early

To pay for future medical expenses

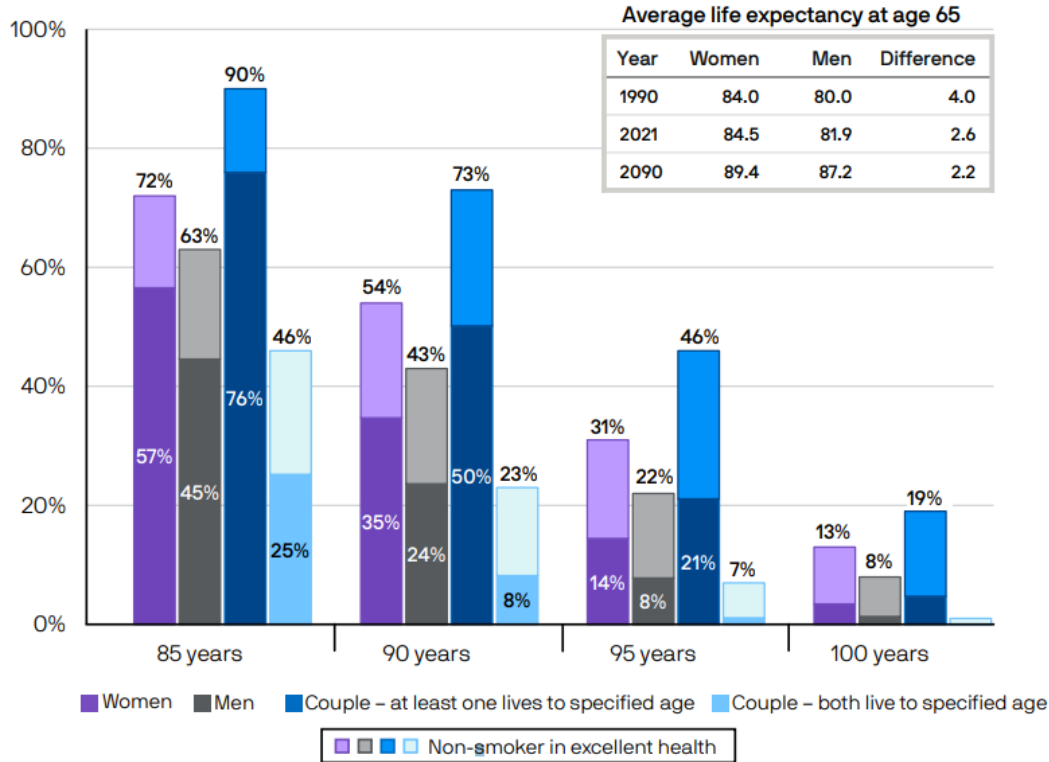
To not be a financial burden to my family as I grow older

Source: Morningstar

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Life Expectancy



Source: J.P. Morgan, Guide to Retirement 2023, slide 4; Social Security Administration, Period Life Table, 2019; American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator J.P. Morgan Asset Management.

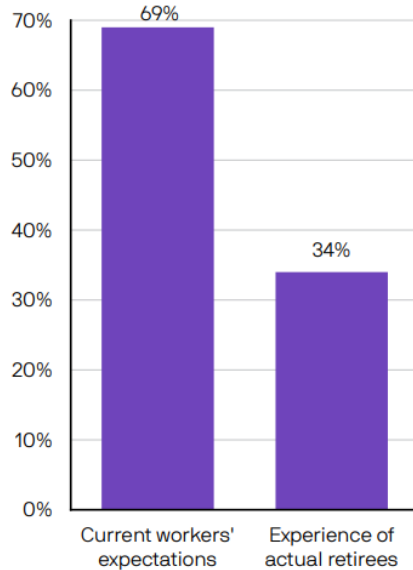
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Retirement Gap

Expectations of workers vs. retirees

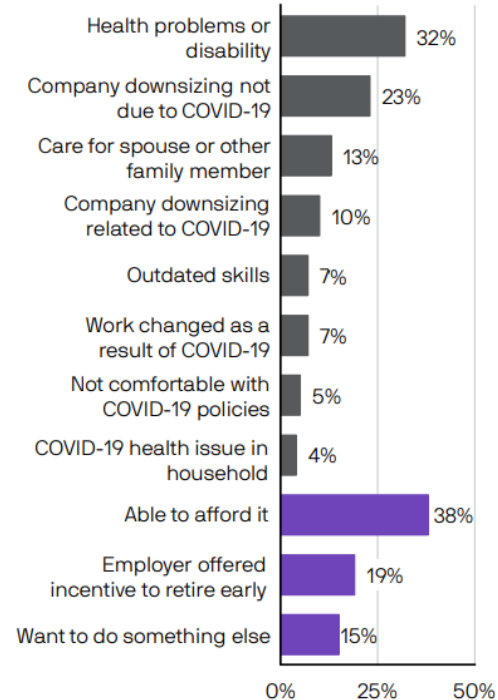
To retire at age 65 or older



Median retirement age:

Expected:	65
Actual:	62

Reasons for retiring earlier than planned



Source: J.P. Morgan, Guide to Retirement 2023, slide 8; Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., 2022 Retirement Confidence Survey, J.P. Morgan Asset Management.

