

# QUARTERLY RETIREMENT REVIEW

Published quarterly for SLR retirement plan  
participants and individual investors.



**S.L. Reed  
& Company**

Member: FINRA - SIPC

SPRING 2019 ISSUE

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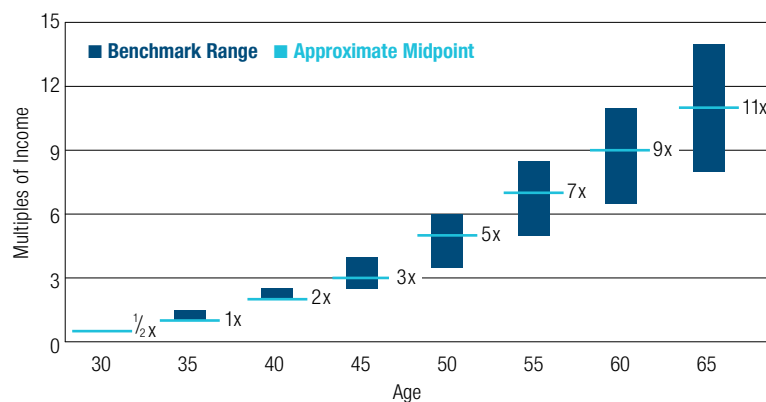
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## GETTING READY

### Savings Benchmarks by Age

Find your retirement savings benchmark by looking for your approximate age.



Benchmarks are based on a target multiple at retirement age and a savings trajectory over time consistent with that target and the savings rate needed to achieve it. Household income grows at 5% until age 45 and at 3% (the assumed inflation rate) thereafter. Investment returns before retirement are 7% before taxes, and savings grow tax-deferred. The person retires at age 65 and begins withdrawing 4% of assets (a rate intended to support steady inflation-adjusted spending over a 30-year retirement). Savings benchmark ranges are based on individuals or couples with current household income between \$75,000 and \$250,000. Target multiples at retirement reflect estimated spending needs in retirement (including a 5% reduction from preretirement levels); Social Security benefits (using the SSA.gov Quick Calculator, assuming claiming at full retirement ages and the Social Security Administration's assumed earnings history pattern); state taxes (4% of income, excluding Social Security benefits); and federal taxes (based on rates as of January 1, 2018). While federal tax rates are scheduled to revert to pre-2018 levels after 2025, those rates are not reflected in these calculations. For the benchmarks, we assume the household starts saving 6% at age 25 and increases the savings rate by 1% annually until reaching the necessary savings rate.

SOURCE: T. ROWE PRICE

Four things to do in the decade leading up to retirement:

How do you prepare for a comfortable retirement? For many people, the answer can seem overly complex, but it doesn't have to be. The following steps can help you strengthen your long-term financial position while keeping your retirement plans on track.

### Check your progress:

Considering you may spend 30 years or more in retirement, it's important to save enough so that your money will last. One way to check your progress is to look at how much you might have saved by certain ages. (See the chart.)

## Your savings benchmark:

To find your retirement savings benchmark, look for your approximate age and consider how much you've saved so far. Compare that amount with your current gross income or salary.

These benchmarks assume you'll be dependent primarily on personal savings and Social Security benefits in retirement. However, if you have other income sources, you may not have to rely as much on

your personal savings, so your benchmark would be lower.

The midpoint benchmarks are a good starting point, but circumstances vary by person and over time. Key factors that affect the savings benchmarks include income and marital status. Depending on your situation, you may want to consider other benchmarks within the ranges. As you're nearing retirement, think about analyzing your

spending and income sources more carefully.

## Building your emergency fund:

You may need to modify other savings programs and cut spending for a short period of time while building up your cash reserves. Start by saving \$1,000 to \$5,000 right away. Then continue building up your reserve over time with a goal of completing the process within one to two years.

## Nearing Retirement: A More Detailed Look

Depending on your personal circumstances and income, you may want to consider other benchmarks within the ranges.

