

Save today for a more enjoyable retirement in the future.

How contributing to a 403(b) plan can help.

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525013 (Exp.12/31/2019)



How Much Income Will You Need in Retirement?

Employees need an average of 11 times their final annual salary for an adequate age 65 retirement.



**2015 Retirement Income Adequacy at Large Companies™ - Aon Consulting

What Are Your Retirement Goals?



Travel?



Sports?



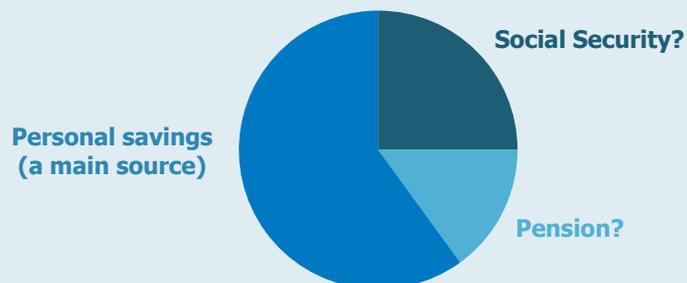
Leisure?

A well-defined strategy can help you work towards your goals!



A Shift in Retirement Income Sources

What used to be considered supplemental will likely be a main source for many future retirees.



You Earn Money Throughout Your Lifetime...

You *learn* in the early years...



You *earn* in the working years...



...And You Save Along the Way.

Will you have saved enough to enjoy retirement?



There's One Simple Difference Between
Success and Failure...

Spend First, Save After

Most people spend first and
save what's left—*if anything!*



There's One Simple Difference Between
Success and Failure...

Save First, Spend After

A better approach is to save first
and spend the balance!



403(b) Plans Can Help

- A 403(b) plan, also known as a tax-sheltered annuity (TSA) plan, is a retirement plan for certain employees of public schools, employees of certain tax-exempt organizations, and certain ministers.
- 403(b) plans can help increase your retirement savings.



Enjoy Tax Savings Right Away!

Contributions to your retirement plan are made on a pre-tax basis, which reduces your current taxable income – each year you contribute.*



*Contributions under a 403(b) plan salary reduction agreement are considered wages subject to Federal Insurance Contributions Act (FICA) tax and may be credited to the employee's social security account for benefit calculation purposes. Contributions cannot exceed the limits imposed by the Internal Revenue Code.

Sample Comparison of Savings With and Without a 403(b) Plan

Example 4

	Without 403(b) Plan
Monthly Gross Salary	\$3,500
403(b) Contribution	\$0
Adjusted Salary	\$3,500
Tax 22%	(\$770)
Savings with After Tax \$\$\$	(\$500)
Take Home Pay	\$2,230



Sample Comparison of Savings With and Without a 403(b) Plan

Example 4

	Without 403(b) Plan	With 403(b) Plan
Monthly Gross Salary	\$3,500	\$3,500
403(b) Contribution	\$0	(\$500)
Adjusted Salary	\$3,500	\$3,000
Tax 22%	(\$770)	(\$660)
Savings with After Tax \$\$\$	(\$500)	\$0
Take Home Pay	\$2,230	\$2,340
Increase in Take Home Pay		\$110



“Benefits to the Participant”— Annual Contribution Limits

The general individual elective deferral limit* under a salary reduction agreement is:

Year	Limit
2019	\$19,000 ¹

*Annual contributions cannot exceed various limits imposed by the Internal Revenue Code; other contribution limits, including non-discrimination limitations and plan specific limits may apply. Several tax law contribution limits apply to a 403(b) plan. For example, a plan that includes both employer contributions and employee elective deferrals is subject to both the elective deferral limit and the limit on annual additions.

For 2019, the total of employer and employee contributions cannot exceed the lesser of:

- \$56,000 or
- 100% of includable compensation (for his or her most recent year of service)

*Subject to certain limits and rules, to be adjusted annually for inflation.

1. Plus, if applicable, any catch-up contributions.



“Benefits to the Participant”— Age 50+ Annual Catch-Up Contributions

Employees age 50 and older by the end of the calendar year may make additional annual pre-tax contributions* as follows:

Year	Limit
2019	\$6,000



* Annual contributions cannot exceed the limits imposed by the Internal Revenue Code. Other plan specific limits may apply as well.

