



Not for Sample
Use

Invest in Education: Build a Brighter Financial Future

Your Company Name
and Logo

For Use



Disclaimer – Not legal, tax, investment, financial, or other advice

This content is meant to provide you with only general financial education and the information provided is not legal, tax, investment, financial, or other advice.

We strongly recommend that you consult with your personal legal, tax, investment, financial, and other advisors before taking any action regarding your finances.

Nothing contained within these materials, or materials provided by Wealthency, constitutes a solicitation, recommendation, endorsement, or offer by Wealthency or your employer.

Rules, limits, and laws change frequently. Ensure you have up to date information when making decisions. Information provided is obtained from sources believed to be reliable but is in no way guaranteed.

Ryan Decker



Not Sample
Intended For Use

○ PhD Economics

○ UBS and PwC
Alumnus

○ Founding Director
Center for Financial Literacy

○ Certified Financial
Planner™ (CFP®)

○ Founder, Lead Educator
Wealthency

Overview

Introduce saving and investing landscape

Understand Your Company's financial benefit programs

Learn about outside investment vehicles

Additional Financial Topics

Saving vs Investing

Your Company's 401(k) and financial benefits

Your Company's and Other Saving / Retirement Resources

Personal Savings - IRAs

Asset Allocation

We don't have to be smarter than
the rest.

We have to be more **disciplined** than
the rest.

-Warren Buffett



Not Sample
Saving
and Intended
Investing
For Use

Saving and Cash Management

- NOT held in investment securities
- Timeframe of less than 7 or 10 years
- Emergency fund, large purchase savings (e.g., vacation, wedding, car, house)
- Potential Allocations
 - Checking – flow of monthly income and expenses
 - Savings – buffer for checking
 - HYSA/ MMMF/ CDs – emergency and large purchase savings

Savings Vehicles

Type of Account	June 2023 Rates (APY)
Cash	0%
Checking/ Savings Account	0%
High Yield Savings Account (HYSA)	4.5%, varies by bank
Money Market Mutual Fund (MMMF)	5.04%, varies by fund
12-month CD	5.00%, varies by bank
3-month US Treasury Bill (T-bill)	5.28%
I-bonds	4.3%

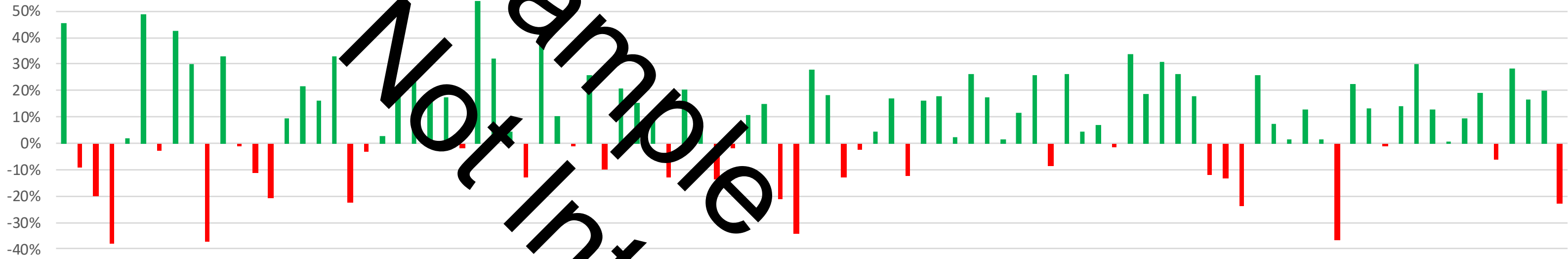
Inflation

Not Sampled For Use



1928 – 2022 S&P 500 Returns including dividends and adjusted for inflation

1 Year Returns



Obs	95
Min	-38.1%
Max	53.7%
Average	8.3%
% Negative	32.6%
% Positive	67.4%

5 Year Returns



Obs	91
Min	-8.0%
Max	21.8%
Average	5.6%
% Negative	24.2%
% Positive	75.8%

10 Year Returns



Obs	86
Min	-5.3%
Max	15.8%
Average	6.2%
% Negative	11.6%
% Positive	88.4%

Not Sampled For Use

Savings Resources

HYSA

- [Bankrate HYSA Options](#)

Money Market

- [Vanguard Money Markets](#)
- [Fidelity Money Markets](#)

U.S. Government Securities (e.g., T-bills, I-bonds)

- [TreasuryDirect](#)

Other Considerations

- FDIC Insurance \$250,000 per depositor per bank. Ensure you are aware what is covered
- Interest rates and the economy change daily which can cause the interest earned from savings vehicles to change frequently.
- Interest income is taxed as income
- Savings for longer-term goals, or savings above short-term needs, could be invested, consider your risk profile and asset allocation.
- Know I-bond considerations

Not Sample
Your
Company
Benefits
For Use

401(k) Options

Pre-tax
"Traditional"
Regular and catch-up

Roth
Regular and catch-up

After-tax

Your 401(k)
Contribution
Options

Not Sampled
Intended For Use

401(k) Employer Contributions

- Requires employee pre-tax (Traditional) or Roth contribution
 - After-tax contributions are not matched
 - Catch-up contributions are not matched
- 50% of the first 6% of employee contributions = **3%** firm contribution
 - Firm matching is allocated to pre-tax (Traditional) 401(k)
- Vesting
 - You are always 100% vested in your contributions and the associated gains
 - If you leave your employer before you are fully vested, you lose some of the employer match and the growth on the employer match

Year	Vesting
1	20%
2	40%
3	60%
4	80%
5	100%

401(k) Limits - 2023

To ensure you receive the full company match, ensure you do not hit the \$22,500 limit prior to Dec 31 (confirm with your employer).

