Guide to Retirement

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Retirement Landscape

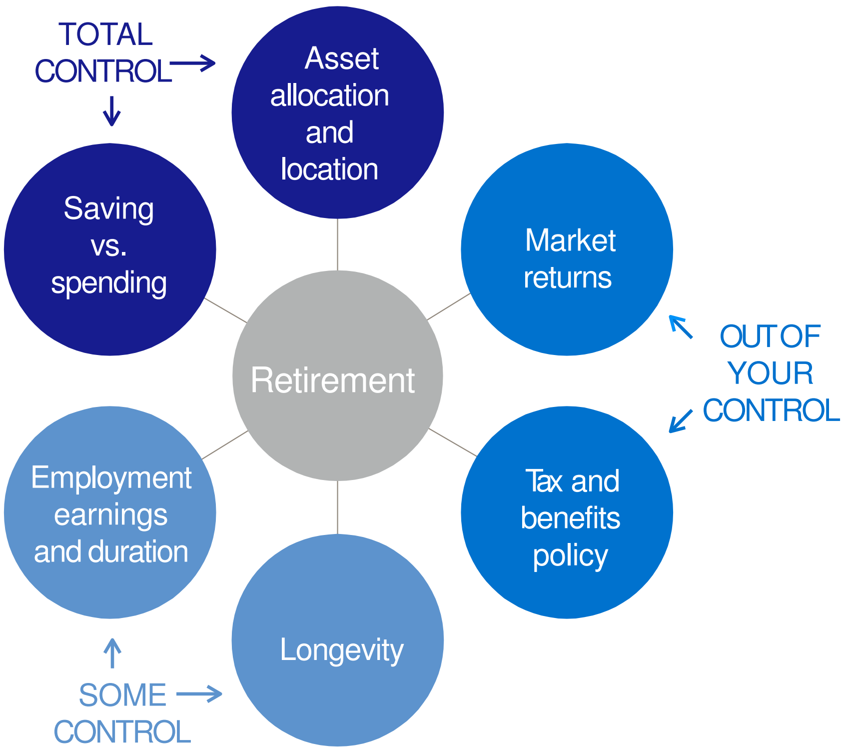
Guide to Retirement

Retirement Landscape

The Retirement Equation

A sound retirement plan

Make the most of the things that you can control but be sure to evaluate factors that are somewhat or completely out of your control within your comprehensive retirement plan.



Source: J.P. Morgan Asset Management

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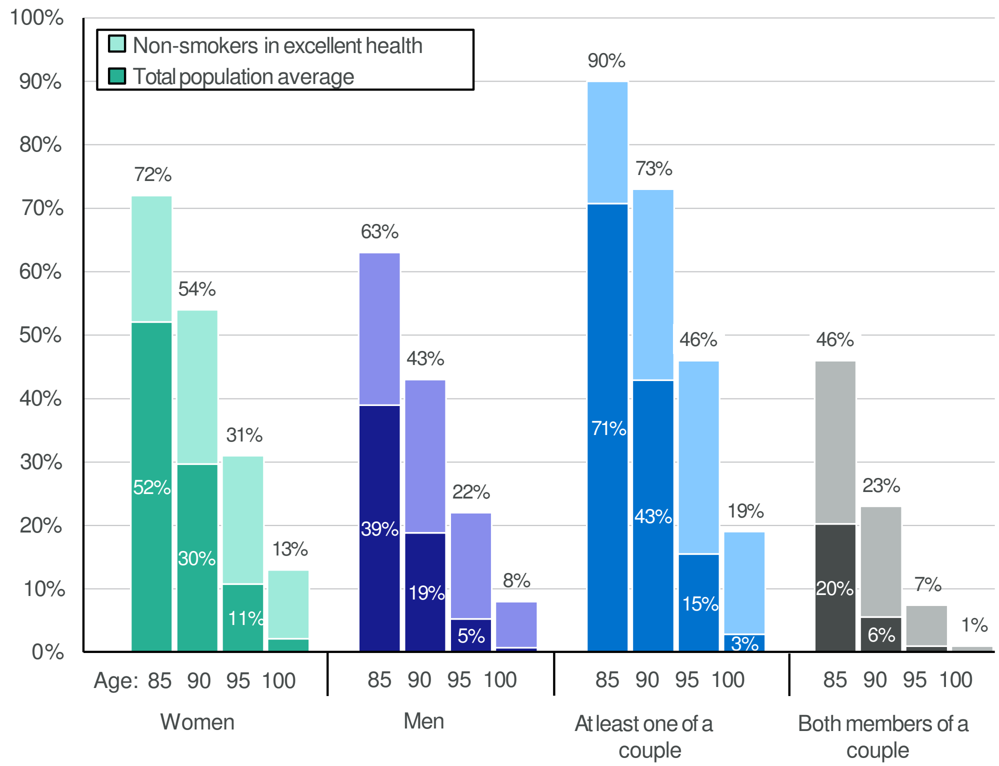
Retirement Landscape

Life Expectancy Probabilities

If you're age 65 today, the probability of living to a specific age or beyond



Plan for longevity

Average life expectancy is a mid-point not an end-point. You may need to plan on the probability of living much longer – perhaps 35 years in retirement – particularly if you are a non-smoker in excellent health.
Investing a portion of your portfolio for growth is important to maintain your purchasing power over time.

Source (chart): Social Security Administration, Period Life Table, 2020 (published in the 2023 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, http://www.longevityillustrator.org/ (accessed January 2024), J.P. Morgan Asset Management.

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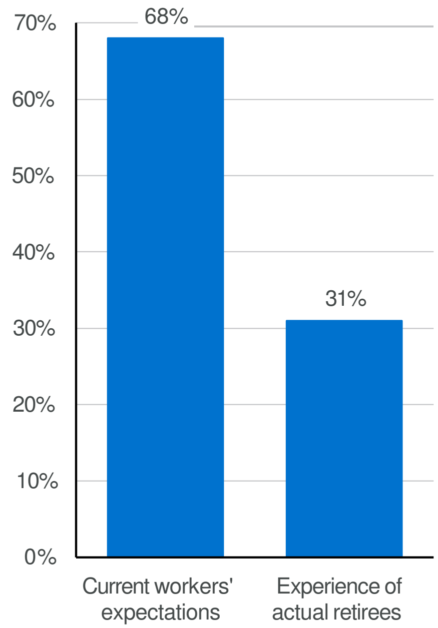
Managing Expectations of Ability to Work

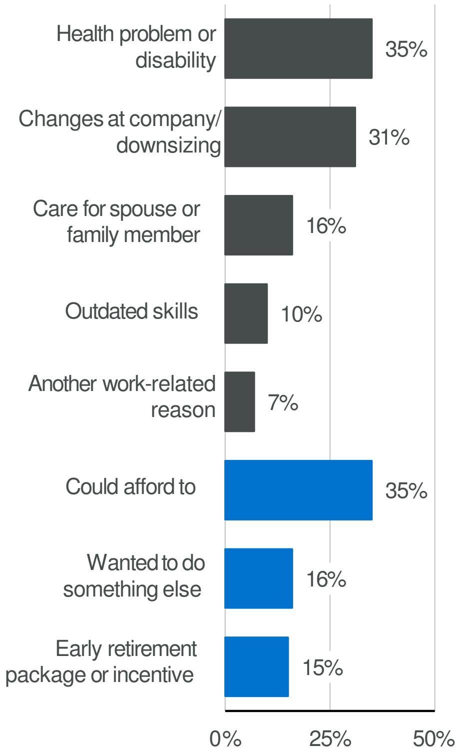
Expectations of workers vs. retirees
To retire at age 65 or older



Median retirement age:

Expected:	65
Actual:	62

Reasons for retiring earlier than planned



Early Retirement

You may not have complete control over when you retire, so you should consider having a back-up plan including:

- Disability insurance
- Saving for financial freedom and the ability to weather changing circumstances

Source: Employee Benefit Research Institute, Greenwald Research: 2023 Retirement Confidence Survey. Individuals may have given more than one answer. Latest available data as of December 31, 2023.

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Retirement Landscape

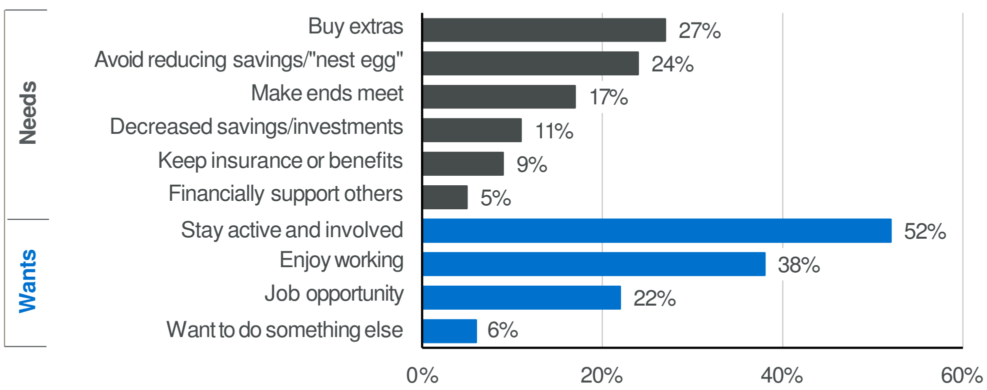
Prepare to Retire on Your Own Terms

For households that started retirement age 60-69:

53% Partially retired
At least one member of a household has work income

47% Fully retired

Major reasons people work in retirement



What does retirement mean to you?

Being well prepared for retirement means work will be optional.

