Retire Well Series

Show Me the Money!

Investing & Income in Retirement

Today's Presentor:

Melissa Jean Stewart, CFP®, AIF®, CPFA®

Founder I Senior Financial Advisor

ClearVista Advisors

- 20 years finance industry experience
- B.B.A., Finance and Business Management, Grand Valley State University
- CERTIFIED FINANCIAL PLANNER, CFP®
- Accredited Investment Fiduciary®, AIF®
- Certified Plan Fiduciary Advisor, CPFA®
- Formerly served on the Grand Valley State University Alumni Board
- Safe Haven Ministries Finance Committee & Board
- Enjoys running, volunteering, and spending time with her family and dogs

AGENDA:

GOAL:
Maximize your retirement savings, through your investment strategy & financial planning.

- **Investment Strategy**
- **How much can you withdrawal?**
- **Other tips & tricks**

INVESTMENT STRATEGY

Determine your risk level

Use an institutional investment process. Rational vs. Emotional

Diversify, diversify, diversify

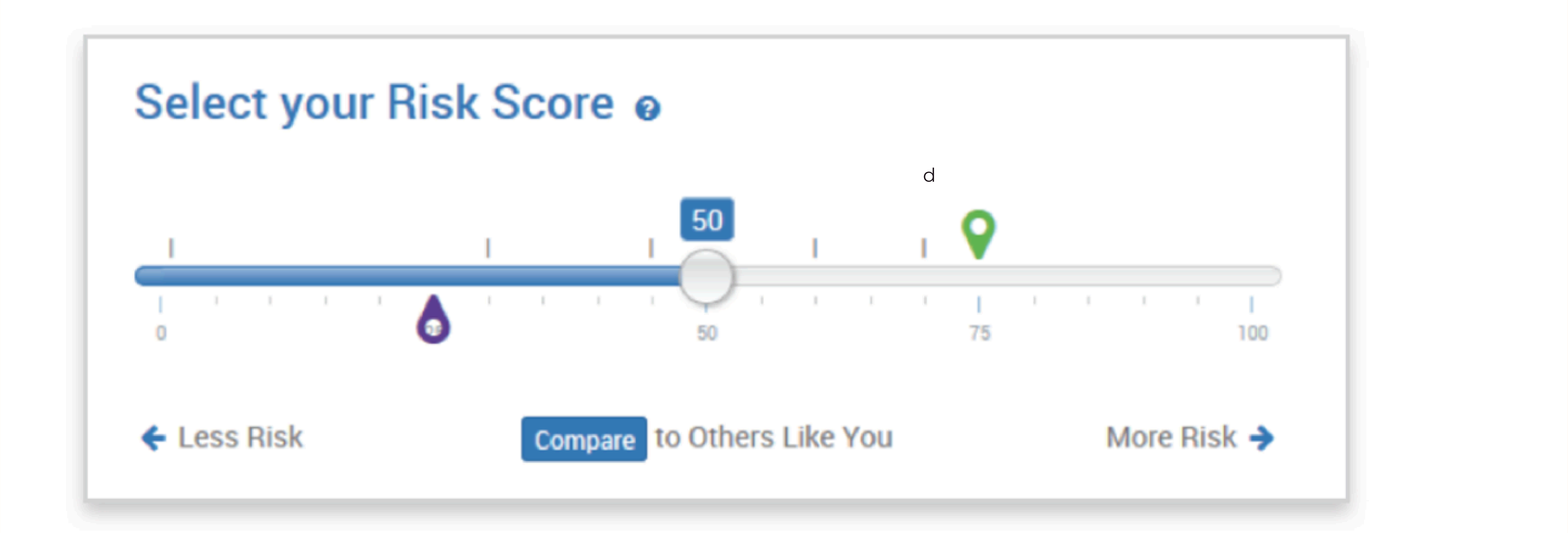
Consider the Bucket Strategy

Stay the Course

Why you might consider an IRA (individual retirement account)

INVESTMENT STRATEGY:

Determine the level of risk you are comfortable assuming.



INVESTMENT STRATEGY:

Institutional Process

Risk Assessment

- Financial Planning
- Investment Objective
- Risk Tolerance
- Time Horizon

Step 1

Develop forward-looking risk and return and correlation assumptions for different asset classes.

Assumptions

Step 2

Optimize the asset allocation and build efficient portfolios from the selected asset classes.

Asset Allocation

Step 3

Search for and hire high quality investment managers.

Investment Selection

Step 4

Continuously monitor every element of the process and adjust as necessary

Monitoring

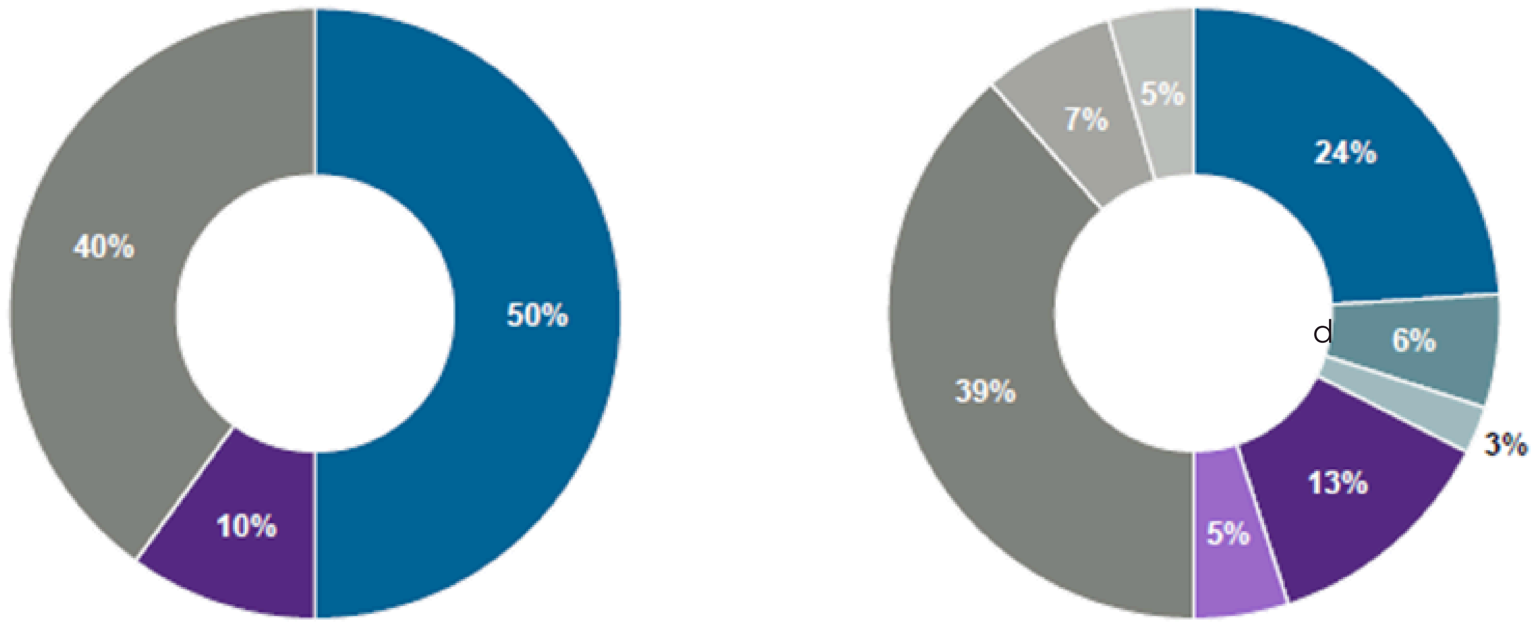
INVESTMENT STRATEGY:

Diversify, Diversify, Diversify.

Investing

Maximizing the power of diversification 2001–2020

Less diversified portfolio | **More diversified portfolio**



Return: 6.6%
Volatility: 10.3%

- S&P 500
- EAFE Equity
- Bloomberg Barclays U.S. Aggregate Total Return

Return: 7.0%
Volatility: 10.1%

- S&P 500
- Russell 2000
- REIT
- EAFE Equity
- Emerging Market Equity
- Bloomberg Barclays U.S. Aggregate Total Return
- US High Yield
- Emerging Market Debt

MIX IT UP WISELY

Diversification may provide better returns with less risk.

Indices and weights of the less diversified portfolio are as follows: U.S. stocks: 50% S&P 500; International stocks: 10% MSCI EAFE; U.S. bonds: 40% Bloomberg Barclays Capital Aggregate. More diversified portfolio is as follows: U.S. stocks: 24% S&P 500, 6% Russell 2000, 2.5% NAREIT Equity REIT Index; International stocks: 12.5% MSCI EAFE, 5% MSCI Emerging Markets; U.S. bonds: 38.5% Bloomberg Barclays Capital Aggregate, 7% Barclays U.S. High Yield; International bonds: 4.5% J.P. Morgan EMBI Global Diversified. Source: Bloomberg, J.P. Morgan Asset Management.

Charts are shown for illustrative purposes only. Percentages may not sum due to rounding. Past returns are no guarantee of future results. Diversification does not guarantee investment returns and does not eliminate risk of loss. Data as of December 31, 2020.

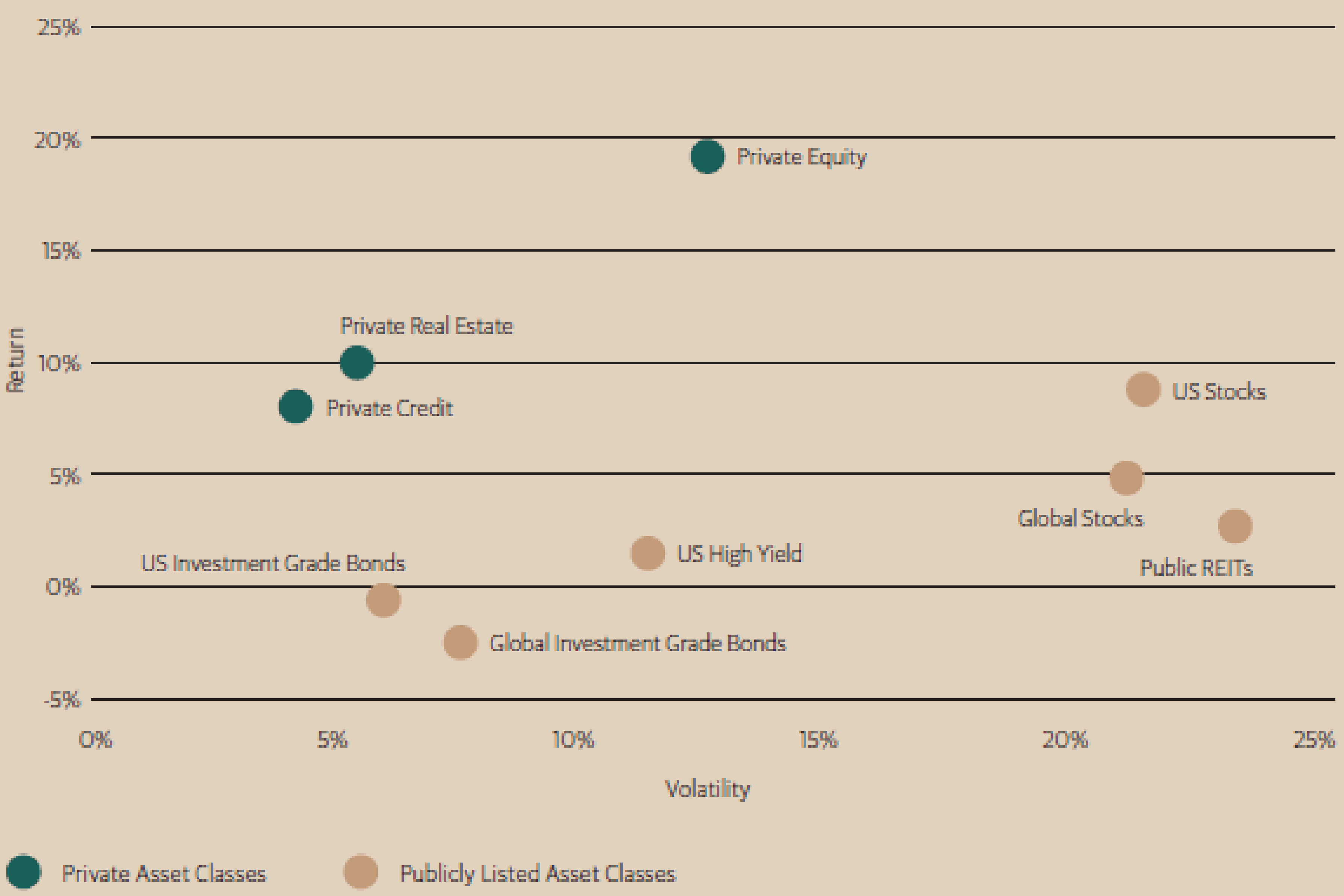
J.P.Morgan
Asset Management

INVESTMENT STRATEGY:

