



Investment &  
Retirement  
Services  
Investment services offered through CFS\*



# LGE Investment & Retirement Services

## *Planning for Life*

*Why financial and investment planning is important throughout your life.*

\*Non-deposit investment products and services are offered through CUSO Financial Services, L.P. ("CFS"), a registered broker-dealer (Member [FINRA](#)/[SIPC](#)) and SEC Registered Investment Advisor. Products offered through CFS: are not NCUA/NCUSIF or otherwise federally insured, are not guarantees or obligations of the credit union, and may involve investment risk including possible loss of principal. Investment Representatives are registered through CFS. LGE Community Credit Union has contracted with CFS to make non-deposit investment products and services available to credit union members.

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[information@lgeinvest.com](mailto:information@lgeinvest.com)

- LGE Investment & Retirement Services
- In your 20's
  - *Emergency fund*
  - *Employer sponsored retirement plan*
  - *Start investing early*
- In your 30's
  - *Traditional IRA versus Roth IRA*
  - *Protection & life insurance*
  - *529 college savings plan*
- In your 40's
  - *Importance of financial planning*
  - *Estate planning, wills & trusts*
- In your 50's
  - *Protection & long-term care*
- In your 60's
  - *Retirement income planning*

**LGE Community Credit Union offers comprehensive financial solutions to our members.**

*Banking | Borrowing | Investing | Protecting*

**LGE Investment & Retirement Services\* area offers investing and protecting solutions.**

*Plan | Invest | Protect*

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### LGE Mission Statement

Dedicated to our members financial well-being

### LGE Investment & Retirement Services Value

We are committed to offering value to our clients by...

- Building a long-term relationship to help you along your financial journey
- Offering a financial roadmap to help address your financial dreams, goals and concerns
- Taking a comprehensive approach to develop a plan that is right for you
- Creating an ongoing process to help keep you on path when your situation and life events change

Life is a series of planned and unplanned events. We help clients stay on path for their financial journey, because you can't predict the future, but you can plan for it.

- Step 1: Learn about you and your current situation
- Step 2: Discuss your financial goals and dreams
- Step 3: Develop a plan to guide you on your financial journey
- Step 4: Implement solutions to help achieve your goals
- Step 5: Review and monitor your progress and make changes as necessary

- Retirement
- Income
- Protection and legacy
- Estate
- Education
- Just getting started

# In Your 20's

- Live within your means
  - Minimize credit card debt
  - Create a monthly budget and stick to it
  - Allow yourself to begin saving
- Start saving for retirement
  - Contribute to Macallan’s Simple IRA plan
    - Ideally to at least your employer match – Macallan matches up to 3%
    - Maximum \$13,000 per year
- Begin to build an emergency fund
- Consider buying a house that fits your budget
- Be disciplined – pay yourself first



- Set aside for unexpected emergencies
- Best to have between 3-6 months of expenses
- Creates a solid foundation to an overall financial plan
- Should I have 3 or 6 months set aside? That depends on...
  - How good is your health insurance?
  - Do you have access to other assets with no penalty?
  - How common are layoffs in your industry?



## Saving

- Set aside money for emergencies
- Easy and liquid access
- Little to no risk

## Investing

- Take part of your savings to grow over time to meet certain goals using other investment vehicles
- Not needed for emergencies and less liquid
- Higher risk

