

**Welcome!**

**Your webinar will  
begin shortly.**

**CONFIDENT RETIREE WEBINAR SERIES**



UNIVERSITY  
OF  
CALIFORNIA

# Five Steps To A More Financially Secure Retirement

CONFIDENT RETIREE WEBINAR SERIES



# Agenda

1. Introduction
2. Five Steps
3. Help & Resources
4. Next Steps
5. Q&A

# Our approach



## Education

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## Resources

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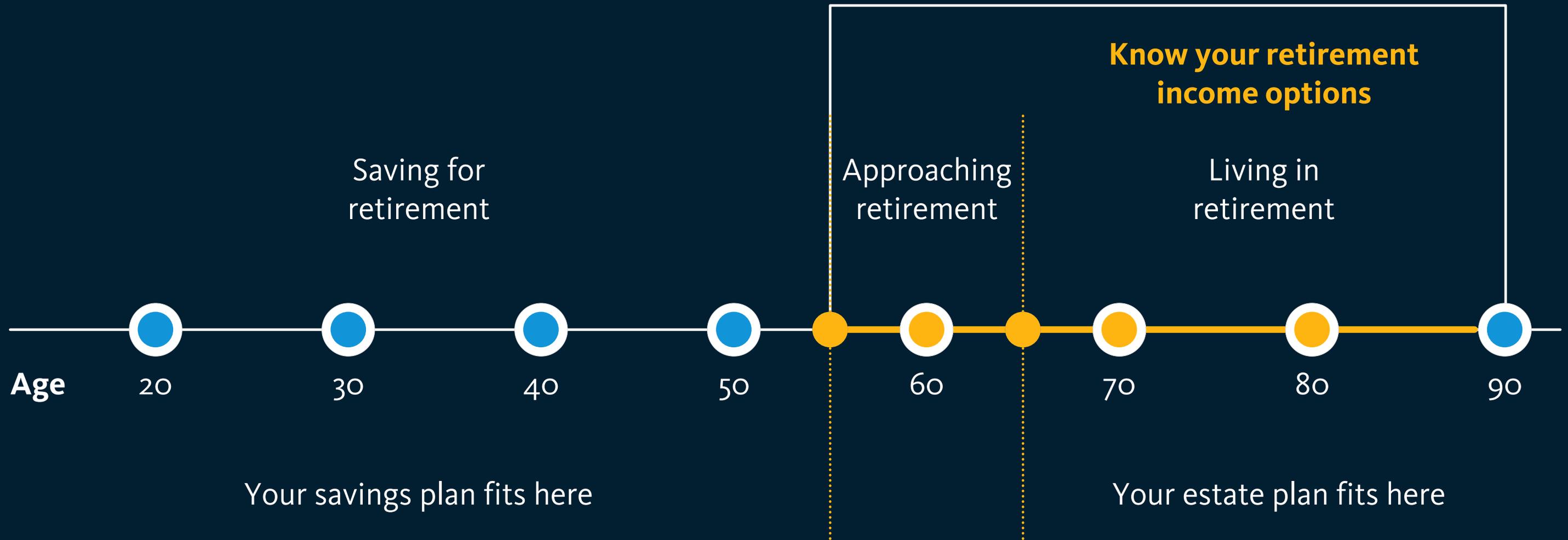


## Insights



Look for this icon to indicate a **Confidence Builder** – an action that can have a big impact on your retirement confidence.

# Phases of Retirement Income Planning



# Five steps to a more financially secure retirement

Understand your needs and options

Take action

1.

## Expenses & Health Care Costs

Identify your expenses, including health care

2.

## Lifetime Income Sources

Identify and maximize all your sources of “guaranteed” income for life\*

3.

## Sustainable Budget

Determine your income needs, and create a budget

4.