Consider Alternative Investments

Exhibit I: Risk-Returns of Select Asset Classes

(2017-2022)



3. Any investment involves a high degree of risk and should only be made if an investor can afford the loss of the entire investment. There are no guarantees or assurances regarding the achievement of investment objectives or performance and you could lose some of all of your investment. Investment performance may be volatile. An investment should only be considered by sophisticated investors who can afford to lose all or a substantial amount of the investment. Fees and expenses may offset or exceed profits.

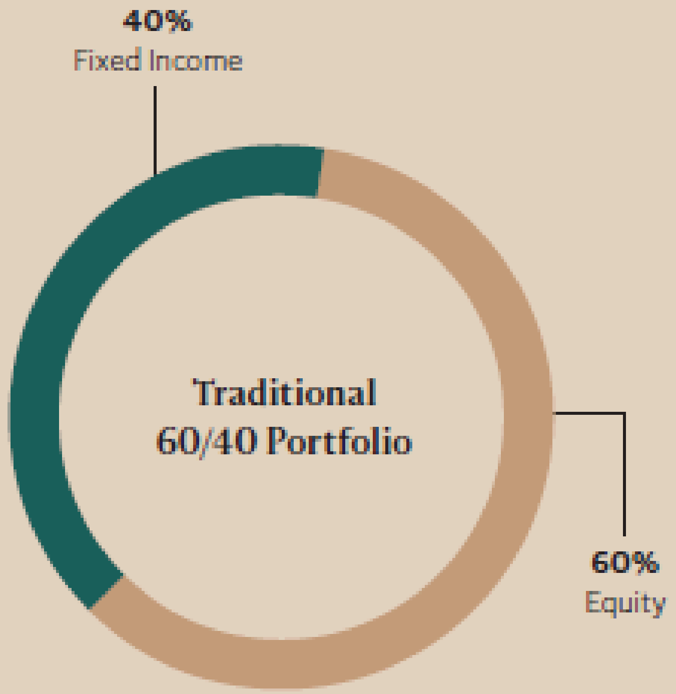
4. Source: Morningstar Direct for the 5-year period ending 9/30/2022. Observations about returns, volatility, and correlation are based on the following indices. Public markets: for US Stocks, S&P 500 Index; for Global Stocks, MSCI ACWI Index; for US Investment Grade Bonds: Bloomberg US Aggregate Bond Index; for Global Investment Grade Bonds: Bloomberg Global Aggregate Bond Index; for Public REITs: MSCI US REIT Index; for High Yield Bonds: Bloomberg US Corporate High Yield Bond Index. Private markets: for Private Equity, Cambridge Assoc. US Private Equity Index; for Private Credit:

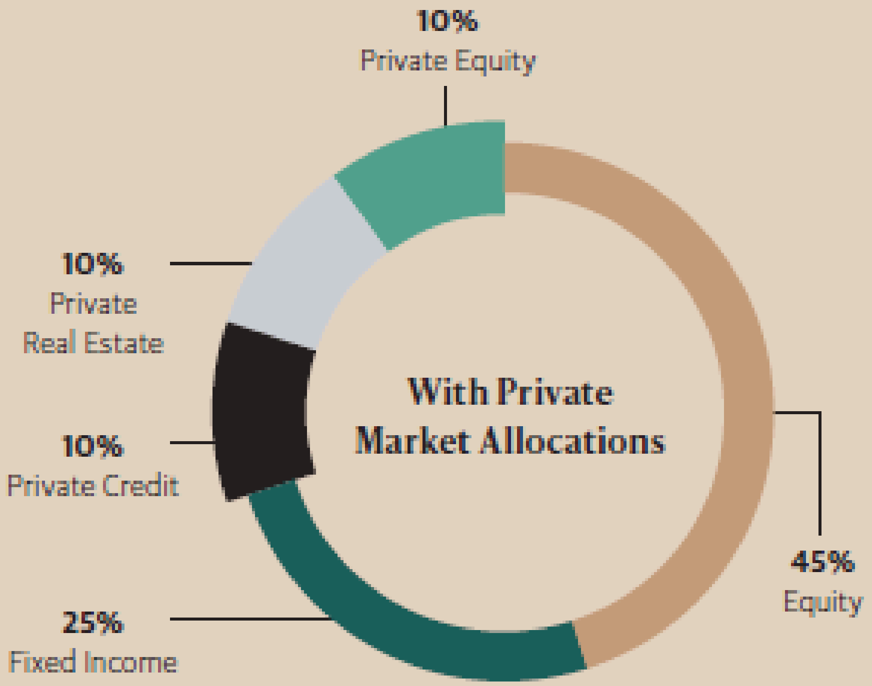
INVESTMENT STRATEGY:

Consider Alternative Investments

Exhibit 3: Allocating to Alternatives, 2017–2022 | An Illustration

	60/40 Portfolio	Portfolio with Private Market Allocations
Annualized Return	**5.7%**	**8.2%**
Annualized Volatility	**13.3%**	**11.0%**
Current Yield	**2.9%**	**3.2%**

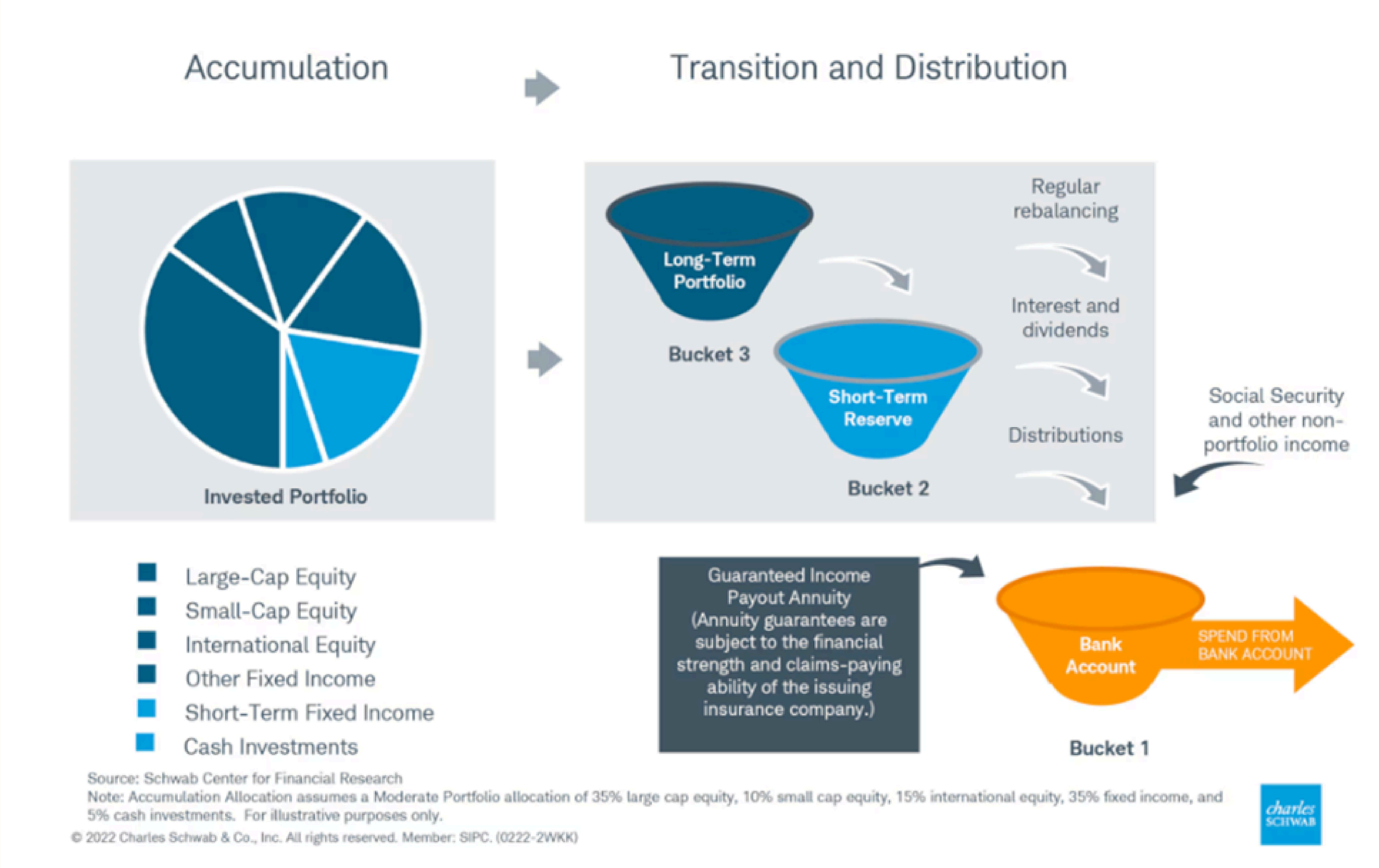




Source: Bloomberg, Morningstar, as of 09/30/2022. As commonly used in the industry, the 60/40 Portfolio is allocated 60% to the S&P 500 Index and 40% to the Bloomberg US Aggregate Bond Index. The yield on the 60/40 Portfolio was calculated using annualized S&P 500 Dividend Yield and the annualized Bloomberg US Aggregate Bond Yield. The yield on the portfolio with a private market alternative allocation was calculated using the annualized S&P 500 Dividend Yield, the annualized Bloomberg US Aggregate Bond Yield, annualized Cliffwater Direct Lending Index quarterly income, and the annualized NFI-ODCE quarterly income. There is no yield from the private equity allocation, so private equity did not contribute to the annualized yield calculation. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses, or that alternative investments will generate higher yields than other investments. Annualized yields are as of 9/30/22. Annualized returns and volatility are calculated based on the quarterly returns over the 5-year period from October 2017 to September 2022. The information herein is provided for educational purposes only and should not be construed as financial or investment advice, nor should any information in this document be relied on when making an investment decision. Opinions expressed reflect the current opinions of Blackstone as of the date hereof and are based on Blackstone's opinions of the current market environment, which is subject to change. Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of, future events or results.