* To be adjusted for inflation in \$500 increments, as noted previously.

The Cost Of Waiting

Amount saved annually through 403(b) contributions	\$3,000
Interest Rate Assumed	6.0%
Starting at Age 35 , Money Accumulated by Age 65	\$251,405
Starting at Age 37 , Money Accumulated by Age 65	\$217,919
Cost of Waiting Two Years	\$33,486



Note: This is a hypothetical example for illustrative purposes only. Actual results may be more or less favorable. The accumulated amounts above are shown on a pre-tax basis and will be subject to income taxes.

Thank you!



What's Different About Retirement?

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Agenda

1. The Retirement Environment
2. Climbing Your Financial Mountain
3. Risks in Retirement
4. Needs & Wants Strategy
5. Variable Annuities & Mutual Funds
6. Strategies to Guarantee Income



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What do you think is the Largest Financial Goal for Most People?



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The retirement landscape

- More than 10,000 baby boomers retire each day
- 33% of women over 65 are widows²
- Boomers account for 25% of the U.S. population³ and control about 70% of the nation's disposable income⁴
- Men and women living until age 65 in the US can expect to live on average, until age 85 or 86 years old.⁵

1 Source: <http://www.bu.edu/alumni/2018/03/05/10000-baby-boomers-retire-each-day-in-the-us-four-secrets-to-avoiding-retirement-funk/>

2 Administration on Aging Profile of Older Americans, 2017, <https://www.acl.gov/aging-and-disability-in-america/data-and-research/profile-older-americans>

3 Pew Research, 1/16/2015, <http://www.pewresearch.org/fact-tank/2015/01/16/this-year-millennials-will-overtake-baby-boomers/>

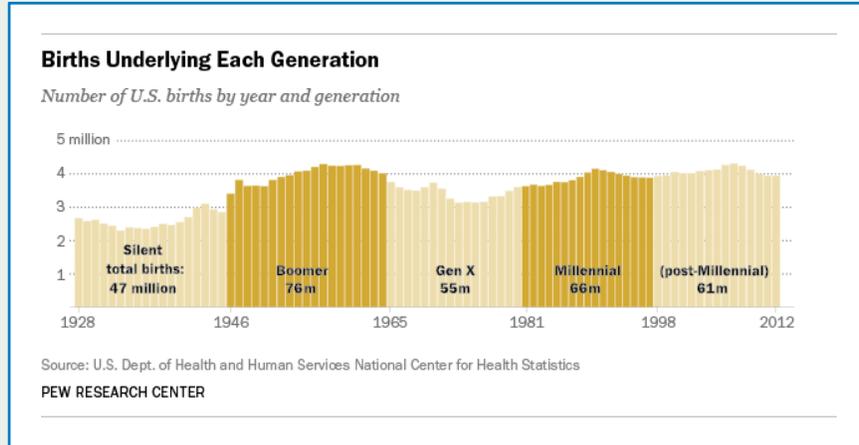
4 Motley Fool, "9 Baby-Boomer Statistics That Will Blow You Away, 7/29/2017, <https://www.fool.com/retirement/2017/07/29/9-baby-boomer-statistics-that-will-blow-you-away.aspx>

5. Source: Social Security <https://www.ssa.gov/planners/lifeexpectancy.html>



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Births Underlying Each Generation



As of 2014



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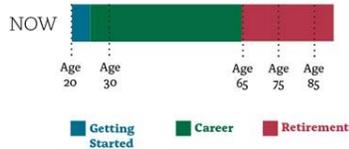
Let's discuss the retirement risks.



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Retirement isn't what it used to be

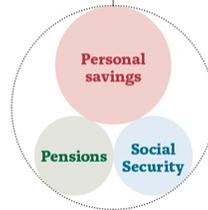
- With medical advances and healthier lifestyles, people are living longer.
- This means you may enjoy 20 or even 30 years of retirement.