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Healthy Habits Lead to Wealthy Outcomes

Create a Budget



Maximize employer-matched savings



Make the minimum payments on all your debt



Pay down high-interest debt



Healthy Habits Lead to Wealthy Outcomes

FIGURE 2.

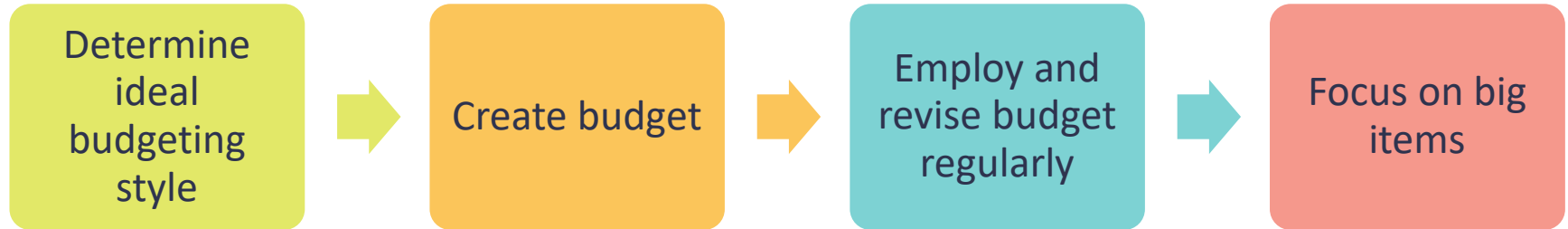
Find your preferred budgeting style

		Do you like tracking your expenses?	
		No	Yes
What is your priority?	Start putting money aside	Use the envelope method to categorize expenses	Use zero-based budgeting, starting anew each month
	Increase savings rate	Pay yourself first	Follow a rule of thumb, such as the 50/30/20 rule

Source: Vanguard.



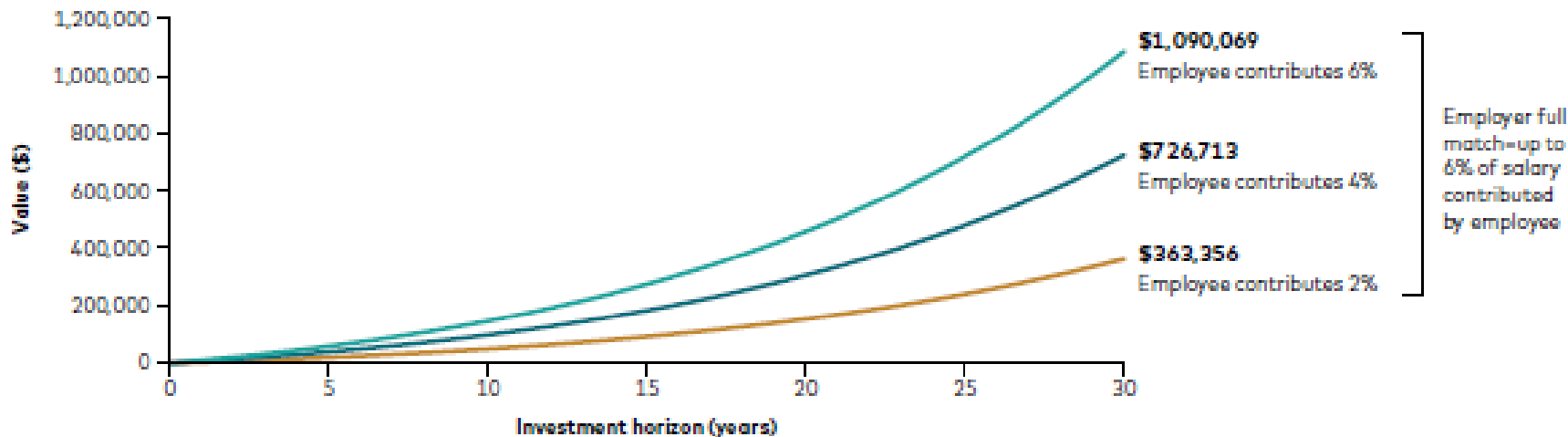
Healthy Habits Lead to Wealthy Outcomes



Increase Savings

FIGURE 3.

Not taking full advantage of an employer match may mean leaving a lot of money on the table



Source: Vanguard

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Cost of Debt

FIGURE 4.