INVESTMENT STRATEGY:

The Bucket Approach

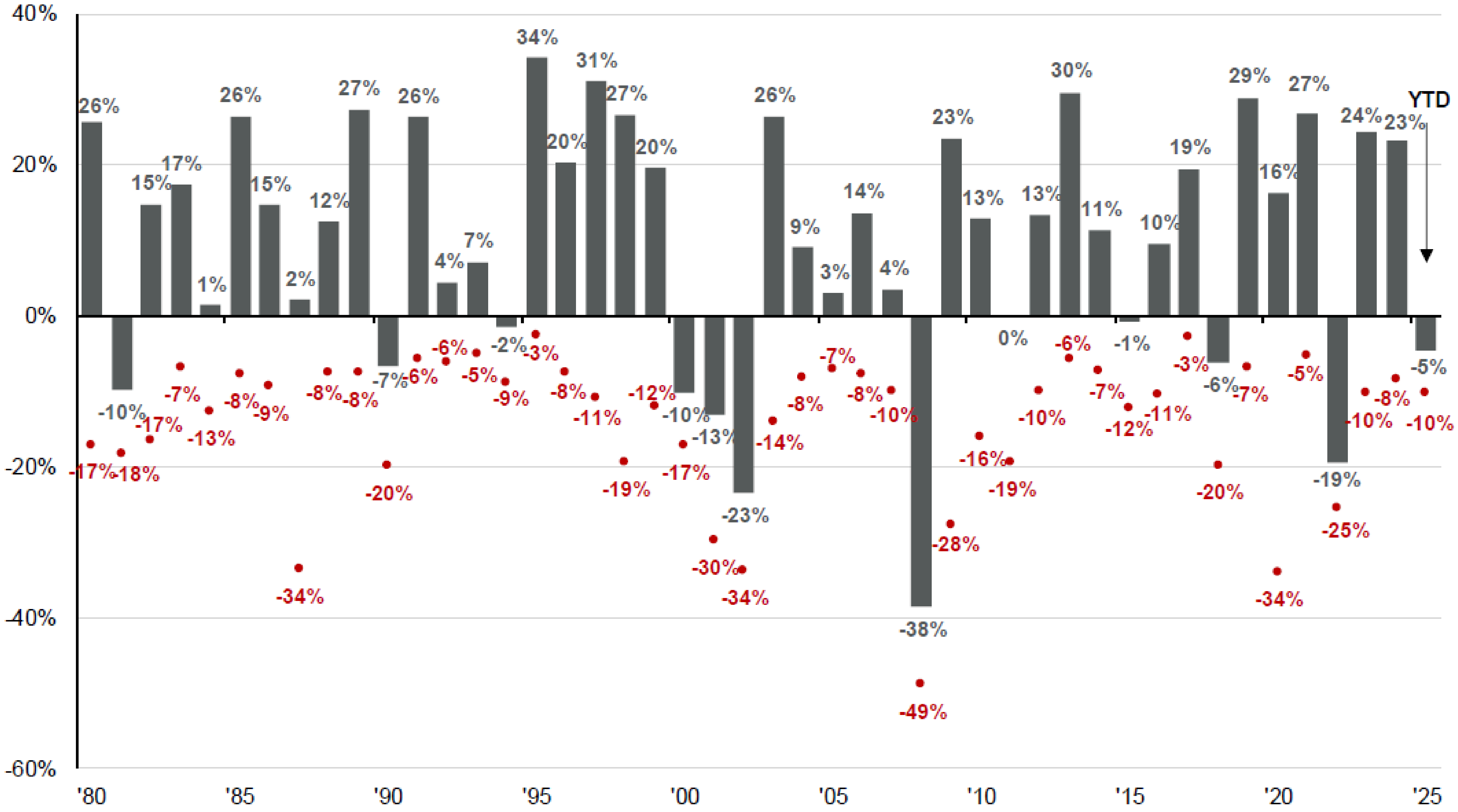


INVESTMENT STRATEGY:

Stay the Course

S&P intra-year declines vs. calendar year returns

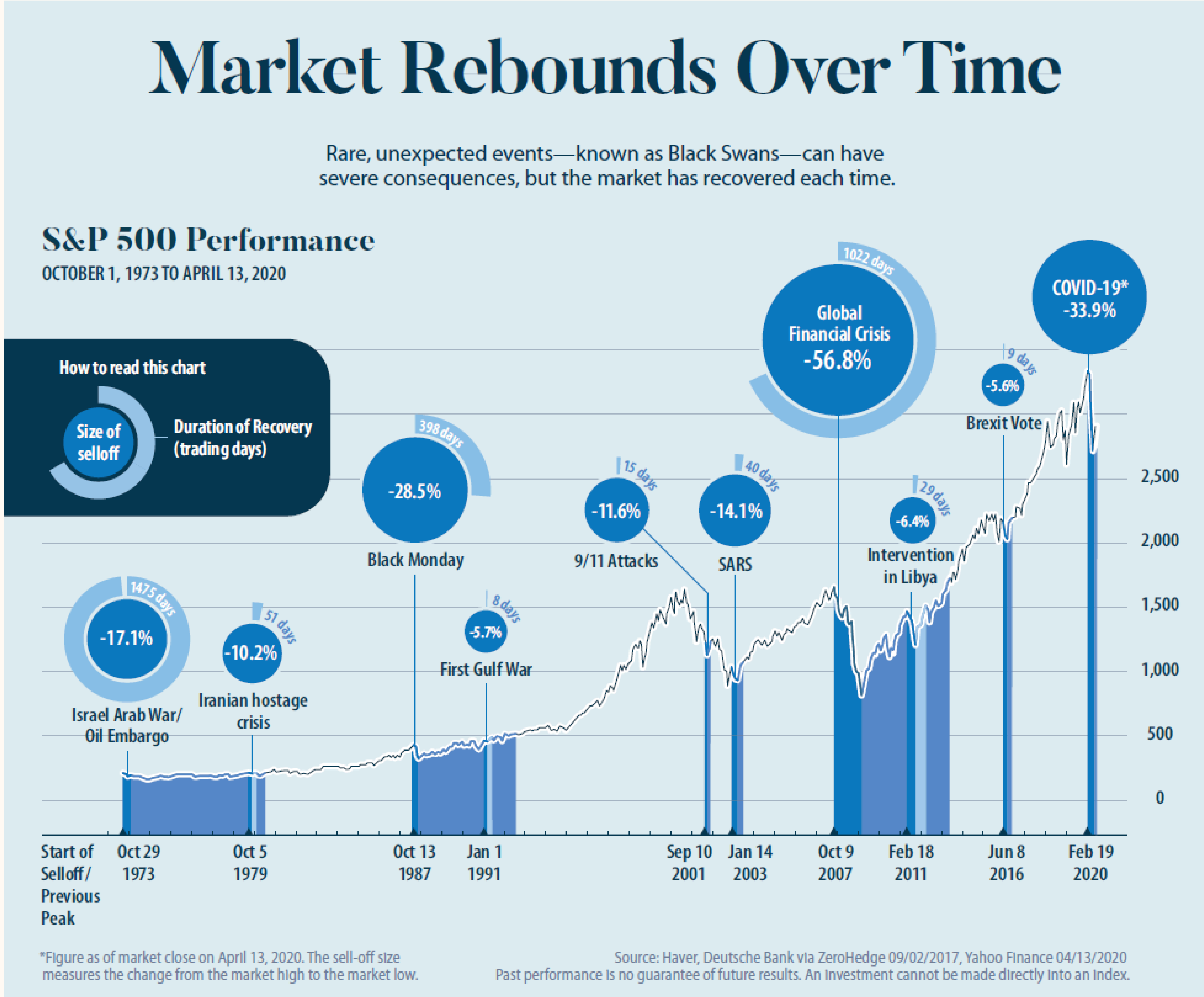
Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2024, over which the average annual return was 10.6%.
Guide to the Markets – U.S. Data are as of March 31, 2025.

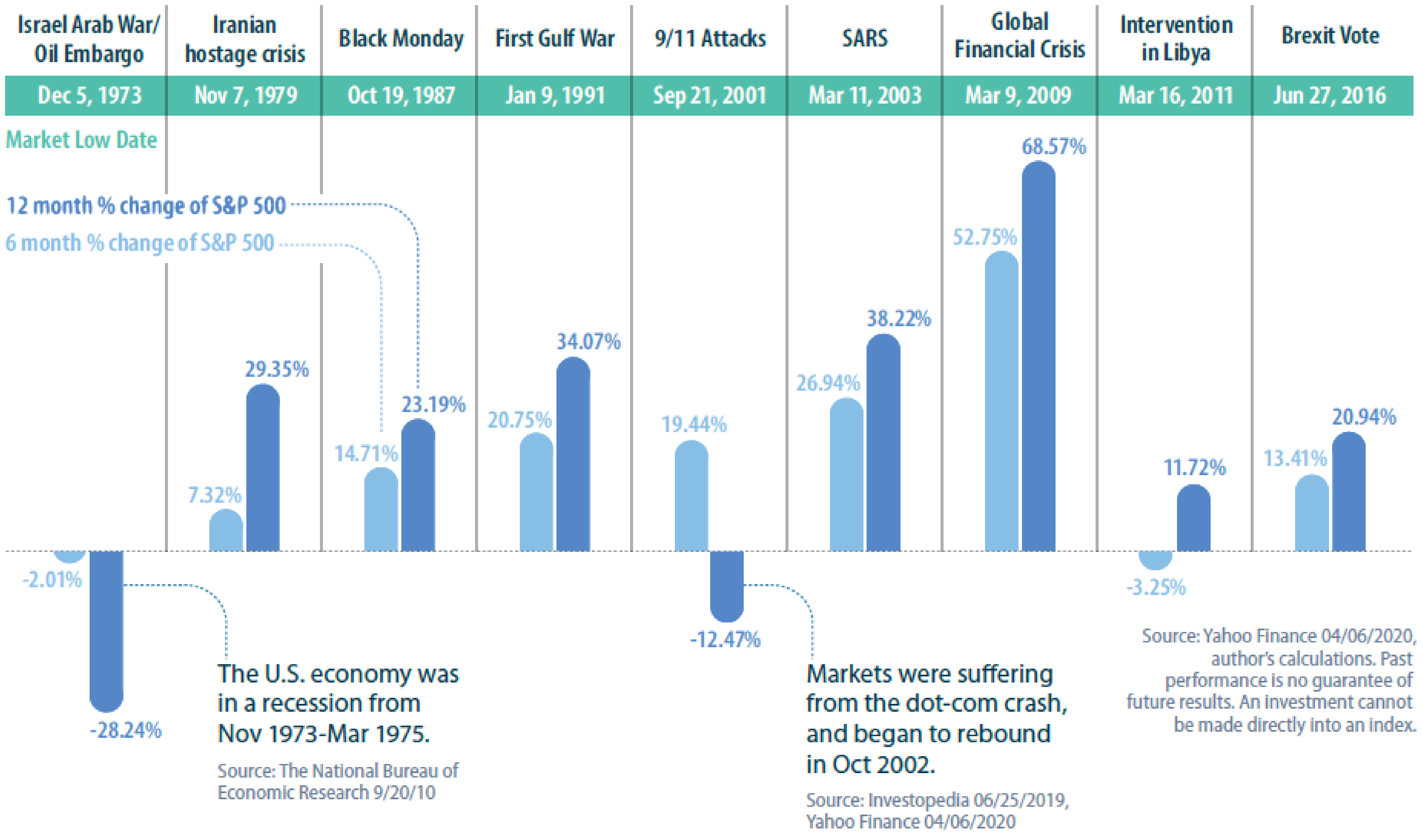
J.P.Morgan
ASSET MANAGEMENT

INVESTMENT STRATEGY:



INVESTMENT STRATEGY:

Stay the Course: Downturns, have historically been short-lived, with the S&P 500 seeing 12-month gains in most cases.