Many employers offer a true-up provision in case you hit the limit early.

\$22,500 Maximum traditional and Roth 401(k) combined employee contributions

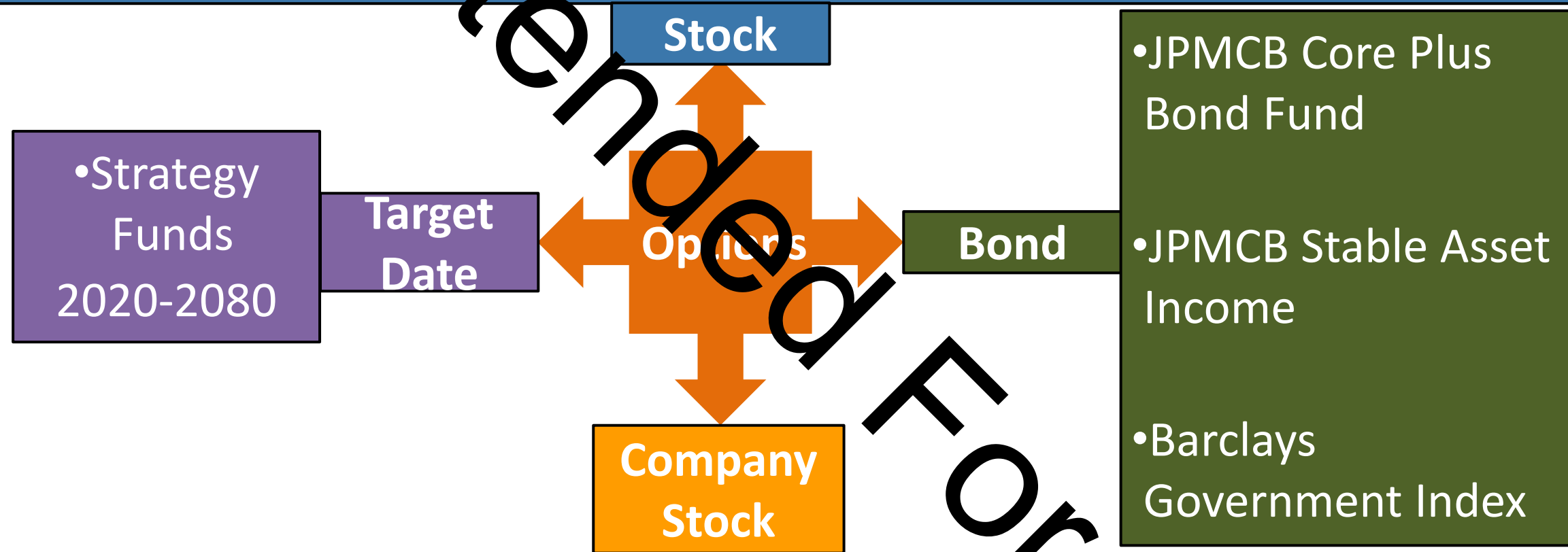
\$66,000 Employee + Employer contributions maximum limit

\$7,500 Employee 50+ catch-up contributions, in addition to limits above

Additional contributions after \$22,500 (+ catch up) must be after-tax

Investment Options

- MFS Intl International Equity
- T Rowe Price Institutional Small Cap
- American Funds Large Equity
- JPMCB Equity Index Fund
- iShares Large Cap Growth
- T Rowe Price Instl Mid-Cap Equity Gr



401(k) Fund Fees

Fund	Expense Ratio	Vanguard	Fidelity
2060 Strategy Fund	0.35%	0.08%	0.75%
American Funds Large Equity	0.71		
Barclays Government Index	1.10		
JPMCB Stable Asset Income	0.85	0.04	0.015

Fund	Expense Ratio	Vanguard	Fidelity
2060 Strategy Fund	0.55%	0.08%	0.75%
Annual cost on \$10,000	\$55	\$8	\$75

Automatic Enrollment

Enrollment

Your Company will **automatically enroll** a new employee into the 401(k) as of the first pay period following 45 days after you first become eligible to participate.

Employee can always opt-out of contributing.

Contribution Rate

The default contribution percentage is set at **6%** of pre-tax earnings.

With a contribution rate of **6%**, employees will receive the full company match of **3%**.

Asset Allocation

Your default investment will be put into a **target date retirement fund** (Strategy Fund) based on your age and anticipated retirement date (generally at age 65).