A lower credit score can significantly affect your interest rate and total debt cost

FICO® credit score	Mortgage interest rate (APR)	Monthly payment	Total cost of a \$300,000 mortgage over 30 years
760–850	6.50%	\$1,896	\$685,633
700–759	6.72%	\$1,940	\$701,334
680–699	6.90%	\$1,976	\$714,288
660–679	7.11%	\$2,018	\$729,523
640–659	7.54%	\$2,106	\$761,112
620–639	8.09%	\$2,220	\$802,252

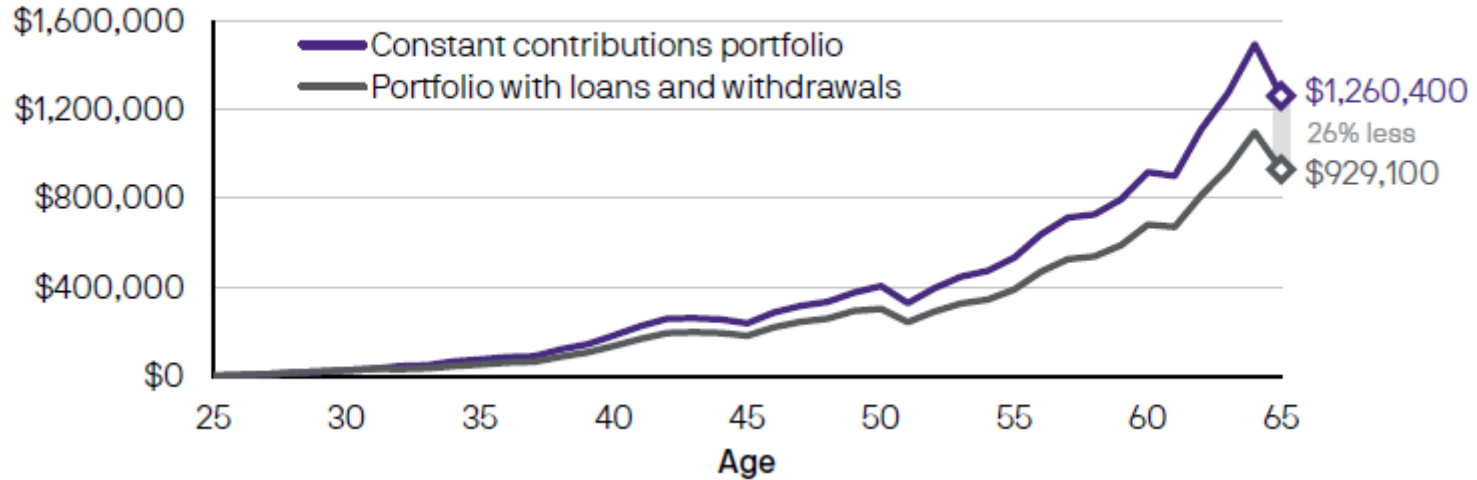
Source: Vanguard

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401(K) Loan

Growth of 401(k) investment



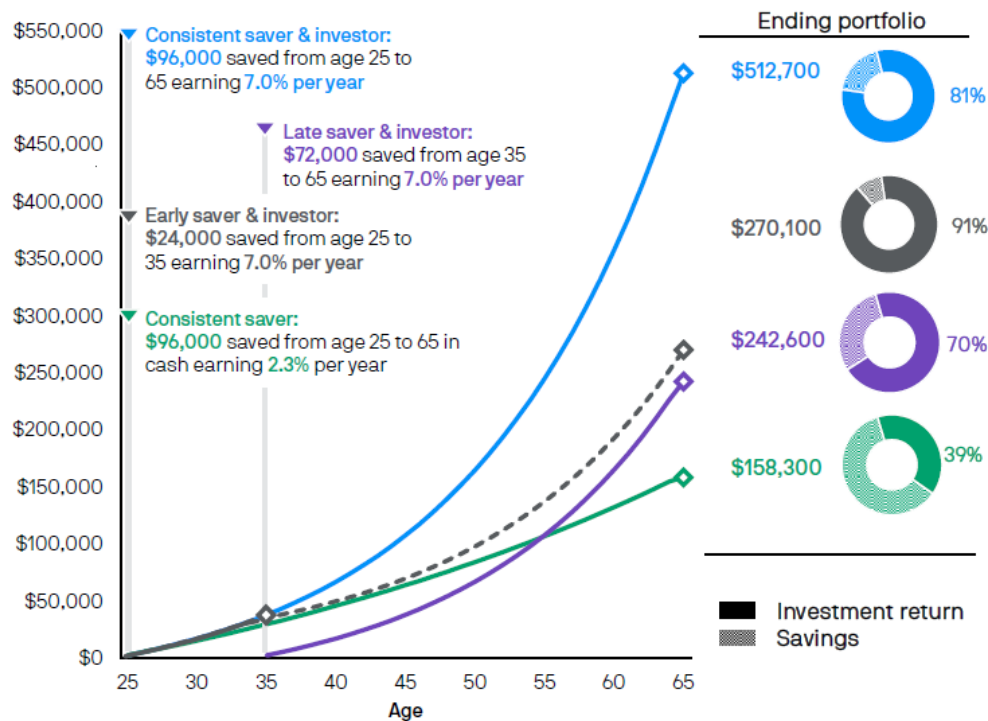
Source: J.P. Morgan, Guide to Retirement 2023, slide 51; J.P. Morgan Asset Management.