Current Household Income	Married, Dual Income*			Married, Sole Earner			Single		
	Age 55	Age 60	Age 65	Age 55	Age 60	Age 65	Age 55	Age 60	Age 65
\$75,000	5½ x	7½ x	9 x	5 x	6½ x	8 x	6½ x	8½ x	10½ x
\$100,000	6½ x	8½ x	10½ x	5½ x	7 x	9 x	7 x	9 x	11½ x
\$150,000	6½ x	9 x	11 x	6½ x	8½ x	10½ x	7½ x	10 x	12½ x
\$200,000	7 x	9 x	11½ x	7 x	9½ x	12 x	8 x	11 x	13½ x
\$250,000	7 x	9½ x	12 x	7½ x	10½ x	13 x	8½ x	11 x	14 x

\*"Dual income" means that one spouse generates 75% of the income that the other spouse earns. These are rough estimates with a wide range of possibilities as determined by a variety of factors.

SOURCE: T. ROWE PRICE

## Prioritize saving for retirement:

Generally, speaking, most investors should save at least 15% of their income (including any company

contributions) in order to achieve the savings benchmarks at various ages. Even if you're on track, keep prioritizing your retirement. If you aren't

where you want to be with your saving, focus less on the shortfall and more on the incremental actions that you can take to secure your financial future.

## HOW DO YOU COMPARE?

Recent T. Rowe Price surveys asked more than 3,000 adults about their opinions on retirement and

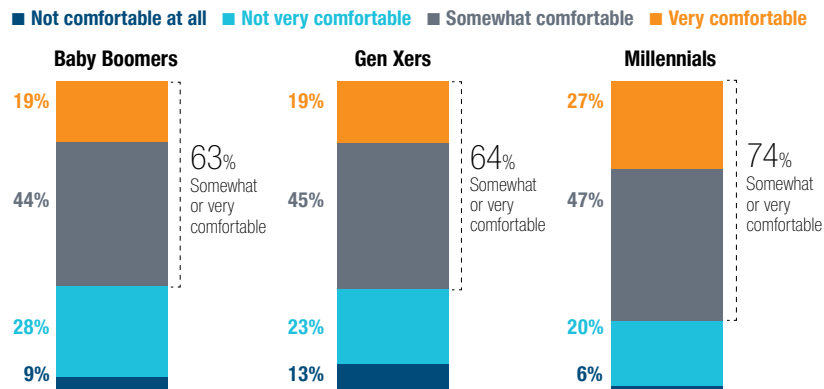
other financial items. While some differences were revealed, the results also showed similarities both

within and across generations.

### Reaching Goals

A majority of respondents across all generations feel somewhat or very comfortable that they are on track to meet their financial goals. Millennials report the greatest level of comfort of the three generations surveyed.

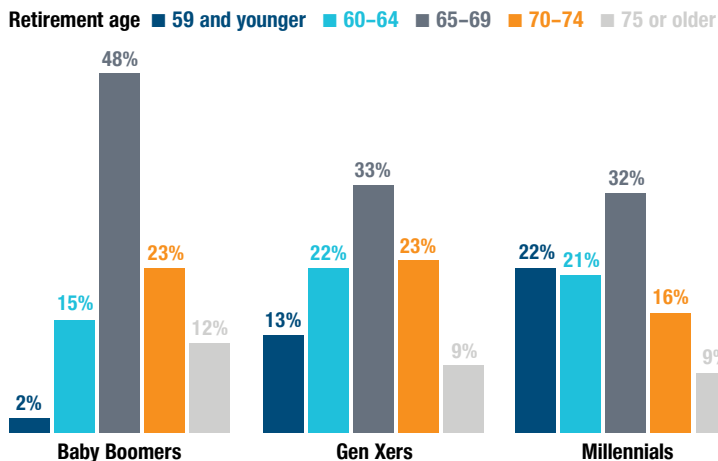
**Q:** All things considered, how comfortable are you that you are on track to meet your financial goals?