Source (top chart): J.P. Morgan Asset Management, based on internal select data from JPMorgan Chase Bank, N.A. and its affiliates (collectively "Chase") including select Chase check, credit and debit card and electronic payment transactions from January 1, 2013 to November 30, 2022. Information that would have allowed identification of specific customers was removed prior to the analysis. Households age 60-69 with income for at least 12 consecutive months prior to retirement, 12 consecutive months after retirement and the month of retirement. Additional information on J.P. Morgan Asset Management's data privacy standards available at https://am.jpmorgan.com/us/en/asset-management/mod/insights/retirement-insights/gtr-privdisc/.
Source (bottom chart): Employee Benefit Research Institute, Greenwald Research: 2021 Retirement Confidence Survey. Latest available data as of December 31, 2023. Individuals may have given more than one answer.

Poll Question #1

Social Security

Claiming Social Security benefits at which age maximizes total wealth:

A. 62

B. Full Retirement Age (67 for those born in 1960 and later)

C. 70

D. It Depends

Poll Question #1
Social Security

And the answer is:

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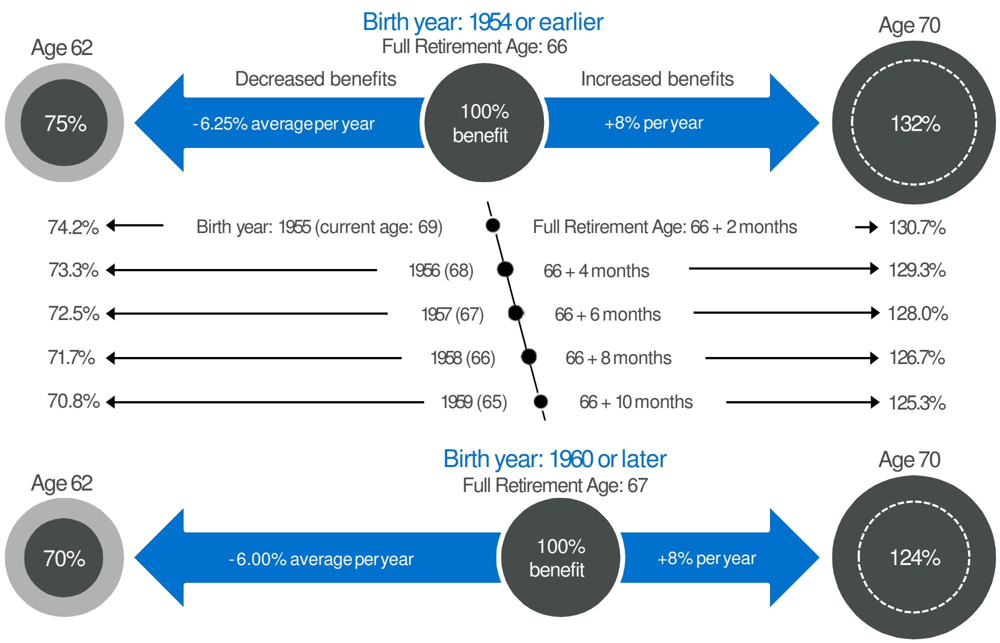
Retirement Landscape

Social Security Timing Trade-Offs

Benefits differ by birth year and claim age
Full Retirement Age (FRA) = 100% benefit



Cost of living increase for benefits received in 2023 **8.7%**

Average cost of living adjustment (1985-2023) **2.8%**

Understand the trade-offs

Deciding when to claim benefits will have a permanent impact on the benefit you receive. Claiming before your full retirement age can significantly reduce your benefit, while delaying increases it.

In 2017, full retirement age began transitioning from 66 to 67 by adding two months each year for six years. This makes claiming early even more of a benefit reduction.

For illustrative purposes only. The Social Security Amendments Act of 1983 increased FRA from 65 to 67 over a 40-year period. The first phase of transition increased FRA from 65 to 66 for individuals turning 62 between 2000 and 2005. After an 11-year hiatus, the transition from 66 to 67 (2017-2022) is complete. This material should be regarded as educational information on Social Security and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact the Social Security Administration and/or your legal or tax professional.

Source: Social Security Administration, J.P. Morgan Asset Management.

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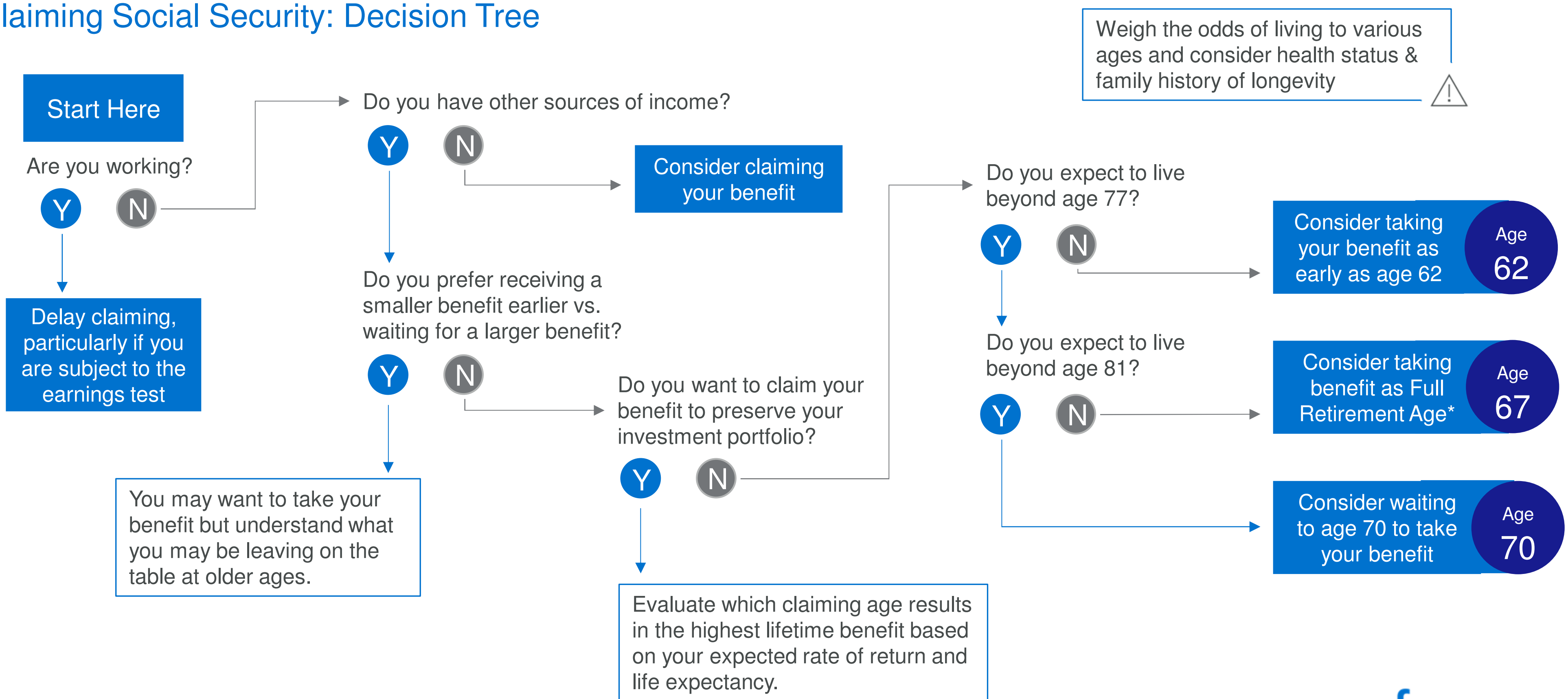
Claiming Social Security: Decision Tree



This material should be regarded as educational information on Social Security and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact the Social Security Administration and/or your legal or tax professionals. *Full Retirement Age (FRA) of 67 is for individuals born 1960 or later. This decision tree is also appropriate for other FRAs.
Source: Social Security Administration, J.P. Morgan Asset Management.

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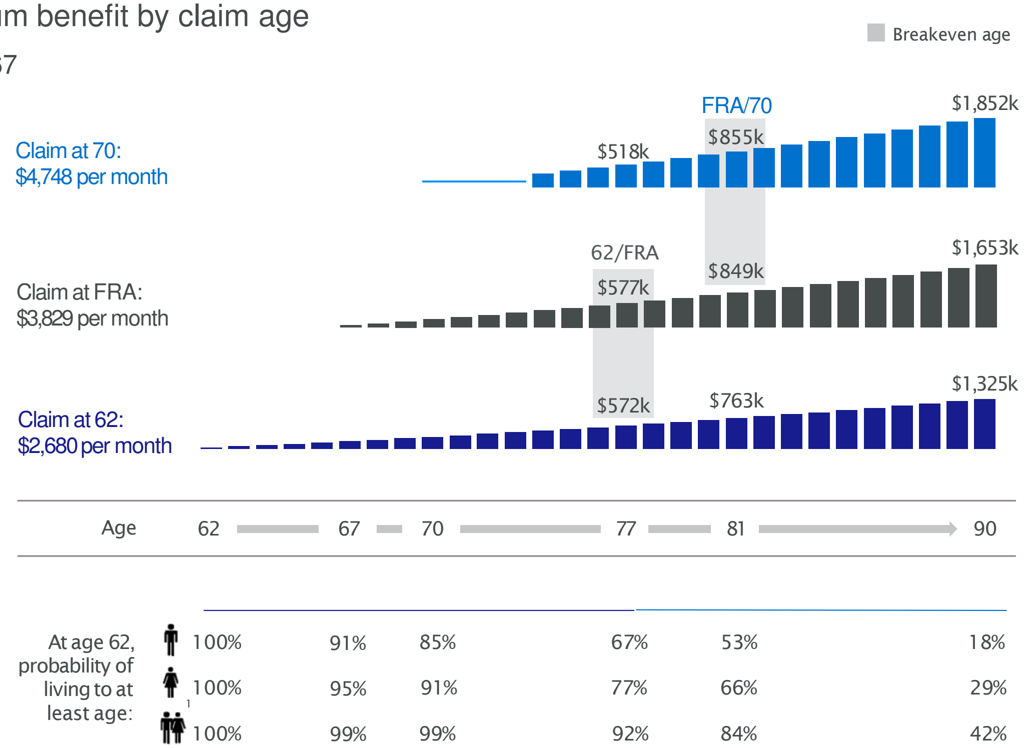
Maximizing Social Security Benefits: Maximum Earner

Cumulative individual maximum benefit by claim age

Full Retirement Age (FRA) = Age 67



Planning opportunity

Delaying benefits means increased Social Security income later in life, but your portfolio may need to bridge the gap and provide income until delayed benefits are received.