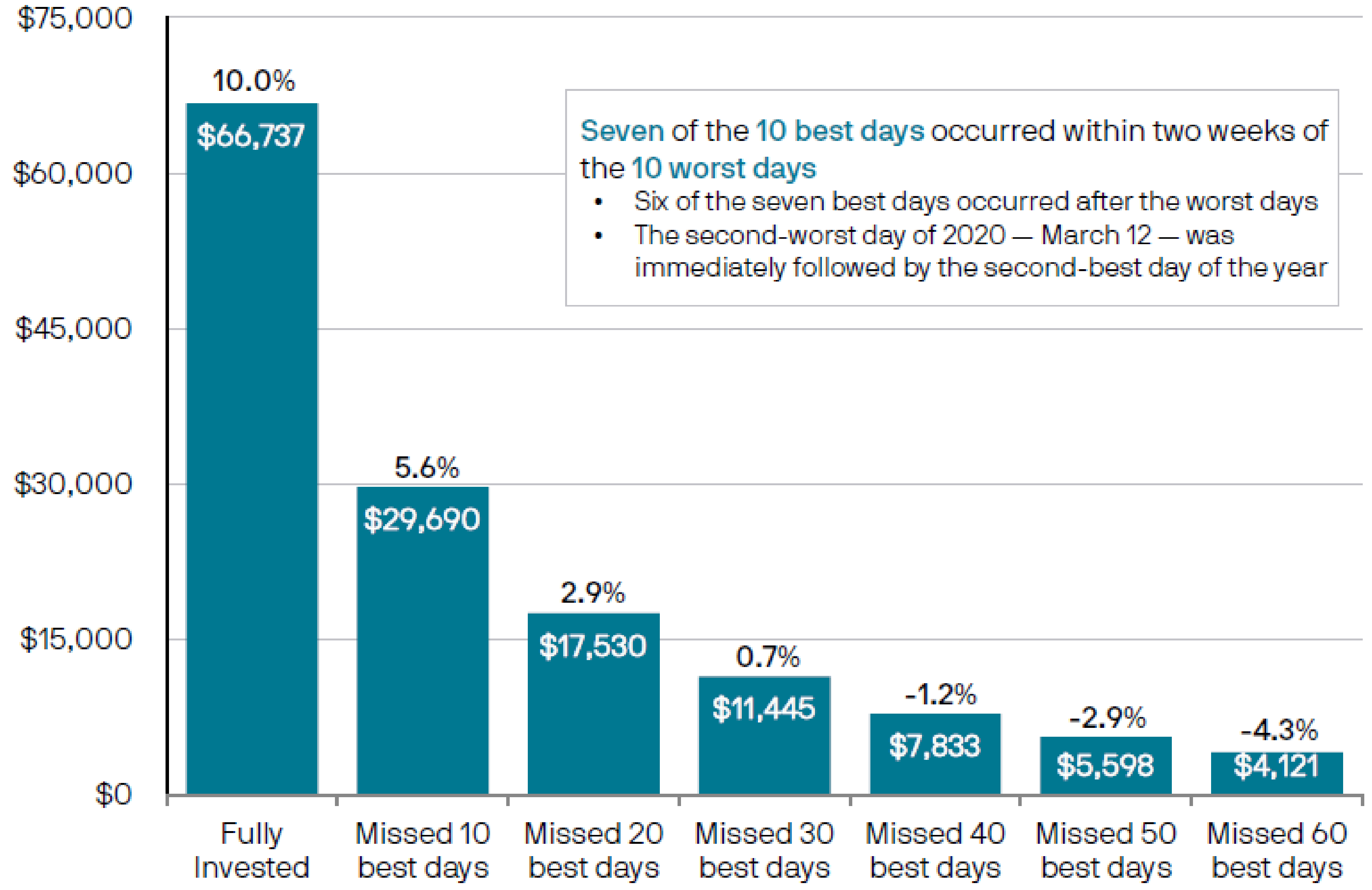
While it can be tempting to sell in the midst of a downturn, investors who hold their investments historically see much greater returns.

INVESTMENT STRATEGY:

Stay the Course: Impact of being out of the market

Returns of the S&P 500

Performance of a $10,000 investment between July 1, 2005 and June 30, 2025



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 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 June 30, 2025.

J.P.Morgan
ASSET MANAGEMENT

INVESTMENT STRATEGY:

Individual Retirement Accounts

PROs:

Work with a personal financial advisor

- Like a personal CFO overseeing your financial situation

Bucket Strategy

Access to more diversified investment options

- Alternative Investments
- Smart Beta Strategies

Other services offered

- Financial Planning
- Coordination with other professionals (CPA, Estate Attorney, Medicare Specialist)
- Risk Management

CONs:

- Potentially higher cost
- Can't move money back into your previous employer's retirement plan
- 403(b) account holders can start taking distributions in the year they leave work as long at they turn 55 or older that year with no 10% penalty

HOW MUCH CAN I WITHDRAWAL?

4% Rule

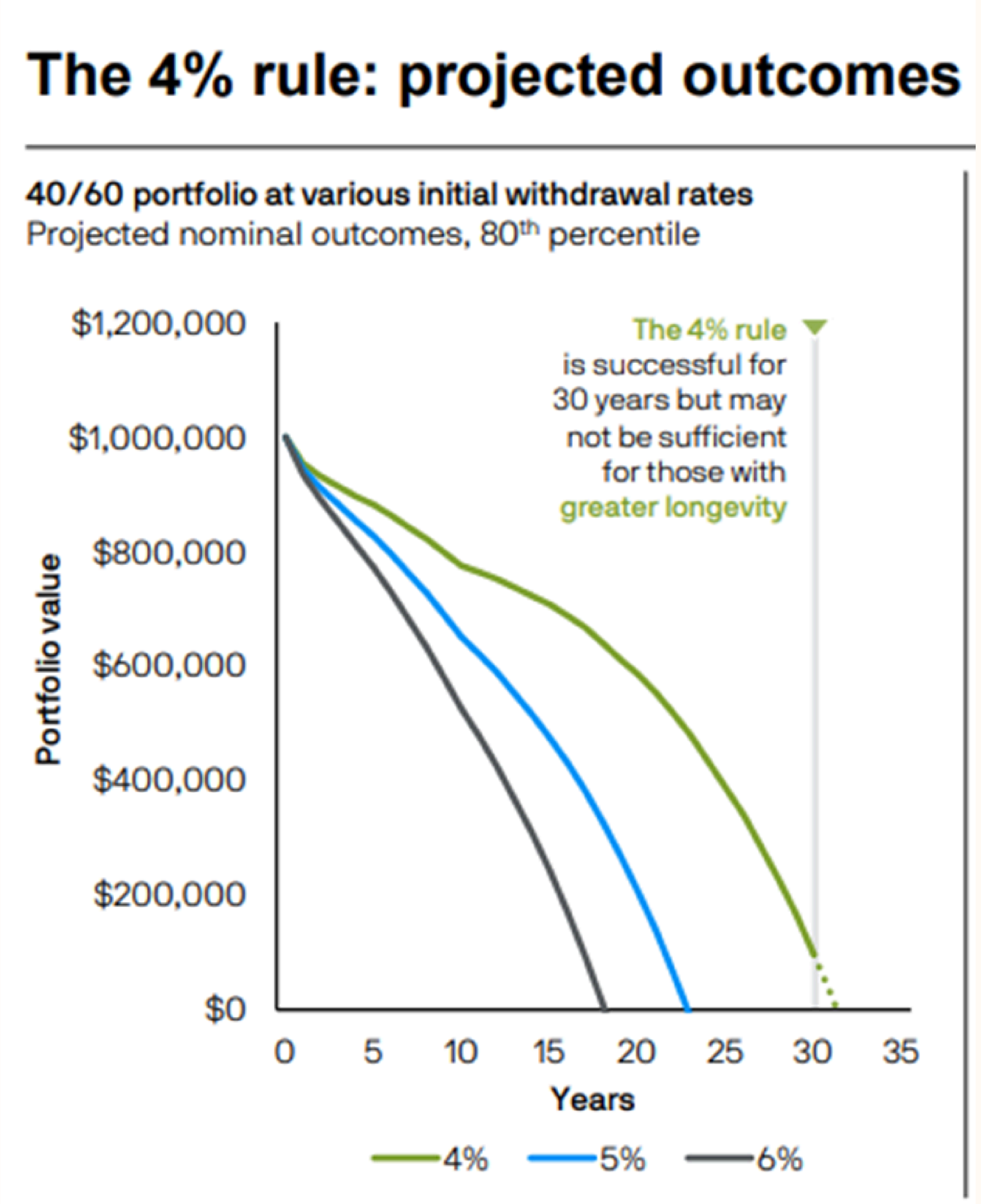
Sequence of Returns

Spending Pattern in Retirement

Goals Based Financial Planning

HOW MUCH CAN I WITHDRAWAL?

4% Rule - Does is Work?