### Retirement Age

Millennials expect to retire at an earlier age than older generations, with close to half (43%) expecting to retire before they turn age 65, compared with 35% for Gen Xers and 17% for baby boomers.

**Q:** At what age do you expect to retire?



\*T. Rowe Price Retirement Savings and Spending survey. Representative national study of 3,022 adults age 18+ (in 2017) and 3,005 adults age 21+ (in 2018); never retired; currently contributing to a 401(k) plan or eligible to contribute and have a balance of \$1,000+.

### Saving Enough

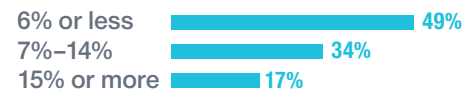
Across all generations, less than a quarter of people are contributing 15% or more of their income to their 401(k)s.

**Q:** How much of your personal income are you planning to contribute to your 401(k) this year?

#### Millennials



#### Gen Xers



#### Baby Boomers



### NEXT STEPS

Call us at 1-888-789-6857 or visit [troweprice.com/insights](http://troweprice.com/insights) to learn more about how to achieve your financial goals.

SOURCE: T. ROWE PRICE

# 2019 Financial Numbers

Below are retirement contribution limits, tax rates, and more information to keep in mind throughout 2019.

## Roth IRAs and Traditional IRAs



**2018 Limit**  
\$5,500



**2019 Limit**  
\$6,000



**Age 50 or Older?**  
Add \$1,000 in catch-up contributions

## 401(k) Plans



**2018 Limit**  
\$18,500



**2019 Limit**  
\$19,000



**Age 50 or Older?**  
Add \$6,000 in catch-up contributions

**April 15, 2019**  
**Deadline to**  
**make your 2018**  
**IRA contributions.**

SOURCE: T. ROWE PRICE

## Tax Figures for 2019

Tax Rate Schedule	Taxable Income <sup>1</sup>		Marginal tax rate
	Single or head of household	Married filing jointly or qualifying widow(er)	
	\$9,700 or less	\$19,400 or less	10%
	\$9,701–\$39,475	\$19,401–\$78,950	12%
	\$39,476–\$84,200	\$78,951–\$168,400	22%
	\$84,201–\$160,725	\$168,401–\$321,450	24%
	\$160,726–\$204,100	\$321,451–\$408,200	32%
	\$204,101–\$510,300	\$408,201–\$612,350	35%
	Over \$510,300	Over \$612,350	37%
Long-Term Capital Gains Tax Rate	<b>0%</b> Single filers with taxable income \$39,375 or less	<b>15%</b> Single filers with taxable income \$39,376–\$434,550	<b>20%</b> Single filers with taxable income > \$434,550
	Married filers with taxable income \$78,750 or less	Married filers with taxable income \$78,751–\$488,850	Married filers with taxable income > \$488,850
Annual Gift Tax Exclusion	<b>\$15,000</b> Each individual can gift up to \$15,000 per recipient in 2019 without gift tax.		
Lifetime Gift and Estate Tax Exclusion	<b>\$11.4 million</b> The unified lifetime gift and estate tax exclusion amount is \$11.4 million <sup>2</sup> in 2019. Gifts over the annual gift tax exclusion amount are counted against the lifetime amount. (State amounts vary.)		

<sup>1</sup>Generally defined as adjusted gross income less exclusions, deductions, and exemptions.

<sup>2</sup>Unused portions of predeceasing spouse's exclusion amount may be used by surviving spouse.

Source: irs.gov.

## HAS ANYTHING CHANGED?

### **S.L. Reed & Company can help:**

401(k) Rollover from  
Previous Employer  
Rollover IRA out of a  
Retirement Plan  
Traditional or ROTH IRA  
Taxable Accounts  
Annuities  
Insurance

### **Additionally, we can work with you on:**

Managed Accounts

### **For Assistance call:**

Ken Kilpo (310) 893-3016

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