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Benefit of Investing Early

Account growth of \$200 invested/saved monthly

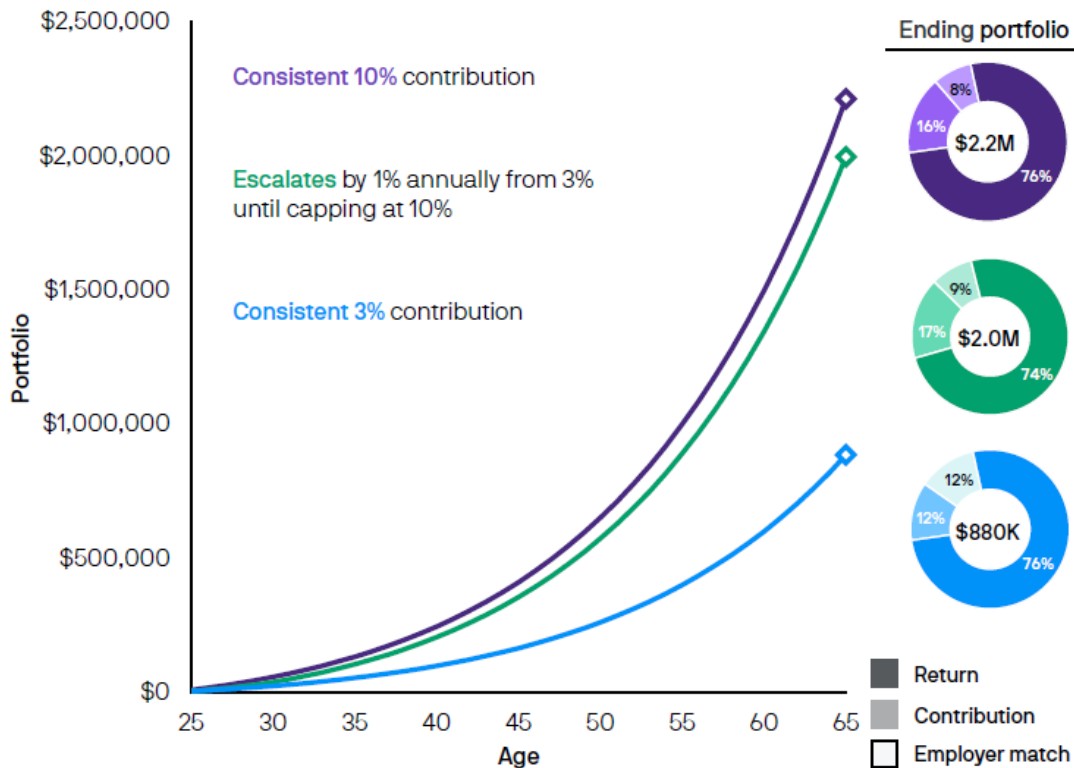


Source: J.P. Morgan, Guide to Retirement 2023, slide 22; J.P. Morgan Asset Management, Long-Term Capital Market Assumptions.

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Auto-Escalation



Source: J.P. Morgan, Guide to Retirement 2023, slide 50; J.P. Morgan Asset Management, Long-Term Capital Market Assumptions.



Tax Implications

	Contributions ¹	Investment growth	Withdrawals	
Pre-tax 401(k) / Traditional IRA	+	+	- (Taxed as ordinary income)	
Roth 401(k) / Roth IRA	-	+	+	(For qualified withdrawals)
After-tax 401(k) / non-deductible Traditional IRA	-	+	- (Investment returns taxed as ordinary income)	
Health Savings Account (HSA) ³	+	+	+	(For qualified health care expenses)