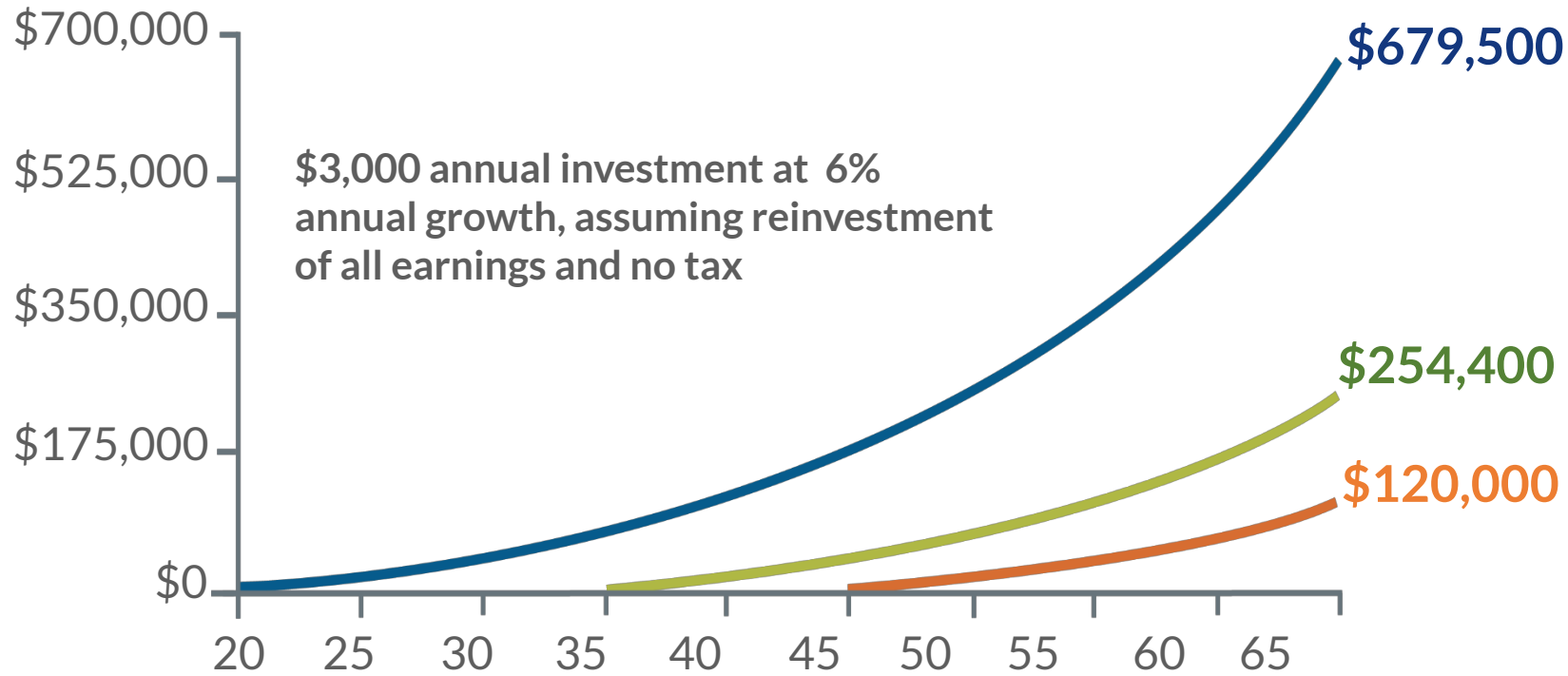


## Importance of contributing to Macallan's Simple IRA plan

	Employee 1	Employee 2	
Bi-Weekly Pay	\$2,000	\$2,000	
Plan Contribution	\$0	\$120	← Amount invested: \$120
Taxable Pay	\$2,000	\$1,880	
Taxes Paid	\$440	\$414	← Immediate savings: \$26
Net Pay	\$1,560	\$1,466	← Less take-home pay: \$94

This example assumes a 22% federal tax rate and a 6% plan contribution, and has been simplified for illustrative purposes. Your results will differ based on your unique circumstances.

## Starting sooner is better...



This is a hypothetical example and is not intended to reflect the actual performance of any investment. Investment fees and expenses, and taxes are not reflected. If they were, the results would have been lower.

Sources: Broadridge Investor Communication Solutions, Inc.

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# In Your 30's

- Focus on retirement savings
  - Continue contributing to Macallan’s Simple IRA plan
    - At least to employer match – Macallan matches up to 3%
    - Ideally to the maximum - \$13,000 per year
  - Begin a Roth IRA – allocate for growth
    - Ideally to the maximum - \$6,000 per year
- Protect yourself and your loved ones – assess your insurance needs
- Fully fund an emergency fund
  - Keep between 3-6 months of living expenses liquid
- Pay down credit card and student loan debts
- Start saving for children
  - Consider starting a 529 college savings plan

Identify your financial goals...