## Asset Allocation

Help offset effects of inflation and market volatility on your assets

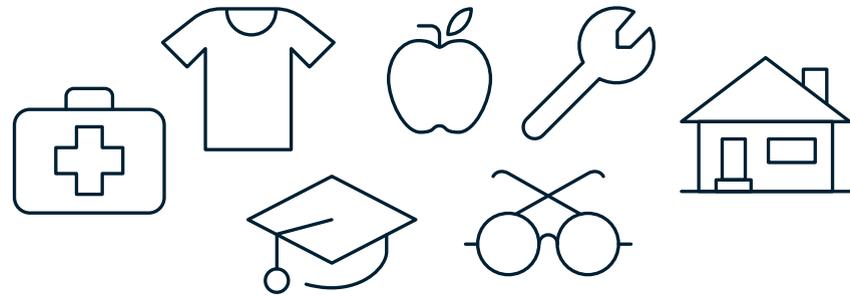
5.

## Retirement Withdrawal Plan

Create a withdrawal plan and maintain an appropriate spending rate

\*Annuity guarantees are subject to the claims-paying ability of the issuing insurance company.

# Plan your lifestyle in retirement



**ESSENTIAL**

**VS.**



**DISCRETIONARY**

Guaranteed Income

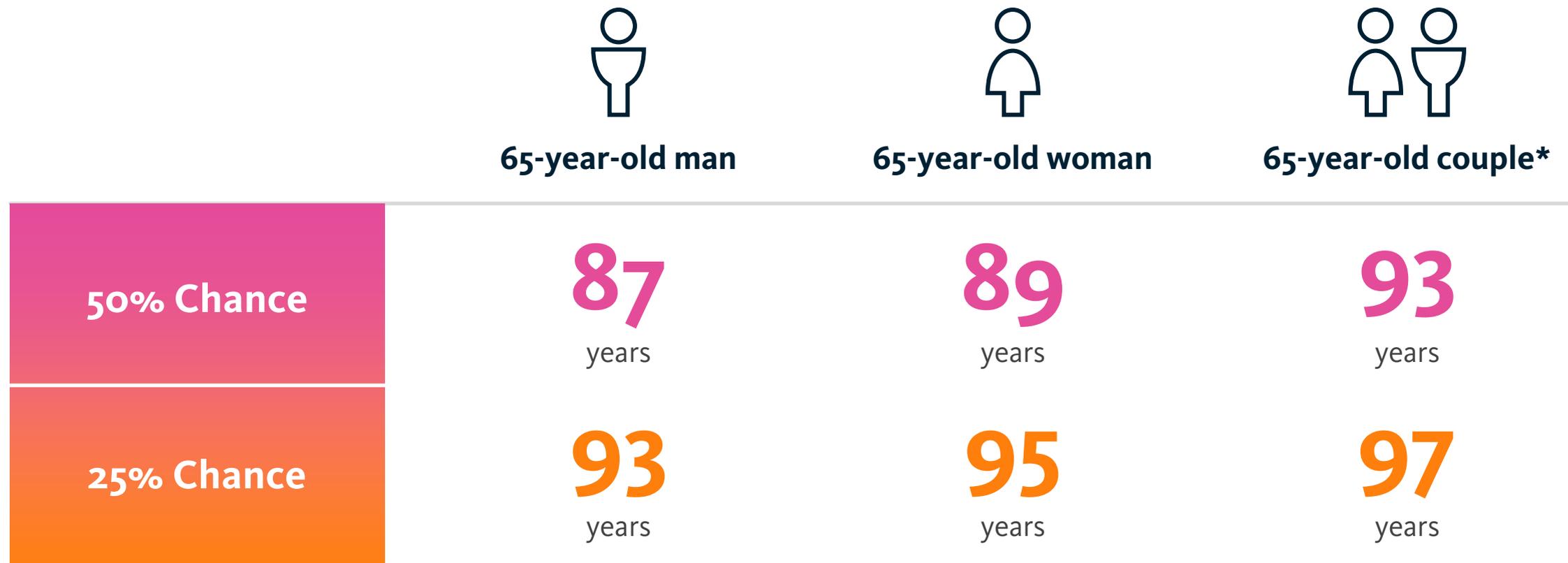
Savings and Investment Income

Annuity guarantees are subject to the claims-paying ability of the issuing insurance company.