[1]Couple assumes at least one lives to the specified age or beyond. Breakeven assumes the same individual, born in 1962, earns the maximum wage base each year ($168,600 in 2024), retires at the end of age 61 and claims at 62 & 1 month, 67 and 70, respectively. Benefits are assumed to increase each year based on the Social Security Administration 2023 OASDI Trustee's Report intermediate estimates (annual benefit increase of 2.4% in 2025 and thereafter). Monthly amounts with the cost-of-living adjustments (not shown on the chart) are:
$4,311 at FRA and $5,739 at age 70. Exact breakeven ages are 76 years & 10 months and 80 years & 8 months. Source: Social Security Administration, J.P. Morgan Asset Management.

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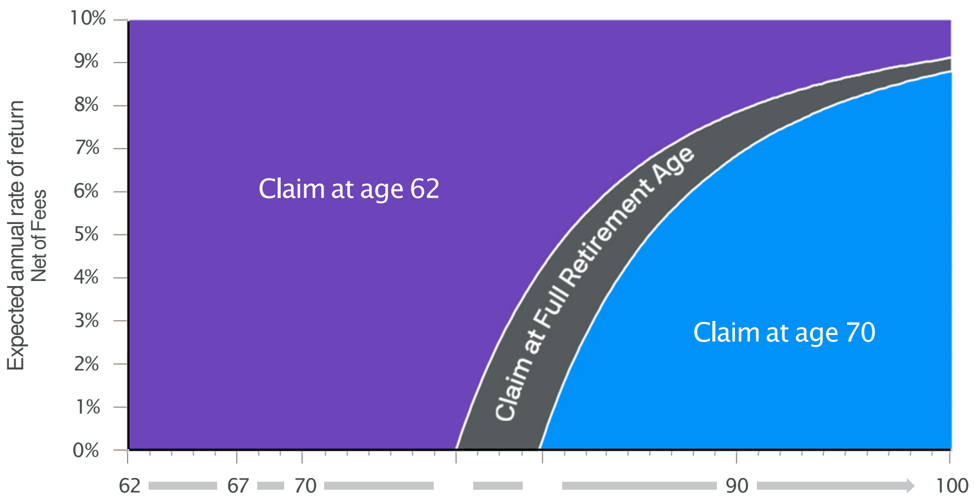
Social Security Benefit Claiming Considerations

Comparison of claim age based on an individual's expected rate of return and longevity

Color represents the claim age with the highest expected lifetime benefits

How to use:

- Go to the intersection of your expected rate of return and your expected longevity.
- The color at this intersection represents the Social Security claim age that maximizes total wealth (cumulative Social Security benefit and investment portfolio) given three claiming options: age 62, Full Retirement Age (age 67) and age 70.
- Example: For a woman with an expected consistent 5.5% rate of return (net of fees) and life expectancy of 88: consider claiming at age 70.



Consider portfolio returns and your life expectancy

The lower your expected long-term investment return and the longer your life expectancy, the more it pays to wait to take your benefit.

Assumes the same individual, born in 1962, retires at the end of age 61 and claims at 62 & 1 month, 67 and 70, respectively. Benefits are assumed to increase each year based on the Social Security Administration 2023 OASDI Trustee's Report intermediate estimates (annual benefit increase of 2.4% in 2025 and thereafter). Analysis is based on a maximum earner (all earnings profiles yield similar results). Expected rate of return is deterministic, in nominal terms, and net of fees. Source (chart): Social Security Administration, J.P. Morgan Asset Management. Source (longevity): Social Security Administration 2023 OASDI Trustees Report.

Saving

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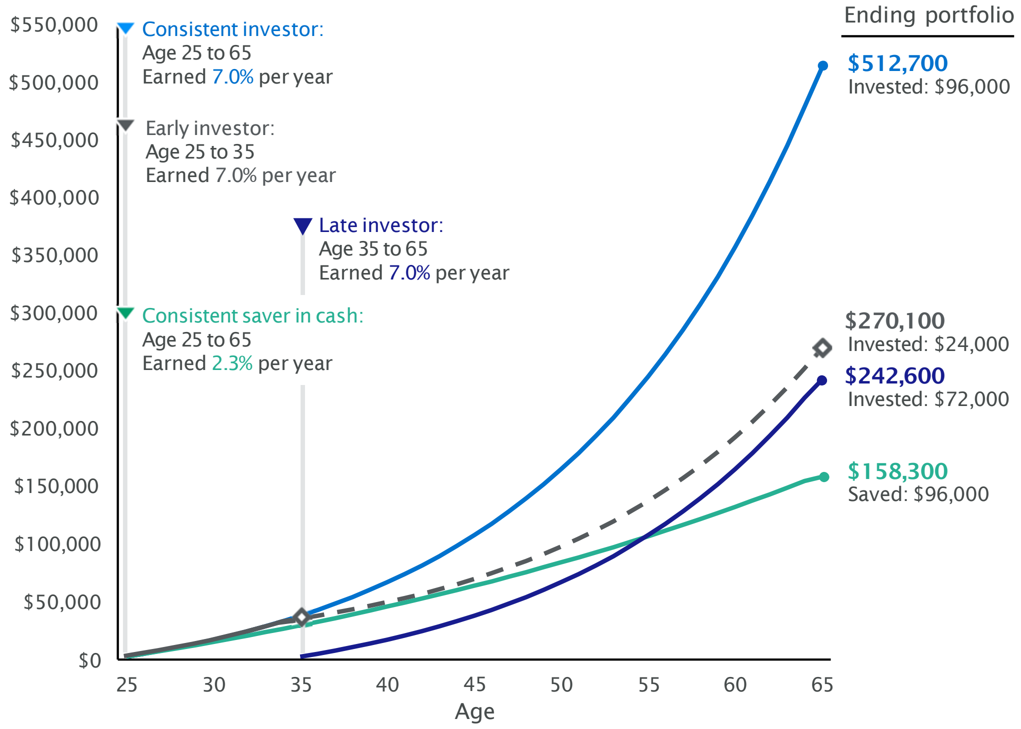
Saving

Benefit of Saving and Investing Early

Account growth of $200 invested/saved monthly



Starting early and investing are the keys to compound returns

The early and consistent investor has the best results.

The early investor who stops after 10 years does slightly better than the late investor who invests significantly more over a longer time.

And the consistent saver who does not invest loses out on higher returns.

Source: J.P. Morgan Asset Management, Long-Term Capital Market Assumptions. Compounding is the increasing value of assets due to investment return earned on both principal and prior investment gains. The above example is for illustrative purposes only and not indicative of any investment.

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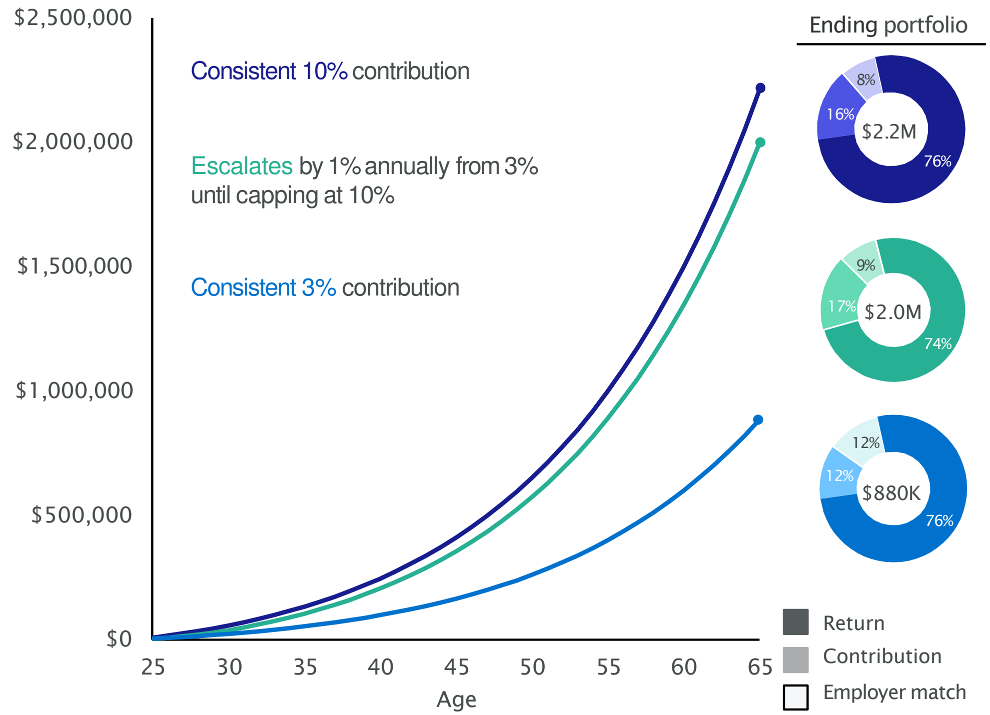
Saving

The Benefits of Auto-Escalation

Account growth from contributions, employer match and investment returns



Model assumptions

Start age: 25

Retirement age: 65

Starting salary: $50,000

Wage growth: 2.5%

Assumed annual employer match: 100% of employee contribution up to 5%

Investment return: 7.0%

Individual is assumed to retire at the end of age 65. Growth of portfolio is tax deferred; ending portfolio may be subject to tax.
Source: J.P. Morgan Asset Management, Long-Term Capital Market Assumptions. The above example is for illustrative purposes only and not indicative of any investment.