### Traditional IRA

- Can make annual contribution if under age 70½ and have taxable compensation
- Deductible contributions depend on income, filing status, and coverage by retirement plan
- Can make after-tax (non-deductible) contributions
- Distributions subject to federal income tax, except for after-tax contributions
- Distributions prior to age 59½ may be subject to additional 10% penalty tax
- Distributions required after 70½
- Funds grow tax deferred

### Roth IRA

- Can make annual contribution if you have taxable compensation; no age limit
- Ability to contribute depends on income level and filing status
- All contributions are after-tax (no up-front deduction)
- Qualified distributions are entirely free from federal income taxes
- For non-qualified distributions, earnings subject to federal income tax and 10% penalty tax may apply if under age 59½
- No lifetime required distributions
- Funds grow tax deferred & tax free

- Protects your loved ones and beneficiaries
- Mitigates and manages overwhelming financial risks
- Provides tax free income & payout to beneficiaries
  - Can be used to pay for
    - Funeral
    - Income replacement
    - Debts
- How much you need depends on your age, family, income and goals

- Savings plan used to pay for qualified educational expenses
- You maintain ownership and control of funds
  - Beneficiary listed on account
- Tax-deferred growth
- Tax-free earnings if used for qualified education expenses
- Monies can be used for:
  - College and graduate school
  - K-12 expenses, up to \$10,000 per year
- Some contributions state tax deductible:
  - Only if using the Path2College 529 Georgia Plan
  - \$2,000 maximum deductible per beneficiary



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# In Your 40's

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- Identify your goals, create a financial plan and talk to a financial advisor
- Double-down on your retirement savings goal
  - Continue contributing to Macallan’s Simple IRA plan
    - Max out contributions - \$13,000 per year
  - Continue contributing to your Roth IRA
    - Max out contributions - \$6,000 per year
  - Save 10%-15% of your annual income (*above Simple IRA plan & Roth IRA contributions*)
- Don’t let children’s college tuition distract from your retirement savings goals
- Review life insurance and consider disability insurance
- Write a will, trust or create an estate plan



Focus on your financial goals...

- Helps identify and define your goals and objectives
- Allows for discussion and prioritization of those goals and objectives
- Creates roadmap to help you stay on track and achieve your goals
- Identifies any concerns and risks you may have
- Ongoing process to monitor and make adjustments as life events occur and your situation may change
- Helps you feel more comfortable with your savings plans

- Estate planning is process to help you manage your assets while you are alive and to control the distribution after your death based on your goals and objectives
- Consider proper titling of your assets
  - Beneficiaries
  - Payable and transfer on death
- Will
  - Used for simple situations where you only identify who is to get certain things
  - Typically goes through probate
- Trust
  - Provides management assistance to heirs
  - Very important if you have minor children or incapacitated adults
  - May minimize estate taxes and avoid probate



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# In Your 50's

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- Meet with your financial advisor annually to review your plan
  - Focus on retirement planning portion of your financial plan
    - Know your retirement income number
  - Consolidate all investment accounts for goal coordination and diversification
- Catch up on retirement savings contributions
  - Continue contributing to Macallan’s Simple IRA plan
    - Max out contributions - \$13,000 per year
    - Begin catch up contributions - additional \$3,000 per year
  - Continue contributing to your Roth IRA
    - Max out contributions - \$6,000 per year
    - Begin catch up contributions - additional \$1,000 per year
  - Save 15%-20% of your annual income (*above Simple IRA plan & Roth IRA contributions*)
- Explore long-term care insurance while rates are still affordable

Ensure goals are  
shaping up as  
planned...

