



Creating a Secure Retirement

A Workshop for IPERS Members and Spouses


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Presenters



Barb Wollan



Ryan Stuart



Jeff Graney

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Workshop Overview

- Retirement Finances: Income and Expenses
- Your IPERS Benefit Options
- Making It Last: Retirement Investment Accounts


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Disclaimer

The content of this program is presented to expand your understanding of retirement income issues and options. It does not promote any particular retirement income strategies, products or decisions, and should not be used as a substitute for personalized financial advice.

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Part 1: Income and Expenses



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How much income?



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What expenses go up? Or down?




- Rent/mortgage
- Utilities
- Groceries
- Transportation
- Professional expenses

- Health care
- Recreation and entertainment
- Clothing
- Other?

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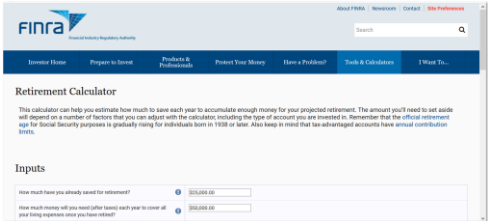
How much income?

80%



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FINRA: Retirement Calculator



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Ballpark Estimate®

EBRI's Ballpark Estimate® (patent pending) is a calculator that can help you to estimate your future savings and spending for your retirement.

Current Situation

Current Age: 40

Current Salary: \$45,000

Current Savings: \$75,000

Additional Annual Savings: \$0

Total Contribution Rate: 10%

Advanced

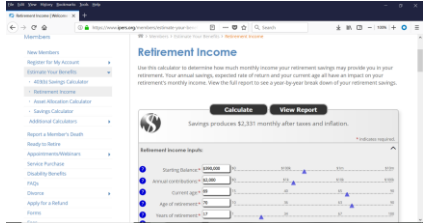
Future Situation

Retirement Age: 65

Years of Retirement: 25

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IPERS Calculators



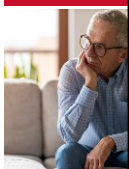
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Chuck's Retirement Picture

Will it be enough?

- Current Income = \$59,000
- Retirement Income = \$50,000

85%



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Expenses and Inflation

Person A

- Needs \$50,000/year

- 3% inflation
 - 20 years: \$90,306
 - 30 years: \$121,363

Person B

- Needs Social Security plus \$15,000/year

- 3% inflation
 - 20 years: \$27,092
 - 30 years: \$36,409

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Stretch Break



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Health Insurance

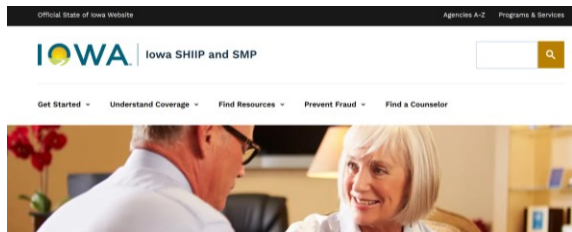
Before Age 65

- Employer plan
- COBRA
- Individual policies
 - Marketplace, www.healthcare.gov
 - Elsewhere



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SHIIP: Senior Health Insurance Information Program



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Health Insurance - Medicare

Age 65: Medicare

- Medicare A – Hospitalization
- Medicare B – Doctor visits, labs, etc.
- Medicare D – Prescription drugs



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Traditional Medicare (Coverage)

Hospitalization Part A

- No out of pocket limit
- Deductible: \$1,676
- Coinsurance:
 - Days 61-90: \$419/day
 - Lifetime Reserve Days (60): \$838/day
- Beyond 150 days, no benefits

Medical Part B

- No out of pocket limit
- Deductible: \$257
- Copayment:
 - 20% for most medical services

Medicare D

- Costs vary with plans

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Medicare Supplement Plans (Medigap Insurance)

- Sold by private insurance companies
- Reduce/eliminate deductible and copayments
- May cover beyond Medicare limits

Senior Health Insurance Information Program (SHIIP)
800-351-4664 | shiip.iowa.gov



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Medicare Supplement Plans


Ten Standard Medicare Supplement Plans										Medicare Eligible Before 2020	
Basic Benefits	Plan A	Plan B	Plan C*	Plan G*	Plan K	Plan L	Plan M	Plan N	Plan C	Plan F**	
Part A Hospital											
Day 61-90 Coinsurance	X	X	X	X	X	X	X	X	X	X	
Day 91-150 Coinsurance	X	X	X	X	X	X	X	X	X	X	
1st minor days - 100%	X	X	X	X	X	X	X	X	X	X	
Part A Hospital coinsurance	X	X	X	X	100%	100%	X	X	X	X	
Part B Coinsurance or Copay	X	X	X	X	50%***	50%***	X	X	X	X	
Part A & B Blood	X	X	X	X	100%	100%	X	X	X	X	
Additional Benefits	A	B	D	G	K	L	M	N	C	F	
Skilled Nursing Facility											
Coinciding Day 1-100			X	X	100%	100%	X	X	X	X	
Part A Deductible			X	X	50%***	50%***	50%***	X	X	X	
Part B Deductible			X	X	50%***	50%***	50%***	X	X	X	
Part B Exempt					X	X	X	X	X	X	
Foreign Travel Emergency				X	X	X	X	X	X	X	
Out-of-pocket annual limit					2000	1200	2000				

