

# We're here to help **YOU** plan for the future

## RETIREMENT PLANNING



*Annuity Fund of the International Union of Operating Engineers, Local Union 94-94A-94B, AFL-CIO*



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# Agenda

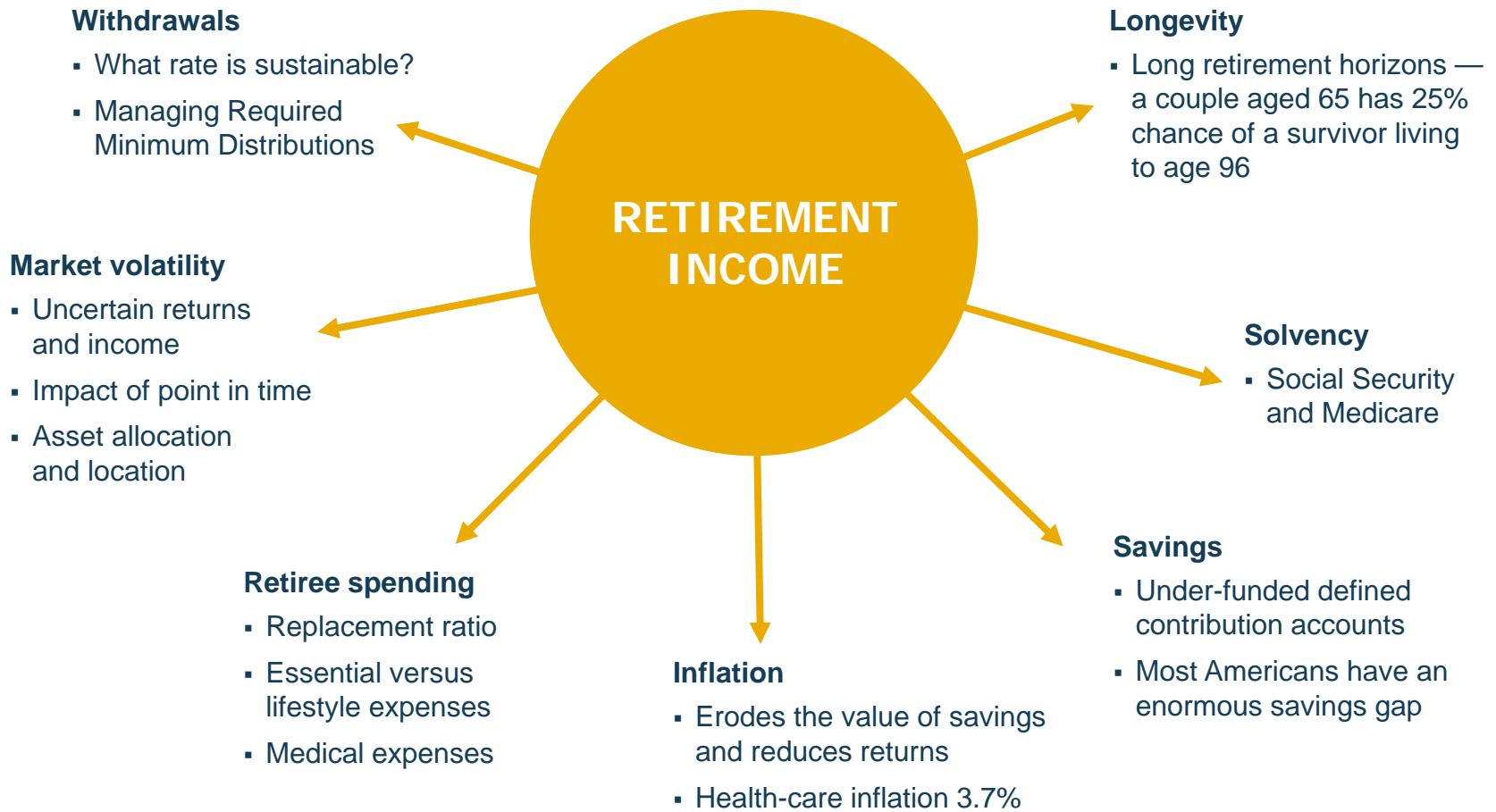


- Why it's important to plan
- Know what you have
- Plan for what you need
- Elements of successful investing
- Accessing your assets
- Additional resources



