

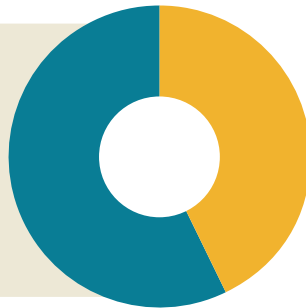
SIMPLY PUT

Plan for a Longer Retirement

How long will you live in retirement - 10, 20, 30, or more years? While no one can actually know the answer to this question, having a realistic idea of your life expectancy can help you better plan for your retirement. After all, **the longer you live in retirement, the more money you'll need to support yourself once your working days are over.**

By definition, life expectancy refers to the average number of years you can expect to live. The key word is average, meaning you could live a much shorter or much longer life. **Living a longer, hopefully more fulfilling life, is ideal for most, but it's also a major source of uncertainty when it comes to retirement planning, as no one wants to run out of money in their golden years.** Planning accordingly throughout your working career or even being overprepared for retirement is key.

Roughly 43% of retirees underestimate their own life expectancy by at least 5 years.¹



ESTIMATE YOUR RETIREMENT INCOME AND EXPENSES.

A good financial plan starts with research. How much can you expect from your MOSERS or MPERS defined benefit pension and Social Security benefits? Will you have a mortgage or car payment in retirement? What will your personal property taxes, home insurance, and medical expenses look like in the future? Establishing a realistic budget is the first step to making sure you are saving enough to meet your annual income needs in retirement.

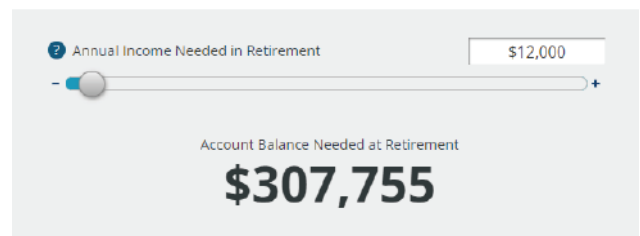
1 - Society of Actuaries

TIP: Rather than ignore or underestimate your life span, assume you'll enjoy a long retirement and plan appropriately!

SAVE TO MEET ANNUAL INCOME GOALS.

Instead of thinking about how big of a savings balance you'll need at retirement, think about how much annual income you'll need to maintain your desired lifestyle. Once you have a number in mind, use the **Grow Your Retirement Savings Calculator** to estimate the account balance needed at retirement and the contributions you'll need to make throughout your career to meet that goal.

1. Visit www.modeferredcomp.org, choose **Calculators** from the **Planning & Tools** menu, and then click the **Grow Your Retirement Savings Calculator** button.
2. Enter your desired **Annual Income Needed in Retirement** in the gray box at the bottom of the calculator page.



3. **Adjust the Years in Retirement slider** to estimate what account balance you'll need in order to withdraw your desired annual amount.
4. **Adjust the Your Regular Contribution and Years Until Retirement fields** until the **Account Balance at Retirement** estimate equals the **Account Balance Needed at Retirement**. This is the contribution amount you'll need to make throughout your career to reach your annual income needs in retirement.

PLAN TO LIVE LONGER THAN YOU EXPECT, EVEN INTO THE TRIPLE DIGITS.

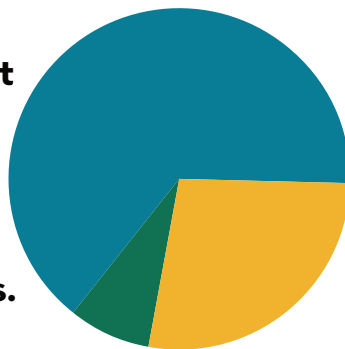
More and more people are living into their 90s, even 100s. In a recent deferred comp survey, 42% of active and 46% of terminated state employees said it is possible that they could live to the age of 100. While it may seem like a far-fetched situation, it's better to overplan than to run out of money in retirement.

For example, if you retire at age 65, live 25 years in retirement, and require \$12,000 annually from your retirement savings account, you will need a balance of \$239,979¹ at the end of your career. However, if you live until 100 or 35 years in retirement, you will need \$307,755¹ at retirement. The difference between those two balances is big. **Remember, if you run out of income in retirement, you won't have the opportunity to go back to work once you reach a certain age and ability.**

INVEST INTO AND THROUGH YOUR RETIREMENT.

In retirement, retirees often focus on preserving their retirement account balance; however, **it's also important to generate income to sustain your lifestyle in your retirement.** The Missouri Target Date Funds, specifically the Missouri Retirement Allocation Fund (RAF), which is geared toward savers in retirement, aim to do just that. The RAF consists of fewer equities and more bonds and seeks to protect your principal account balance and generate income. If you have questions about your retirement savings strategy and investments, please contact your local financial education professional for support.

The MO Retirement Allocation Fund seeks to protect your principal account balance and generate income for investors.



1 - Balances calculated using the Grow Your Retirement Savings Calculator and assumes a 4% rate of return in retirement; 2 - 2023 Active Financial Wellness Survey Results

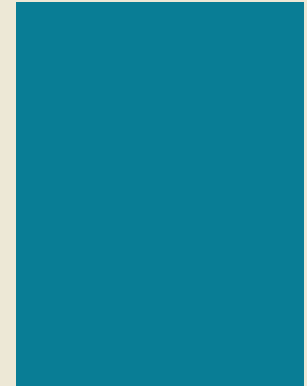
Savings Balance Needed to Withdraw \$12,000 Annually¹

\$239,979



**25 Years
in Retirement**

\$307,755



**35 Years
in Retirement**

49%

State employees who believe it is either likely or very likely that they will outlive their retirement savings.²

ESTIMATING YOUR LIFE EXPECTANCY

Your life expectancy depends on a lot of things - genetics, lifestyle, diet, luck, etc. To help estimate the number of years you may live in retirement, use the **Social Security Life Expectancy Calculator** or **Society of Actuaries Longevity Illustrator**. Keep in mind, these calculators look at averages, meaning you could end up living a much shorter or longer life.

Social Security Life Expectancy Calculator

www.ssa.gov/OACT/population/longevity.html

Society of Actuaries Longevity Illustrator

www.longevityillustrator.org