STEP 1: EXPENSES AND HEALTH CARE COSTS

# Longer retirement

Retirees face the prospect of living longer than planned



\* At least one surviving individual.  
Source: Society of Actuaries RP-2014 Mortality Table projected with Mortality Improvement Scale MP-2021.  
For illustrative purposes only.

## STEP 1: EXPENSES AND HEALTH CARE COSTS

# Unpredictable health care costs

Health care can be one of the largest retirement expenses



**\$315,000 per average 65- year-old couple\***  
(not including long-term care costs, if needed)

Source: "How to plan for rising health care costs," Fidelity Viewpoints 2022

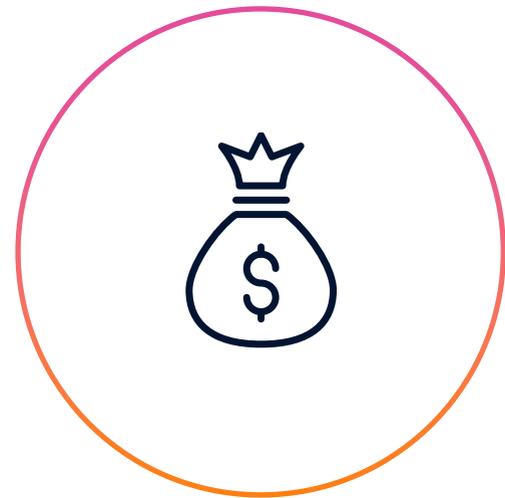
Estimate based on a hypothetical opposite-sex couple retiring in 2022, 65-years-old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost 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.

\*For details used to estimate the \$315,000 health cost, please refer to the Important Information section.

STEP 2: LIFETIME INCOME SOURCES

# Align predictable income to essential expenses

Maintain your lifestyle regardless of market fluctuations



## Predictable/"Guaranteed" Income

Social Security, pensions, fixed income annuities

## Essential expenses

Food, housing, health care, taxes, your other must-haves

STEP 2: LIFETIME INCOME SOURCES

# Social Security

There are many claiming strategies



If claimed early, monthly benefit reduced by as much as 30%



When you die, your spouse will receive less, too



Lower spousal benefits



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**SSA.gov**

Always consult an attorney who can help you by drafting the appropriate legal documents to suit your particular needs.

STEP 2: LIFETIME INCOME SOURCES

# When you claim your social security benefits matter

Delaying withdrawals can boost monthly payments



**COLLEEN**  
62, Single

Monthly Social Security benefits

Age when Colleen Collects her benefits

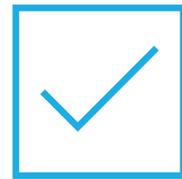


Waiting until age 70 would increase Colleen's monthly benefits by more than 77% and her lifetime benefits by at least 24%

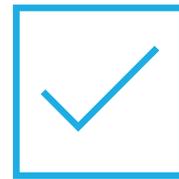
This hypothetical example, which assumes an individual turning 62 in 2022, is calculated by Fidelity Financial Solutions Team based on data and methodology published by Social Security Administration as of March 2021. All benefits are calculated in today's dollar and before tax. The actual benefit would be adjusted for inflation and might be subject to income tax. Life time benefits are based on life expectancy of 89. The lifetime number is sensitive to, and would change with, the life expectancy assumption.

# Pensions

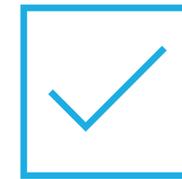
Another way to save for retirement



Pensions are another way people save for retirement.