Poll Question #2

Retirement Savings By Account Type

Which of the following account types is triple tax advantaged?

A. **Pre-tax 401(k)**

B. **Roth 401(k)**

C. **After tax 401(k)/non-deductible Traditional IRA**

D. **HSA (Health Savings Account)**

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Poll Question #2
Retirement Savings By Account Type

And the answer is:

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Saving

Tax Implications for Retirement Savings by Account Type

	Contributions[1]	Investment growth	Withdrawals
Pre-tax 401(k)/ Traditional IRA	+	+	– (Taxed as ordinary income)
Roth 401(k)/ Roth IRA	–	+	+ (For qualified withdrawals)
After-tax 401(k)/ non-deductible Traditional IRA	–	+	– (Investment returns taxed as ordinary income)
Health Savings Account (HSA)[3]	+	+	+ (For qualified health care expenses)

Retirement accounts: Taxes generally apply to contributions or withdrawals. Most withdrawals must be qualified to avoid tax penalties.[2]

If not used for qualified health care expenses, withdrawals after age 65 will be taxed as ordinary income (without penalty).

+ Preferential tax treatment   – Subject to taxes

Federal taxes; states may differ. This is not intended to be individual tax advice. Consult your tax professional. [1]Income and other restrictions may apply to contributions. Tax penalties usually apply for early withdrawals. Qualified withdrawals are generally those taken over age 59½; qualification requirements for amounts converted to a Roth from a traditional account may differ; for some account types, such as Roth accounts, contributions that are withdrawn may be qualified. See IRS Publications 590 and 560 for more information. [2]Withdrawals from after-tax 401(k) and non-deductible IRAs must be taken on a pro-rata basis including contributions and earnings growth. For non-deductible IRAs, all Traditional IRAs must be aggregated when calculating the amount of pro-rata contributions and earnings growth. [3]There are eligibility requirements. Qualified medical expenses include items such as prescriptions, teeth cleaning and eyeglasses and contacts for a medical reason. Cosmetic procedures, such as teeth whitening, and general health improvement, such as gym memberships and vitamins, are not qualified expenses. A 20% tax penalty applies on non-qualified distributions prior to age 65. After age 65, taxes must be paid on non-qualified distributions. See IRS Publication 502 for details.

Source: J.P. Morgan Asset Management.

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Saving

Diversified Sources of Retirement Funding

Account type	Investment earnings/ withdrawals	Included when calculating whether: Income taxes owed?	Included when calculating whether: Social Security % taxed? Medicare surcharges?
Health Savings Account	Tax-free withdrawals (for qualified health care expenses)[1]		
Roth 401(k)/IRA	Tax-free withdrawals[2]		
Taxable Account	Tax-exempt interest		☑
	Ordinary dividends Taxable interest	☑	☑
	Qualified dividends	☑	☑
	Realized capital gains	☑	☑
Pre-tax 401(k)/ Traditional IRA	Taxable withdrawals (ordinary income)	☑	☑

Retirement funding sources are not created equal

Be aware of:

- Income taxes
- How much Social Security benefit is subject to tax
- Additional required Medicare premiums

Qualified withdrawals from Roth or Health Savings Accounts can provide tax-free funding that will not result in reduction of government benefits.

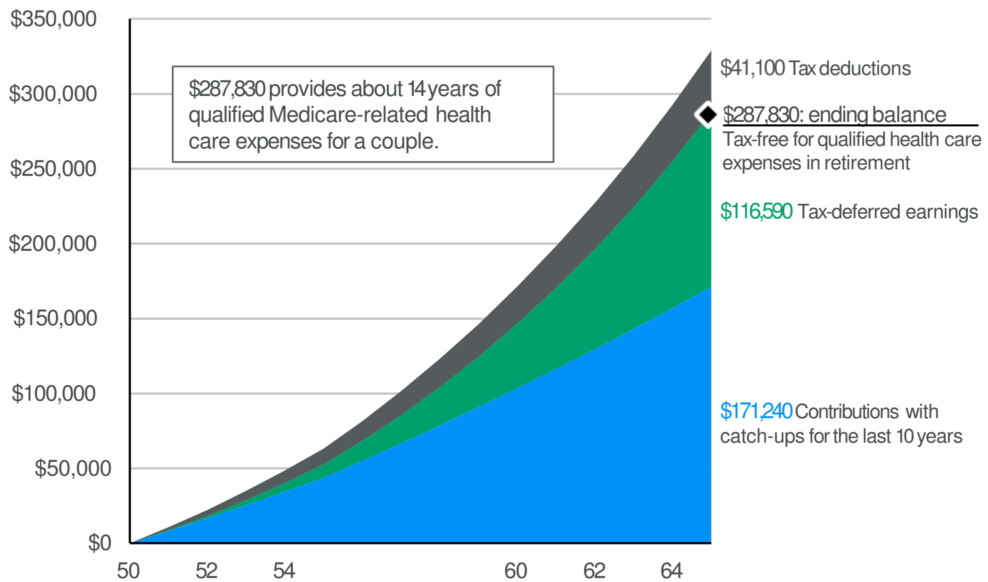
This is not intended to be individual tax advice; consult your tax professional. [1]Must have a qualifying high-deductible health plan to make contributions. Funds in the HSA may be withdrawn tax free for qualified medical expenses unless a credit or deduction for medical expenses is claimed. After age 65 funds also may be withdrawn at ordinary income tax rates without penalty for any reason. [2]Subject to 5-year Roth account holding period and age requirements.
Source: J.P. Morgan Asset Management.

Saving

Maximizing an HSA for Health Care Expenses

Health Savings Accounts (HSAs) are triple tax advantaged[1]

Maximum family contribution with catch-ups, 7% return and 24% marginal tax rate



Make the most of it

Investing your HSA contributions for the long term and paying for current health care expenses out of other savings can be a very tax-efficient strategy if you are able to do so.

[1]Must have a qualifying high-deductible health plan to make contributions. Funds in the HSA may be withdrawn tax free for qualified medical expenses unless a credit or deduction for medical expenses is claimed. After age 65 funds also may be withdrawn for any reason and taxed as ordinary income without penalty. Some health insurance premiums may be qualified expenses such as COBRA coverage, coverage while receiving state or federal unemployment compensation, Medicare Part B and D premiums and qualified long-term care (LTC) insurance premiums up to certain limits but excludes Medigap/Medicare supplement policies and most hybrid products that combine LTC with annuities and life insurance. See IRS Publications 969 and 502. This is not intended to be individual tax advice; consult a tax professional.
The above example is for illustrative purposes only and not indicative of any investment. 2024 family contribution limit of $8,300 is adjusted for inflation of 2.5% for 15 years with catch-up contributions of $1,000 per person starting at age 55 in 2029. Does not include account fees. Present value of illustrated HSA is $197,360. Estimated savings from tax deductions at a 37% marginal rate are $63,360. Assumes cash or income used for health care expenses is not withdrawn from an account with a tax liability. Assumes $2,000 was held in a cash account and not earning a return. Individual 2024 contribution limit is $4,150.
Source: IRS.gov; Medicare.gov; J.P. Morgan Asset Management.

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Spending

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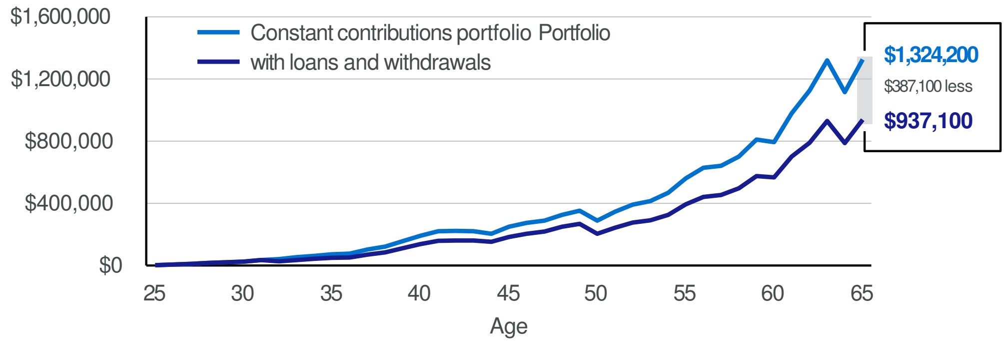
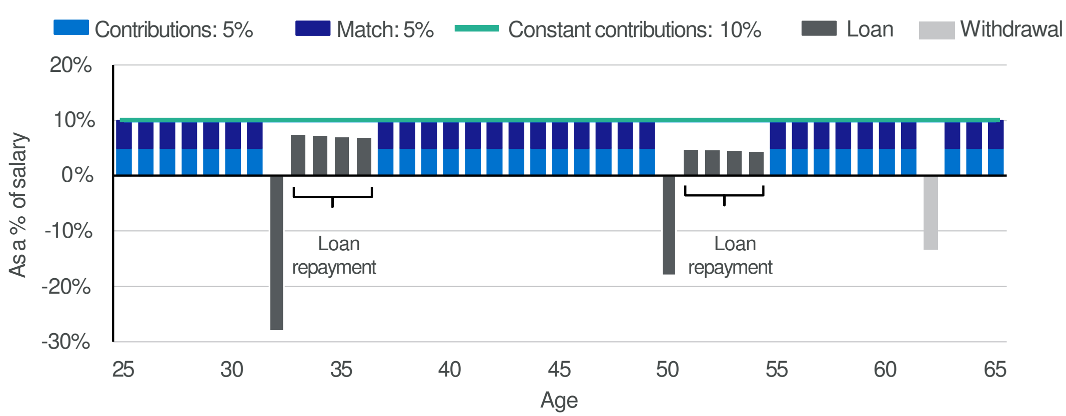
Spending

The Toxic Effect of Loans and Withdrawals

Growth of 401(k) investment



Assumed cash flows: 401(k) contributions, loans and withdrawals



Mitigate the effects of loans

If taking a loan from your 401(k) is unavoidable, try to mitigate the impact by continuing contributions while repaying the loan. It is especially important to ensure you continue to receive an employer match, if available.

