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RETIREMENT INVESTMENT GROUP, LLC

5 RETIREMENT FACTS YOU PROBABLY DON'T KNOW (BUT SHOULD!)

April 2021

In order to maintain living standards in retirement, what percent of annual income do financial professionals think people should save?

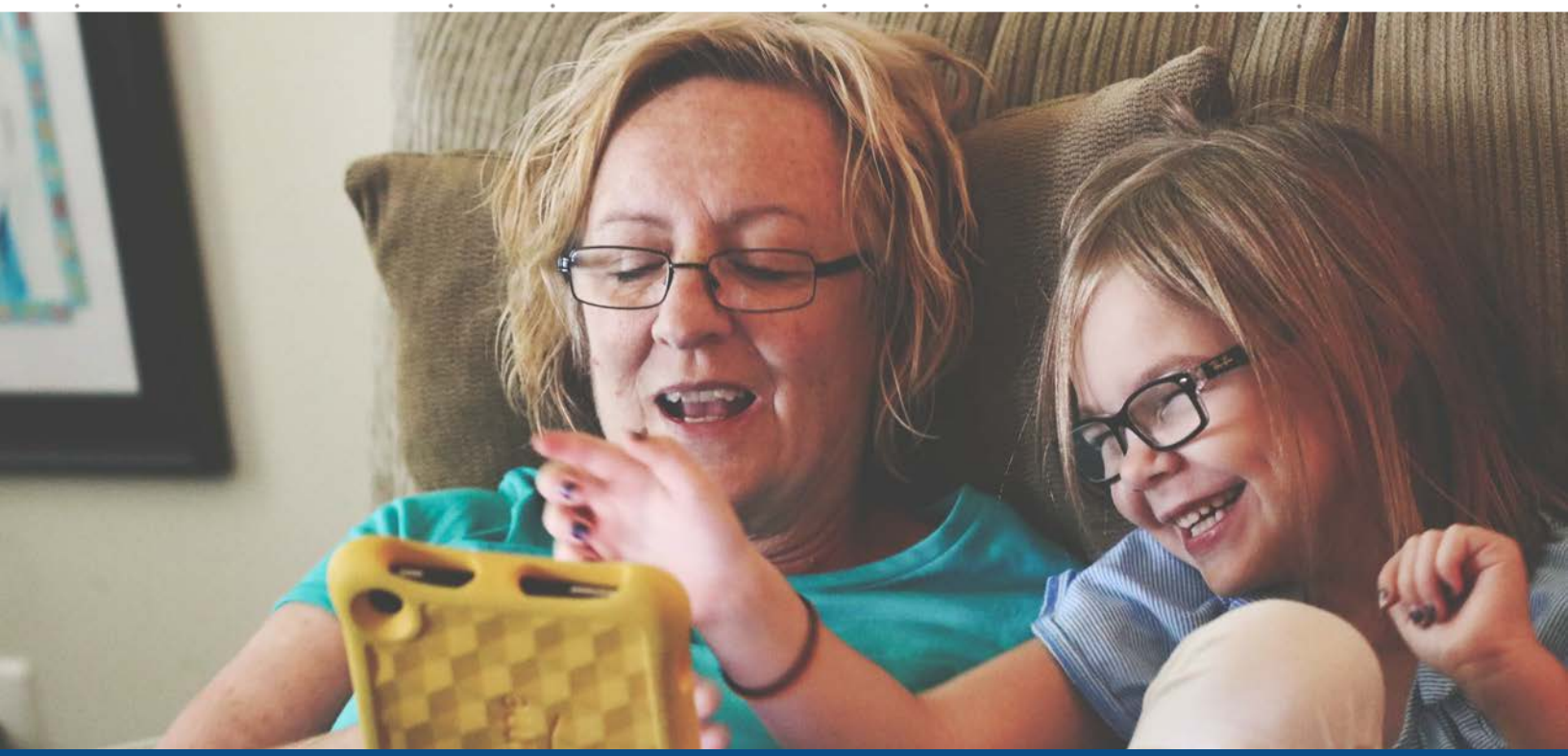
A about 3%

B about 6%

C about 9%

D about 12%

E about 15%



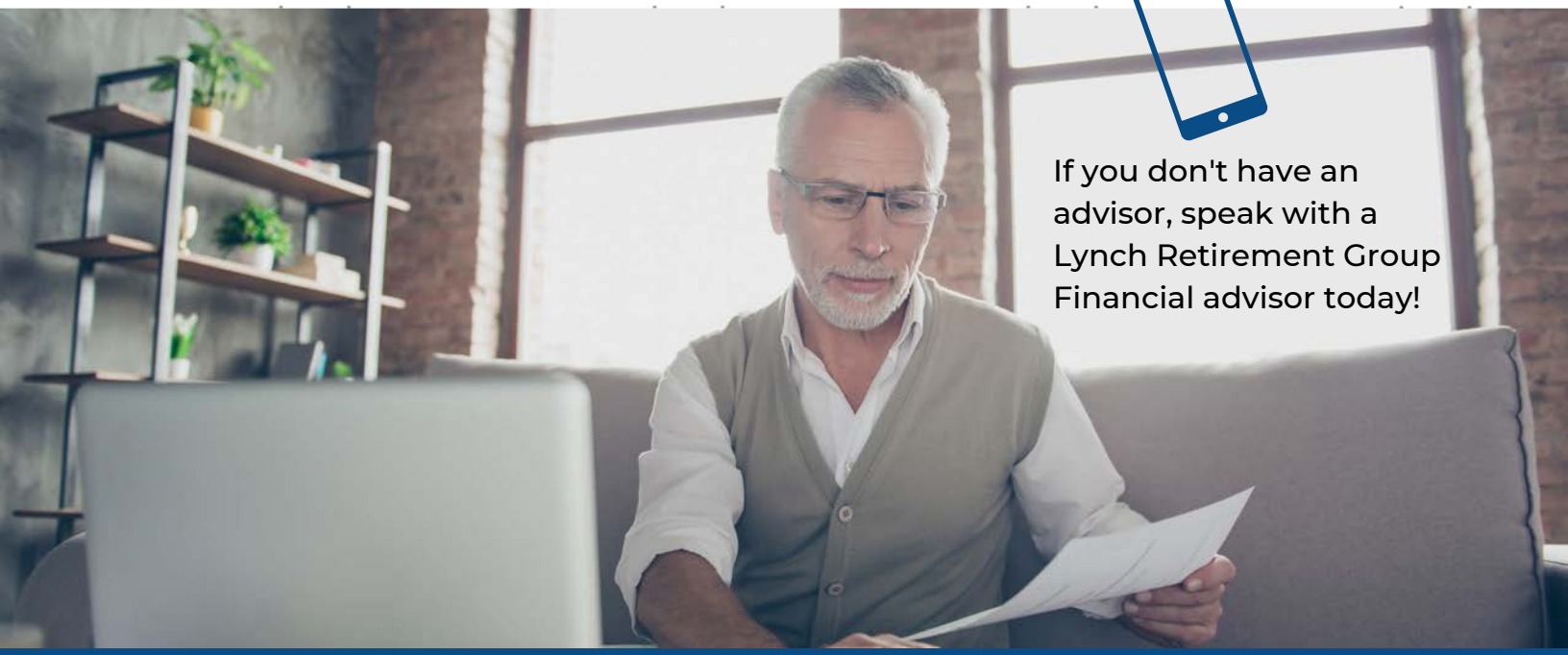
E About 15%

As a rule of thumb, professionals recommend saving at least 15% of your annual income toward retirement, including the amount your employer matches.

If that sounds like a lot, don't worry! Following the age-old adage "slow and steady wins the races," consider saving as much as you can as early as you can, taking advantage of any full employer match if possible. Whenever you are up for a bonus or salary increase, it may be a good idea to think about giving future you a raise too, upping your contribution little by little until you reach the suggested 15% or more.

Worried you're falling behind?

To see where you might stand, reach out to us today to learn more about your cash flow analysis.



If an investor could set aside $50 each month for retirement, how much might that end up becoming 25 years from now, including interest if it grew at the historical stock average?

A about $15,000

B about $30,000

C about $40,000

D about $50,000

E about $60,000

To find out more helpful retirement strategies, click on our e-brochure *"Roadmanp To Retirement"*.

C About $40,000

While saving enough for retirement may seem overwhelming, it helps to remember that a little today can go a long way tomorrow thanks to the magic of compound interest.

Imagine that every month, $50 is invested over a period of 25 years. Over time, that would equal a total of $15,000. Now suppose along the way, that money earned 7% in annual interest compounded monthly. That would equal $40,000 going into retirement!

As savings are invested, they can earn interest-and then that interest earns interest and so on, turning $50 a month into additional savings in retirement.

Learn the value of ***increasing retirement contributions by 1%*** each year.

Roughly how much do many financial professionals suggest people think about saving by the time they retire?