A pension can guarantee you income for life, unlike other retirement accounts which have no guarantee.



Although far less common than their peak in the 1970s, pension plans are still offered by some employers.

# UCRP Pension

Current members, retirees and alternate payees receiving benefits

**260k**

Membership  
(active/former  
employees)



**86k**

Benefit Recipients  
(retirees, alternate  
payees, etc.)



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[RetirementAtYourService.ucop.edu](https://RetirementAtYourService.ucop.edu)

# Income annuities

Consider these annuities to help pay for essential expenses

## 01

### Immediate income annuity<sup>1</sup>

- Receive income each month for your lifetime
- Payments remain the same regardless of market fluctuations

## 02

### Deferred income annuity<sup>2, 3</sup>

- Purchase 2–10 years before needing the income
- UC offers *Deferred Lifetime Income*, a Qualifying Longevity Annuity Contract (QLAC).

<sup>1</sup> In order to provide an income stream, there is no or limited access to assets.

<sup>2</sup> Deferred income annuity contracts are irrevocable, have no cash surrender value, and no withdrawals are permitted prior to the income start date.

Annuity guarantees are subject to the claims-paying ability of the issuing insurance company.

# UC's Deferred Lifetime Income



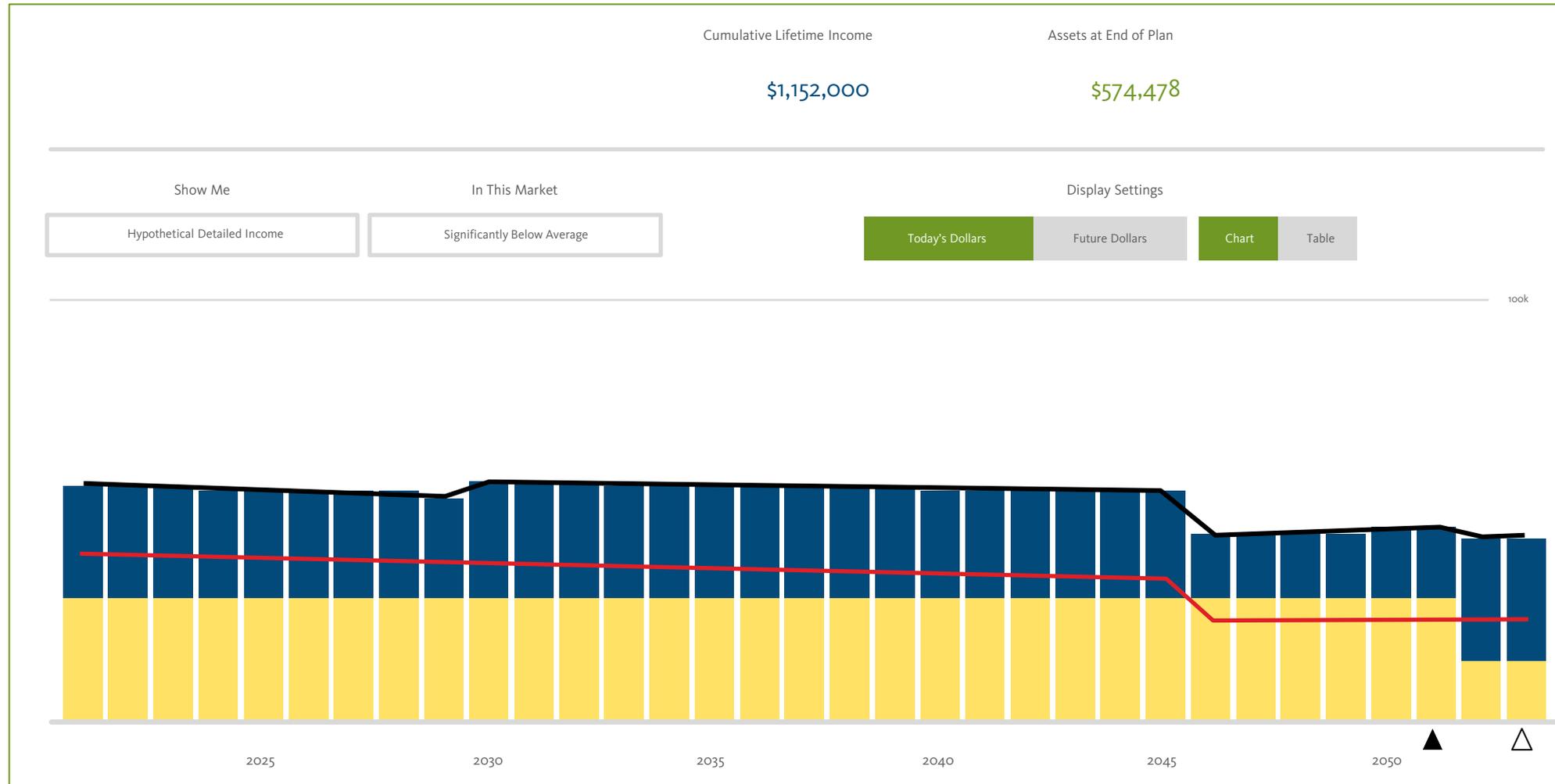
**Purchase Deferred Lifetime Income** using a portion of your Retirement Savings Program account balance that is invested in UC Pathway.