- Social Security can't cover most retirees' primary expenses and faces a potentially uncertain future.
- Fewer companies are offering pension plans, choosing instead to shift the cost to employees, with 401(k) plans and other defined contribution plans.

People must increasingly rely on personal savings and assets, so they need to consider how their savings vehicles will be affected by taxes.

Retirement income source



Social Security benefits alone are not enough

In 2017...

Maximum monthly benefit for a retired individual ¹	\$2,687
Average monthly benefit for a retired individual ¹	\$1,360
Average monthly benefit for a retired couple ¹	\$2,260

In 2015, Social Security benefits made up only about **34%** of recipients' income.²

According to a 2012 survey, For high net worth individuals, Social Security made up **less than 15%** of their income.³

1. 2017 Social Security Changes, ssa.gov, 2016 data. Monthly benefits based on an individual starting to collect benefits at full retirement age.
 2. Fast Facts & Figures About Social Security, 2015, ssa.gov
 3. Actual percentage is 13.9% based on receiving the maximum yearly Social Security benefit and a minimum annual income of \$200,000. MainStay Investments, April 2012.

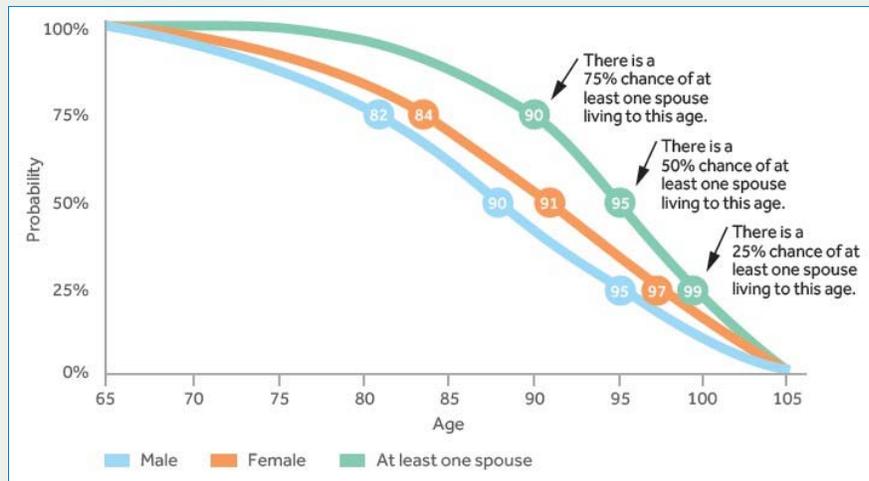


Additional risks in retirement

- Longevity
- Interest Rate, Market, Withdrawal
- Inflation
- Taxes
- Health Care



Longevity risk: Retirees may outlive savings



¹Source: 2012 IAR Mortality Tables



Inflation risk: Diminishes purchasing power

Historical Impact of Inflation on Common Expenses*

	 White Bread (1 lb.)	 Coffee (1 lb.)	 Regular Gas (1 gal.)	 Home**
1987	\$0.55	\$2.58	\$0.95	\$127,933
2017	\$1.37	\$4.43	\$2.17	\$390,400
30-Year Inflation Rate	3.09%	1.82%	2.79%	3.79%

* Average cost of all products through entire years of 1987, 2016, and Jan., Feb., Mar., of 2017. Source: U.S. Bureau of Labor Statistics, 2017
 ** Average cost of homes throughout entire year of 1987, 2016, and Jan., Feb., Mar., of 2017. Source: U.S. Census, 2017



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2047	\$3.41	\$7.61	\$4.96	\$1.2M

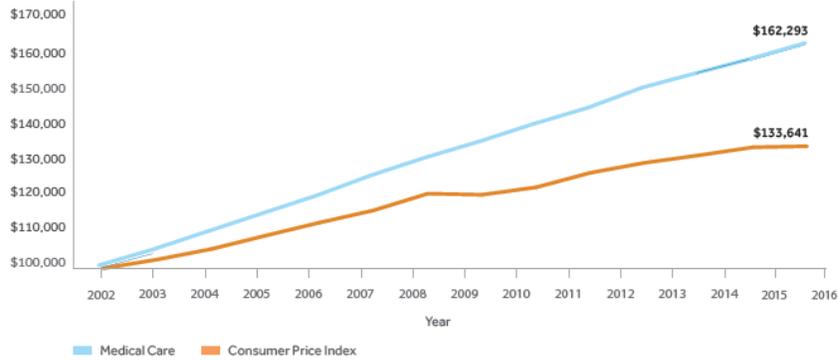
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Health Care Risk

