

Guam Professional Development Conference

**“Trends, Tools,
and Techniques
in Today’s
Financial
Environment”**

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19, 2014**

**Hotel Nikko
Guam**

Finding Your Target For a Successful Retirement

David J. John

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RETIREMENT READINESS

HOW TO KNOW IF YOU ARE ON TARGET FOR A SUCCESSFUL RETIREMENT

David J. John
President
ASC Trust Corporation

How do you want to live in retirement?



Worrying about bills....

OR



Enjoying your family....

How do you want to live in retirement?



Worrying about bills....

OR



Enjoying your family....

**No one plans to stress out about finances after they stop working.
Yet 97% of Baby Boomers have not saved enough for retirement!**

Successful Retirement =

- Same Standard of Living



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- Replace 85% of your final income.
- Social Security will cover 40% on average.
- You will need to replace the other 45% with savings.
- Income will need to increase to cover inflation.



Social Security is Progressive:

Low	\$ 0 to \$ 20,000	55%
Medium	\$20k to \$ 40,000	41%
High	\$40k to \$ 65,000	35%
Maximum	\$65k to \$100,000	27%

Maximum (est) \$27,000



www.ssa.gov/myaccount.com



Social Security Normal Retirement

Year of Birth

1942 or earlier

1943-1959

1960 or After

Full Benefits

Age 65

Age 66

Age 67



Target Balance at Retirement:

NRA Target = 8 x Final Savings

That's a lot of money.