**Start receiving Deferred Lifetime Income payments** from the insurer every month for the rest of your life (or the rest of the spouse's life if you select the Joint & Survivor option).

### STEP 3: SUSTAINABLE BUDGET

# Your Planning Summary



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**NetBenefits.com**, just click the *Plan and Learn* link (login required).

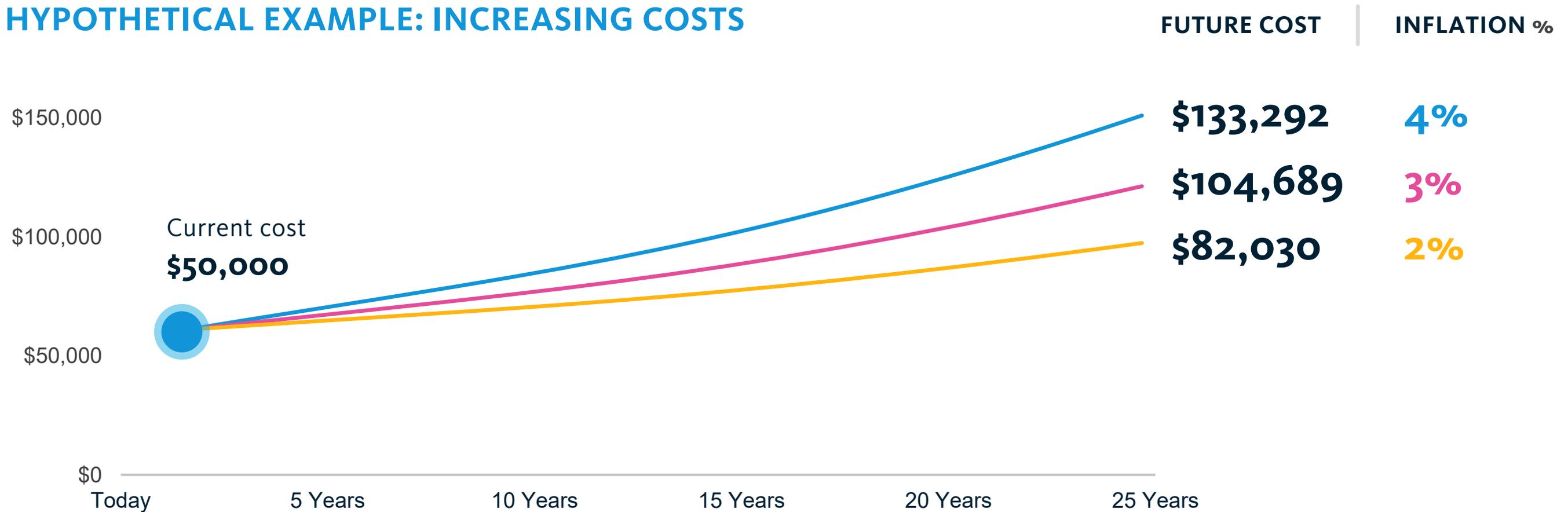
**IMPORTANT:** The projections or other information generated by the Planning & Guidance Center's Retirement Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Your results may vary with each use and over time.