+ Preferential tax treatment

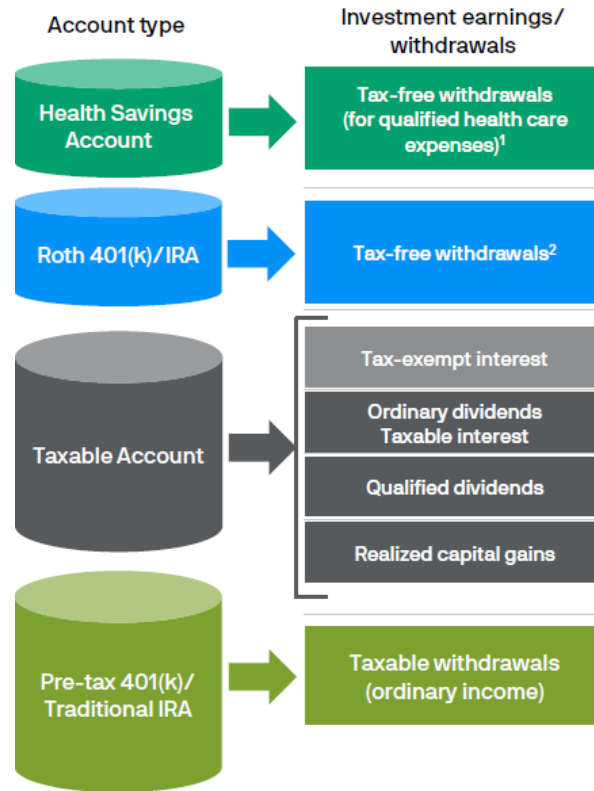
- Subject to taxes

Source: J.P. Morgan, Guide to Retirement 2023, slide 47; J.P. Morgan Asset Management.

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Retirement Funding



Source: J.P. Morgan, Guide to Retirement 2023, slide 25; J.P. Morgan Asset Management.

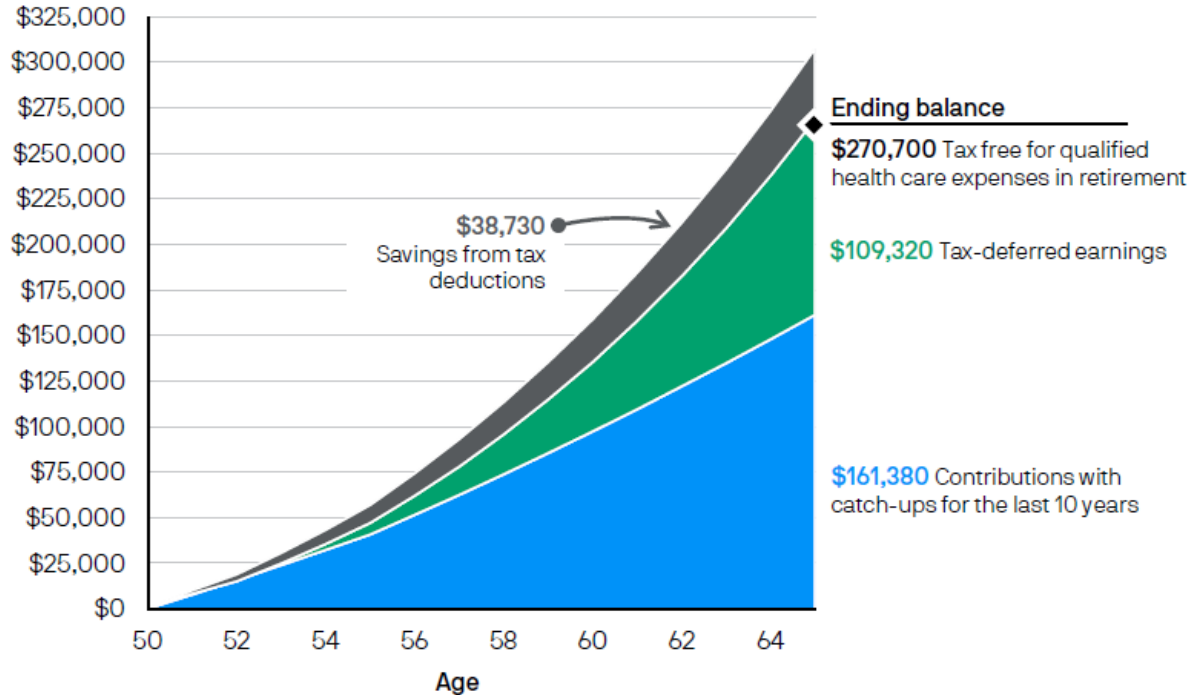
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Health Savings Account (HSA)

Health Savings Accounts (HSAs) are triple tax advantaged¹

Maximum family contribution with catch-ups, 7% return and 24% marginal tax rate



Source: J.P. Morgan, Guide to Retirement 2023, slide 24; J.P. Morgan Asset Management.

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Retirement Savings Checkpoints < \$90k

		Current household income					
		\$30,000	\$40,000	\$50,000	\$60,000	\$70,000	\$80,000
Current age	Checkpoint (x current household income)						
25	See "Annual savings needed" on slide 19+ for guidance		0.1	0.3	0.5	0.6	0.8
30		0.2	0.5	0.7	1.0	1.1	1.3
35		0.6	0.9	1.1	1.5	1.6	1.9
40	0.3	1.0	1.4	1.6	2.1	2.3	2.5
45	0.6	1.5	2.0	2.3	2.8	3.0	3.3
50	1.0	2.1	2.6	2.9	3.6	3.8	4.2
55	1.5	2.7	3.3	3.7	4.5	4.8	5.2
60	2.0	3.4	4.1	4.5	5.3	5.7	6.2
65	2.3	3.8	4.5	5.0	5.8	6.2	6.7

Source: J.P. Morgan, Guide to Retirement 2023, slide 16; J.P. Morgan Asset Management.