Savings Example

21-year-old earning \$60,000 contributing 6% of pay

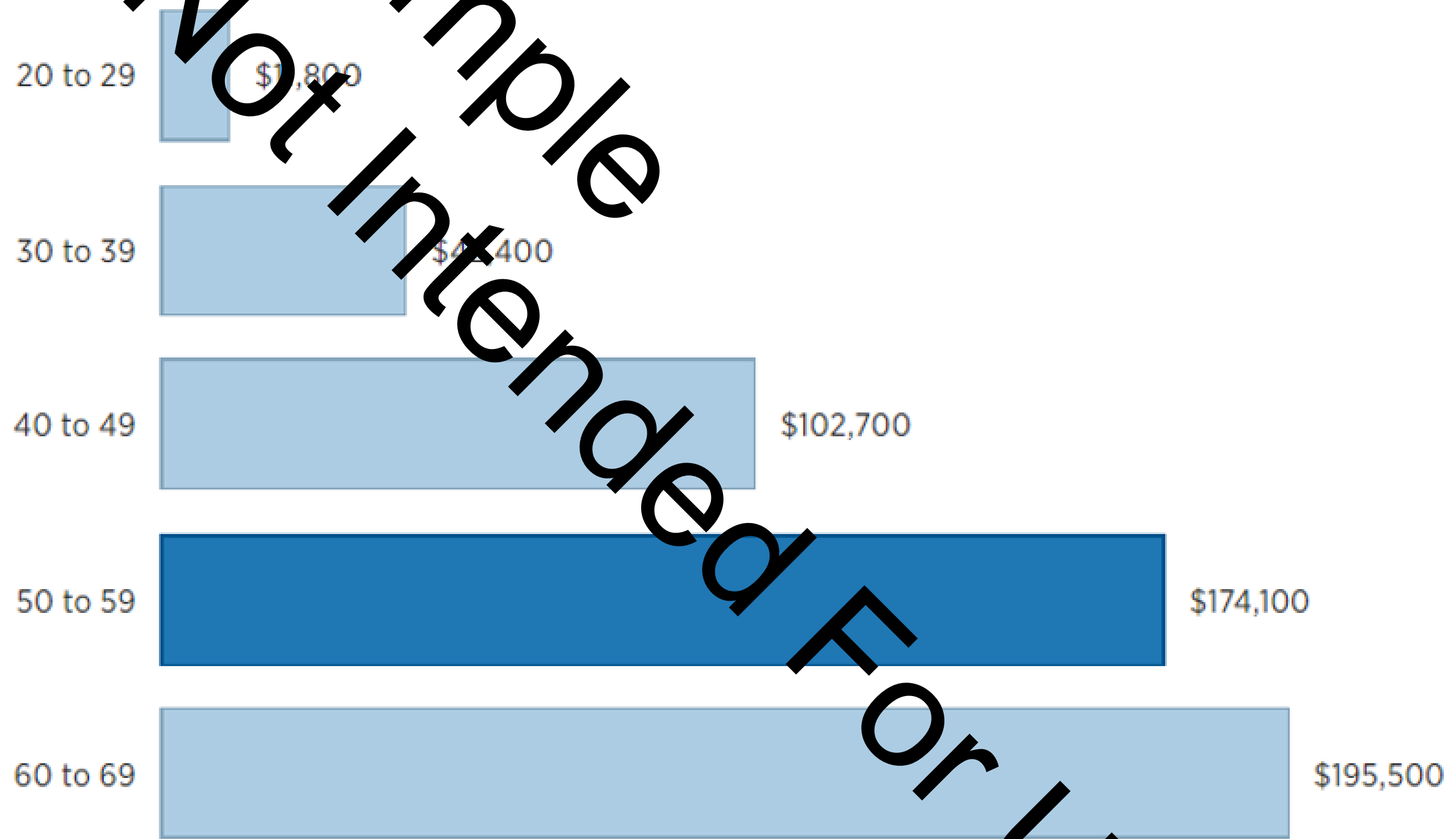
Type	Annual Amount	Formula
Employee	\$3,600	$\$60,000 * 6\%$
Employer Match	\$1,800	$\$60,000 * 3\%$
Total	\$5,400	9% of salary

Assume:

- Consistent saving (\$5,400 every year)
- No raises
- 6.6% return
- Retire at 67 (46-year career)

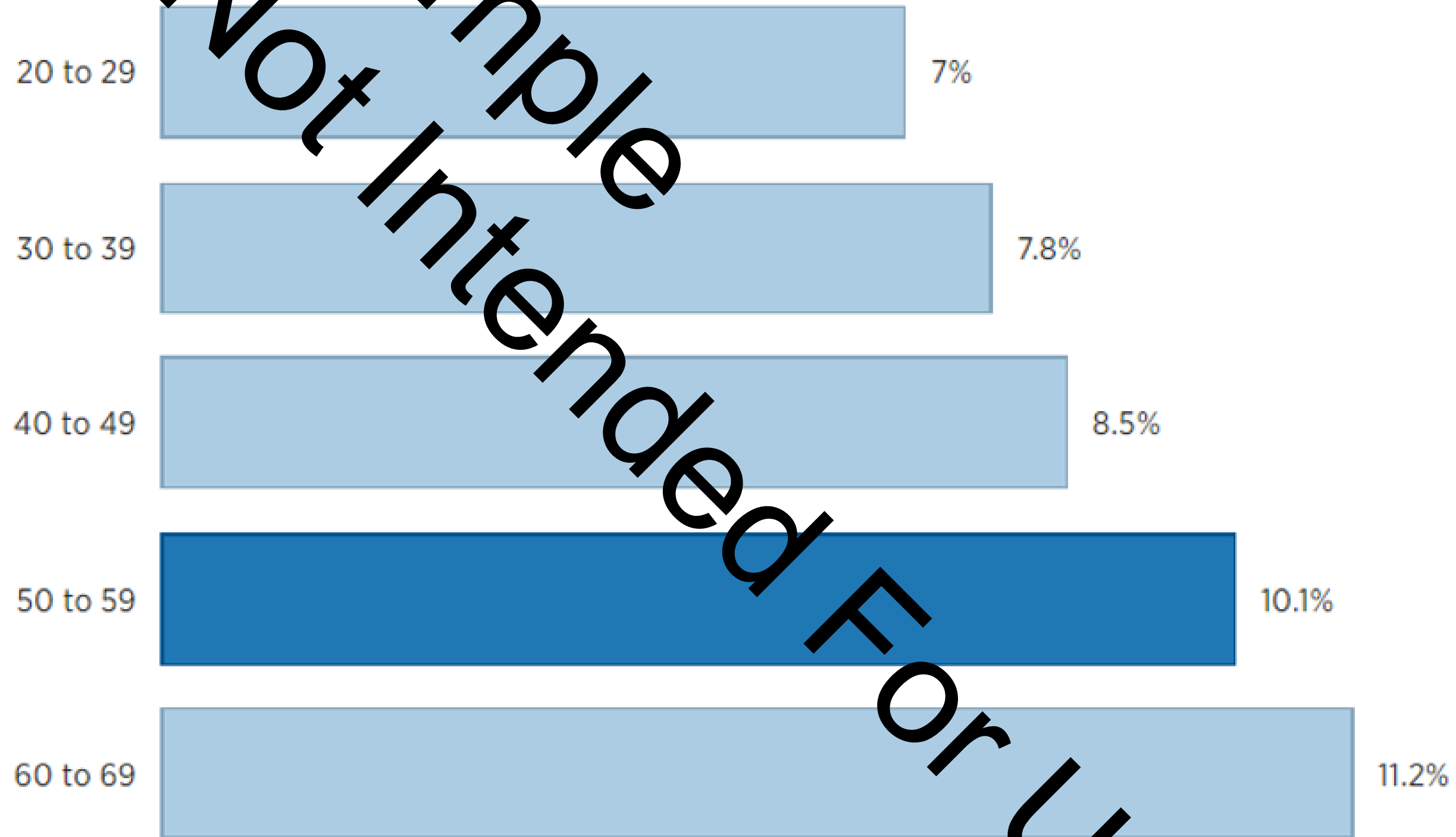
\$1,562,609!