Rising Health Care Costs Can Affect Retirement Savings



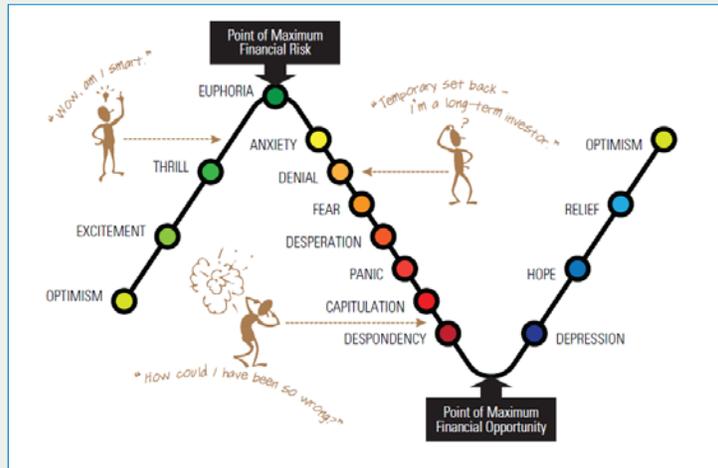
Source: U.S. Department of Labor, Bureau of Labor Statistics (www.bls.gov), January 26, 2017. Medical care represents change in prices of all medical care purchased for consumption by urban households. The Consumer Price Index represents changes in prices of all goods and services purchased for consumption by urban households.



What time is it in the market?



Cycle of emotions

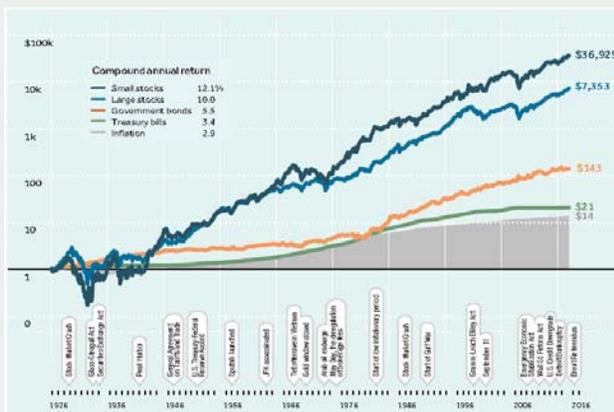


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Investment growth over time

Ibbotson® SBBI®

Stocks, Bonds, Bills, and Inflation 1926-2017



Stocks of small companies may be subject to higher price volatility, significantly lower trading volumes, and greater spreads between bid and ask prices, than stocks of larger companies. Small companies may be more vulnerable to adverse business or market developments than mid- or large capitalization companies.

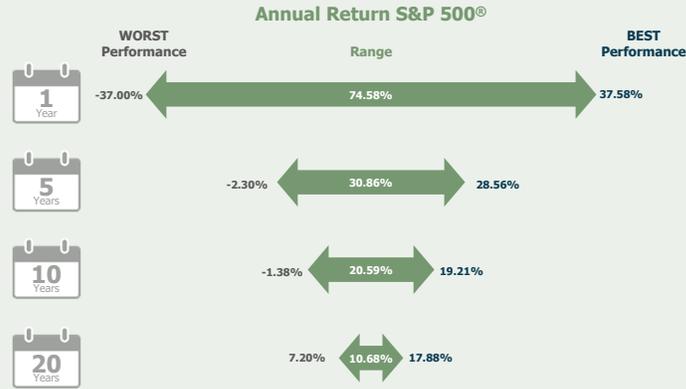
Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. This is for illustrative purposes only and not indicative of any investment. © 2018 Morningstar, Inc. All rights reserved. Used with permission.