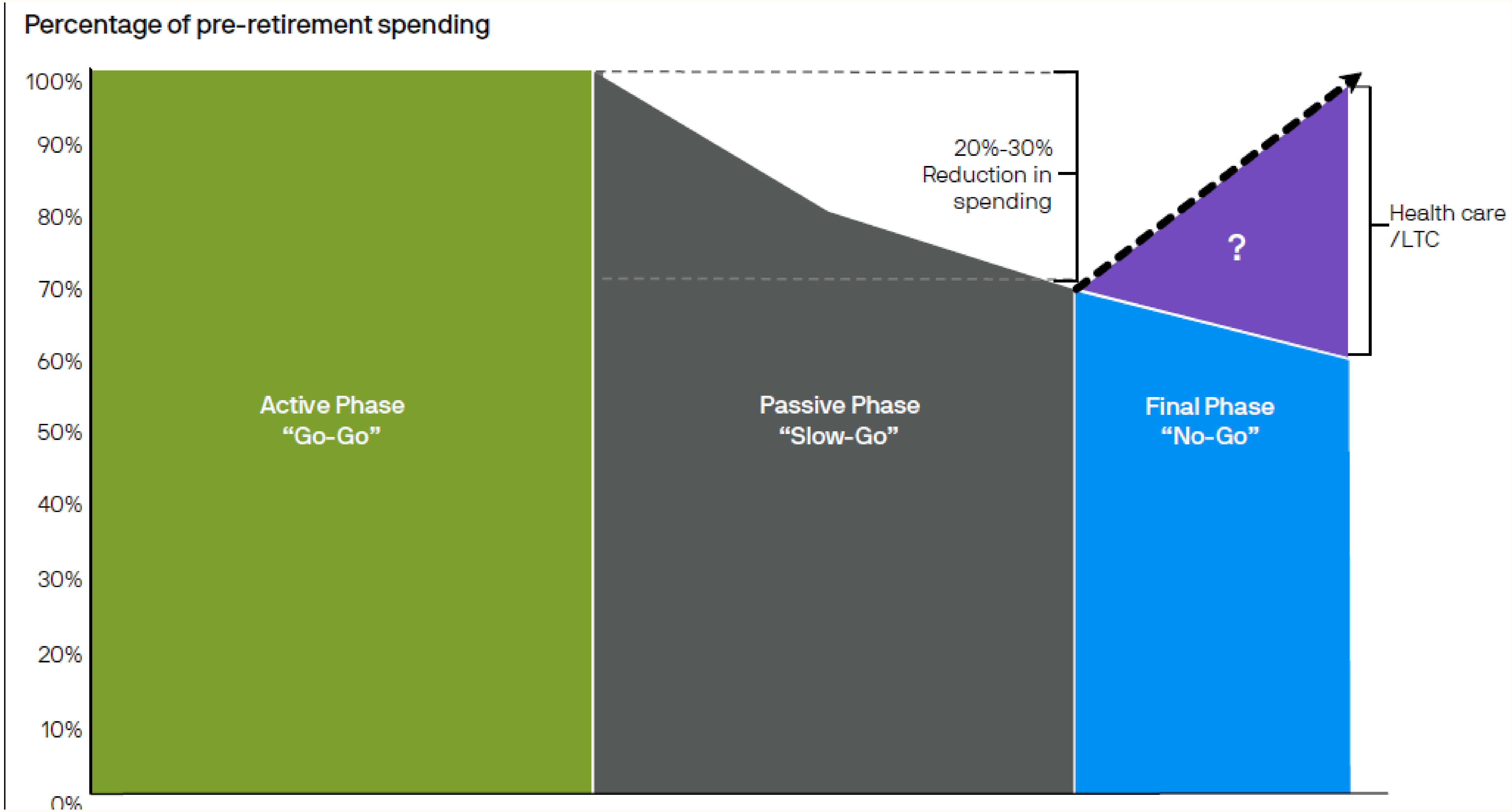
Good in theory, poor in practice

The 4% rule is the maximum initial withdrawal percentage that has a high likelihood of not running out of money after 30 years. It is not guidance on how to efficiently use your wealth to support your retirement lifestyle.

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

HOW MUCH CAN I WITHDRAWAL?

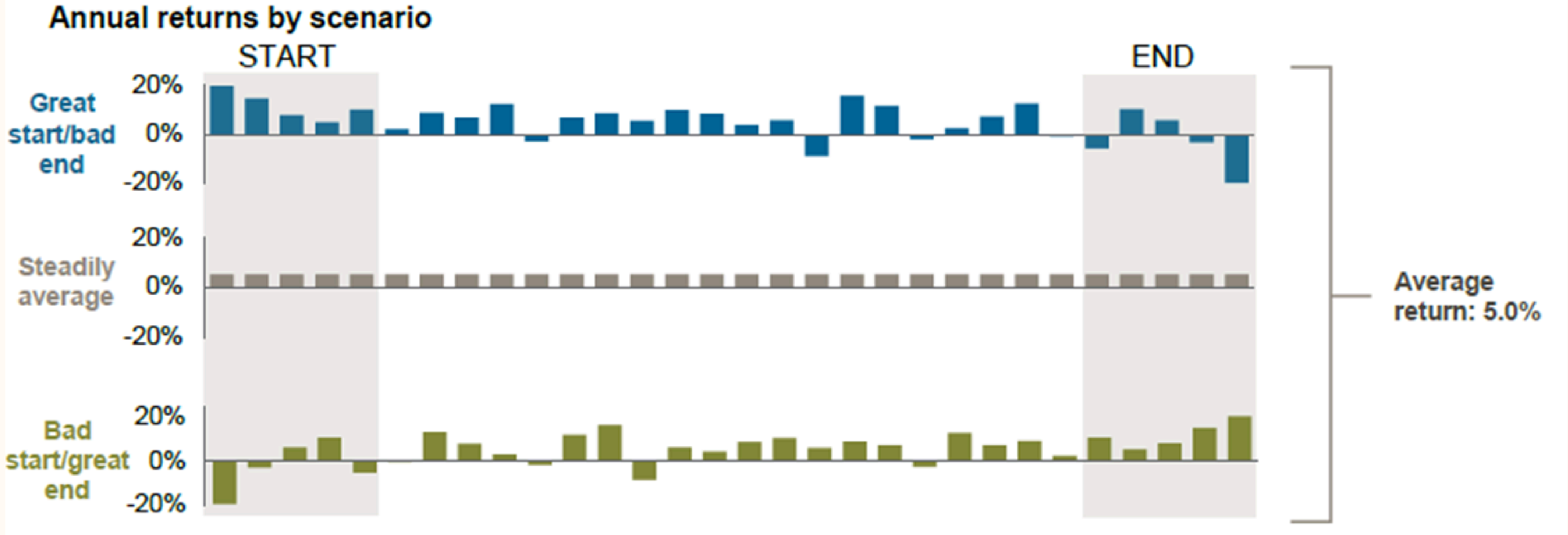
Spending isn't a straight line in retirement



Source: The Prosperous Retirement Guide to the New Reality, Michael K. Stein, CFP, 1998. pp. 16-18.

HOW MUCH CAN I WITHDRAWAL?

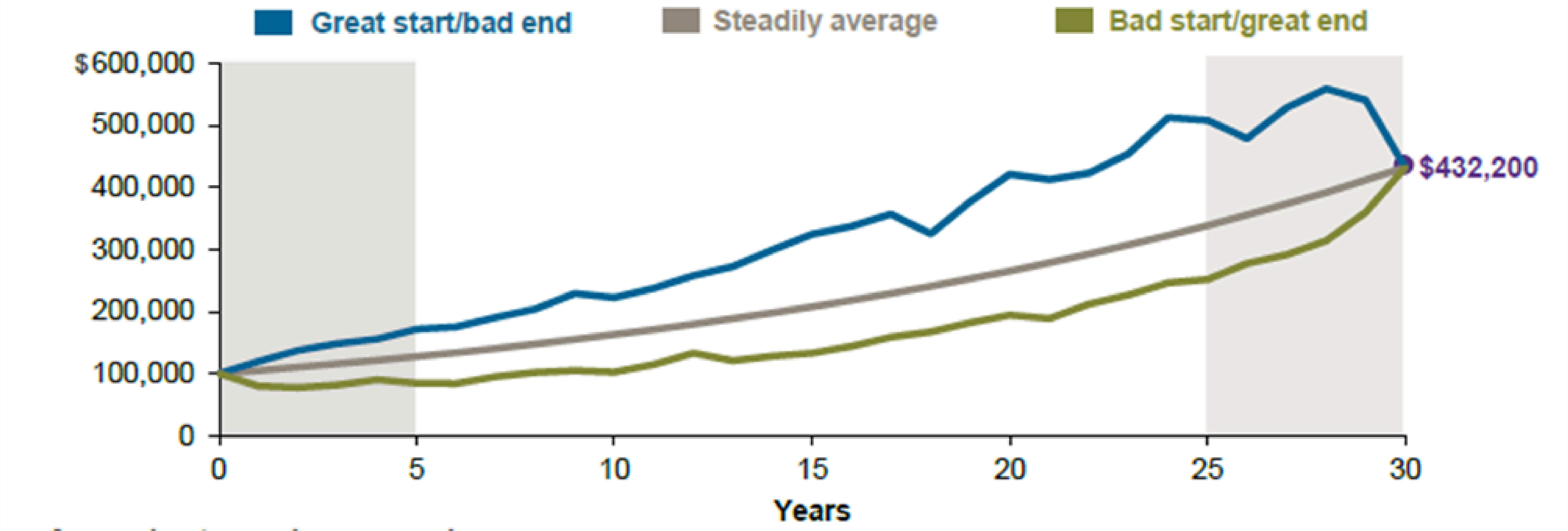
Sequence of Returns & How they Matter



Hypothetical return scenarios are for illustrative purposes only and are not meant to represent an actual asset allocation.
Source: J.P. Morgan Asset Management.

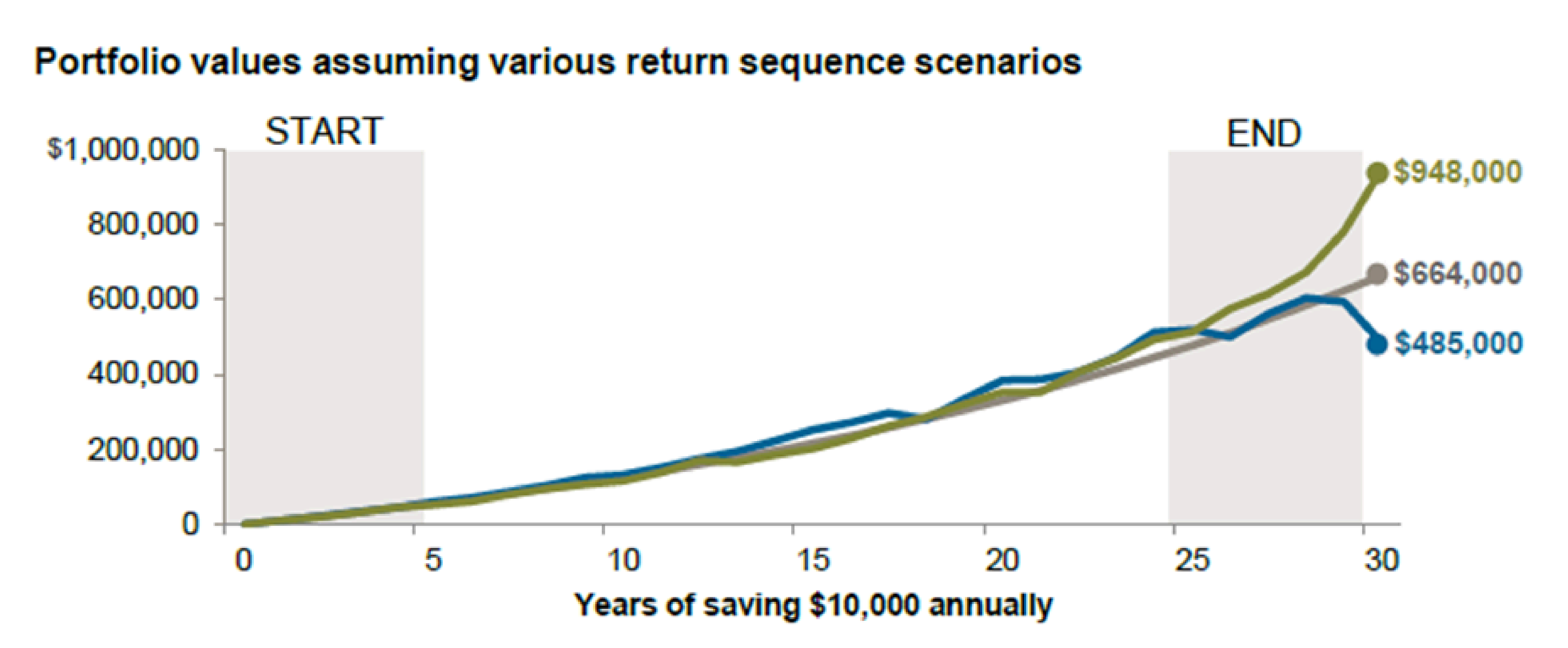
Value of three portfolios with the same average return