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Retirement Savings Checkpoints > \$100k

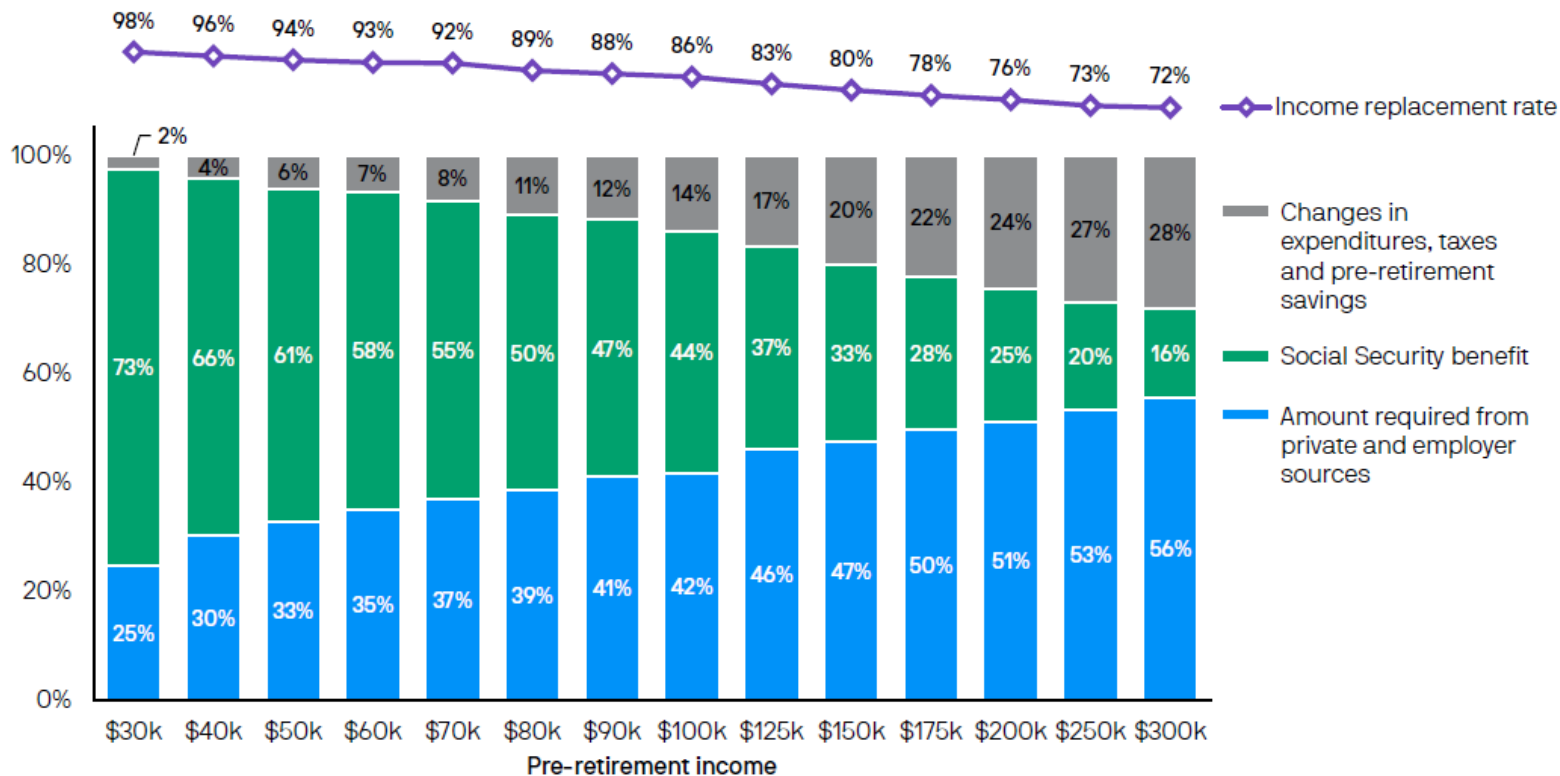
Current age	Current household income						
	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$250,000	\$300,000
	Checkpoint (x current household income)						
25	0.1	0.4	0.6	0.8	0.9	1.1	1.3
30	0.7	1.1	1.3	1.5	1.7	1.9	2.1
35	1.5	2.0	2.2	2.5	2.7	3.0	3.2
40	2.5	3.0	3.3	3.6	3.8	4.2	4.5
45	3.5	4.2	4.5	4.9	5.2	5.6	5.9
50	4.7	5.5	5.9	6.3	6.6	7.1	7.5
55	6.0	6.9	7.4	7.9	8.3	8.8	9.3
60	7.4	8.4	8.9	9.5	9.9	10.5	11.1
65	8.3	9.3	9.9	10.5	10.9	11.6	12.2

Source: J.P. Morgan, Guide to Retirement 2023, slide 17; J.P. Morgan Asset Management.