## STEP 4: ASSET ALLOCATION

# Increasing costs

Inflation can affect buying power over time

### HYPOTHETICAL EXAMPLE: INCREASING COSTS



Source: Fidelity Investments. All numbers were calculated based on hypothetical rates of inflation of 2%, 3%, and 4% (historical average from 1926 to 2021 was 3%) to show the effects of inflation over time. This hypothetical example is for illustrative purposes only. It is not intended to predict or project inflation rates. Actual inflation rate may be higher or lower than those shown here.

## STEP 4: ASSET ALLOCATION

# Keep perspective; downturns are normal

Despite market pullbacks, stocks have risen over the long term



Past performance is no guarantee of future results. The S&P 500® Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation. S&P and S&P 500 are registered service marks of Standard & Poor's Financial Services LLC. The CBOE Dow Jones Volatility Index is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. You cannot invest directly in an index.

STEP 4: ASSET ALLOCATION

# Manage your portfolio

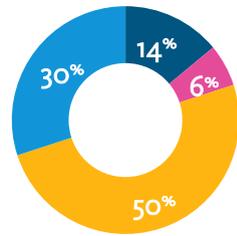
Allocate your assets based on your needs



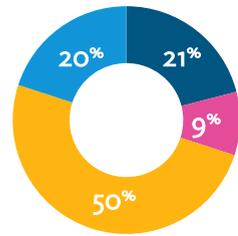
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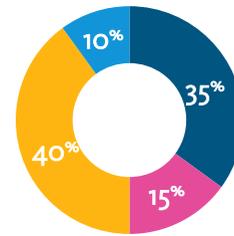
## Sample Asset Mixes



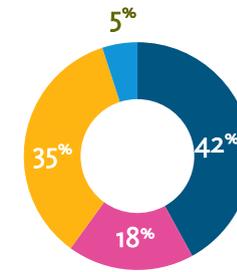
Conservative



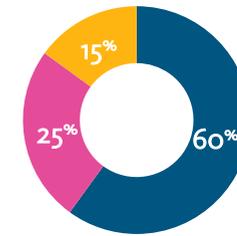
Moderate  
with Income



Balanced



Growth with  
Income



Aggressive  
Growth



LOW RISK

HIGH RISK

● Short-Term

● Bonds

● Domestic Stocks

● Foreign Stocks

Average  
Annual  
Return

**5.93%**

**6.71%**

**7.99%**

**8.59%**

**9.77%**

Fidelity Investments and Morningstar Inc. Hypothetical value of assets held in untaxed portfolios invested in US stocks, foreign stocks, bonds, or short-term investments. Stocks, foreign stocks, bonds, and short-term investments are represented by total returns of the IA SBBI US Large Stock TR USD Ext 1/1926-1/1987, Dow Jones Total Market from 2/1987-12/2021 IA SBBI US Large Stock TR USD Ext 1/1926-12/1969, MSCI EAFE 1/1970-11/2000, MSCI ACWI Ex USA GR USD 12/2000-12/2021; US Intermediate -Term Government Bond Index from 1/1926 - 12/1975, Barclays Aggregate Bond from 1/1976 - 12/2021; and IA SBBI US 30-Day T-Bills. Past performance is no guarantee of future results.