Source: J.P. Morgan Asset Management. For illustrative purposes only. Hypothetical portfolio is assumed to be invested 60% in the S&P 500 and 40% in the Bloomberg Capital U.S. Aggregate Index from 1983-2023. Starting salary of $30,000 increases by 2.5% each year. Loan and withdrawal amounts are assumed to be $10,000. Loan interest rate is assumed to be 7.5% and is paid off over 4 years.

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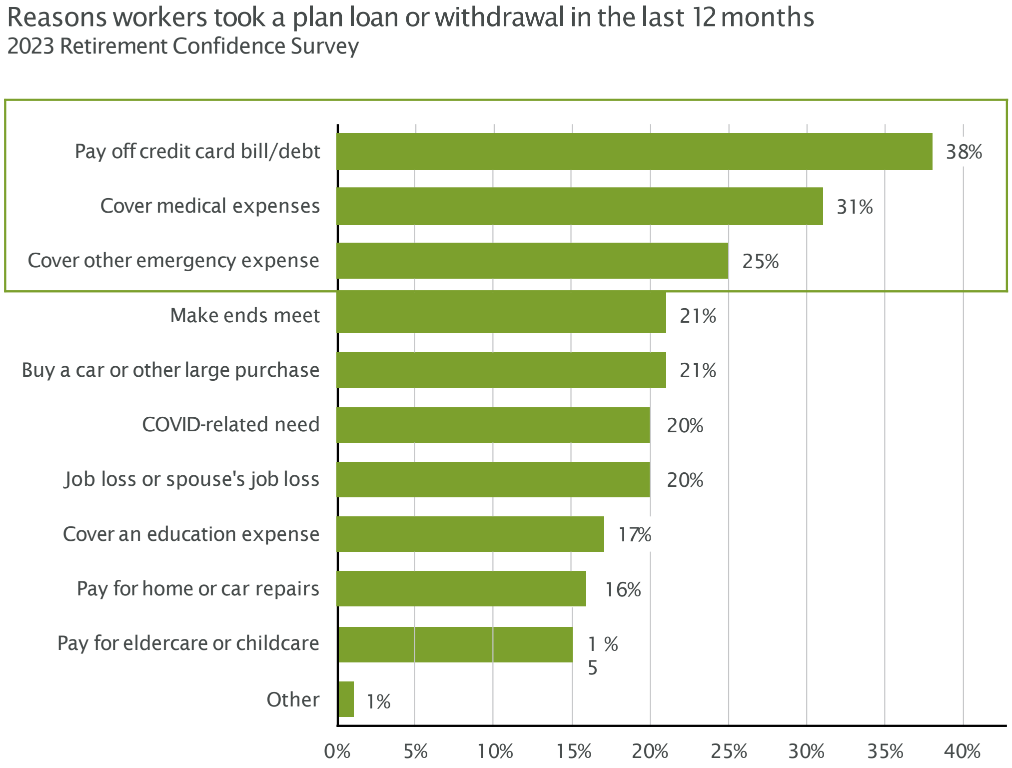
Spending

Reasons for 401(k) Plan Loans and Withdrawals



Build emergency savings and contribute to health savings accounts to help you avoid a 401(k) loan.

This can help keep you on track for retirement.

Source: Employee Benefit Research Institute, Greenwald Research: 2023 Retirement Confidence Survey. Respondents could select all that apply.

Poll Question #3
Spending

As a percentage of their spending, older households (age 75+) spend more on these two categories than younger households (ages 35-44):

A: **Health care and gifts/charity**

B: **Transportation and food**

C: **Housing and healthcare**

D: **Housing and food**

Poll Question #3
Spending

And the answer is:

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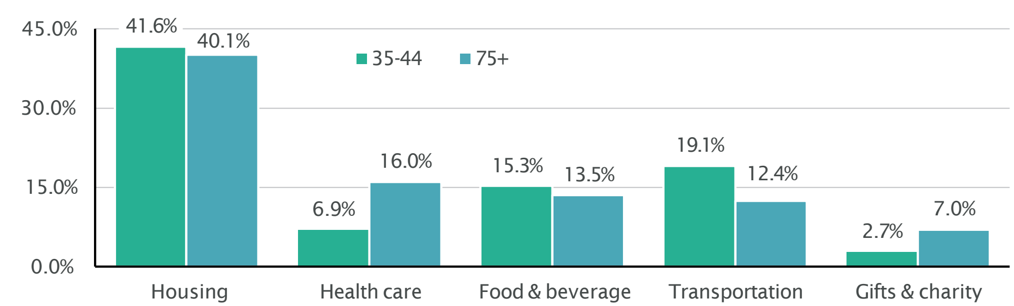
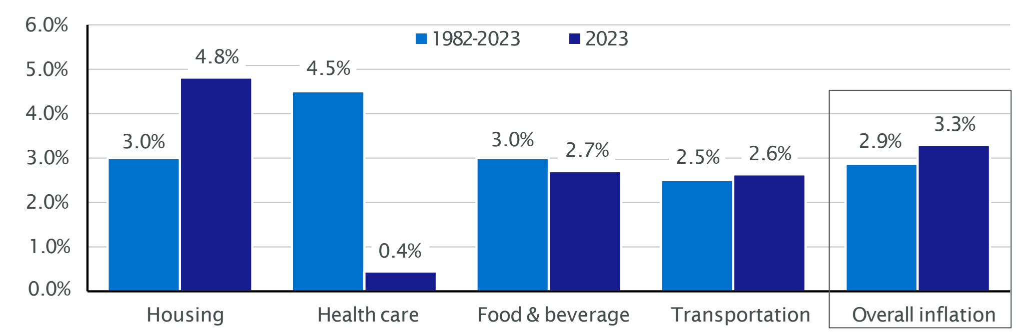
Spending

Spending and Inflation

Average annual spending by age and category 2017-2022



Annual average inflation by spending category



Take a long-term view

Households may benefit from a long-term view of inflation and how spending may change over time.

As a percentage of their spending, older households purchase more health care and gifts, but less on food and transportation.

The spending categories shown are 89% of spending for households age 75+.

Source (top chart): Bureau of Labor Statistics (BLS), 2017-2022 annual average Consumer Expenditure Survey, adjusted to December 2023 dollars. Housing inflation includes imputed rent (the amount a household would pay to rent the house they own). Housing spending includes mortgage payments, rent, property taxes, maintenance, utilities and furnishings. Those who own their home outright or have low fixed mortgages may have a hedge against inflation. Additional spending categories for age 35-44 and 75+, respectively: entertainment 6% and 4%; other 4% and 4%; apparel 3% and 2%; education 2% and 1%.
Source (bottom chart): BLS, Consumer Price Index (all urban consumers, seasonally adjusted), J.P. Morgan Asset Management.

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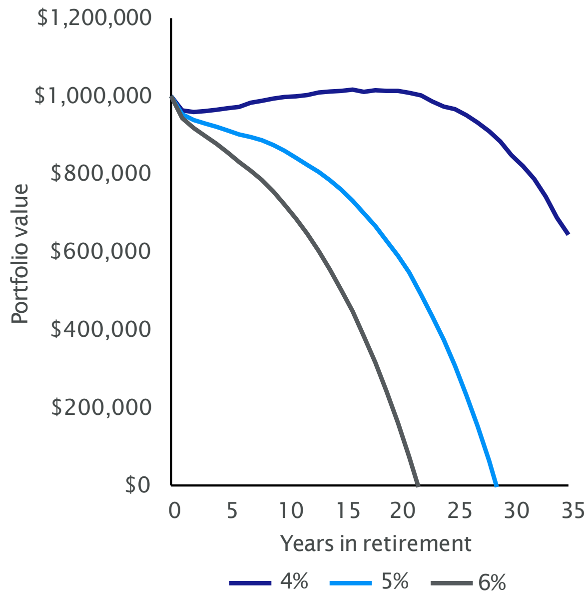
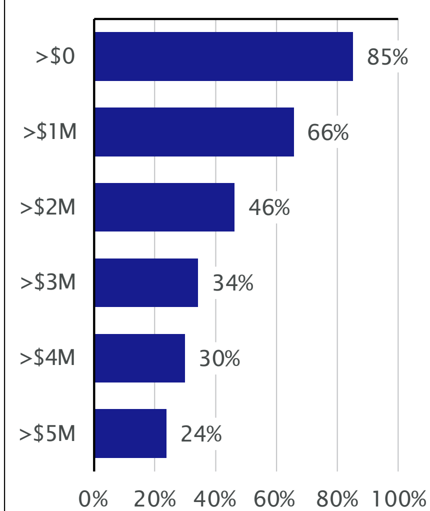
Spending

The 4% Rule: Projected Outcomes Vs. Historical Experience

40/60 portfolio at various initial withdrawal rates
Projected nominal outcomes, 80th percentile



Historical ending wealth at 4% initial withdrawal rate (1928-2023)
67 rolling 30-year periods



Good in theory, poor in practice

The 4% rule is the maximum initial withdrawal percentage that has a high likelihood of not running out of money after 30 years. With current life expectancies, a 35-year view is more appropriate.

The outcomes are sensitive to forward-looking return assumptions and the rule is not guidance on how to efficiently use your wealth.

You may want to consider a dynamic approach that adjusts over time to more effectively use your retirement savings.

