



RETIREMENT READINESS

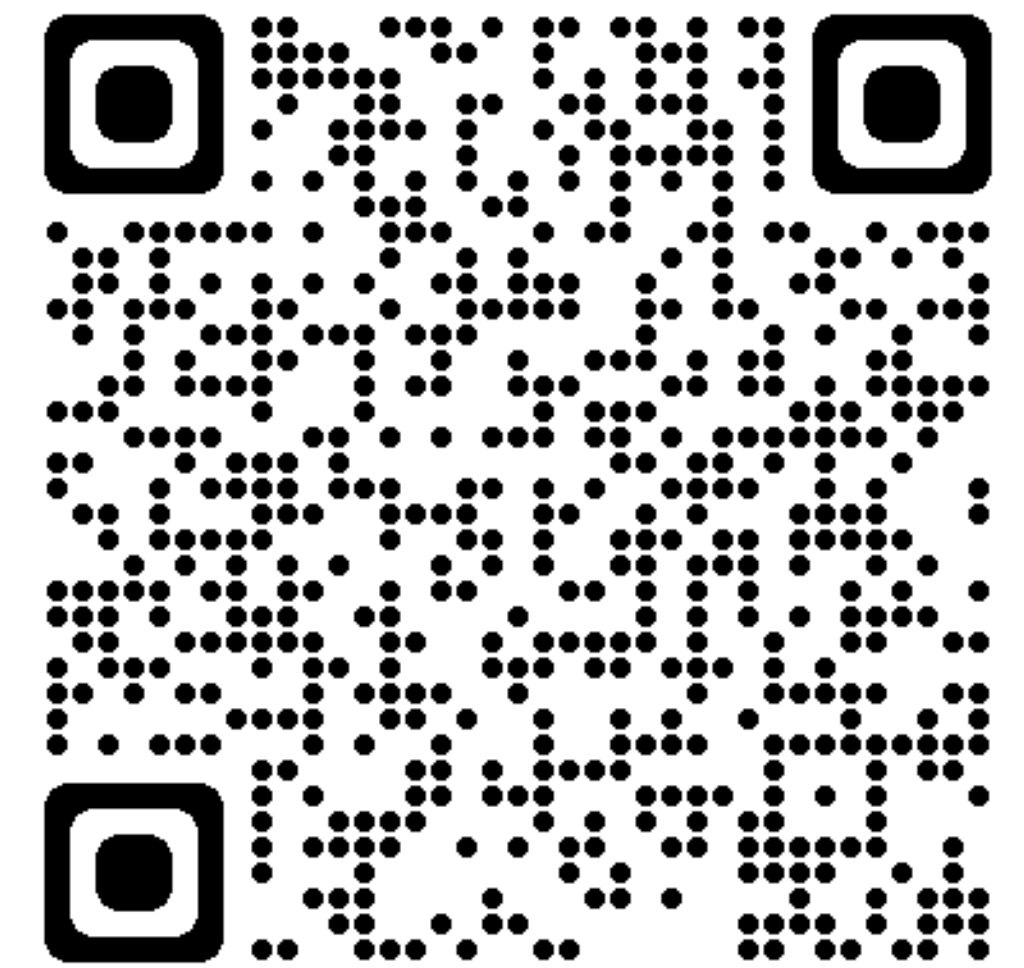
How ready are you?

Wendy Knott, CFP®
Diana Law, CFP®



Empower Financial Planners

Wendy Knott, CFP®
and Diana Law, CFP®



We believe in retirement

Empower is the second-largest retirement services company in the country.¹ We are committed to helping you live for today while saving for tomorrow.

1. Pensions and Investments 2021 Defined Contributions survey ranking as of April 2022.

What we do and why we do it

Our goal is to help you replace — for life — the income you made while working.

As your partner, we're here to:

- ▶ Help you plan for the retirement you imagine.
- ▶ Give you a better view of your retirement picture.
- ▶ Help you reach your financial goals.
- ▶ Offer ongoing support and guidance.



Pursuing the future you imagine

What will your retirement look like? No matter how far or near you are to retirement, you probably have a picture in your head of what you'd like it to look like. How you want to live in retirement will help determine how much you need to save.



Travel to places you've always wanted to visit



Spend more time with friends and family



Split time between two homes



Have more quiet time at home or a busy social calendar



Just what is retirement readiness?