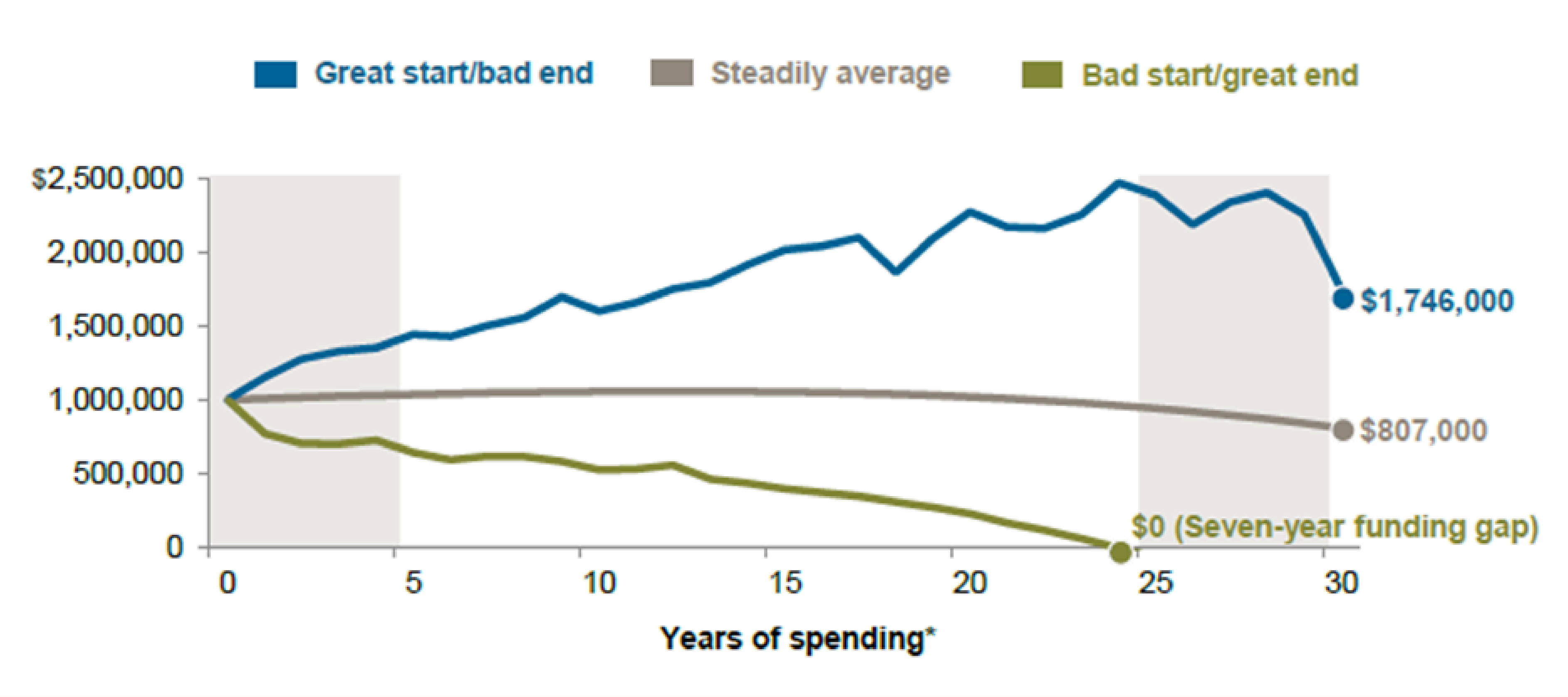
$100,000 lump sum investment with an average return of 5.0%

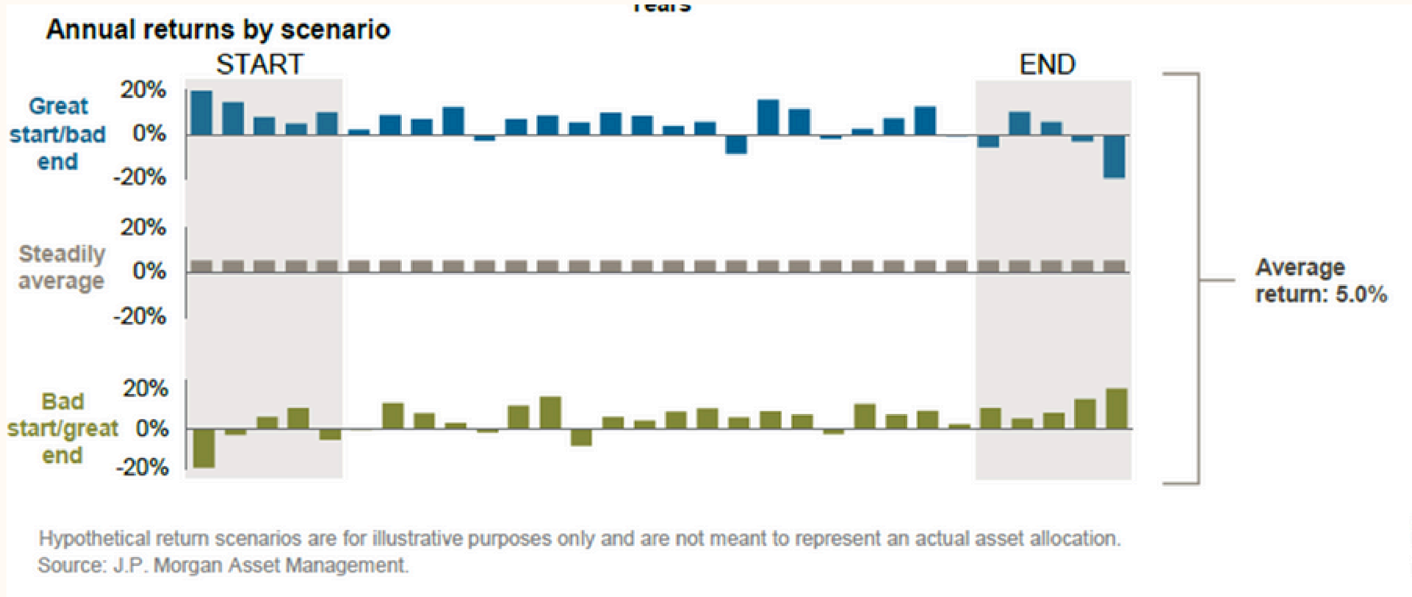


HOW MUCH CAN I WITHDRAWAL?

Sequence of Returns & How they Matter







THE GREATEST RISK IS WHEN WEALTH IS GREATEST

When saving for retirement, the return experienced in the early years has little effect compared to growth achieved through regularly saving. However, the rates of return just before and after retirement – when wealth is greatest – can have a significant impact on retirement outcomes.

Hypothetical return scenarios are for illustrative purposes only and are not meant to represent an actual asset allocation. Spending in retirement chart assumes a 4% withdrawal adjusted annually for inflation of 2%. Source: J.P. Morgan Asset Management.

HOW MUCH CAN I WITHDRAWAL?

Enter Goals Based Financial Planning

Steps to creating your plan and getting results

1. GOAL CREATION

The planning process starts with a question: What does your ideal retirement look like? Allow yourself to dream a little. Think of how much you would like to spend on things such as travel, charity, home improvements or even a new car.

2. IDENTIFY RESOURCES

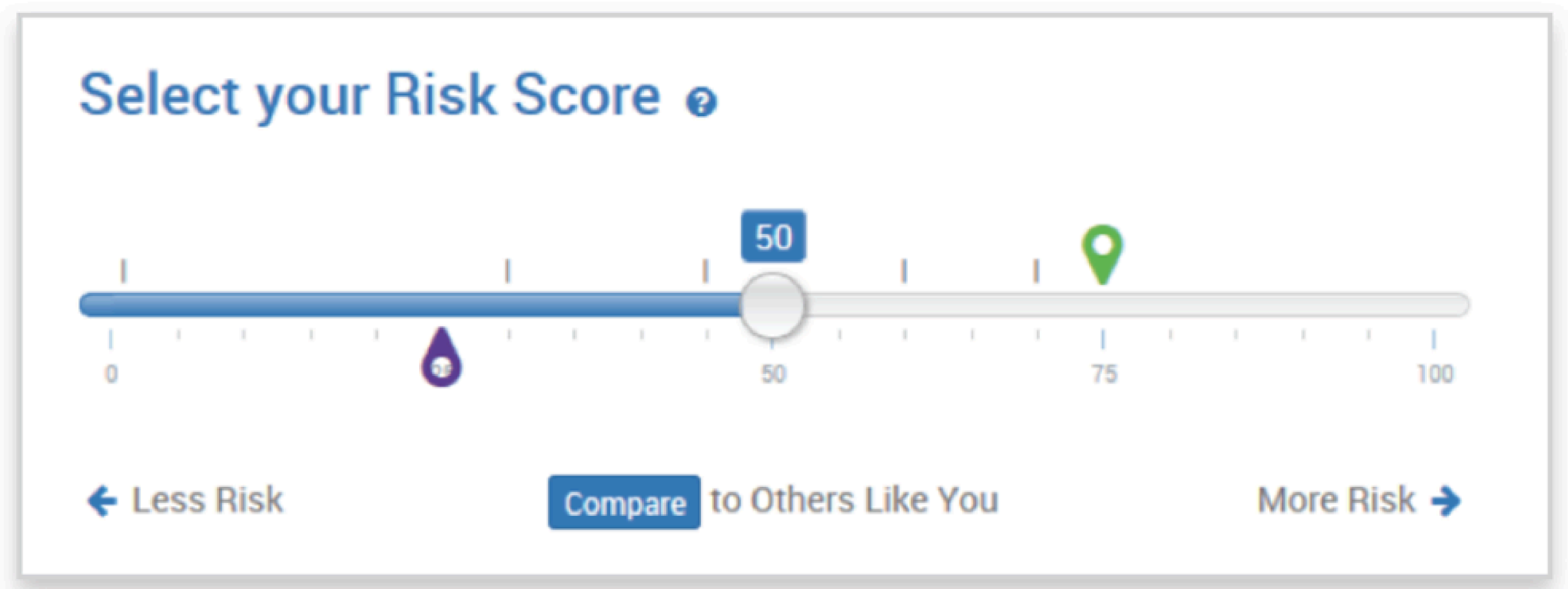
You'll get a better understanding of your overall financial picture with the ability to view your income and assets – the foundation of your plan and the key to achieving your goals – in one place. Navigating complex resources such as Social Security is made easier with tools like the Social Security Analysis.

HOW MUCH CAN I WITHDRAWAL?

Enter Goals Based Financial Planning

3. YOU AND THE MARKET

Understanding how the markets work and your comfort with taking risk is the key to a successful plan. Your advisor can use the software to help you understand your tolerance for risk, explaining market cycles and helping you identify scenarios that might cause you to rethink your long-term investment strategy.

