

# RETIREMENT REPORT

## Littleton Public Schools 403(b) and 457 Retirement Plans

Fall 2018



## Accelerated Retirement?

*It's possible, if you follow the right roadmap.*

Everybody imagines retiring early, but few people manage to do it. A recent Willis Towers Watson survey reported that far more working Americans are planning to retire after age 65 (46%) than before it (30%).<sup>1</sup> Here are five steps you can take to jumpstart the process.

### Set realistic goals — and timeframes

Start by forecasting how much money you'll need to live on each year.

- Some planners suggest 80% of your current income, others think 100% is more realistic.
- Decide on your preferred lifestyle. Do you plan to live modestly, or do you envision traveling more, or buying a second home?
- If you're planning to live on \$40,000 a year and assume that you can safely withdraw 4% a year from your nest egg, you multiply \$40,000 by 25 to get to a \$1 million savings goal.
- Factor in higher healthcare costs than you currently pay. People who retire in 2018 at age 65 will need upwards of \$280,000 to pay for health care and medical expenses through retirement, according to Fidelity.<sup>2</sup>
- Pick your preferred retirement age. If you have 20 years to save up your \$1 million goal, you can calculate your monthly savings needed to reach that number using a compound interest calculator.

### Put the brakes on spending

Reducing spending could be as simple as giving up eating out one night a week, or as significant as relocating to a less expensive area of the country.

- Consider signing up for a free Mint.com account to keep closer track of where your money is going. Mint.com shows your past spending patterns and

alerts you when you are in danger of going over your budget.

- Other money-saving tips include packing your lunch; cancelling cable TV; and taking public transit or riding your bike to work.

### Turbocharge your savings

The more you save out of your current income, the sooner you'll be able to retire.

- If your employer offers a 401(k)-matching contribution, make sure you're contributing enough to get the full match.
- Traditional and Roth IRAs are another great way to sock away more dollars.
- If you're planning to retire before age 59½, you may want to consider building a taxable account that is not subject to early withdrawal penalties, to bridge the gap until you can tap those accounts without those rules kicking in.

### Boost Income

Earning more is a great way to enhance savings.

- Pick up a part-time job
- Move to a higher-paying job

Just be sure not to increase your spending when your income goes up!

### Caution sign: debt

Paying off — even avoiding — debt is one of the best ways to reduce your expenses and spending.

- Buy cars used, and drive them longer.
- Pay off your mortgage early.
- If you're contributing to your children's college education, make sure that you're not taking on more debt than you can afford (that goes for kids, too).

<sup>1</sup> "The Most Popular Ages to Retire," U.S. News & World Report, June 16, 2016. <https://money.usnews.com/money/blogs/planning-to-retain/articles/2016-06-10/the-most-popular-ages-to-retain>

<sup>2</sup> Source: [www.fidelity.com](http://www.fidelity.com) <https://www.fidelity.com/about-fidelity/employer-services/a-couple-retiring-in-2018-would-need-estimated-280000>

# The Ins and Outs of Long-Term Care

*Imagine for a moment that your elderly mother slips and falls and breaks an arm and a leg. She is hospitalized and undergoes rehab — for 12 weeks. Most people think of chronic illnesses when they think of long-term care, but accidents can also trigger the need for extended nursing care, as well as physical and occupational therapy.*

Compounding the problem of these frequent accidents (see our accompanying sidebar article), health insurance plans only cover about three weeks of care. As hard as it is to imagine a life of disability or declining health, long-term care (LTC) is an issue of growing urgency for an aging population. Just as health care costs are rising to eye-popping levels, the market for long-term care insurance has been in free fall. Premiums have largely doubled, and buyers are paying more for less coverage. What does extended long-term care mean for your financial picture, and for your family? What are your options? Here's a short primer to help you weigh your options.

## Self-funding

The best way to plan for an unexpected health issue that could last as long as eight or 10 years is to have amassed great long-term wealth. But this option is only realistically available to high net worth or ultra-high net worth investors.

## LTC and hybrids plans

A traditional LTC policy is harder to find and expensive but is worth it if you can afford it and qualify for coverage. An LTC policy will pay up to a certain maximum daily benefit in case you are hospitalized or require in-home or rehab care above what your health insurance policy will cover. Hybrid plans are where the LTC market is becoming more attractive. Hybrids are life insurance policies that include a certain amount of LTC coverage and usually have premiums that are guaranteed not to rise.