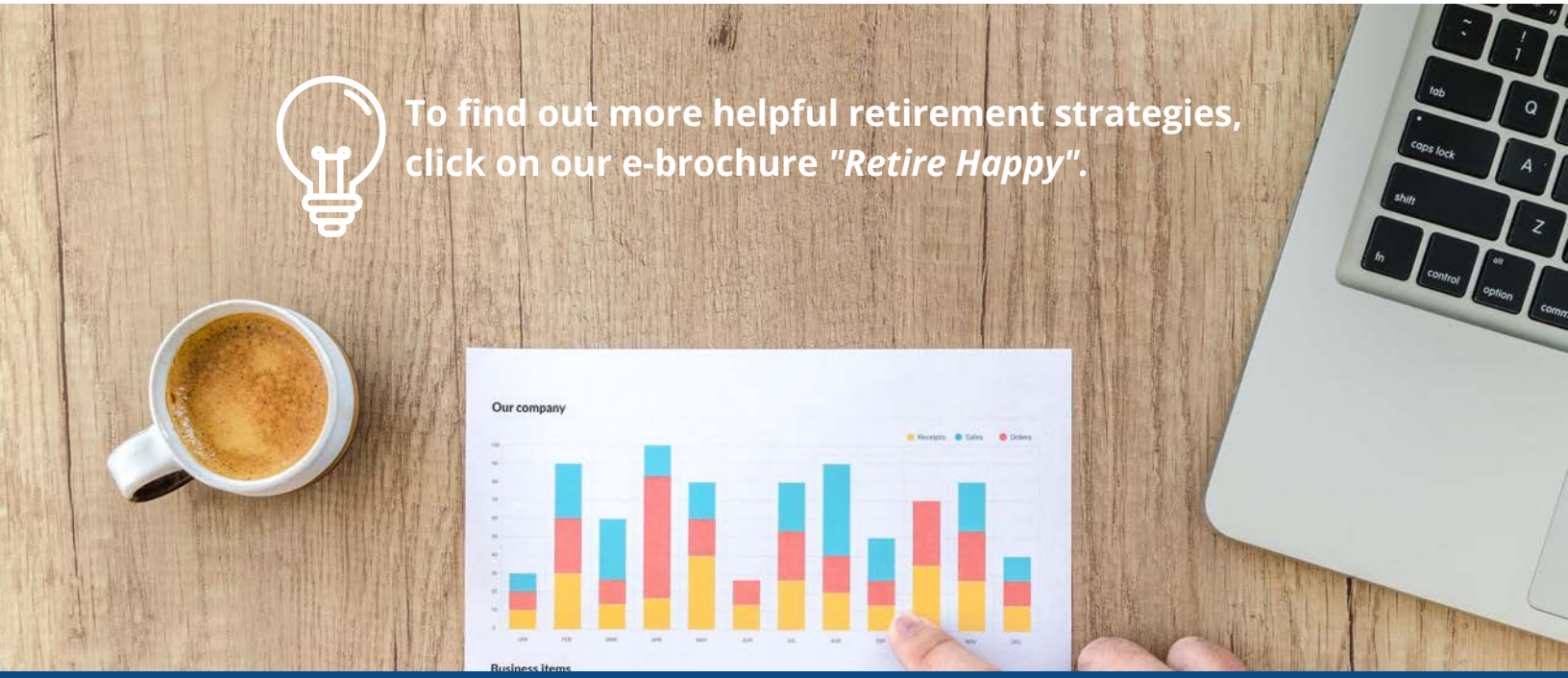
A About 2-3 times the amount of your last full year income

B About 4-5 times the amount of your last full year income

C About 6-7 times the amount of your last full year income

D About 8-9 times the amount of your last full year income

E About 10-12 times the amount of your last full year income



To find out more helpful retirement strategies, click on our e-brochure *"Retire Happy"*.

E

About 10-12 times the amount of your last full year income

By the time you arrive at Destination Retirement, most financial professionals suggest saving at least 10 times your income from your last full year of working.

But with life's inevitable twists and turns, setting goals along the way can help you make sure you're on the right path to retirement. Think about aiming to save at least 1x your income at age 30, 3x at 40, 7x at 55, and then 10-12x at 67.

See if you're saving enough by reading: ***Determining Cash Flow Need in Retirement*** and trying our ***Retirement Savings Factor tool***.

Which of the following do you think is the single biggest expense for most people in retirement?

A Housing

B Healthcare

C Taxes

D Food

E Discretionary expenses

A Housing

For many retirees, housing can make up nearly half of all expenses.

Top expenses for the 62+crowd

48% Housing

15% Transportation

13% Food

11% Medical Care

Here are some things to think about to keep your housing costs in check:

Dare to Downsize:
Forgo the extra two bedrooms and find a home to suit your empty nest.