Target Balance While Working

Age 35 = 1 x Annual Pay

Age 45 = 3 x Annual Pay

Age 55 = 5 x Annual Pay

NRA Target = 8 x Final Pay

ASC FORMULA FOR SUCCESS

SAVE 10%

TIME 35 YRS

RETURN 8%



ASC FORMULA FOR SUCCESS

SAVE 10%

TIME 35 YRS

RETURN 8%

30 Years

25 Years

20 Years

15% of pay

20% of pay

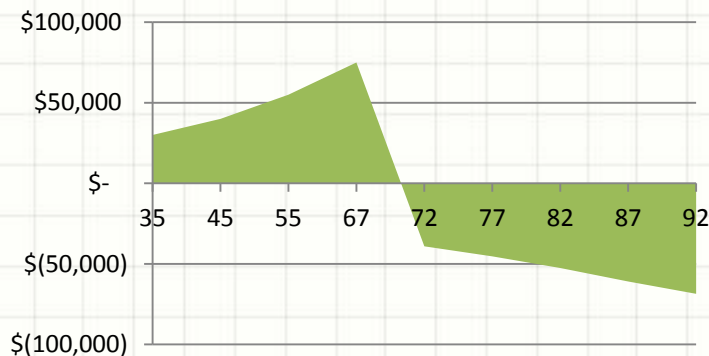
30% of pay



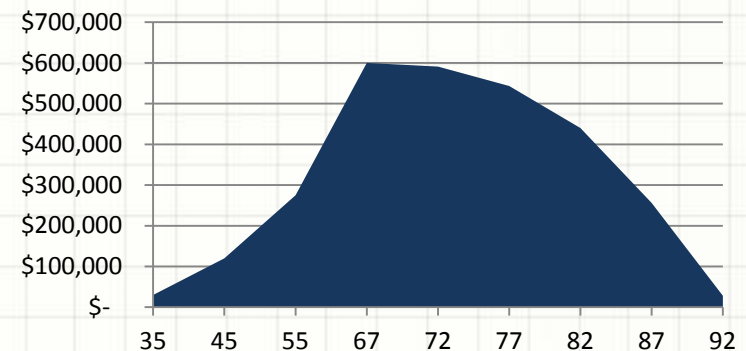


ASC FORMULA FOR SUCCESS

Salary/Income



Savings



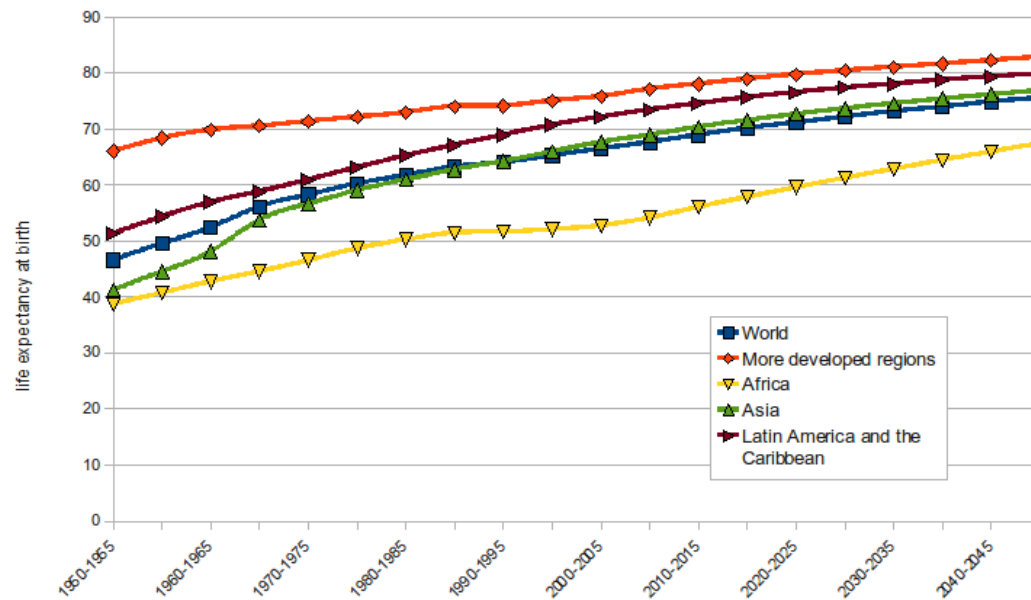
Defer 10% of pay, Salary increase 3% annually, Savings earns 8% during working years & 3% in retirement with 3% COLA. Retirement projected to last 25 years.

RETIREMENT CONCERNS

LIFE EXPECTANCY

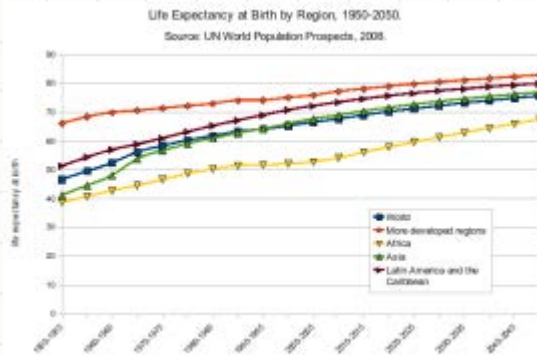
Life Expectancy at Birth by Region, 1950-2050.

Source: UN World Population Prospects, 2008.



RETIREMENT CONCERNS

LIFE EXPECTANCY



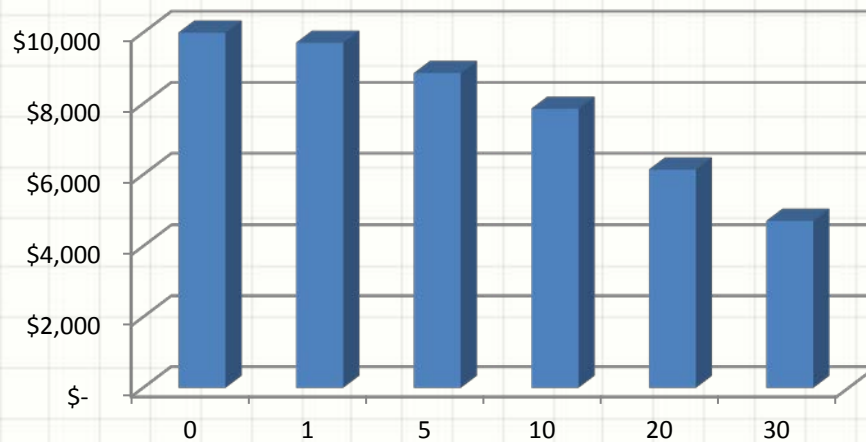
Interesting Facts:

- 65 year old man can expect to live on average, until 84.3.
- 65 year old woman can expect to live on average, until 86.6.
- One out of five 65 year olds today will live past 90.
- One out of ten 65 year olds today will live past 95!