## Fixed annuities

Another LTC-like option that may be attractive for some middle-income earners is a fixed annuity.<sup>3</sup> You make a lump sum payment in exchange for

guaranteed regular payments as specified under the contract with an insurer. Some hybrid annuities offer multiplier rider options that pay out higher interest if long-term care is needed. However, all annuities are not created equal and usually include large commissions paid to brokers. If considering an annuity you should really investigate all options including no load annuities and institutional annuity shopping services like Heuler. Long-term care is a difficult issue for families to tackle, but a major financial risk. The range of insurance-based products on the market may offer a solution, but as always, it's advisable to consult with a qualified insurance and tax professional for the best course of action to take for someone in your situation.

## Slips, trips and falls — by the numbers

Slips, trips and falls make up the majority of general industry accidents, according to the Department of Labor statistics.

- 15% of all accidental deaths (roughly 12,000 per year) can be attributed to slips, trips and falls (second only behind motor-vehicle accidents).
- Approximately 25% of most frequently reported injuries are due to slips, trips and falls.
- More than 17% of disabling occupational injuries result from falls.

Most falls can be avoided by recognizing the human factors that increase the risk of trips and slips, such as carrying or moving cumbersome objects, or moving too many objects at one time; not paying attention to surroundings or walking distracted (read: texting!); taking unapproved shortcuts; and being in a hurry and rushing.

<sup>3</sup> Fixed annuities are not FDIC insured. Guarantees are based on the claims paying Ability of the issuer. Withdrawals made before age 59½ generally trigger a tax penalty.

### Whom do I call for help?



### Contact TIAA-CREF for the following:

- > Balances
  - > Investment changes
  - > Change personal info
- 800.842.2009  
www.tiaa-cref.org

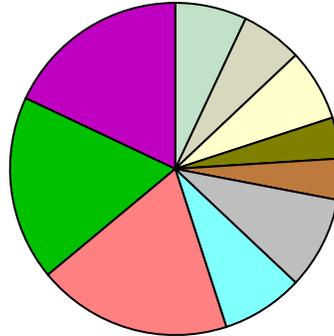
### The Plan's Investment Consultant

Innovest Portfolio Solutions  
4643 S. Ulster St., Suite 1040  
Denver, CO 80237  
303.694.1900 | www.innovestinc.com

Who typically uses this portfolio?

**Current Age:** over 60  
**Risk Level:** Low  
**Expected Return:** Low  
**Time Horizon:**  
**Years to Age 65:** under 5  
**Years to Age 85:** under 25  
**Expense Ratio (%)** 0.29

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	7.0
Vanguard 500 Index;Adm (VFIAX)	6.0
Harbor:Cap Apprec;Inst (HACAX)	7.0
Vanguard Md-Cp Idx;Adm (VIMAX)	4.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	4.0
Am Beacon:Intl Eq;Inst (AAIEX)	9.0
American Funds EuPc;R6 (RERGX)	8.0
Met West:Total Return;I (MWTIX)	19.0
Vanguard Tot Bd;Adm (VBTIX)	18.0
TIAA Traditional	18.0

Past Performance (%)\*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Conservative	1.96	2.56	5.36	7.27	6.15	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

**Current Age:** The age (today) of an average investor with time horizon, risk level, and return expectations of the Conservative Portfolio.

**Time Horizon:** Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

**Risk Level:** The amount of expected risk in the Conservative Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Conservative Portfolio, and is calculated via a statistical process consistent with 95% probability.

**Low: -8% to -14%**

**Expected Return:** The level of expected investment return from the Conservative Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

**Low: 4% to 6%**

Past Performance

Investment performance results shown above represent past performance and are not indicative of future results. Please read the information contained in the applicable fund prospectuses carefully before investing money.

How is the portfolio diversified?

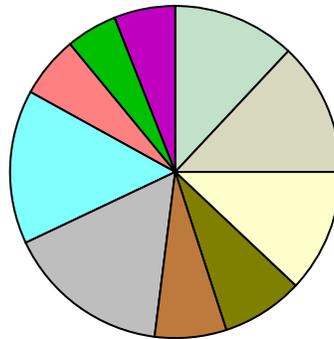
The pie chart and accompanying data shown for each portfolio illustrates the percentage allocated to each fund.