# Why it's important to plan

# Pre-retirees face numerous risks

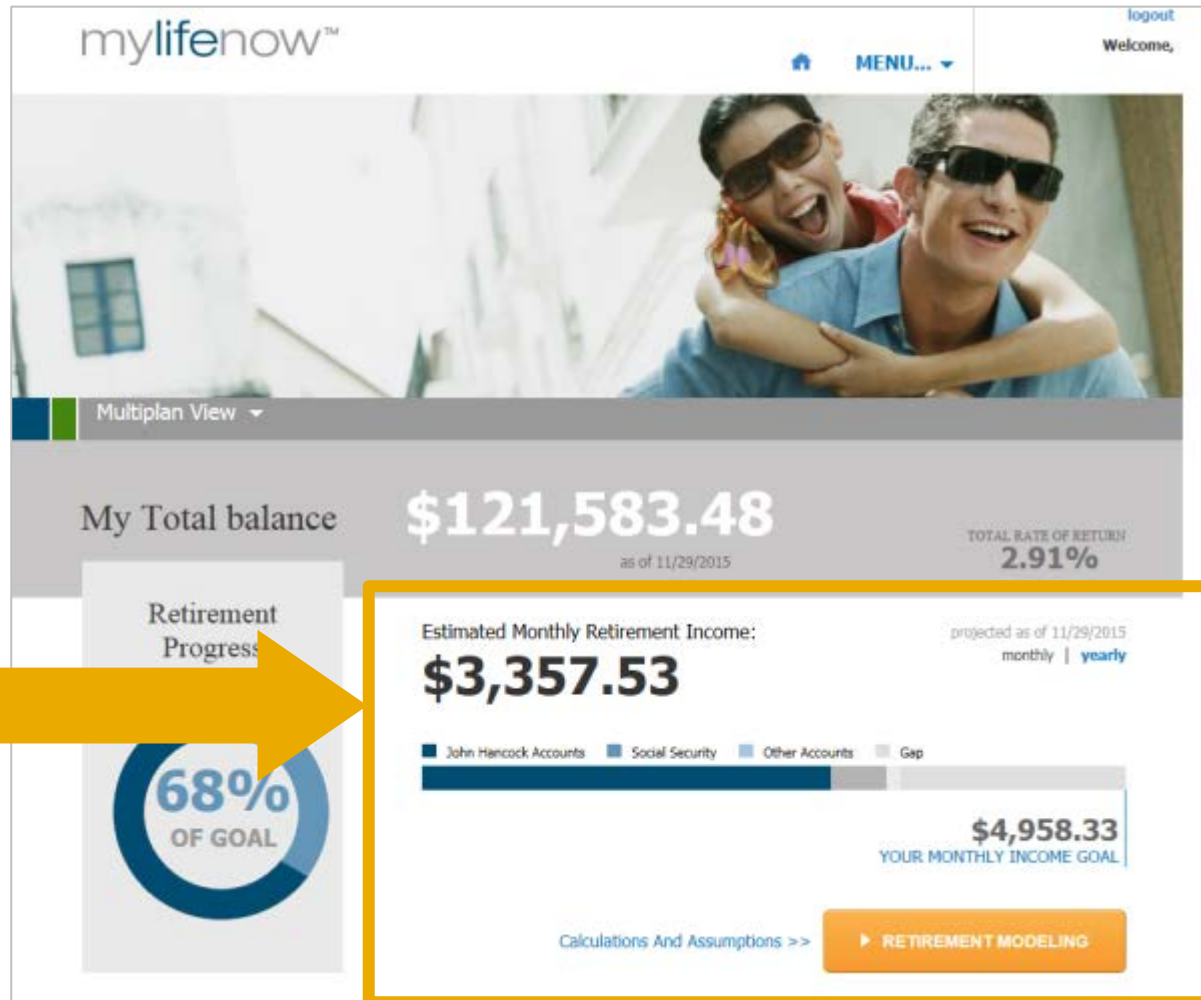




# Know what you have

# How much is enough?

Estimate  
your  
retirement  
income



Screenshot is for illustration only. All calculations are estimates and cannot be guaranteed. When using the calculator, all investments offering the potential for higher rates of return also involve a higher degree of risk to principal.

# Your life now and in retirement

## Do what you want



Spend time  
with family



Hobbies



Travel



Volunteer  
work



Full  
retirement

# Plan for what you may need



Track monthly  
expenses



Estimate  
realistically



How might ongoing  
expenses change...  
up or down?



# How long will your retirement last?



- Plan for longevity
  - You need your money to last as long as you live
- How much will your investments need to earn?
  - Balance potential for return and risk

# Retirement facts



- The average female in the United States lives 85 years
- The average male in the United States lives 83 years
- Only 44% of people saving for retirement have ever calculated how much they will need<sup>1</sup>
- % of workers expecting to retire before age 65 has decreased, from 50 percent in 1991 to 27 percent in 2014<sup>2</sup>

Source Social Security Administration, Life Expectancy (<http://ssa.gov/planners/lifeexpectancy.htm>)

<sup>1</sup> <http://www.usatoday.com/story/money/personalfinance/2014/03/18/retirement-confidence-survey-savings/6432241/>

<sup>2</sup> Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Survey.

# Possible sources of retirement income

- Pension
  - Central Pension Fund
- Social Security
- Retirement Plan
  - Annuity Fund of the International Union of Operating Engineers, Local Union 94-94A-94B, AFL CIO
  - (Total Benefit Statement May mailing)
- Individual Retirement Accounts (IRAs)
- Personal Savings
- Household Income
- Other Investments

# Adjust your plan

- Move to less expensive location
  - Now or in retirement
- Delay taking Social Security
  - Impact on Social Security benefits
  - Penalties for earnings above **\$41,880\*** until the month you reach full retirement age

\* 2016 tax year numbers.



# Elements of successful investing

# Why is this important to me?

## Three key questions



What are your goals?