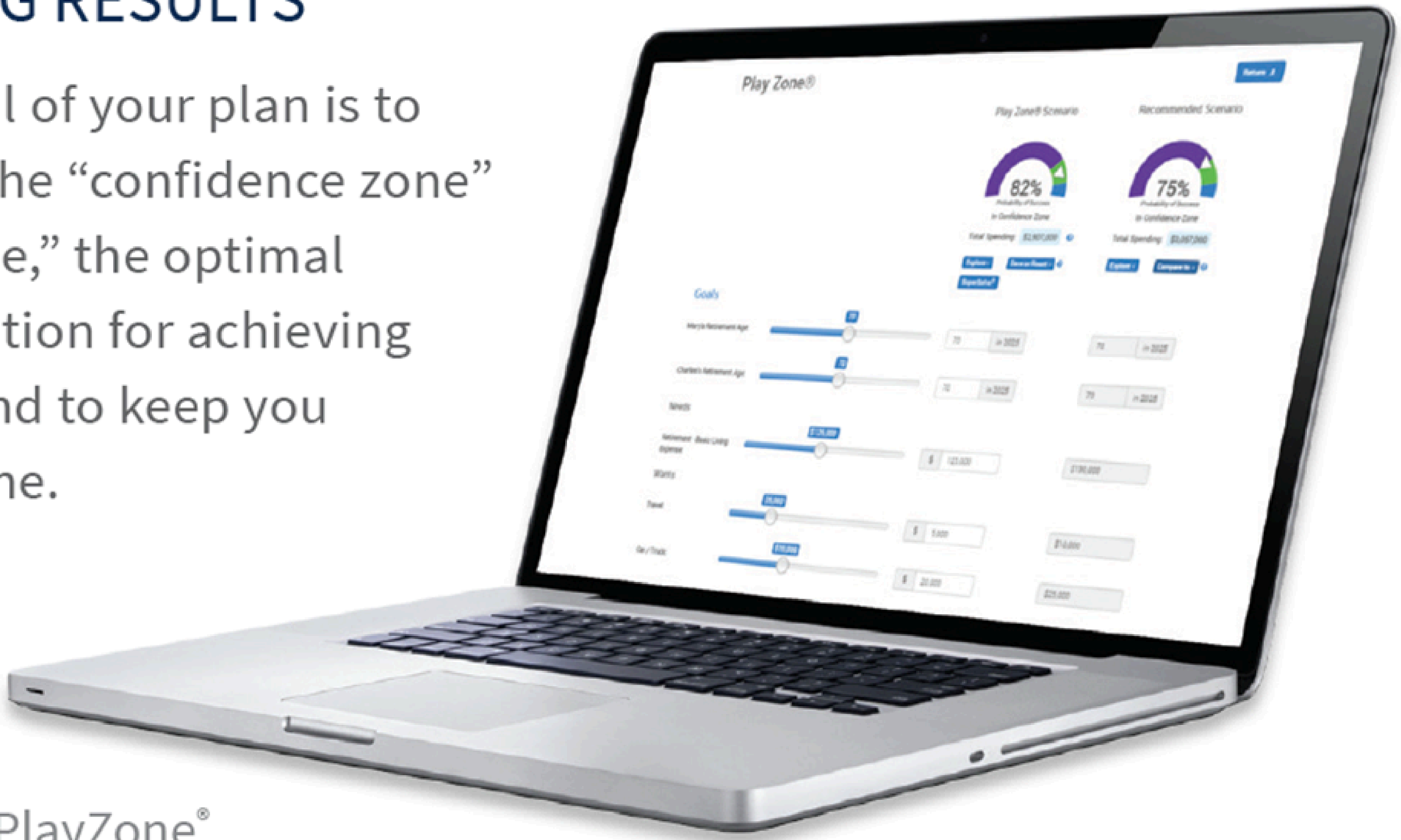


HOW MUCH CAN I WITHDRAWAL?

Enter Goals Based Financial Planning

4. GETTING RESULTS

The main goal of your plan is to get you into the "confidence zone" or "green zone," the optimal financial position for achieving your goals, and to keep you there over time.



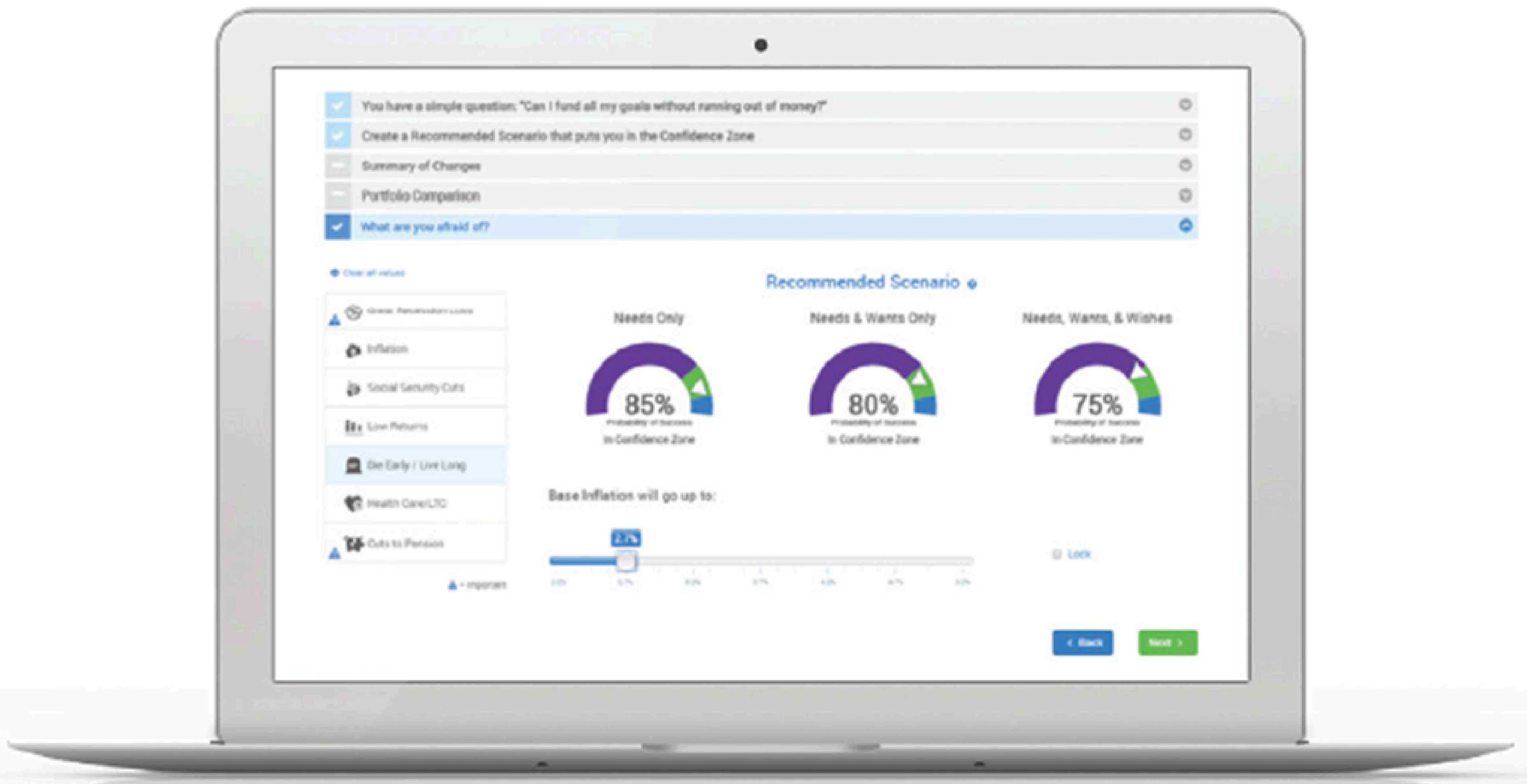
PlayZone®

IMPORTANT: The projections or other information generated by Goal Planning & Monitoring regarding the likelihood of various investment outcomes are hypothetical in nature and do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

HOW MUCH CAN I WITHDRAWAL?

Enter Goals Based Financial Planning

Using interactive features like PlayZone® and What Are You Afraid Of?®, you can instantly see how changes, small or large, impact the success of your plan and stress-test your choices to help you feel confident that, even through changes, you'll stay on track.



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OTHER TIPS & TRICKS

Asset Location

RMDs & QCDs

ROTH Conversions

OTHER TIPS & TRICKS

The accounts you place your investments in, matter for tax effeciencies

	Tax treatment of expected returns	Taxable	Tax-deferred	Tax-exempt
Municipal securities and municipal mutual funds	Generally exempt	✔ More appropriate	✔ Less appropriate	✔ Less appropriate
Equity securities held long-term for growth	Taxed at long-term capital gain rates	✔ More appropriate	✔ Appropriate	✔ Appropriate
Equity index funds/ETFs (other than REITs)		✔ More appropriate	✔ Appropriate	✔ Appropriate
Tax-managed mutual funds		✔ More appropriate	✔ Less appropriate	✔ Less appropriate
Real estate investment trusts (REITs)	Generally, 80% of income taxed at ordinary rates; 20% tax-exempt	✔ Appropriate	✔ More appropriate	✔ More appropriate
High-turnover stock mutual funds that deliver effectively all returns as short-term capital gains	Taxed at ordinary income rates	✔ Less appropriate	✔ More appropriate	✔ More appropriate
Fully taxable bonds and bond funds (i.e., corporates)		✔ Less appropriate	✔ More appropriate	✔ More appropriate