Small stocks in this example are represented by the Ibbotson® Small Company Stock Index. Large stocks are represented by the Ibbotson® Large Company Stock Index. Government bonds are represented by the 20-year U.S. Government bond, Treasury bills by the 30-day U.S. Treasury bill, and inflation by the Consumer Price Index. Underlying data is from the Stocks, Bonds, Bills, and Inflation® (SBBI®) Yearbook by Roger G. Ibbotson and Rex Sinquefeld, updated annually. An investment cannot be made directly into an index.



Maintain a long-term approach to investing

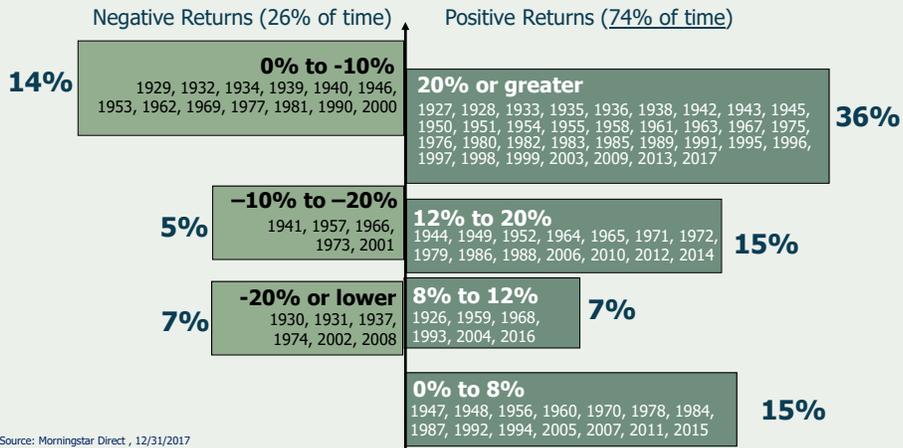
A longer time horizon has lessened the impact of volatility



Source: Morningstar for the period from 1/1/79-12/31/17. Stocks represented by the Standard & Poor's 500® Index, which is an unmanaged index considered to be representative of the U.S. stock market in general. An investment cannot be made directly into an index. Prices of common stocks will fluctuate and may involve loss of principal when redeemed. This chart is an illustration of the stock market in general, comparing best- and worst-year periods. It is for illustrative purposes only and not representative of any investment or portfolio. The chart is based on a reinvestment of income and compounded annual return. It also assumes no transaction costs or taxes. Past performance is no guarantee of future results.



Historical market returns

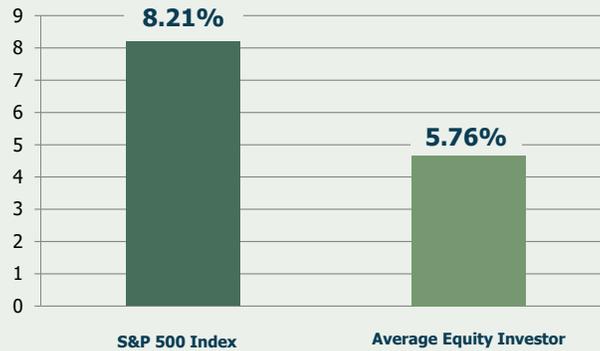


*Source: Morningstar Direct, 12/31/2017
 S&P 500 total returns for large-company stocks, 1926 to 2017. Past performance is no guarantee of future results. S&P 500 Index is an unmanaged index that is widely regarded as the standard for measuring large-cap U.S. stock market performance. An investment cannot be made directly in an index.



Power of process

Broad market performance versus typical investor behavior -
20-year annualized returns



20-year annualized returns of 12/2017 and for illustrative purposes only.

*Source: Dalbar's Quantitative Analysis of Investor Behavior 2016. The S&P 500 Index is an unmanaged index generally considered representative of the U.S. stock market. It is not possible to invest directly in an index. **Past performance does not guarantee future results.**



Basic tenets of successful investing

- Asset Allocation
- Diversification
- Rebalancing
- Working with a financial professional



Let's talk about the
Distribution Phase.



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Thank you!



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