Average 401(k) Balance By Age



Source: [Fidelity](#)

Average 401(k) Contribution Rate By Age



Sample
Not Intended
Investment
Vehicles
For Use

Individual Retirement Account (IRA)

Option	Traditional IRAs	Roth IRAs
Limit	2023 Contribution limit: \$6,500. \$7,500 if 50+.	
Contributions	<ul style="list-style-type: none"> • Pre-tax 	<ul style="list-style-type: none"> • After-tax
Income Limitation	<ul style="list-style-type: none"> • None, becomes non-deductible (i.e., after tax) when MAGI is above \$83,000 (\$136,000 married) if covered by work plan 	<ul style="list-style-type: none"> • Your MAGI must be below \$153,000 (\$228,000 married) in order to contribute to the Roth (backdoor option)
Leave in IRA after age 75	<ul style="list-style-type: none"> • Must begin mandatory withdrawals • Potential for 25% penalty if not withdrawn 	<ul style="list-style-type: none"> • Tax deferral continues
Withdrawals	<ul style="list-style-type: none"> • Taxable • Potential for 10% penalty on early withdrawals (before 59.5). • Non-deductible contributions are nontaxable 	<ul style="list-style-type: none"> • Nontaxable • 5-year rule for investment gains • Can always withdraw contributions • Potential for 10% penalty on early withdraws (before 59.5)
Additional Notes	<ul style="list-style-type: none"> • Catch-up Contributions • No income limitations (are deductibility phase-outs) 	<ul style="list-style-type: none"> • Catch-up contributions • Income limitations • Backdoor options available

Traditional vs Roth

Considerations are relative to your belief about the future, your risk and diversification profile. Every situation is unique.

Considerations for Pre-tax (Traditional)	Considerations for Post-tax (Roth)
<ul style="list-style-type: none">• “Higher” income• Lower current tax liability• Expect to be in a lower tax bracket in retirement• Observe income limits on contributions to a Roth IRA (back-door options)• Cannot wait 5 years to withdraw certain funds from Roth accounts• Want diversification in types of accounts for tax strategies	<ul style="list-style-type: none">• “Lower” income• Expect to be in a higher tax bracket later or in retirement• Avoid required minimum distributions• Avoid taxable income in retirement• Tax-free estate assets• Access to Roth IRA contributions• Want diversification in types of accounts for tax strategies

Roth Withdrawal Order

The IRS views withdrawals from a Roth IRA in the following order:

1. your contributions
2. money converted from traditional IRA
3. investment earnings

For example, let's say your IRA has \$100,000, \$35,000 of which are contributions, \$15,000 of traditional IRA conversion, and \$50,000 of which are investment earnings.

If you withdraw \$60,000, the IRS will consider:

1. \$35,000 of this to be contributions
2. \$15,000 to be traditional IRA conversion
3. \$10,000 to be earnings

If you are taking this money out before 59.5, the penalty for an early withdrawal would only apply to the \$10,000 of earnings. Assuming you have passed the 5-year window for the conversion.

Sample
Not Intended
For Use

Additional Financial Topics

Investment Income and Taxes

1. Interest

- Checking, savings, money markets, bonds
- Taxed as income, consider your marginal income tax rate

2. Dividends from stocks

- Ordinary dividends (held stock shorter than 60-90 days) - taxed as income
- Qualified dividends (held stock longer than 60-90 days) - taxed at capital gains tax rate

3. Gain from sales (“Capital Gains”)

- Short term (held asset one year or less) - taxed as income
- Long term (held asset longer than one year) - taxed at capital gains tax rate

Filing Status / Taxable Income	0%	15%	20%
Single	Less than \$44,625	\$44,625 to \$492,300	More than \$492,300
Married Filing Jointly	Less than \$89,250	\$89,250 to \$553,850	More than \$553,850