Source: These charts are for illustrative purposes only and must not be used, or relied upon, to make investment decisions. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds). Right chart: The portfolio returns for the historical analysis are calculated based on 40% S&P 500 Total Return and 60% Bloomberg U.S. Aggregate Total Return. Each portfolio's starting value is set at $1,000,000. Withdrawals are increased annually by CPI (CPI NSA Index). Ending wealth at the end of each 30-year rolling period is in nominal terms. Left chart: The hypothetical portfolio assumes All Country World Equity and U.S. Aggregate Bonds. J.P. Morgan Asset Management's (JPMAM) model is based on proprietary Long-Term Capital Market Assumptions equilibrium returns. The resulting projections include only the benchmark return associated with the portfolio and do not include alpha from the underlying product strategies within each asset class. The yearly withdrawal amount is set as a fixed percentage of the initial amount of $1,000,000 and is then inflation adjusted over the period (2.5%). Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve.

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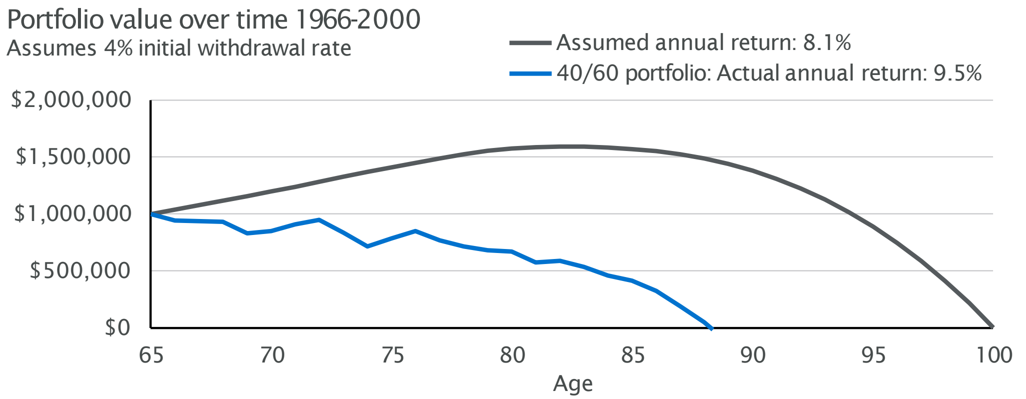
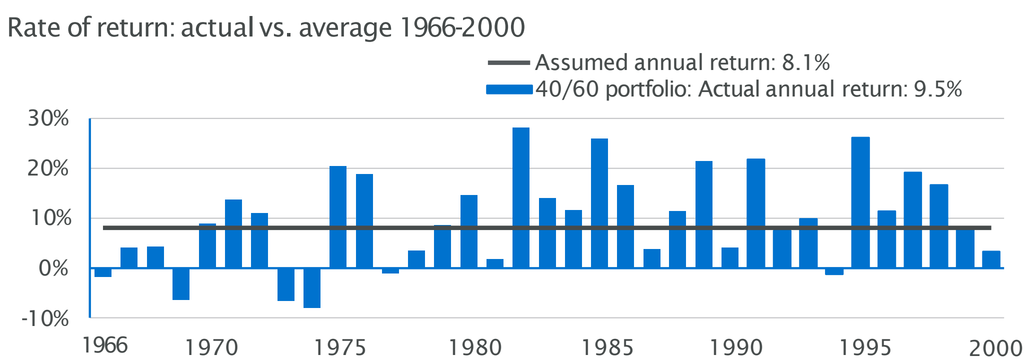
Dollar Cost Ravaging: Timing Risk of Withdrawals





Sequence of return risk

Withdrawing assets in a volatile market early in retirement can ravage a portfolio. Consider investment solutions that incorporate downside protection such as:

- Balanced risk and diversification at the beginning of retirement
- Annuities with guarantees and/or protection features
- Investments that use options strategies for defensive purposes

Assumptions (top chart): Retire at age 65 with $1,000,000 and withdraw 4% of the initial portfolio value ($40,000). Withdrawal amount increased by historical inflation (CPI-U) each year. Returns are based on a hypothetical portfolio, which is assumed to be invested 40% in the S&P 500 Total Return Index and 60% in the Bloomberg Capital U.S. Aggregate Index. The assumptions are presented for illustrative purposes only. They must not be used, or relied upon, to make investment decisions. There is no direct correlation between a hypothetical investment and the anticipated future return of an index. Past performance does not guarantee future results. Annual inflation (CPI-U) increased from 2.4% in 1966 to 6.3% in 1970; 10-year U.S. Treasury rate increased from 4.93% in 1966 to 7.35% in 1970. Source: J.P. Morgan Asset Management; U.S. Bureau of Labor Statistics; Department of the Treasury.

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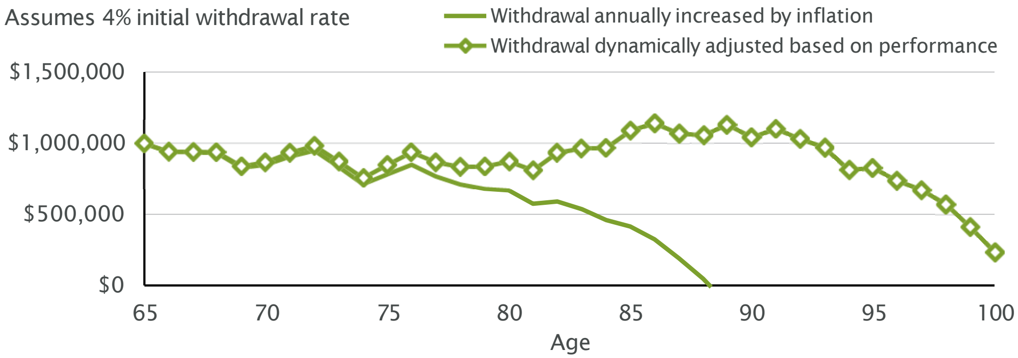
Spending

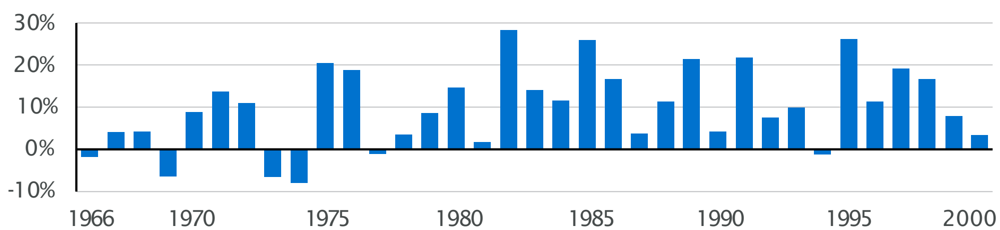
Mitigating Dollar Cost Ravaging: Dynamic Spending

Portfolio value over time 1966-2000

Assumes 4% initial withdrawal rate



Rate of return: 40% equity/60% bond portfolio 1966-2000



Be flexible

Spending the same amount in retirement grown by inflation regardless of how your portfolio is performing can result in an unsuccessful outcome.

Consider adjusting your spending strategy based on market conditions to help make your money last and provide more total spending through your retirement years.

Assumptions (top chart): Retire at age 65 with $1,000,000 and withdraw 4% of the initial portfolio value ($40,000). Fixed withdrawal scenario assumes the withdrawal amount is increased by historical inflation (CPI-U) each year. Dynamic withdrawal scenario assumes that if the annual return on portfolio is: 1) less than 5%, withdrawal remains the same as the prior year; 2) between 5% and 10%, withdrawal is increased by actual inflation (CPI-U); 3) greater than 10%, withdrawal is increased by actual inflation +3%. While the dynamic withdrawal scenario during this historical period provided 25% more total spending in today's dollars, it is for illustrative purposes only and may not be successful during other time periods. Returns are based on a hypothetical portfolio, which is assumed to be invested 40% in the S&P 500 Total Return Index and 60% in the Bloomberg Capital U.S. Aggregate Index. The assumptions are presented for illustrative purposes only. They must not be used, or relied upon, to make investment decisions. There is no direct correlation between a hypothetical investment and the anticipated future return of an index. Past performance does not guarantee future results.

Source: J.P. Morgan Asset Management; U.S. Bureau of Labor Statistics; Department of the Treasury.

65 and Working: Should I Sign Up for Medicare?

Assumes adequate employer coverage and qualification for Medicare at age 65[1]

Start Here

Check with your employer: Do you have creditable coverage for major medical and drugs?[2]
- Y → Do you contribute to a Health Savings Account (HSA)?
- N → Sign up for Medicare and stop monthly HSA contributions

Do you contribute to a Health Savings Account (HSA)?
- Y → Have you filed or will you file for Social Security benefits within 6 months?
- N → Sign up for Part A

Have you filed or will you file for Social Security benefits within 6 months?
- Y → Stop HSA contributions and opt out of Medicare Part B
- N → Do not sign up for Medicare

Sign up for Medicare and stop monthly HSA contributions[3]
- Enroll in Medicare the month before the month you turn 65 to avoid gaps in coverage.
- Stop monthly HSA contributions to avoid tax penalties.

Sign up for Part A
- Part A is free for people who paid payroll taxes for 40 quarters (10 years) and employer coverage is usually primary.
- If you want to contribute to an HSA in the future, do not sign up for Social Security benefits and disenroll from Part A.[3]

Do not sign up for Medicare
- HSA contributions while on Medicare will result in tax penalties.[4]

Stop HSA contributions and opt out of Medicare Part B
- Once you start Social Security benefits, you will automatically be enrolled in Part A, retroactive to the lesser of six months or age 65.
- Tax penalties apply if you are enrolled in Part A and contribute to an HSA.[4] Contact Medicare.gov to opt out of Part B.

Avoid coverage gaps and penalties

Creditable coverage is key. Late enrollment penalties will apply if you do not have creditable coverage and do not sign up during your enrollment window (3 months before to 3 months after your 65th birthday month).