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Income Replacement



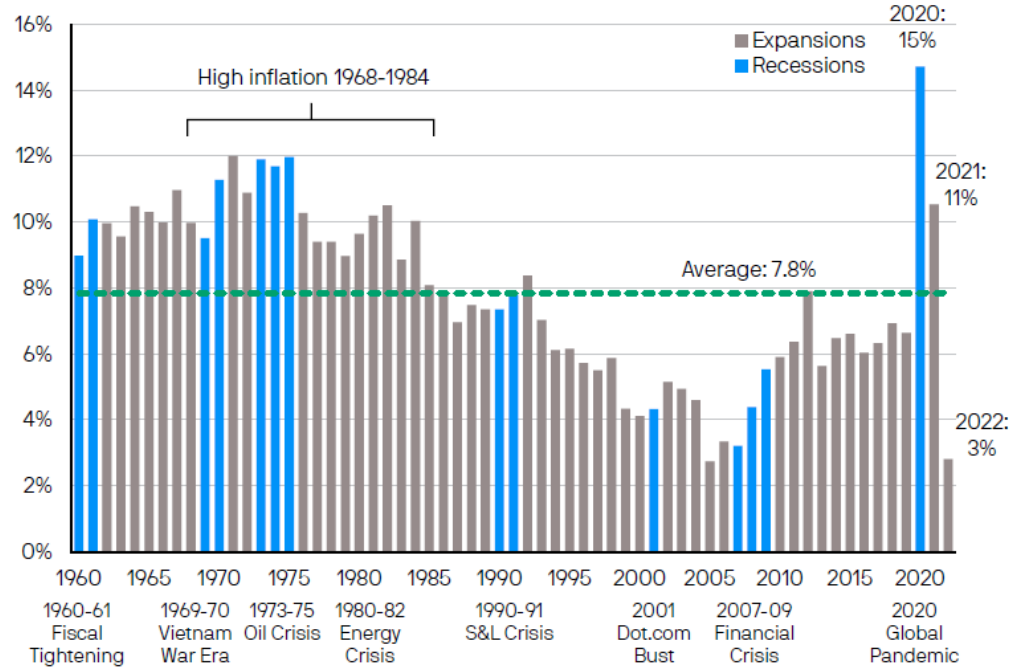
Source: J.P. Morgan, Guide to Retirement 2023, slide 18; J.P. Morgan Asset Management, 2021.

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Historical Savings Rate

Personal savings rate
Annual, % of gross income



Source: J.P. Morgan, Guide to Retirement 2023, slide 21; Bureau of Economic Analysis, National Bureau of Economic Research, J.P. Morgan Asset Management.

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Annual Savings Rate < \$90k

Current age	Current household income						
	\$30,000	\$40,000	\$50,000	\$60,000	\$70,000	\$80,000	\$90,000
25	3%	5%	6%	6%	7%	8%	8%
30	4%	6%	7%	8%	9%	10%	11%
35	5%	8%	10%	11%	12%	13%	14%
40	6%	11%	13%	14%	16%	17%	19%
45	9%	15%	18%	19%	23%	24%	26%
50	13%	21%	25%	28%	33%	35%	38%

Source: J.P. Morgan, Guide to Retirement 2023, slide 19; J.P. Morgan Asset Management.

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Annual Savings Rate > \$100k

Current age	Current household income						
	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$250,000	\$300,000
25	10%	12%	12%	13%	14%	15%	15%
30	13%	15%	16%	17%	18%	19%	20%
35	18%	20%	21%	23%	23%	25%	26%
40	23%	26%	28%	30%	31%	33%	34%
45	33%	37%	39%	41%	43%	46%	48%
50	47%	53%	56%	60%	62%	66%	69%

Source: J.P. Morgan, Guide to Retirement 2023, slide 20; J.P. Morgan Asset Management.