Investment Income and Taxes

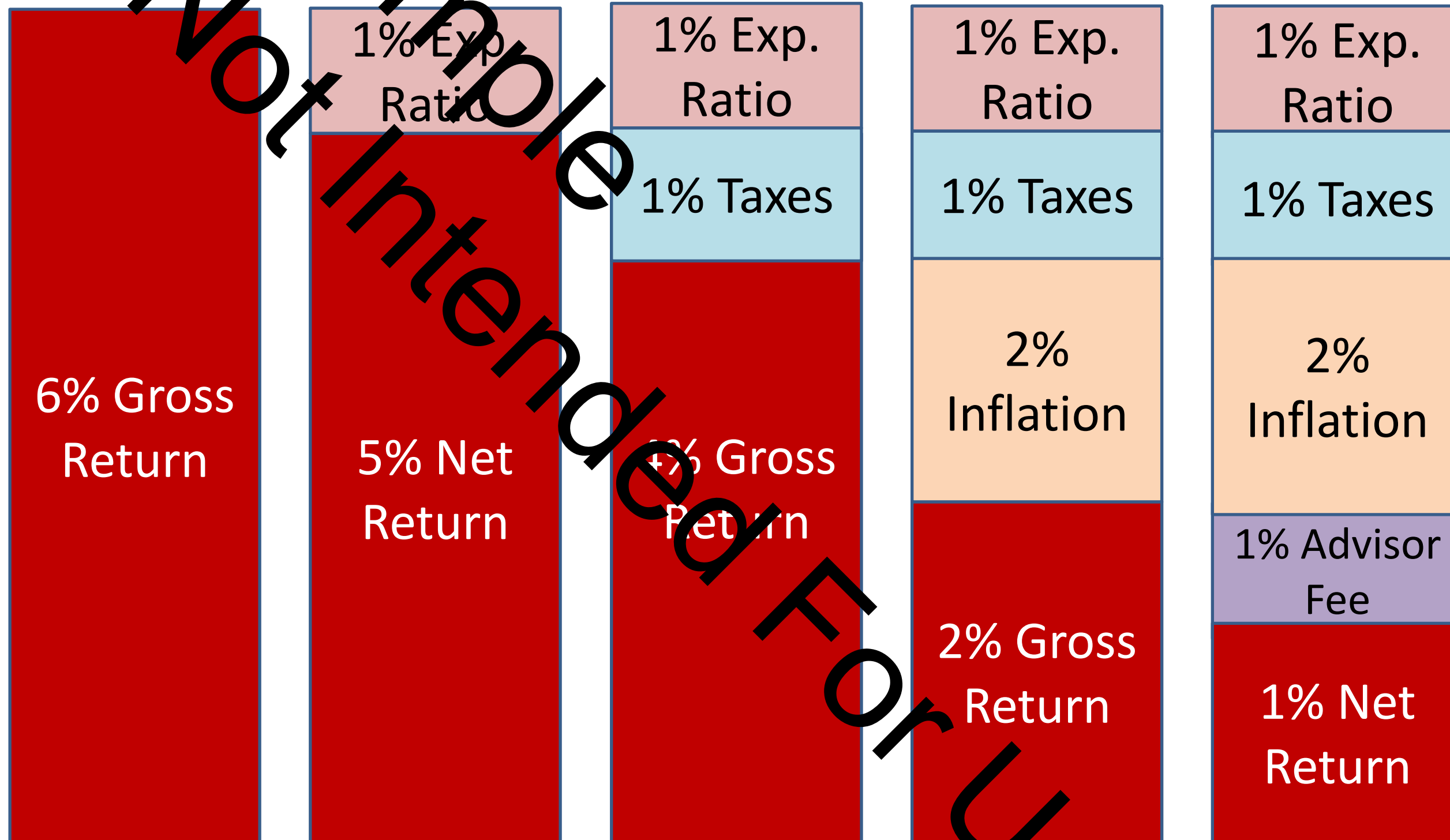
No ongoing tax liability in tax protected accounts

- Retirement vehicles – 401(k), IRA
- 529 accounts
- You may hear about the “tax drag” on a brokerage account

Capital Gains can offset

- Watch out for wash sales which disallow capital losses (e.g., trading within 30 days)
- Capital Losses can reduce income by way of a tax adjustment
- Tax Loss Harvesting should be part of your approach in taxable accounts

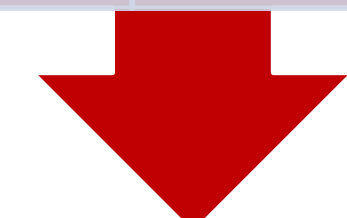
Return



Investment Options

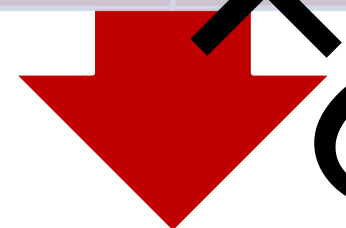
Equities

Large Cap Growth	Large Cap Value	Mid Cap Growth	Mid Cap Value	Small Cap Growth	Small Cap Value	Preferred Stock	Sector Funds	International Developed	International Emerging
------------------	-----------------	----------------	---------------	------------------	-----------------	-----------------	--------------	-------------------------	------------------------