## STEP 4: ASSET ALLOCATION

# UC Pathway Funds

One fund that does the investing for you



Slide was created and provided by the University of California. [myucetirement.com/resource/2302](https://myucetirement.com/resource/2302)

Target Date Funds are an asset mix of stocks, bonds and other investments that automatically becomes more conservative as the fund approaches its target retirement date and beyond. Principal invested is not guaranteed.

# Expenses Matter



Lower expenses should be one of your top priorities in your retirement plan.



Every fund available in the UC 403(b), 457(b), and DC Plans, including the Pathway Funds, is designed to offer lower expenses.

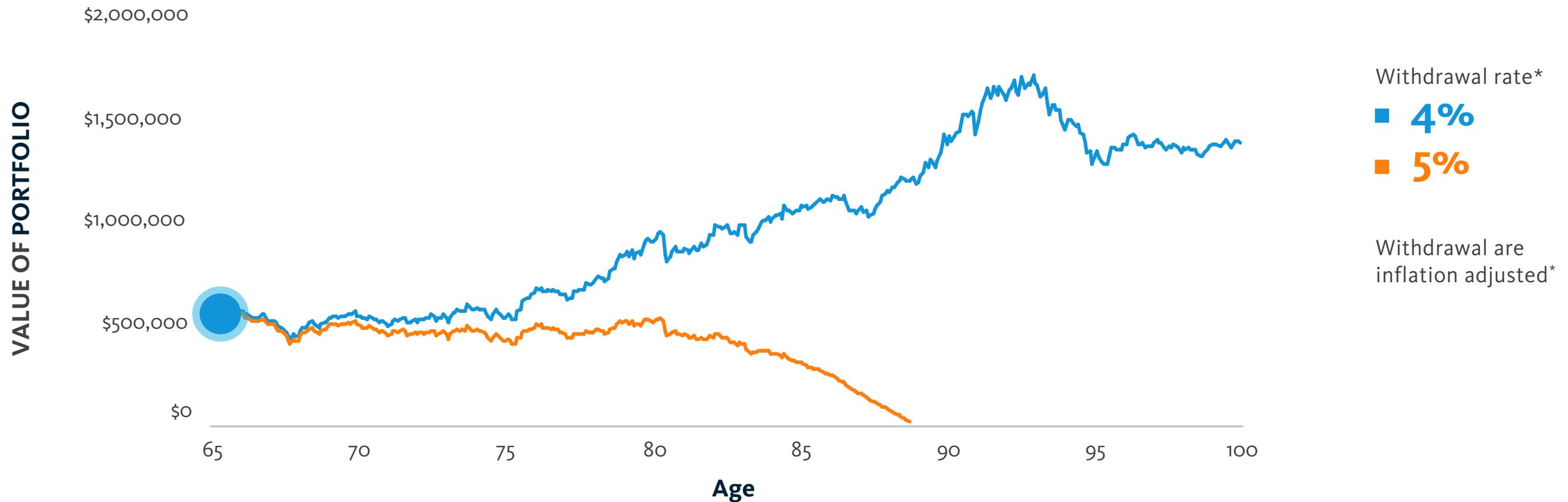


Even small differences in expenses can translate into large differences in returns over time.

## STEP 5: RETIREMENT SAVINGS WITHDRAWALS

# The impact of 1% more

For those who need to supplement predictable income with savings to cover expenses.



\*Hypothetical value of assets held in untaxed account after adjusting for monthly inflation-adjusted withdrawals and performance. Initial investment of \$500,000 invested in a portfolio of 50% stocks, 40% bonds, and 10% short-term investments. Hypothetical illustration uses historical monthly performance, from Ibbotson Associates, for the 35-year period beginning January 1972: stocks, bonds, and short-term investments are represented by the S&P 500® Index, U.S. intermediate-term government bond, and U.S. 30-day T-bills, respectively. Initial withdrawal amount based on 1/12th of applicable withdrawal rate multiplied by \$500,000. Subsequent withdrawal amounts based on prior month's amount adjusted by the actual monthly change in the Consumer Price Index for that month. This chart is for illustrative purposes only and is not indicative of any investment. Past performance is no guarantee of future results.

