

Reaching your retirement goals



Retirement planning is relatively straightforward – you need to replace the income you had during your working years with income from what you have saved for retirement. So what do you need to think about while working to reach your retirement income goals?

Understanding how long you may live and the financial challenges you may face in the years ahead.

How long you live may be the single most important, yet unknown, factor in creating your retirement income plan. 50% of people now live into their mid-80s, while 25% will see their mid-90s. Because there's no telling when your last day of retirement will be, you may want to plan for a longer time horizon and for the possibility of outliving your spouse or partner.

How should you plan for today to help prepare for the retirement expenses of tomorrow?

Two key issues concern most people as they near and live in retirement - rising health care costs and paying down debt. Medical coverage is expensive, but necessary. For example, the average 65-year-old retired couple can expect to pay almost \$390,000¹ out-of-pocket for health care during their lifetimes. Since most people don't become eligible for Medicare until age 65, you may face a coverage gap if you retire early.

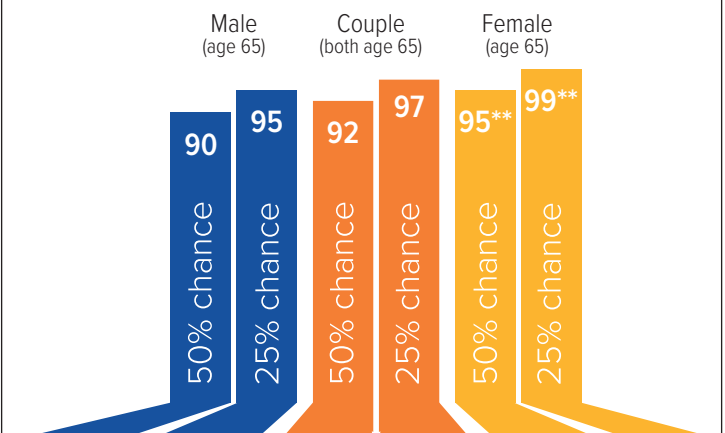
It's important that you understand the estimated impact of health care costs on retirement income. *Voya's Plan ahead for healthcare costs and coverage in retirement* presentation, available at voya.com/voyalearn, can help you plan for medical needs in retirement. Additional Voya Learn presentations focus on Medicare, insurance coverage, and other actionable steps to take as you work towards retirement. You may also qualify for PSERS Health Options Program and Premium Assistance to help you with healthcare costs. Visit hopbenefits.com for information on eligibility, benefit options, and more.

Managing debt during your working years is also important for reaching your retirement goals. If you retire with mortgage debt, lines of credit, college loans, or credit card debt, you may need to earmark retirement assets to pay down that debt. This could impact your ability to enjoy the kind of retirement you dreamed of. Visit voya.com/voyalearn and search keyword: **debt** for a variety of articles and videos on strategies to manage and eliminate your debt.

How much do you need to have saved for retirement?

A common practice is to estimate needing 70% of your annual income for each year in retirement. Why 70%? Because some of your expenses in retirement may go down (taxes, mortgage payments, family expenses, household costs, employment expenses, etc.), but others may go up (health care, travel and entertainment, and support for aging parents and adult children). Depending on the kind of lifestyle you dream of in retirement, you may need to estimate replacing 80%, 90%, or even 100% of your annual income. This makes creating retirement goals, and then working towards them, so important.

Retirees may need to plan for longer life expectancies*



*Source: IAM2012 with G2 projection scale; Society of Actuaries (soa.org)
Figures assume a person is in good health.

**Last Survivor

Identifying your sources of retirement income.

Without a regular paycheck, you will need to cover your essential expenses through new money sources and arrange for the money to last through your retirement. New money sources could include Social Security, your PSERS Defined Benefit and Defined Contribution (DC) Plans, and income from supplemental retirement plans, but will it be enough to replace your pre-retirement income? The myOrangeMoney® experience in your PSERS DC account can help you get and stay on track for retirement by showing all of your retirement income sources and identifying potential income gaps.

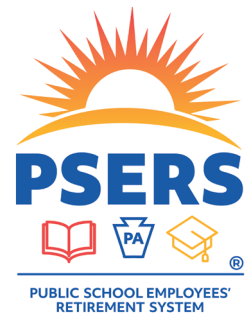
Spend some time with your retirement plan.

Experience myOrangeMoney today by visiting psers.pa.gov to log in to the PSERS Member Self-Service (MSS) Portal. Then click on the *Voya Account Access* box to go to your PSERS DC account. Below the orange dollar bill, click *About Me* and provide some information about yourself and your outside accounts to get a better picture of your future monthly retirement income.

Don't wait. Your retirement needs you! Log in to PSERS MSS Portal today to visualize retirement with myOrangeMoney.



With PSERS, you're on your way!



Important: The illustrations or other information generated by the calculators are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. This information does not serve, either directly or indirectly, as legal, financial or tax advice and you should always consult a qualified professional legal, financial and/or tax advisor when making decisions related to your individual tax situation.

¹Source: CNBC Personal Finance, July 2019, <https://www.cnbc.com/2019/07/18/retiring-this-year-how-much-youll-need-for-health-care-costs.html>

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