RETIREMENT CONCERNS

INFLATION

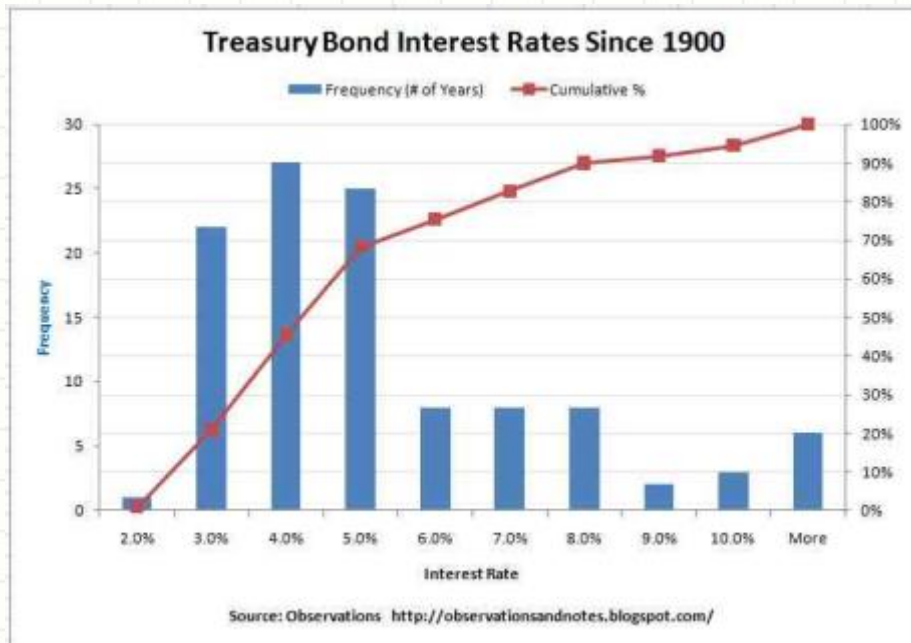
Purchasing Power



Year	Value of \$
0	\$10,000
1	\$ 9,714
5	\$ 8,857
10	\$ 7,857
20	\$ 6,143
30	\$ 4,413

RETIREMENT CONCERNS

INTEREST RATES



Current

5 Year 1.69%
10 Year 2.42%
20 Year 2.91%
30 Year 3.17%

- **CAN'T JUST SIT BACK AND COLLECT.**
- **WHEN RATES INCREASE — HUGE STOCK LIKE DOWNSIDE.**

ASC RETIREMENT INCOME PROGRAM

e system

income needs are

parated into six

signed a five- year
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assigned a risk
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e is paid from

Here is how the system works:

- 1.Retiree monthly income needs are calculated.
- 2.Funds are separated into six buckets.
- 3.Each bucket is assigned a five- year time horizon representing when funds in the bucket will be needed for monthly income.
- 4.Each bucket is assigned a risk profile that is consistent with the bucket's time horizon.
- 5.Monthly, income is paid from bucket 1.
6. Annually, funds are transferred from bucket 6 to cover the next years income requirements. Once bucket 6 is exhausted, annual income requirements come from bucket 5 until bucket 5 is exhausted. This continues until all funds are held in bucket 1.

The system is flexible. In a year where the markets get hit, transfers can be pushed back. Likewise if income requirements or health changes, the system can be reset.