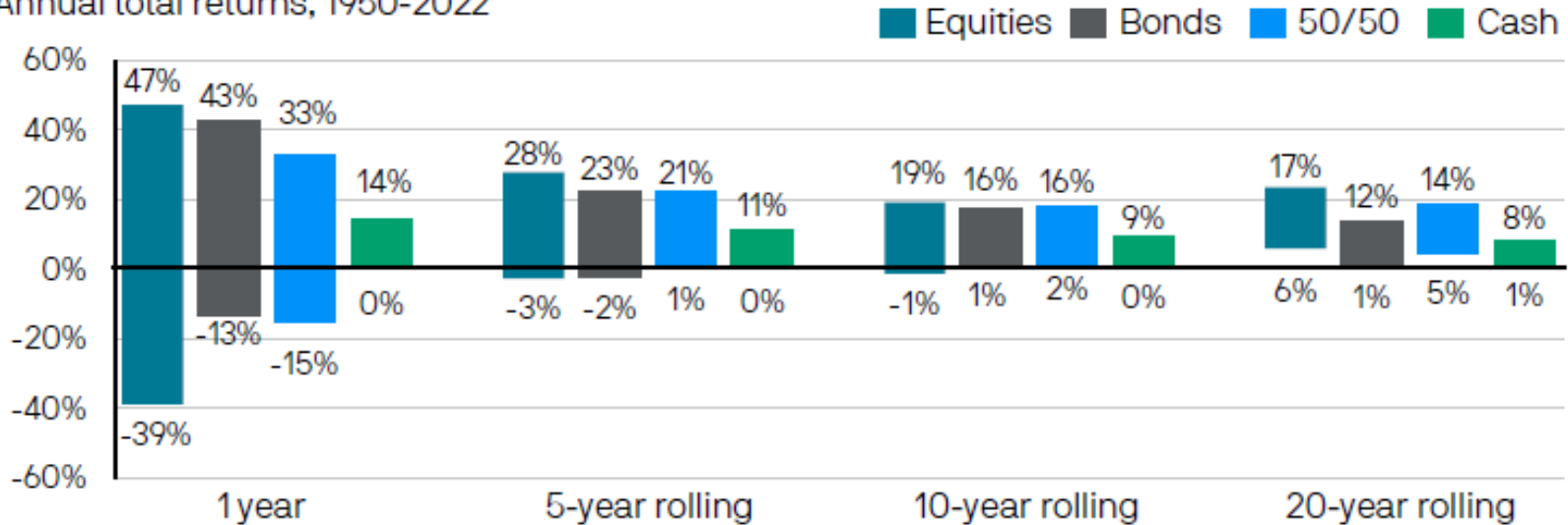
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Investment Returns

Range of stock, bond and blended total returns

Annual total returns, 1950-2022



Source: J.P. Morgan, Guide to Retirement 2023, slide 43; Bloomberg, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management.

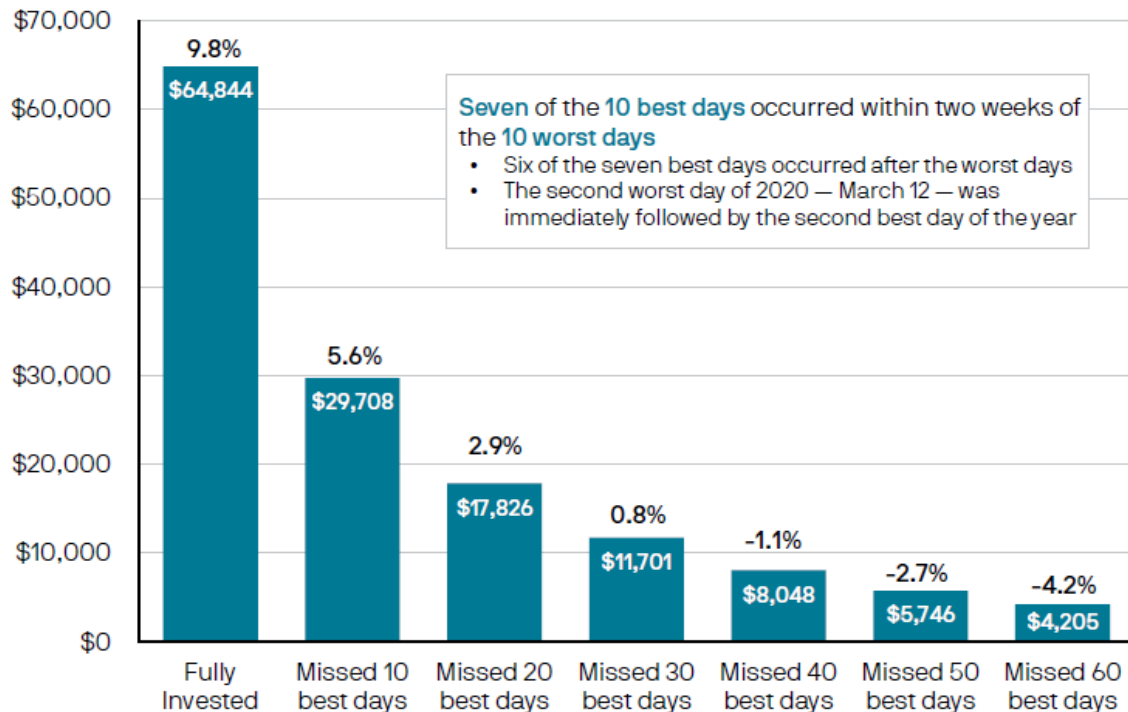
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Market Timing

Returns of the S&P 500

Performance of a \$10,000 investment between January 1, 2003 and December 30, 2022



Source: J.P. Morgan, Guide to Retirement 2023, slide 46; J.P. Morgan Asset Management.

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Thank you!

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