COBRA coverage (a temporary extension of major medical employer coverage when work stops) is not creditable, although some extended prescription coverage may be creditable (ask for documentation).

[1]Assumes Part A is no cost (generally for people who paid payroll taxes for 40+ quarters or are married to a beneficiary who did so). Some individuals may choose to sign up for Part A and Part B earlier than shown if they want additional coverage. [2]Ask your employer for documentation of creditable coverage for major medical and for drug coverage. Employer coverage for less than 20 people is usually not creditable and will end at age 65 or become secondary after Medicare has paid. [3]To disenroll you must have an interview with the Social Security Administration and use Form CMS 1763. When you sign up for Part A again or sign up for Social Security, coverage may be retroactive for up to 6 months. You will be unable to disenroll if you are receiving Social Security. [4]Total HSA contributions for the year in excess of the maximum contribution for the year divided by the number of months you are eligible to make contributions will result in tax penalties (6% of the excess contribution each year). This is not intended to be individual tax advice; consult your tax professional. For more information, see www.mymedicarematters.org/enrollment/am-i-eligible, sponsored by the National Council on Aging. Source: IRS Publication 969, National Council on Aging and Medicare.gov websites as of December 31, 2023; J.P. Morgan Asset Management analysis.

Three Steps for Medicare Coverage

1 Sign up for Parts A and B on Medicare.gov

Part A: (inpatient hospital insurance) + Part B: (insurance that covers doctor visits, tests and outpatient hospital visits)

2 Choose your plan

Option 1

Original Medicare accepted by all Medicare providers

- Medigap (covers gaps in Part A & B; also called supplemental)
- Part D drug coverage (will have co-pays and deductibles)
- Vision, dental and hearing (must buy separate policies if want coverage)

Option 2

Medicare Advantage/ Part C limited to a network of providers

Includes Part D drug coverage
May cover some vision, dental, hearing and other expenses
(will have co-pays and deductibles for medical and drug expenses)

3 Prepare for additional expenses: Medicare does not cover most long-term care costs[1]

For help, visit the Medicare Rights Center at www.medicarerights.org or your State Health Insurance Assistance Program (SHIP) at www.shiptacenter.org.

Medicare details

Sign up for all parts of Medicare the month before the month you turn age 65 to avoid coverage gaps unless your employer has confirmed you have creditable coverage.

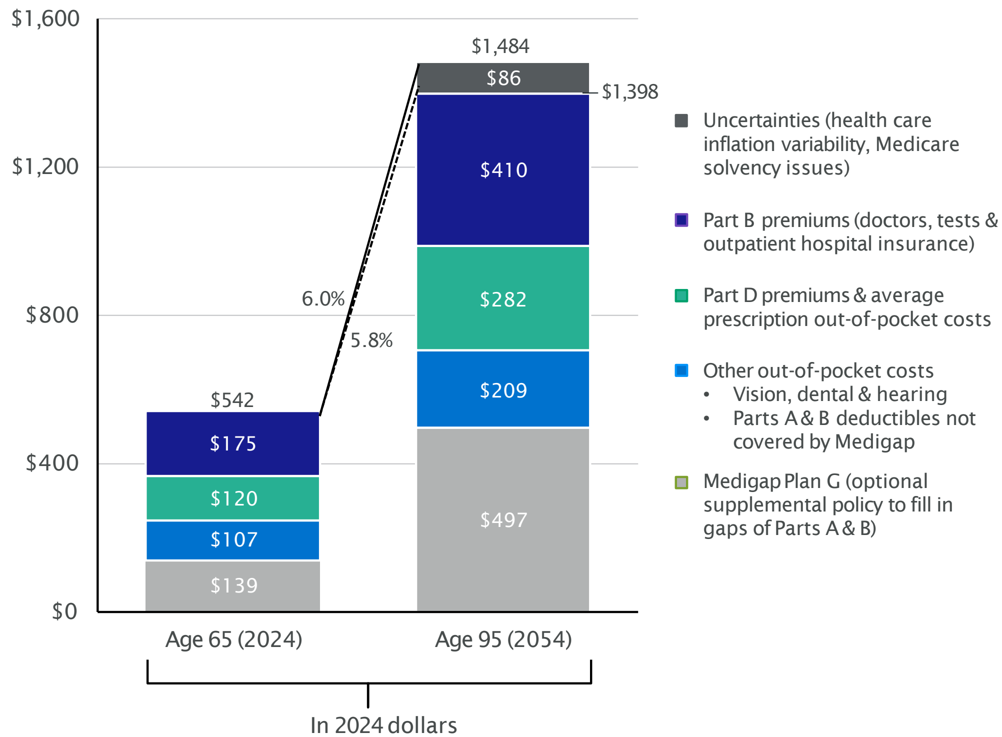
Re-evaluate your choices each year.

[1]Medicare does pay for medically necessary skilled nursing facility or home health care, with strict requirements that are difficult to meet on a limited basis, and for some hospice care. If you transfer assets to others there is a five-year "look back" where the government will recover the assets transferred if you go on Medicaid. This is not personal advice. Consult an elder care attorney if you have questions. Source: Medicare.gov as of December 31, 2023; J.P. Morgan Asset Management analysis.

Guide to Retirement
Spending

Rising Health Care Costs in Retirement

Original Medicare costs in retirement (in 2024 dollars)
Monthly amount per person



A growing concern

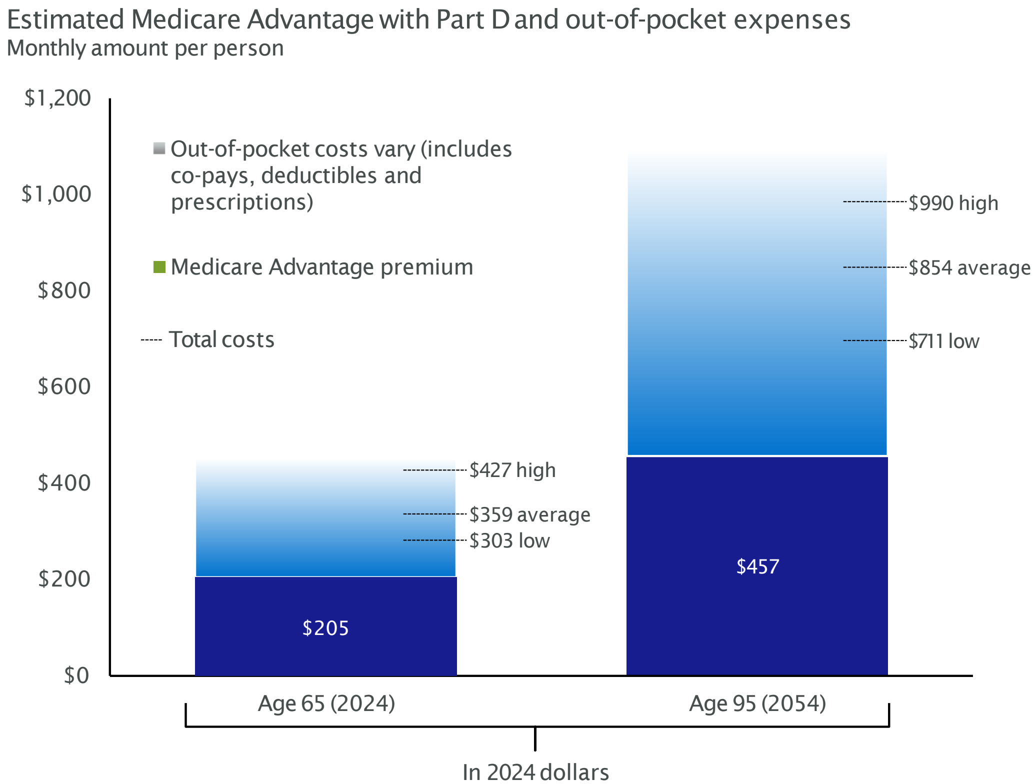
Annual expenses per person in 2024 are $6,503.

Given variation in health care cost inflation from year to year, it may be prudent to assume an annual health care inflation rate of 6.0%, which may require growth as well as current income from your portfolio in retirement.

Estimated future value total average monthly cost at age 95 is $3,112. Today's dollar calculation used a 2.5% discount rate to account for overall inflation. Medigap premiums typically increase with age, in addition to inflation, except for the following states: AR, CT, MA, ME, MN, NY, VT, WA. For local information, contact the State Health Insurance Assistance Program (SHIP) https://www.shiptacenter.org/. Plan G premium is nationwide average for non-smokers. If Plan G is not available, analysis includes the most comprehensive plan available. Source: HealthView Services proprietary data file received January 2024 used by permission.

Guide to Retirement
Spending

Variation in Medicare Advantage Costs



Dramatic differences in costs depending on health

Be prepared to pay more for health care in the event you experience a health issue, which becomes more common as one ages.

- Be aware: Although Medicare Advantage plans have out-of-pocket caps, those limits do not include prescriptions.
- Consider maintaining an emergency reserve fund for high out-of-pocket cost periods.

Total costs = annual premium + out-of-pocket costs. High costs: weighted average of medical costs (70th percentile) and prescription costs (65th percentile). Low costs: weighted average for medical costs (25th percentile) and prescription costs (35th percentile). Plans include Part D and exclude those with subsidies for low-income beneficiaries. Today's dollar calculation used a 2.5% discount rate. Estimated future value of total average costs at age 95 is $1,791. Cost estimates include increased use of medical care at older ages and will vary based on plan characteristics. Source: HealthView Services, proprietary data file received January 2024, used by permission.