Conservative

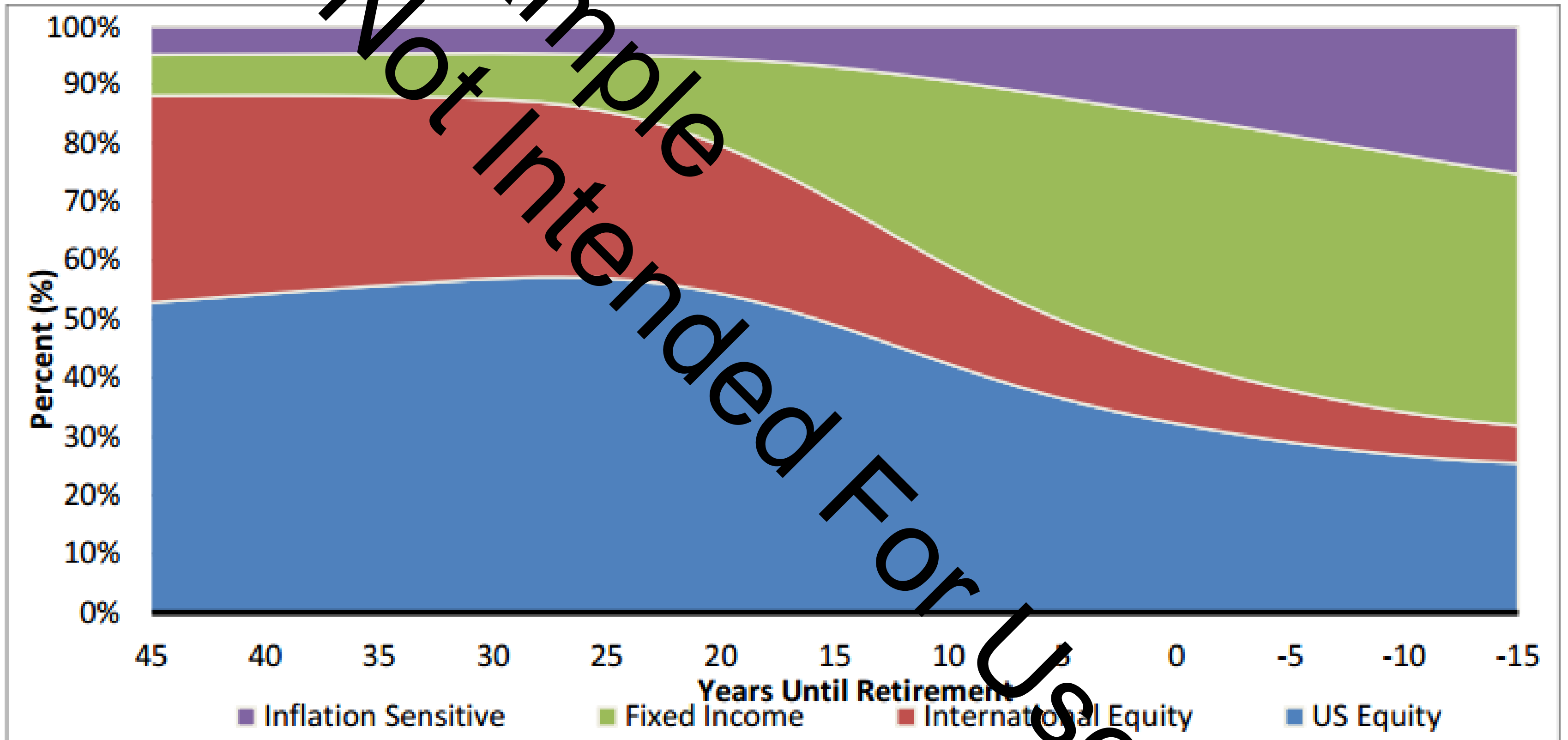
U.S. Treasuries	Foreign Debt	Prime Corporate Bonds	Sub Prime Corporate Bonds	Money Markets	State/ Municipal Debt
-----------------	--------------	-----------------------	---------------------------	---------------	-----------------------



Other

Real Estate Investment Trusts	Real Estate	Commodities	Cryptocurrencies	Private Equity	Hedge Funds
-------------------------------	-------------	-------------	------------------	----------------	-------------

Target Date Retirement Fund



Where Will Money Come From In Retirement?