✔ More appropriate ✔ Appropriate ✔ Less appropriate

https://www.fidelity.com/viewpoints/investing-ideas/asset-location-lower-taxes

OTHER TIPS & TRICKS

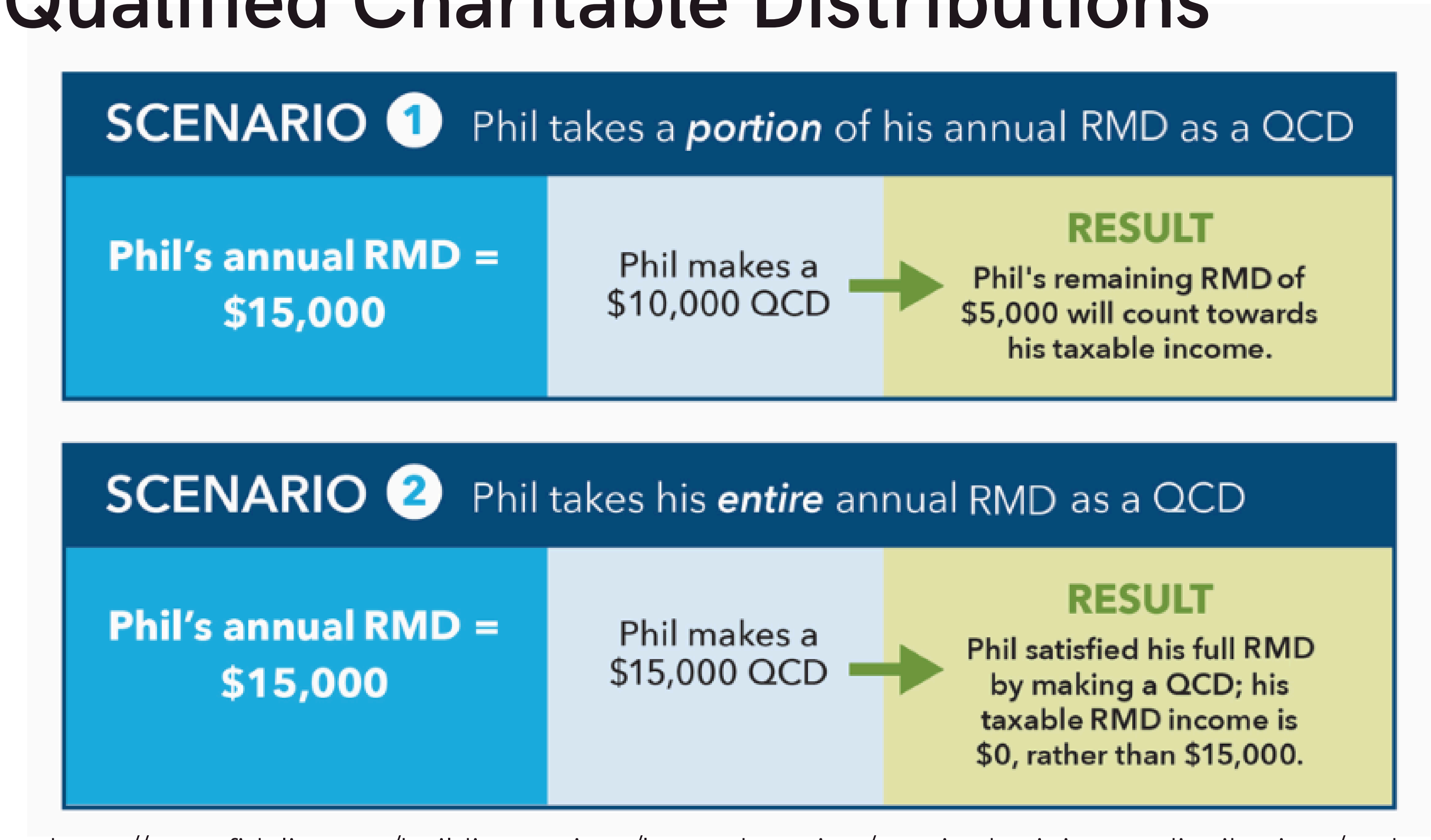
RMDs & QCDs

RMD age by birth year

- Born between 1951 and 1959: You must start taking RMDs at age 73.
- Born in 1960 or later: You must start taking RMDs at age 75.
- Born in 1950 or earlier: The RMD age was 72.

Required Minimum Distributions - Calculator

Qualified Charitable Distributions



https://www.fidelity.com/building-savings/learn-about-iras/required-minimum-distributions/qcds

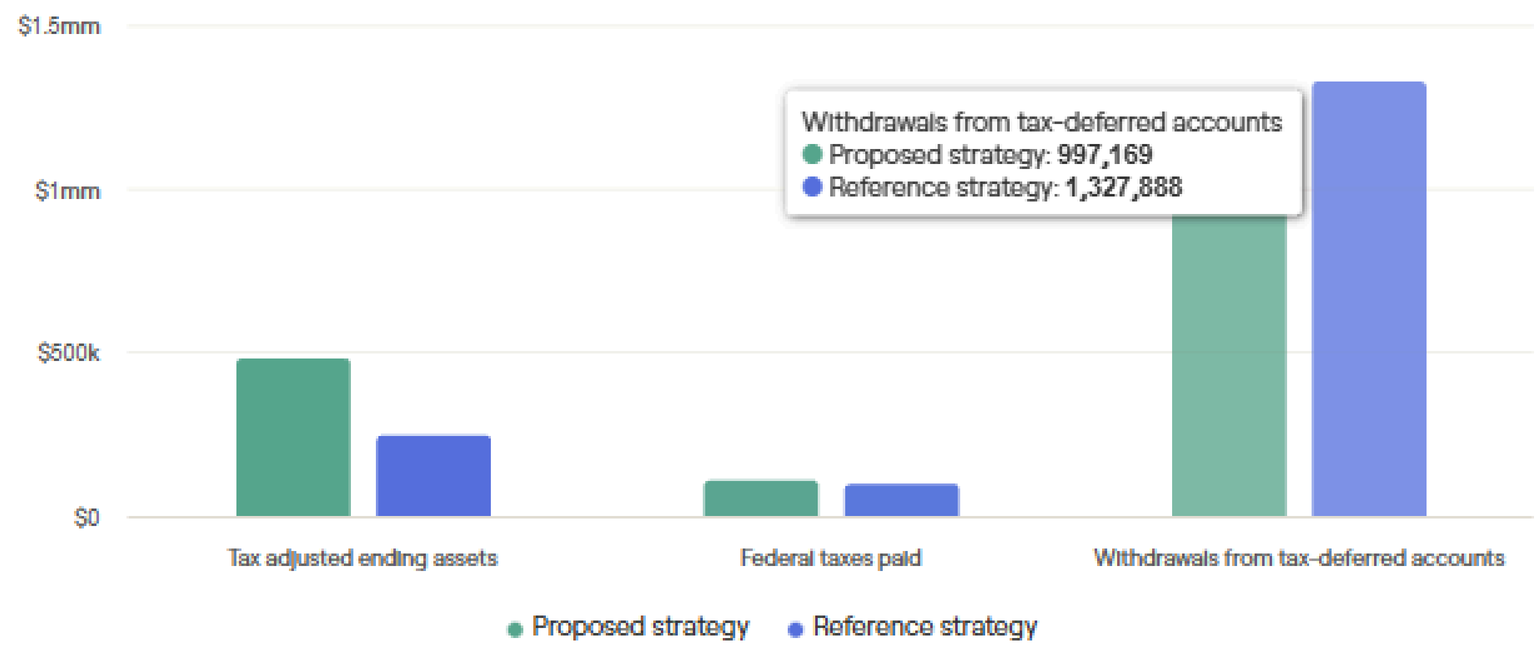
A QCD is a direct transfer of funds from your IRA custodian, payable to a qualified charity. QCDs can be counted toward satisfying your required minimum distributions (RMDs) for the year, as long as certain rules are met.

OTHER TIPS & TRICKS

ROTH Conversions in Retirement

Summary of tax strategy

Proposed plan



Proposed strategy results in

$238,385 more
tax adjusted ending assets

$13,039 more
taxes paid

$330,719 less
withdrawals from tax-deferred accounts

ACTION ITEMS

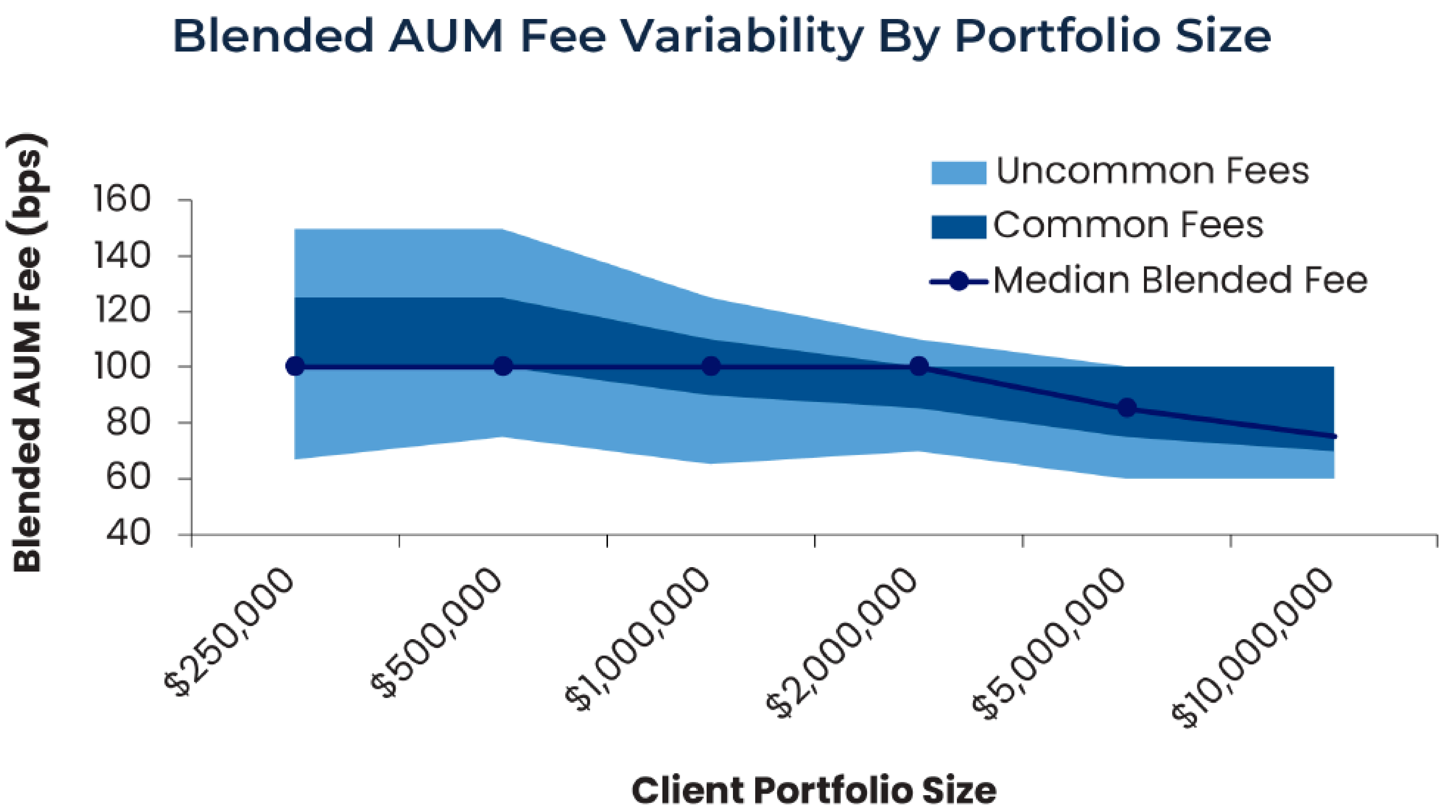
	Proposed strategy	Reference strategy
Asset location		
Equity allocation	Pro-rata	Pro-rata
Asset withdrawal		
Withdrawal sequence	Taxable, tax-deferred, tax-free	Taxable, tax-deferred, tax-free
Roth conversions		
Conversion target	Ordinary income tax bracket	None
Fill up the tax bracket	12%	

Not all Advisors are the Same

- Look for the 3 Es: Experience, Expertise, Education
- Are they a fiduciary?
- Understand Fees

ADVISOR FEES:

Assets Under Management (AUM):



Source: The Kitces Report, Volume 2, 2024 - How Financial Advisors Actually Do Financial Planning

AN ADVISOR'S VALUE

VANGUARD STUDY:

Based on industry research, advisors can potentially add "about 3 percent " in net returns.

Cost effective investments	0.45%
Rebalancing	0.35%
Behavioral coaching	1.50%
Asset location	0% - .75%
Spending strategy	0% - .75%
About	***3%***

MORNINGSTAR STUDY:

Efficient financial planning can add 1.59% more income annually.

"In the aggregate, we estimate a retiree can be expected to generate 22.6% more income on a certainty-equivalent utility-adjusted basis utilizing a Gamma-efficient retirement income strategy when compared to our base scenario, of a 4% withdrawal rate and a 20% equity allocation portfolio. This additional income is equivalent to an average annual return increase of +1.59% which represents a significant improvement in portfolio efficiency for a retiree."

Source: *Putting a value on your value: Quantifying Vanguard Advisor's Alpha.* Vanguard Research, March 2014, *Source: Alpha, Beta, and Now… Gamma. David Blanchett, CFA, CFP®, Paul Kaplan, Ph.D., CFA, August 28, 2013*

ClearVista
ADVISORS

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Thank You For Attention