## FIVE STEPS

# Five steps to a more financially secure retirement

Understand your needs and options

Take action

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# Other helpful tips



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## Contingent Annuitant/Beneficiaries

- Name or update your contingent annuitant/beneficiaries.
- Share Survivor Benefits guide with loved ones.
- Your beneficiary designations for your pension, retirement accounts and insurance benefits will ensure that your balances are distributed as you direct.



## Cybersecurity

Secure your UC Retirement Savings Program accounts.

1. Two-factor authentication
2. Add or update your mobile phone number and email address
3. Set up online access for your UC Retirement Savings Program account(s)
4. And more...

# Help and resources for you available only through UC



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## UC-dedicated Fidelity Workplace Financial Consultants

- 1-1 consultations virtually or by phone at no cost
  - Create/refine a lifetime retirement income plan
  - Find the right mix of investments for your needs
- 



## Planning Summary

- Interactive, online tool to help you plan in retirement
- Explore different scenarios and get a clear plan of action.
- Access at the “Plan and Learn” link on [NetBenefits.com](https://www.netbenefits.com) (after login)

# Help and resources for you available only through UC



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## **myUCretirement.com**

- Your source for "All Things Retirement"
- Current news
- Educational Webinars
- [myUCretirement.com](https://myuc retirement.com)



## **UCnet, Retiree Centers and Support**

Keep up with news about UC, your benefits and other information of interest to you.

[ucnet.universityofcalifornia.edu/retirees](https://ucnet.universityofcalifornia.edu/retirees)

# Next steps



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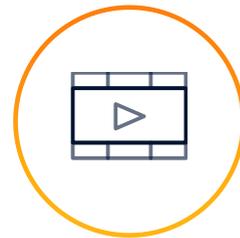


## Visit

[myUCretirement.com](https://myUCretirement.com)

[ucnet.universityofcalifornia.edu/retirees](https://ucnet.universityofcalifornia.edu/retirees)

*Planning Summary* at [NetBenefits.com](https://NetBenefits.com)  
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## Learn

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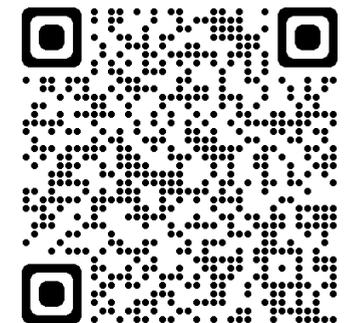
## Talk

Schedule a 1-1 Consultation.

Text **UCPLANNER** to **343898**

or scan this code

or call **1-800-558-9182**



Message and data rates may apply. Get details at <https://digital.fidelityinvestments.com/smseedigital.fidelityinvestments.com/smsee>

# Q&A



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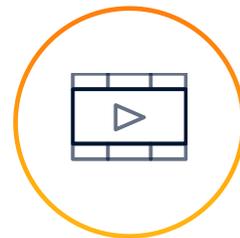


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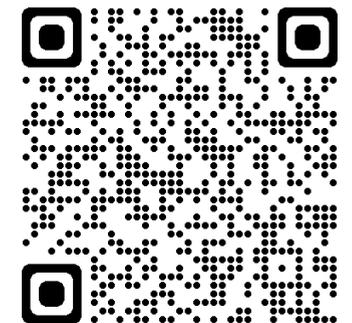
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Be sure to complete the survey  
and provide your feedback.



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webinar topics? Send them to:

[UCRSwebinars@ucop.edu](mailto:UCRSwebinars@ucop.edu)



# Important Information

Investing involves risk, including risk of loss.

Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

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