Social Security

- SSA.GOV

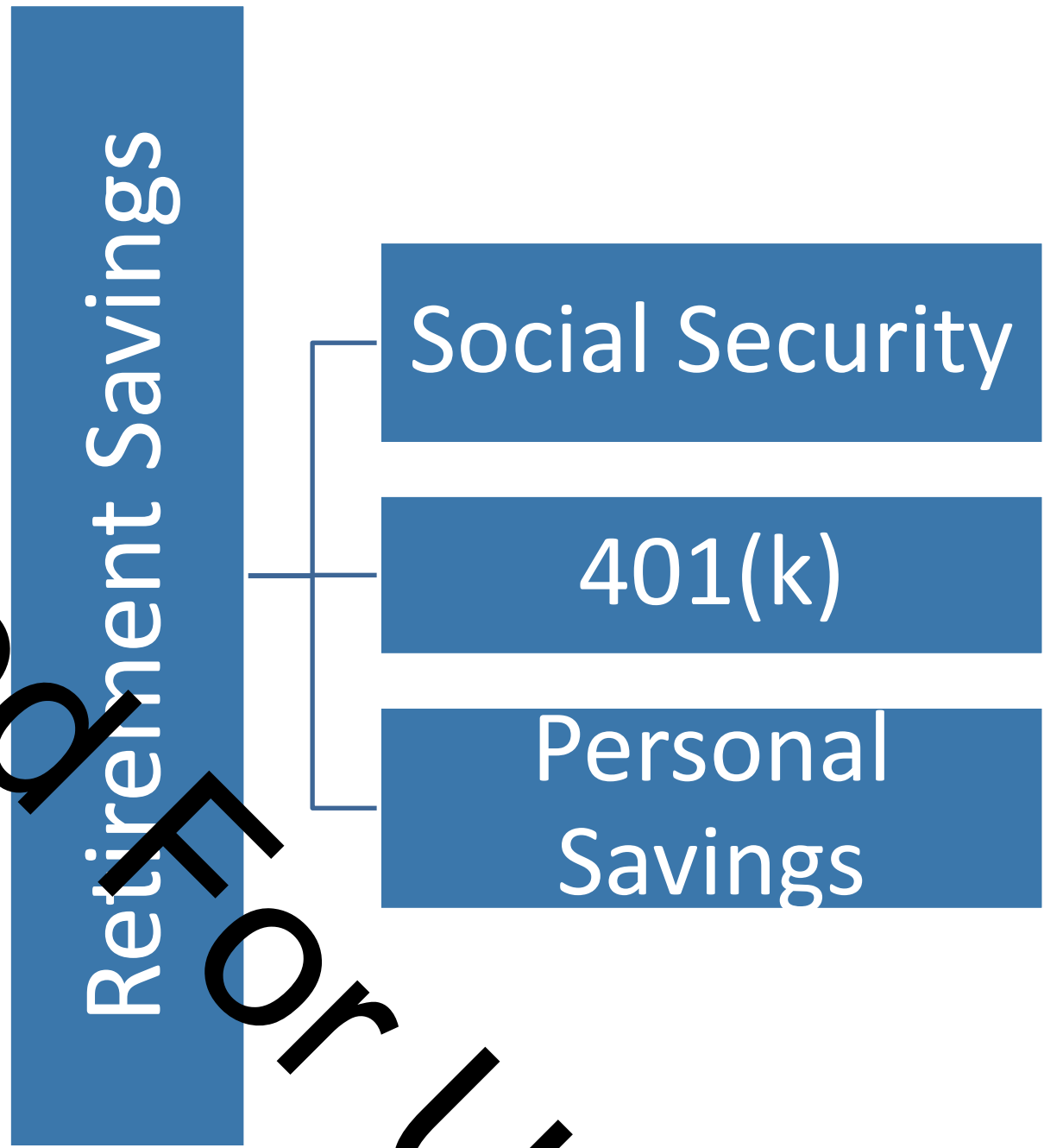
401(k)/ Pensions

- Company provided

Personal Savings

- Checking
- Savings
- IRAs
- Brokerage Accounts

Not Intended For Use



How Much Do You Need To Retire?

Step 1:

Estimate annual needs and subtract Social Security and Pensions.

Example:

Needs: \$100,000/yr -> \$8,300/mo SS income of \$3,300 monthly

Remaining needs that investments need to support: \$5,000/mo -> \$60,000/yr

Step 2: Calculate investment balance needed.

Method	3% SWR	4% SWR	25 x Exp	Present Value
Amount	\$ 2,000,000	\$ 1,500,000	\$ 1,500,000	\$ 968,464
Calc	\$60,000 / 3%	\$60,000 / 4%	\$60,000 x 25	PV, 5%, 30 yrs

Same

How Much Do You Need To Save? Part 1

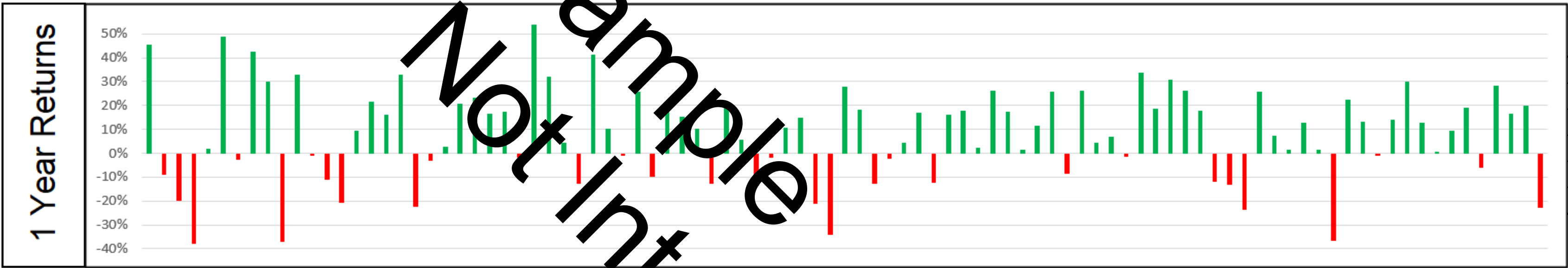
\$10,000/yr Yrs / Return	4%	5%	6%	8%	10%
20	\$297,781	\$330,660	\$367,856	\$457,620	\$572,750
25	\$416,459	\$477,271	\$548,645	\$731,059	\$983,471
30	\$560,849	\$664,388	\$790,582	\$1,132,832	\$1,644,940
35	\$736,522	\$903,203	\$1,114,348	\$1,723,168	\$2,710,244
40	\$950,255	\$1,207,998	\$1,547,620	\$2,590,565	\$4,425,926
50	\$1,526,671	\$2,093,480	\$2,903,359	\$5,737,702	\$11,639,085

