Benefits of a Retirement Income Plan -
- Matt Vallejo
A detailed **path** that helps you determine how to use your **financial resources** to generate **income to last** the rest of your life.
Benefits of a Retirement Income Plan

- Decide when you can retire
- Identify your sources of income
- Prioritize your financial needs vs. wants
- Understand and help minimize key risks
- Stay on track to live the retirement you want
Decide when you can retire
Part 1: What you want

When?
- By choice?
- By need?

Where?
- Downsizing?
- Upsizing?

What?
- Filling your days?
- Days of fulfillment?
Part 2: What you can afford

Ensure your savings last through retirement

Achieve the retirement goals and lifestyle you want

Maintain flexibility for opportunities and emergencies

Preserve your money for a legacy or inheritance
Identify your sources of income
Traditional retirement income sources

UCRP (pension)
Social Security
UC Retirement Savings Program
Other Savings
Housing and Real Estate

Plans for your home

Rental Income

The gig economy opportunities
Working

- Part-time
- Consulting
- Seasonal work
- Hobbies that generate cash
- Phased retirement
Prioritize your financial needs vs. wants
Categories of expenses:

- Essential Expenses
- Discretionary Expenses
- Emergency Expenses
Estimated income per month - $2,000
Estimated expenses per month - $7,000
Potential gap per month - $5,000
Understand and help minimize key risks
Longevity Is the Game Changer

There’s a 25% chance that you may live a long time.¹

- **Men¹**: 92 years
- **Women¹**: 94 years
- **1 of a couple²**: 99 years

¹. Society of Actuaries Annuity 2000 Mortality Table, assumes a person is in good health and has reached age 65.
². Society of Actuaries Annuity 2000 Mortality Table, updated to 2015 with Schedule G Adjustments. Figure assumes opposite-sex couple with both persons in good health.
Know How Much You Can Withdraw Each Year

It’s not as much as you might like

4%
5%

X 10%
4% guideline when you need income for 30 years

$500,000 \times 4\% = $20,000

Beginning at 70 ½, you must take required minimum distributions

$500,000 \div 27.4 = $18,428
Other investment and income risks

- Preparing for inflation
- Investing for the long-term
- Anticipating health care costs
Stay on track to live the retirement you want
Your initial plan pulls the pieces together

- Risks
- Income Sources
- Goals
- Distributions
A distribution from a Roth 401(k) is tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.
Specific Actions Needed at Specific Ages

50s–Quick Plan
• Write down best estimates
• “Super save”
• Set up an initial planning session with Fidelity

60s–Detailed Plan
• Determine Social Security strategies
• Reassess risk and asset allocation
• Build a detailed financial assessment

65+ –Master Plan
• Sign up for Medicare
• Discuss retiree health insurance options with employer
• Prepare portfolio for required minimum distributions
Next steps

Attend classes available at myUCretirement.com/classes

Gather your UCRP estimate, UCRSP account balances and Social Security Estimate

Read articles on income planning at myUCretirement.com

Schedule a planning session in person or over the phone 800-558-9182
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