



# E-Financial Update

## Your Lifelong Retirement Income Strategy

***CCOERA is a retirement plan uniquely designed to go with you throughout your life.***

We will be there to guide you through the major retirement and investment decisions as they arise. We will help you establish a realistic savings plan while you are working, and then help you develop an income withdrawal plan to avoid running out of money during retirement. Furthermore, you can maintain your account(s) with CCOERA indefinitely, regardless of job changes, and throughout retirement. You can do all this with CCOERA as your lifelong retirement plan provider.

### Leave your account with CCOERA for Life!

#### A lifelong retirement income strategy will involve the following:

- Establishing an accurate estimate of your current monthly expenses to produce a reliable projection of future retirement income needs. CCOERA's "Cash Flow Worksheet" will help you get a firm handle on what you are currently spending on a monthly/annual basis. This estimate will be the key to effectively keeping your expenses in line with your income and to avoid outliving your retirement assets. You will want to periodically review and update this estimate to make sure your plans stay on track, especially if you have experienced a recent major change in your finances.
- Setting aside enough funds to cover your monthly expenses for six (6) months. CCOERA's "Net Worth Worksheet" can help you determine how much you can set aside for particular objectives. Furthermore, a good insurance broker can help you best manage your health care costs (Hub Intl).
- Estimating your income needs using a 3% cost of living adjustment (COLA) to consider the historic Inflation rate, and using a 25 year Life Expectancy factor to allow for the possibility of living until you (or your spouse) are age 90. A couple age 65 in good health has a 50% chance that one of them will live to age 92 (*2000 Mortality Table, Society of Actuaries*). Many financial advisors are currently recommending a retiree use a 4% withdrawal rate to cover both of these retirement uncertainties.
- You may also want to invest a portion of your retirement assets in growth oriented investments. It is common to maintain 15% - 30% of your retirement assets in equities (CCOERA's stock mutual funds) during your first 10 years of retirement. A CCOERA Client Service Representative can help you determine the retirement asset allocation strategy that will work best for you.

#### Your retirement distribution options are as follows:

As mentioned previously, at retirement or upon leaving your current employer, you may maintain complete withdrawal and monthly payment flexibility with CCOERA, purchase an annuity with various types of life income guarantees or use a combination of all of the above.

1. Partial / Full Withdrawals by completing CCOERA's Distribution Request Form (Form 11), you may make withdrawals from your account. You will only be taxed on your before-tax contributions and earnings at the current mandatory federal income tax withholding rate of 20%. Your actual taxes will be more or less depending on your individual tax situation.
2. Periodic Payments (monthly/quarterly) this is the most common election made by retirees, since they like the convenience of regular payments directly deposited to their local bank account. You may request a fixed dollar amount or specified number of years for payments. The IRS offers special withholding tax options for periodic payments lasting longer than 10 years. This payment election may be changed at anytime.

## Distribution options (cont.)

3. Income Annuity Options You may want a portion of your income guaranteed for a specified number of years and/or for life. However, there are extra costs to obtain these guarantees that you wouldn't have to pay using CCOERA's Periodic Payment Option. These extra costs can include brokerage commissions, lower current fixed interest rates, mortality risk costs and the risk of investing with a particular insurance company. There are definitely good times and bad times for purchasing an income annuity. You will want to contact your CCOERA Client Service representative who can help you research your income annuity options through our "wholesale" annuity investment research service (Hueler). It is important to note that once you make an income annuity purchase decision you cannot change your mind. It is permanent, for better or worse.

## Your CCOERA Retirement Plan

### Comparing our distinct advantages over "retail" investment services:

- A non-profit retirement association able to offer experienced retirement and investment counseling, along with high quality investment options and portfolios, at a cost significantly lower than most "retail" investment services companies.
- Retirement planning workshops, needs analysis worksheets and calculators that help estimate income needs to establish specific retirement saving goals for a comfortable retirement.
- Custom pension portfolios and investment strategies designed to meet particular retirement planning objectives, in addition to our select list of mutual funds and our self-directed brokerage service (Schwab).
- An organization devoted to providing its participants with additional retirement opportunities such as retiree health insurance brokerage services (Hub International), group dental insurance (Delta Dental) and wholesale income annuity services (Hueler).

Indeed, CCOERA's retirement counseling, products and services enable our participants to maintain and grow their retirement accounts regardless of changes in employment, retirement or life in general.

## Enjoying Your Financial Independence

The transition from building your retirement savings to spending can be a stressful experience. Hopefully, CCOERA has been able to help you achieve all your retirement savings goals. Now it's time to discuss your options for not outliving your retirement income. As always, you might start by attending one of CCOERA's "Retirement Readiness Workshops," completing our "Cash Flow Worksheet" or scheduling an appointment with a CCOERA Client Services representative.

It is worth noting that good money management skills become even more important when you retire, since, for the most part, your retirement income will be fixed, unless you have elected to make part of your retirement activities income producing. Your overall strategy to avoid running out of money during retirement will include spending wisely on everyday expenses, saving for major purchases and planning ahead for the unexpected.

**Please don't hesitate to schedule a time to meet with your CCOERA Client Service representative. We will help you estimate various income scenarios based on your monthly cash flow needs, current accumulated retirement savings and life expectancy assumptions. Once we have helped you determine how much you need and how long it needs to last, the rest of the process is purely administrative. To learn more about CCOERA's retirement counseling services, contact a CCOERA Client Services representative at (303) 713-9400, press 0 or (800) 352-0313, press 2, press 0.**