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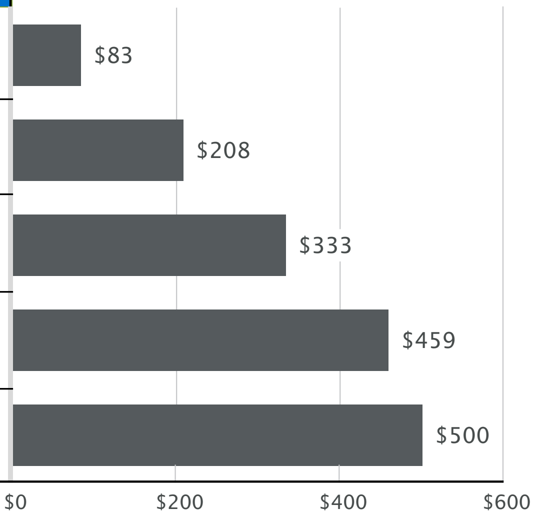
Guide to Retirement
Spending

2024 Monthly Medicare Surcharges

The surcharge amount is the same for all income levels within a band
If you go over a threshold, you pay the additional premium for that band

Modified Adjusted Gross Income based on 2022 tax year filing[1]	
Filing single	Filing jointly
$103,000-$129,000	$206,000-$258,000
$129,000-$161,000	$258,000-$322,000
$161,000-$193,000	$322,000-$386,000
$193,000-$500,000	$386,000-$750,000
$500,000 or more	$750,000 or more

Additional monthly premium amount per person Parts B & D in 2024



Surcharge details

There may be a bigger impact for singles and surviving spouses: Medicare surcharge thresholds for singles are half of the thresholds for couples.

Filing an appeal?
If you have stopped work or you have lower income due to circumstances outside of your control, you might be eligible for an appeal. See form SSA-44 for details: https://www.ssa.gov/forms/ ssa-44-ext.pdf

[1]The Social Security Administration uses the most recent federal return supplied by the IRS. If you amended your return in a way that changes your surcharge amount, you may need to contact your Social Security office. Source: Medicare.gov as of January 2024. This is not meant to be personal tax advice. Please consult your tax professional for specifics for your situation. Modified Adjusted Gross Income (MAGI) for purposes of calculating Medicare surcharges is Adjusted Gross Income (AGI) plus tax-exempt interest income. Thresholds increase each year with inflation, except the top threshold, which was added in 2019; this top threshold is set to annually inflate starting in 2028.

Poll Question #4

Long-Term Care Planning

For women age 65+ using paid, long-term care, the average lifetime cost is:

A: $156,000.00

B: $75,000.00

C: $278,000.00

D: $208,000.00

Poll Question #4

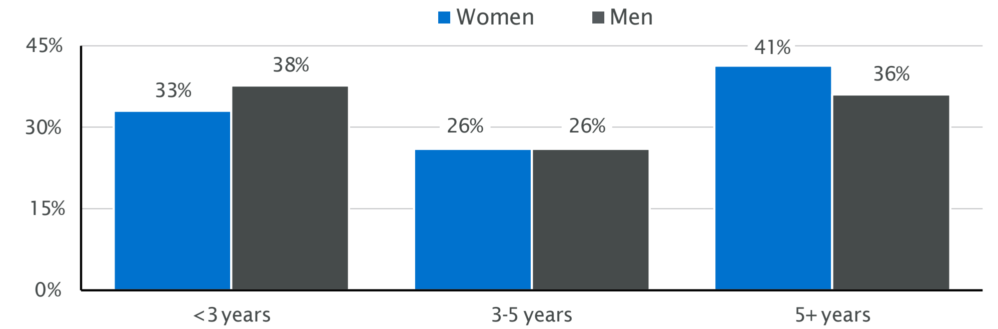
Long-Term Care Planning

And the answer is:

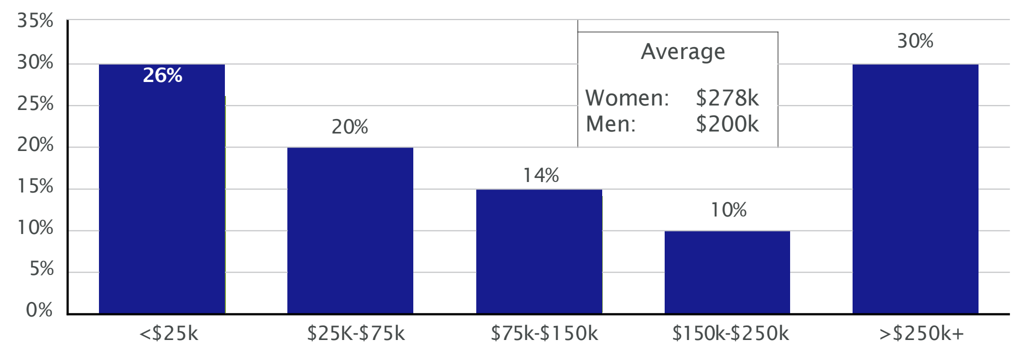
Guide to Retirement
Spending

Long-Term Care Planning

Duration of paid care 65+ if paid care is used



Lifetime cost of care 65+ if paid care is used



Create a care plan

The monetary value of care from family and friends is roughly equal to paid care.[1]

Women are more likely to require care and need more years of paid care if paid care is used.

A care plan may help you:

- Avoid burdening others
- Ensure your family understands your wishes
- Have more control over your care

[1]Average value of unpaid care when unpaid care is used is $208,800 for women and $196,800 for men. Long-term care includes needing help with two or more activities of daily living such as eating, dressing, bathing, transferring and toileting or severe cognitive impairment. Average of cost is in 2020 dollars and includes all payors. Source: U.S. Department of Health and Human Services, APSE Brief, August 2022, Long-term Services and Supports for Older Americans, Risks and Financing, 2022.

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Long-Term Care Planning Options

Consider utilizing more than one option

Family & friends
Will you want to move closer?

Savings / expense reductions
Some expenses such as travel may go down

Insurance
Options: traditional long-term care insurance, combination life and annuity products, life insurance for a surviving spouse and deferred annuities for income late in life

Life plan communities
Often starts with independent living and offers additional services or facilities when needed. More information: https://www.mylifesite.net/

Home equity
Second homes may be sold; the home equity in your primary residence may be used; credit availability and home value may fluctuate

Medicaid:

After exhausting other options

Rules to qualify vary by state but generally you must be low income with few assets to qualify[1]

Start planning early

- Is it feasible to buy less insurance coverage and combine it with other solutions?
- Health Savings Accounts (HSAs) may be used tax free for qualified expenses in retirement.[2]
- Prefer care at home? Consider how you will remain socially connected.

[1] If you transfer assets to others, there is a five-year "look back" where the government will recover the assets transferred if you go on Medicaid. This is not personal advice; consult an elder care attorney if you have questions. [2] HSAs may be used to fund qualified traditional long-term care policy premiums up to certain limits. Necessary home improvements may qualify if they don't improve the value of your home. Services for chronically ill individuals who are unable to perform two or more activities of daily living or who have severe cognitive impairment may be qualified if they are part of a prescribed plan from a licensed practitioner. For a list of qualified expenses, see IRS Publication 502 or consult your tax professional; this is not meant to be personal tax advice. Source: J.P. Morgan Asset Management, latest available data as of December 31, 2023.

Investing

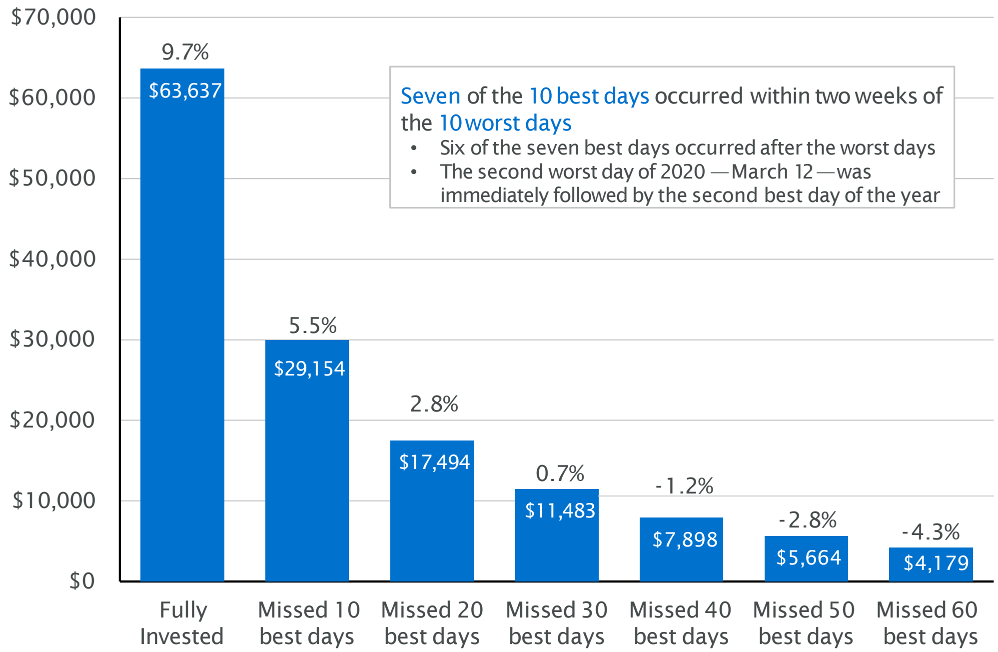
Guide to Retirement

Investing

Impact of Being Out of the Market

Returns of the S&P 500

Performance of a $10,000 investment between January 1, 2004 and December 29, 2023



Plan to stay invested

Losses hurt more than gains feel good. Market lows can result in emotional decision making.

Taking "control" by selling out of the market after the worst days is likely to result in missing the best days that follow. Investing for the long term in a well-diversified portfolio can result in a better retirement outcome.

Source: J.P. Morgan Asset Management analysis using data from Bloomberg. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2023.

Contact

Forvis Mazars

Amy L. Wren, J.D.
Director, Private Client

amy.wren@us.forvismazars.com

501.239.8874