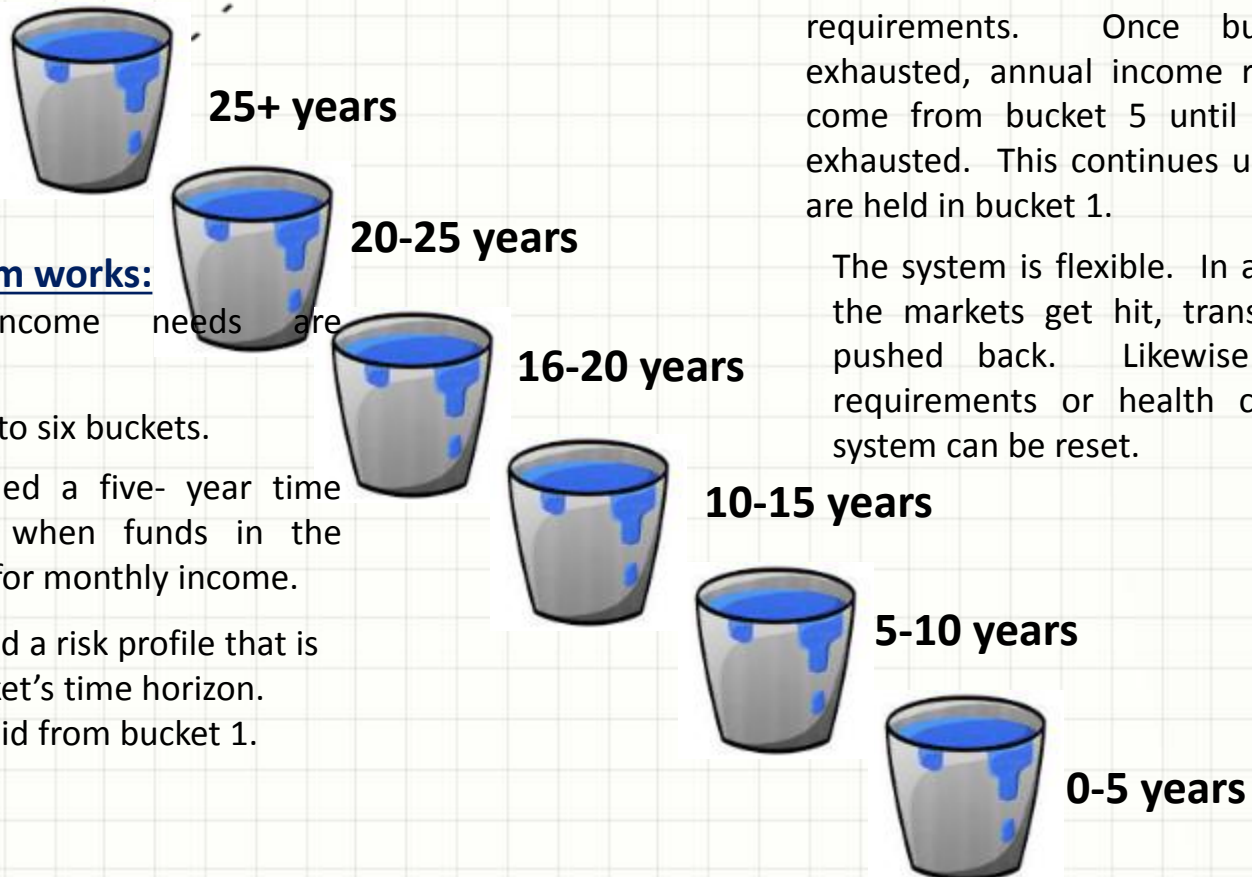
ASC RETIREMENT INCOME PROGRAM

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OTHER IDEAS

Traditional annuities

- **Guam mortality**
- **Interest rates**

Extended Annuity benefits

Guaranteed income products



“HYBRID PLAN”



QUESTIONS?

Thank you to our platinum sponsors



Deloitte.