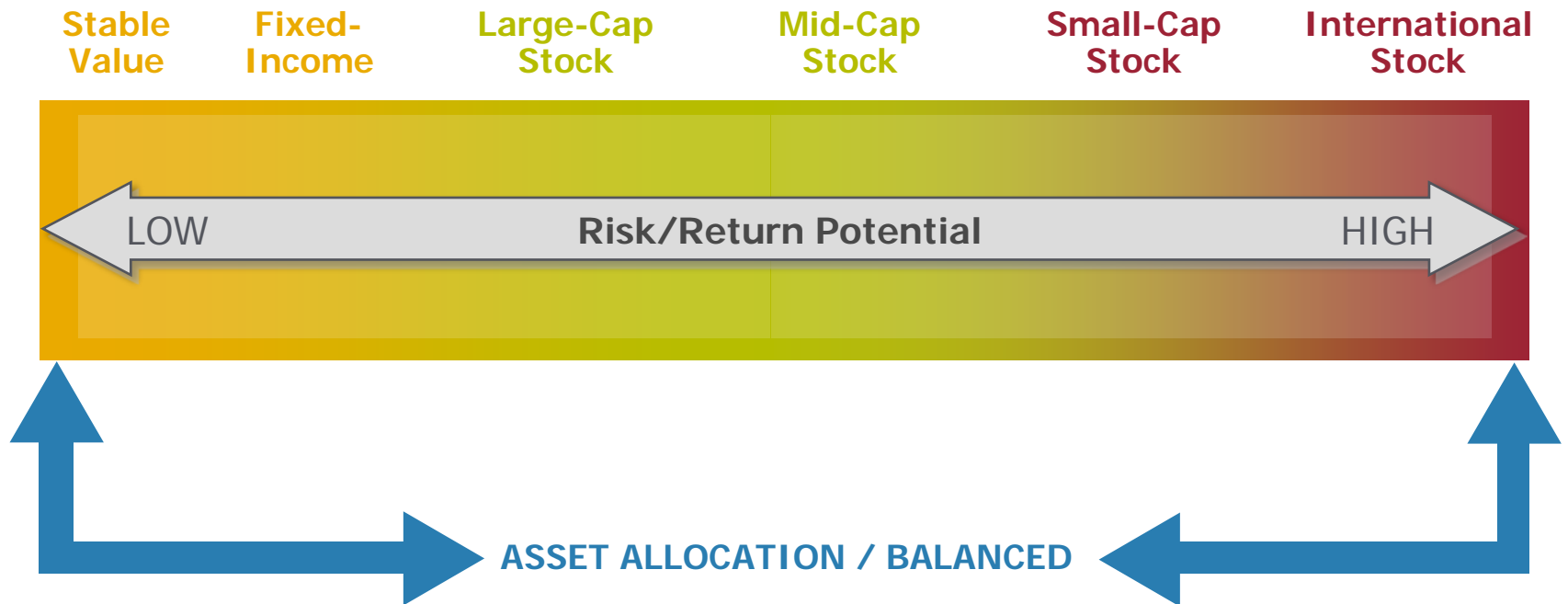


When do you plan to retire?



How much risk are you willing to take?

# Asset categories



As market conditions change, so may the risk/return potential of these investment types.

# Asset allocation

- Process of dividing your assets among stocks, bonds and cash investments
- Combine into one portfolio
- Monitor and rebalance annually

or

- Consider using a Target Date Fund
- Utilize the free Morningstar Advice Service
- J.W. Thompson Investments at 888.453.1869, [John@jwti.com](mailto:John@jwti.com) or [Jay@jwti.com](mailto:Jay@jwti.com)