Relocate to Another State:
See yourself relaxing on a beach or close to grandkids? Consider the cost of living and state taxes before choosing the scene for your next chapter of life.

Mortgage Be Gone:
Before the office retirement party send-off, aim to pay down your mortgage faster so you can save on interest payments and improve cash flow in retirement.

About how much will a couple retiring at age 65 spend on out-of-pocket costs for healthcare over the course of retirement?

A $50,000

B $100,000

C $170,000

D $260,000

E $350,000

Explore what saftey measures you can take by clicking on our e-brochure *"Planning for Long-Term Care".*

D $260,000

An average couple age 65 may need approximately $260,000 saved (after tax) to cover healthcare expenses in retirement.

Of course, the amount you'll need depends on when and where you retire, how healthy you are, and how long you live.

These five tips can help you prepare for retiree health care costs:

1. Include health care costs in your retirement plan
2. Be ready to pay for what Medicare doesn't cover
3. Plan timing of elective care to maximize tax savings
4. Know how coverage decisions impact your costs
5. Stay in shape and eat well to help keep costs down

To get started, check out...
Retirement Planning with Health Care Expenses in Mind
and *Health Insurance in Retirement*

If you don't have an advisor, speak with a Lynch Retirement Group Financial advisor today!

This information is intended to be general in nature and is not tailored to the investment needs of any specific investor. Investing involves risk, including the risk of loss. Past performance does not guarantee future results.

i.This hypothetical estimate assumes the individual or household sets aside $50 a month for 25 years. Rate of return is 7.0% annual interest which is compounded monthly. Estimated increases in retirement monthly income are in constant 2015 dollars. This estimate assumes the $50 deferral amount stays constant through the entire 25 year period and represents a nominal value. It is assumed that the participant took no loans or hardship withdrawals from these savings. All dollars shown are pretax dollars. Upon distribution, applicable federal, state, and local taxes are due. No federal, state, or local taxes; inflation; or account fees or expenses were considered. If they were, the estimated amount would be lower. Actual realized value may be significantly more or less than this illustration.

ii.*Bureau of Labor Statistics, "The Experimental Consumer Price Index for Elderly Americans"*

iii.Estimate based on a hypothetical couple retiring in 2016, 65-years-old, with average life expectancies of 85 for a male and 87 for a female. Estimates are calculated for “average” retirees, but may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Retiree Health Care Costs Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government’s insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care. Life expectancies based on research and analysis by Benefits Consulting group and data from the Society of Actuaries, 2014.

Sources:
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Slide 5: This hypothetical estimate assumes the individual or household sets aside $50 a month for 25 years. Rate of return is 7.0% annual interest which is compounded monthly. Estimated increases in retirement monthly income are in constant 2015 dollars. This estimate assumes the $50 deferral amount stays constant through the entire 25 year period and represents a nominal value. It is assumed that the participant took no loans or hardship withdrawals from these savings. All dollars shown are pretax dollars. Upon distribution, applicable federal, state, and local taxes are due. No federal, state, or local taxes; inflation; or account fees or expenses were considered. If they were, the estimated amount would be lower. Actual realized value may be significantly more or less than this illustration.
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About Lynch Retirement Investment Group

The Lynch Retirement Investment Group was established by John M. Lynch in 1987, and John has served as managing director of the group and financial advisor, RJFS, since its inception. With offices in Fulton (MD) and Fairfax (VA) the Lynch Retirement Investment Group became a separate and independent office and began offering securities through Raymond James Financial Services in 2012. The team consists of ten full-time advisory and client services professionals with over 150 years of experience in the financial services industry, and manages over $500 million in client assets.

The Lynch Retirement Investment Group advises clients on the proper methods of planning for and managing their retirement distributions as they transition into retirement. Since 1987, our advisors have been assisting corporate employees of well-known companies to adequately prepare for the financial eventualities of their retirement years.

Over the years we have worked with clients from major companies in the defense, telecom and energy industry. Our clients count on us to provide the full breadth of their retirement planning, asset management and insurance needs. Our specialties include the following:

- Navigating the tax laws surrounding Lump Sum distributions and IRAs
- Strategies for avoiding the 10% Early Withdrawal Penalty prior to age 59 ½
- Strategies for properly handling your company stock at retirement
- Strategies for taking In-service 401(k) withdrawals while you are still working,
- Strategies for maximizing your Social Security benefits.

More Resources

Choosing Financial Advisor

10 Things to Consider Retirement Income Planning Ages 50-65

While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of RJFS, we are not qualified to render advice on tax or legal matters. You should discuss tax or legal matters with the appropriate professional.

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