- Planning for long-term and in-home health care is important, but often overlooked
- Helps minimize the financial, physical and emotional impact on loved ones
- Traditional Long-Term Care Insurance
  - Pay an annual premium for insurance
  - Premiums can be expensive and may increase over time
- Multi Benefit Long-Term Care Insurance
  - Repositions an existing asset rather than paying ongoing premiums
  - Allows access to monies should you need them
  - Has death benefit if not used for long-term care
  - Tax-free access to death benefit if used for qualifying long-term or in-home health care expenses



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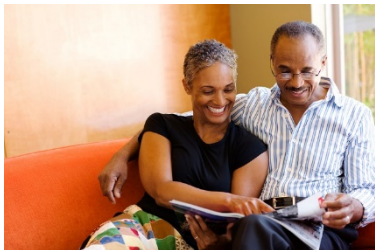
# In Your 60's

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- Work with a financial advisor to fine tune your retirement income plan
  - Ensure your plan for retirement and distribution of assets is in place
  - Annual financial plan and portfolio reviews are key to tracking to your goals
  - Your retirement could last more that 20 years
    - Investments in growth-oriented solutions are still important
- Continue to save in Macallan’s Simple IRA plan as long as you are employed
  - Max out contributions - \$13,000 per year
  - Max out catch up contributions - additional \$3,000 per year
- Make sure trust and estate plans are in place and updated
- Decide when to take social security
- Sign up for Medicare

Get ready for retirement...



## PLANNING FOR THREE BIG RISKS™ IN RETIREMENT



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Ever ask yourself... “What’s my income?”™



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“Knowing your number is not the same as knowing your income.”™



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ROI

RETURN ON  
INVESTMENT



ROI

RELIABILITY OF  
INCOME™

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## Three Big Risks™

Longevity Risk

Inflation Risk

Timing Risk



# Retirements could last 25, 30, or even 40 years



RISK ONE

**LONGEVITY**

MARRIED COUPLES

50%

CHANCE THAT ONE SPOUSE WILL LIVE TO AGE

92



80

90

100

25%

CHANCE THAT ONE SPOUSE WILL LIVE TO AGE

97



80

90

100

Sources: Annuity 2000 mortality table, Society of Actuaries

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## 1940's



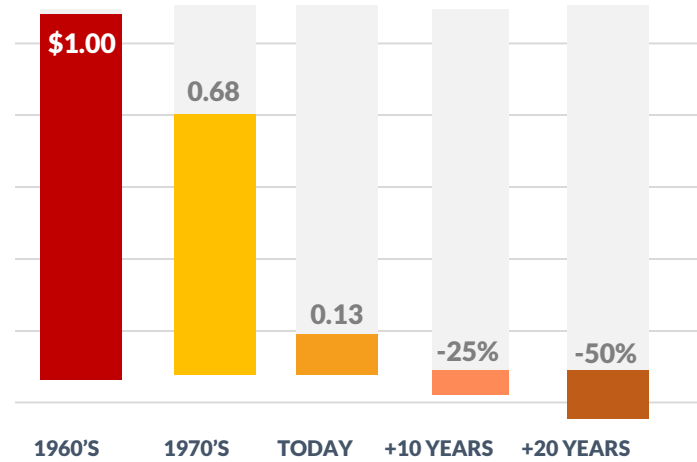
BREAD COST  
**\$0.25**



A CAR COST  
**\$800**



A HOUSE COST  
**\$9,000**



RISK TWO


**INFLATION**



Sources: 2014 Bureau of Labor Statistics, CPI Inflation Calculation

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# Would you leave your retirement security to chance?



The date you pick to retire means a lot!

Supposed you retired in a year that was bad for investments?

**2000** or **2008**

Would it make a difference?



RISK THREE



**TIMING**



**MANAGING RISKS IN RETIREMENT MATTERS**      TIMING, INFLATION AND LONGEVITY ARE THREE BIG RISKS

HAVING A FORMAL, WRITTEN PLAN HELPS      IT ESTABLISHES NEEDS AND OBJECTIVES

The Income for Life Model<sup>®</sup> PROVIDES A CUSTOM PLAN      BASED UPON YOUR NEEDS

**Not one of us can afford to be complacent about our retirements.**

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A study found only 1 in 7 pre-retirees have formal, written plans for managing income, assets and expenses in retirement.



Regardless of which group you fall into, you need to take the next step!



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## Complementary personalized analysis



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# Thank you!

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