Advice and guidance are powered by Morningstar® Retirement Manager<sup>SM</sup>



# Your investing toolkit



## **Just one fund can help put you on track toward retirement**

- One easy step
- Diversified portfolio
- Automatically rebalanced

# Target date funds

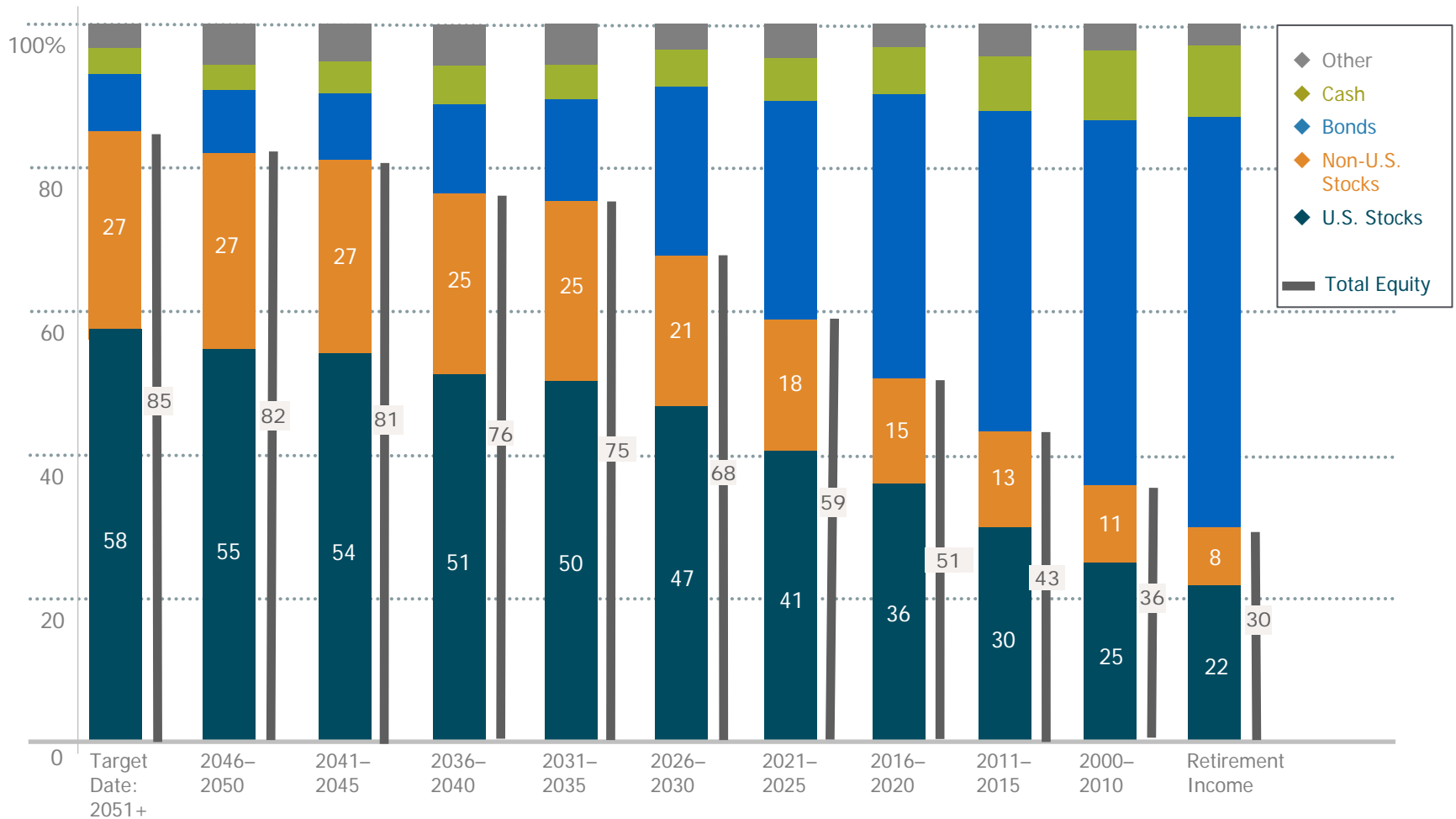
The “target date” in a target date fund is the approximate date an investor plans to start withdrawing money.

Because target date funds are managed to specific retirement dates, investors may be taking on greater risk if the actual year of retirement differs dramatically from the original estimated date.

Target date funds generally shift to a more conservative investment mix over time. While this may help to manage risk, it does not guarantee earnings growth nor is the fund’s principal value guaranteed at any time including at the target date.

You do not have the ability to actively manage the investments within target date funds. The portfolio managers control security selection and asset allocation. Target date funds allocate their investments among multiple asset classes which can include U.S. and foreign equity and fixed income securities.

# Target date funds continued



**Past performance is no guarantee of future results.** Diversification does not eliminate the risk of experiencing investment losses. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.  
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# Investment fund lineup



Please refer to Investment Disclosure Handout.

All mutual funds are subject to market risk and will fluctuate in value.



# Accessing your assets

# Keep your money working for you

## **Keep your money in a tax-advantaged account!**

- Annuity Fund of the International Union of Operating Engineers, Local Union 94-94A-94B, AFL CIO
- An Individual Retirement Account

# Withdrawal options

## Withdrawals\*

- Retirement (In Plan)
  - Annuity payments
    - Joint & Survivor
  - Annual payments
  - Quarterly payments
  - Monthly payments
- Lump Sum
- Partial Lump Sum

\* Ordinary income taxes due upon withdrawal. Withdrawals before the age of 59 1/2 may be subject to an early distribution penalty of 10%.