Not Sampled For Use

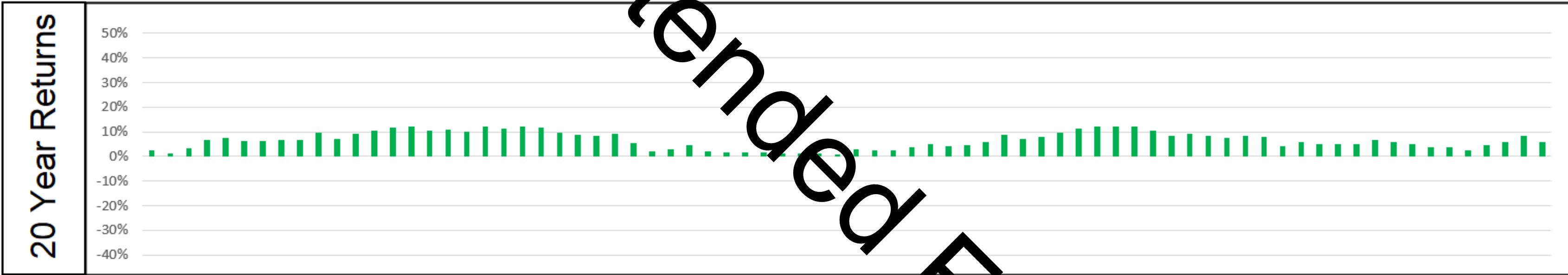
How Much Do You Need To Save? Part 2

6% Return Yrs / Amount	\$5,000	\$10,000	\$15,000	\$20,000	\$30,000
20	\$183,928	\$367,856	\$551,784	\$735,712	\$1,103,568
30	\$395,291	\$790,582	\$1,185,873	\$1,581,164	\$2,371,746
40	\$773,810	\$1,547,620	\$2,321,429	\$3,095,239	\$4,642,859
50	\$1,451,680	\$2,903,359	\$4,355,039	\$5,806,718	\$8,710,077

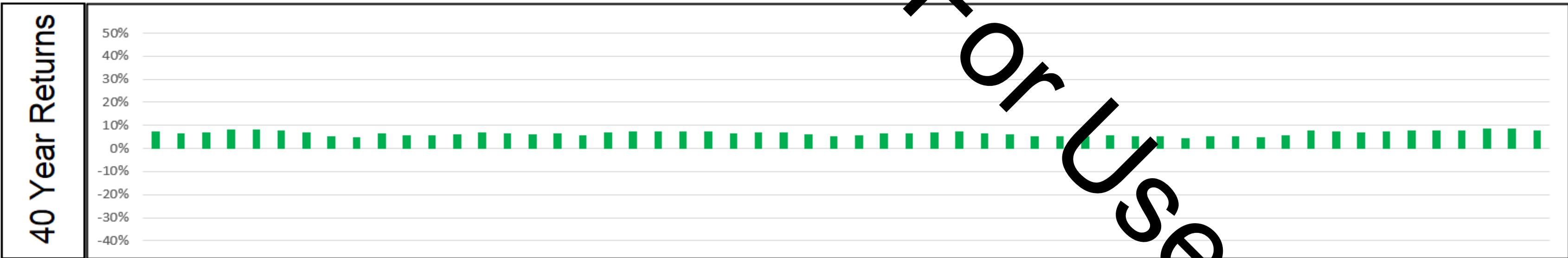
1928 – 2022 S&P 500 Returns including dividends and adjusted for inflation



Obs	95
Min	-38.1%
Max	53.7%
Average	8.3%
% Negative	32.6%
% Positive	67.4%



Obs	76
Min	0.9%
Max	12.4%
Average	6.6%
% Negative	0.0%
% Positive	100.0%



Obs	56
Min	4.6%
Max	8.8%
Average	6.6%
% Negative	0.0%
% Positive	100.0%

Not Sampled For Use

Investment Resources

Safe Withdrawal Rates (SWR)

- [Vanguard Updating the 4 Percent Rule](#)
- [Morningstar The State of Retirement Income](#)
- [Early Retirement Now Safe Withdrawal Rate Series](#)

Fidelity Zero Funds (expense ratio)

- Fidelity® ZERO Large Cap Index Fund (FNILX) (0.00%)
- Fidelity® ZERO Total Market Index Fund (FZROX) (0.00%)

Vanguard Index Funds

- 500 Index Fund Admiral Shares (VFIAX) (0.04%)
- Vanguard Total Stock Market Index Fund Admiral Shares (VTSMX) (0.04%)

Other Considerations

- Tax diversification
- RMDs
- Backdoor Roth (pro-rata rule), Mega Backdoor Roth Conversion (after-tax 401(k))
- Asset Allocation

Sample
Not Intended



Thank You

[Wealthency.com](https://wealthency.com)

For Use



Additional Disclaimers

This content is for informational purposes only. You should not construe any information or other material as legal, tax, investment, financial, or other advice. Nothing contained in materials provided by Wealthency constitutes a solicitation, recommendation, endorsement, or offer by Wealthency or any third-party service provider to buy or sell securities or other financial instruments.

All content provided is information of general nature and does not address the circumstances of any particular individual or entity. No information provided constitutes professional and/ or financial advice, nor does any information provided constitute a comprehensive or complete statement of the matters discussed or the law relating to such information. Wealthency is not a fiduciary. You assume the responsibility of evaluating the merits and risks associated with the use of any information provided.

The information found within is not a substitute for professional advice of any kind.

Additional Disclaimers 2

By being privy to this information and discussions with Wealthency, you agree not to hold Wealthency, its affiliates, or any third-party service provider liable for any possible claim for damages arising from any decision you make based on information made available to you through Wealthency.

There are risks associated with investing. Investing in stocks, bonds, ETFs, mutual funds, money market funds, checking/ savings accounts, cryptocurrencies, alternative investments, and other securities, involves risk of loss. Loss of principal is possible. A security's, or firm's, past investment performance is not a guarantee or predictor of future investment performance.

Wealthency websites and services may include links to third party websites. Some of these sites may contain materials that are objectionable, unlawful, or inaccurate. You agree that Wealthency LLC shall not be held liable for any investment activities or other activities that occur on any website you access through links we provide. We provide these links as a convenience, and do not endorse the content or services offered by these other sites.