\*Innovest relies on 3rd party data for these returns.  
 \*\*Returns using TIAA Traditional Annuity - GRA contract

Who typically uses this portfolio?

**Current Age:** 40 - 60  
**Risk Level:** Moderate  
**Expected Return:** Moderate  
**Time Horizon:**  
**Years to Age 65:** 5 - 25  
**Years to Age 85:** 25 - 45  
**Expense Ratio (%):** 0.37

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	12.0
Vanguard 500 Index;Adm (VFIAX)	13.0
Harbor:Cap Apprec;Inst (HACAX)	12.0
Vanguard Md-Cp Idx;Adm (VIMAX)	8.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	7.0
Am Beacon:Intl Eq;Inst (AAIEX)	16.0
American Funds EuPc;R6 (RERGX)	15.0
Met West:Total Return;I (MWTIX)	6.0
Vanguard Tot Bd;Adm (VBTIX)	5.0
TIAA Traditional	6.0

Past Performance (%)\*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Moderate	3.36	4.91	9.71	11.72	9.07	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

**Current Age:** : The age (today) of an average investor with time horizon, risk level, and return expectation of the Moderate Portfolio.

**Time Horizon:** Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

**Risk Level:** The amount of expected risk in the Moderate Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Moderate Portfolio, and is calculated via a statistical process consistent with 95% probability.

**Moderate: -13% to -19%**

**Expected Return:** The level of expected investment return from the Moderate Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

**Moderate: 5% to 7%**

Past Performance

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How is the portfolio diversified?

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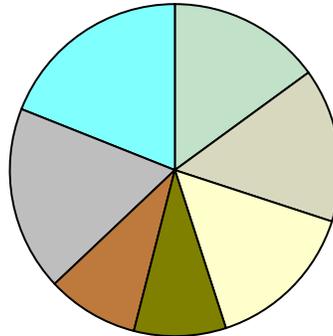
\*Innovest relies on 3rd party data for these returns.

\*\*Returns using TIAA Traditional Annuity - GRA contract

Who typically uses this portfolio?

**Current Age:** 30 - 50  
**Risk Level:** High  
**Expected Return:** High  
**Time Horizon:**  
**Years to Age 65:** 15 - 35  
**Years to Age 85:** 35 - 55  
**Expense Ratio (%)** 0.42

Portfolio Allocation (%)



Dodge & Cox Stock (DODGX)	15.0
Vanguard 500 Index;Adm (VFIAX)	15.0
Harbor:Cap Apprec;Inst (HACAX)	15.0
Vanguard Md-Cp Idx;Adm (VIMAX)	9.0
Vanguard Sm-Cp Idx;Adm (VSMAX)	9.0
Am Beacon:Intl Eq;Inst (AAIEX)	18.0
American Funds EuPc;R6 (RERGX)	19.0
Met West:Total Return;I (MWTIX)	0.0
Vanguard Tot Bd;Adm (VBTIX)	0.0
TIAA Traditional	0.0

Past Performance (%)\*

	Last Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Littleton Public School Aggressive	3.97	6.01	11.73	13.78	10.38	N/A

Understanding Your Professionally-Managed Portfolios

Who typically uses this portfolio?

**Current Age:** : The age (today) of an average investor with time horizon, risk level, and return expectation of the Aggressive Portfolio.

**Time Horizon:** Indicates the number of years (time horizon) to the average retirement age of 65, when the investor will begin spending the money in their account, and the number of years to assumed life expectancy of age 85.

**Risk Level:** The amount of expected risk in the Aggressive Portfolio. Risk is measured by the potential loss over a 12-month period that an investor might expect in the Aggressive Portfolio, and is calculated via a statistical process consistent with 95% probability.

**High:** -17% to -23%

**Expected Return:** The level of expected investment return from the Aggressive Portfolio. The range of returns shown below indicates the potential gain that an investor might expect each year, on average, over a 5-year period. This is also referred to as the "mean" return, and is calculated using a statistical process to determine a range of probabilities.

**High:** 6% to 8%

Past Performance

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How is the portfolio diversified?

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\*\*Returns using TIAA Traditional Annuity - GRA contract