# Leave your savings in your current plan

### Advantages

- Continued potential tax-deferred growth
- Delay paying income taxes and avoid possible early withdrawal penalties
- Potential for special penalty-free distributions<sup>1</sup>
- Assets may continue to receive protection from creditors
- Institutional Investment Share Classes have lower expense ratios
- Can continue to pay off any outstanding loans
- Flexible Distribution Options
- Access to a Stable Value Fund
- Professionally managed Retirement Fund

### Disadvantages

- Limited investment options
- Limited withdrawal options available to beneficiaries
- May be difficult to maintain a cohesive retirement planning strategy

<sup>1</sup> Must have separated from employment in the year you reach age 55 or older.



# Rollover to an IRA

## Advantages

- Continued potential tax-deferred growth
- Avoid paying income taxes and possible early withdrawal penalties
- Larger selection of investment choices
- Certain distribution penalty exceptions available only with IRAs
- Possible conversion to a Roth IRA
- Potential for increased options for beneficiaries
- More likely to work with financial professional

## Disadvantages

- Institutional Share Classes not available
- No Stable Value Fund is available<sup>1</sup>
- There may be additional fees
- Possible decreased protection of assets from creditors

<sup>1</sup> Money Market Fund may be available.

# Take your distribution in cash

## Advantages

- Immediate, unrestricted use of your retirement savings
- Individuals born prior to January 1, 1936 have the potential to use special tax treatments

## Disadvantages

- 10% early distribution penalty (if under age 59½)<sup>1</sup>
- Will have to pay federal and possibly state and local taxes
- Distribution may move you to a higher tax bracket
- Savings no longer grow tax-deferred

<sup>1</sup> Unless certain conditions are met, please consult with a tax professional