X = Supplement pays 100%, 50% and 75% of the amount the supplement pays.
*Plans C and F have no separate coverage for hospital Part C or high deductible Part C. The deductible is \$0-\$0 in 2024.
**Plans K and L pay 100% of the Part B coinsurance for prosthetic services.
***Plans K and L pay 100% of the Part B coinsurance for prosthetic services.
****Supplemental. The plan pays 50% for an office visit and up to \$50 for an emergency room visit before the plan pays. The emergency room copay will be waived if you are admitted to the hospital.

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Traditional Medicare: Monthly Premium Costs

Medicare A	\$0 (to \$518)
Medicare B	\$185
Medicare D	\$0 to \$97
Medigap	\$33 to \$286
Total per person:	\$218 to \$568



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Medicare Part C: Advantage Plans

Monthly Premiums

- Medicare B: \$185
- Advantage: \$0 to \$203
- Out-of-Pocket Limit (Annual)
- Varies, up to \$9,350

Coverage

- Managed care model
- Provider networks may be limited
- Copays may be higher
- Additional services may be covered
- Some expected services may not be covered

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Medicare.gov



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Health Insurance - SHIIP



IOWA SHIIP and SMP

Get Started

Understand Coverage

Find Resources

Prevent Fraud

Find a Counselor



(800) 351-4664

shiip.iowa.gov

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Income Taxes in Retirement

• Federal:

- Higher standard deduction over age 65

- Social Security only partially taxed

• State (Iowa):


- Exempt Income:

- Social Security

- Railroad retirement

- Military pension

- Pension, IRA, or 401k income (if > age 55 or disabled)



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Paying Taxes in Retirement


Options:

• Have taxes withheld from income

• Send quarterly payments, using form 1040-ES (federal and state)

• If employed, have extra tax withheld from earnings to cover tax owed on other income

• Penalty for underpayment



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Crystal

• Retired 4 years

• Comfortable with Social Security and Pension

• Now: Must withdraw from IRA?




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Required Minimum Distribution (RMD)

• Begin taking distributions at 73



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Calculating RMD

• Account balance at last year-end: \$110,000

• She turned 73 this year

• Divisor = _____

• Balance ÷ Div = RMD

\$110,000

26.5

= \$4,151

Age	Distribution Period
72	27.4
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2
81	19.4

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Break



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Sheree and Frank

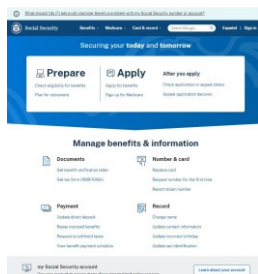
- Not retired
- Frank: job strain
- Undecided about when to claim Social Security
- Options? Considerations?



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Social Security Administration Resources

- Enroll in Medicare and Social Security
- Verify salary history
- Change direct deposit
- Get a SS or Medicare replacement card
- Use calculators www.ssa.gov



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Social Security Decisions

Age at Claim	Monthly Benefit
67 (FRA)	\$2,560
62	\$1,796
64	\$2,043
68	\$2,729
70	\$3,176



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Spousal Benefits

Kim's FRA retirement benefit = \$950
Paul's FRA retirement benefit = \$2,200

- Spousal Benefit: \$1,100
- Reduced if claimed before FRA
- No delayed retirement credit



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Widow(er)'s Benefits

- Widow(er) benefit = deceased spouse's full benefit
- Available at Full Retirement Age OR (reduced) starting age 60
- **Restricted Application** - Allows claim of *spousal benefit only*, without touching one's own benefit.
 - Available only to widow(er)s



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Retirement Finances

Income/Expenses: Consider the impact of...

- Your bucket list
- Inflation
- Health insurance
- Taxes
- Required withdrawals
- When to claim benefits



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Know Your Own Situation

Your sources of retirement income

- Social Security
- Traditional Pension
- Employer-based accounts (401k, etc.)*
- IRAs – Individual Retirement Accounts*
- Annuity income
- Other accounts (taxable accounts)
- Other income sources?



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About Retirement Income

- Taxable?
- Involve Required Minimum Distributions?
- Inflation-adjusted?
- Steady/Reliable?



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Lunch Break



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