# Required minimum distributions and withdrawals

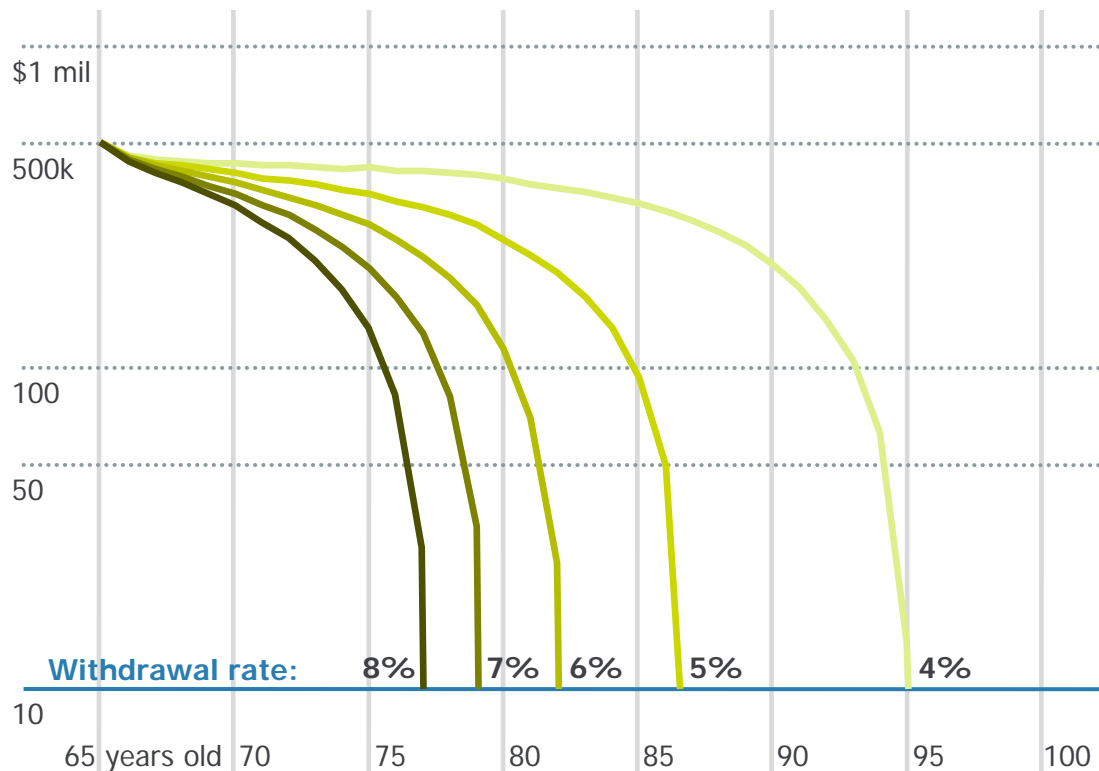
## RMD

- When and how much you must withdraw from a plan
- April 1 following year when you turn **70½**
- If you don't take the RMD, a penalty would apply on the amount that is not withdrawn

# Considering risk – withdrawal

## High Withdrawal Rates Will Quickly Deplete Your Assets

Simulated portfolio values (90% confidence level)



### Did you know...

- By withdrawing too much too soon, you run the risk of outliving your savings
- A 1% difference in your withdrawal rate can impact on how quickly your assets are depleted
- Required Minimum Distributions (RMDs) begin at age 70½
  - Watch for double taxes that year
  - An RMD penalty may apply to the amount if not withdrawn
- If you are worried about taxable income, consider drawing on ROTH/after-tax first

**IMPORTANT:** Projections generated by Morningstar regarding the likelihood of various investment outcomes using the Ibbotson Wealth Forecasting Engine are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Results may vary over time and with each simulation. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index.

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# Additional resources

## OnDemand Workshops (budgeting, investing)

- Visit the learning center on [mylife.jhrps.com](http://mylife.jhrps.com)

## Want to talk to someone?

- Give us a call at 800.294.3575. (Representatives are available from 8 a.m. to 10 p.m. Eastern time on New York Stock Exchange business days. For your protection all calls to representatives are recorded)
- J.W. Thompson Investments – for information about investing, retirement savings, and the investment funds offered, the Plan offers personalized investment advice through J.W. Thompson Investments at 888.453.1869, [John@jwti.com](mailto:John@jwti.com) or [Jay@jwti.com](mailto:Jay@jwti.com).

## Stay connected

- Make sure we have your email address on file at [mylife.jhrps.com](http://mylife.jhrps.com)
- Download our mobile app
- Follow us on facebook and twitter

## Social Security

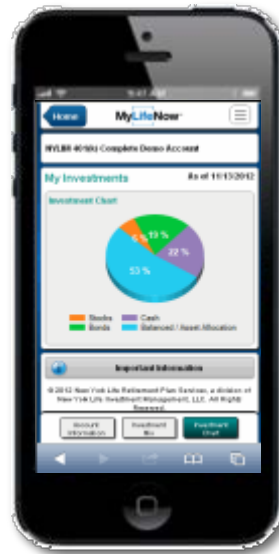
- [www.ssa.gov](http://www.ssa.gov)
- 1-800-772-1213

## Medicare

- [www.medicare.gov](http://www.medicare.gov)

# MyLifeNow Mobile App iOS or Android

- View account balances and personal rate of return
- Review your investments by asset class





Thank you

# Important information

## IMPORTANT INFORMATION

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**A fund’s investment objectives, risks, charges and expenses should be considered carefully before investing. The prospectus contains this and other important information about the fund. To obtain a prospectus, contact John Hancock Retirement Plan Services LLC at 800.294.3575 or visit our website at [mylife.jhrps.com](http://mylife.jhrps.com). Please read the prospectus carefully before investing or sending money. Prospectus may only be available in English.**

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