Retirement readiness is your ability to live the retirement lifestyle you imagine

Determining factors:

- › Social Security
- › Pension benefits
- › Retirement plan benefits
- › Retirement income
- › Healthcare costs
- › Emotional readiness

403(b) Plan

Taking a closer look at your retirement readiness



The big picture

- Retirement income
 - Social Security
 - Healthcare costs
 - Retirement budget
- Psychological effects



The details

- Investing principles
- Withdrawal strategy
 - Taxes
 - Inflation
 - Where to live
- Long-term care
- Estate planning



Additional considerations

- Working with an advisor
- Resources



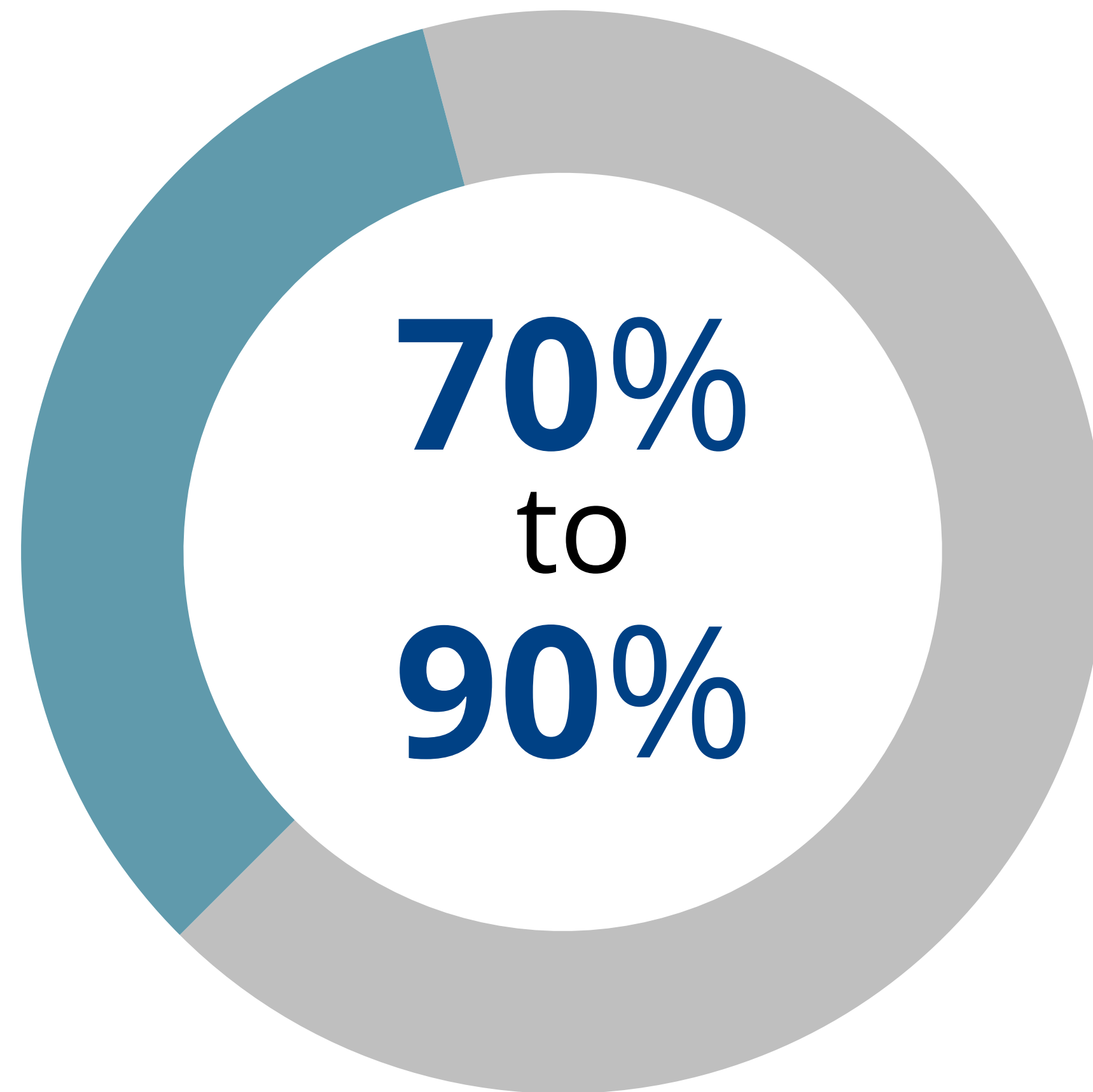
Your retirement income

Where can your money come from after you retire, and will you have enough to live the retirement you imagine?



How much does it take to retire?

Many financial advisors recommend saving enough to cover 70% to 90% of your pre-retirement annual income to maintain your standard of living.



Where your income in retirement can come from

Social Security may not be enough. For many, Social Security will only replace a portion of income in retirement.



Social Security



Pensions and retirement plans



Income from assets



Income from earnings



Other

Many financial planners say you'll need between 70% and 90% of your pre-retirement income to live comfortably in retirement. (Your retirement plans could be a good source for replacing that income.)

Do you have enough to retire?

It all depends on your unique situation and goals.

Ask yourself:

- › Am I in a position to stop working?
- › What do my retirement expenses look like?
- › What will my healthcare costs be?
- › Do I plan to have a side job?
- › How and where do I want to live in retirement



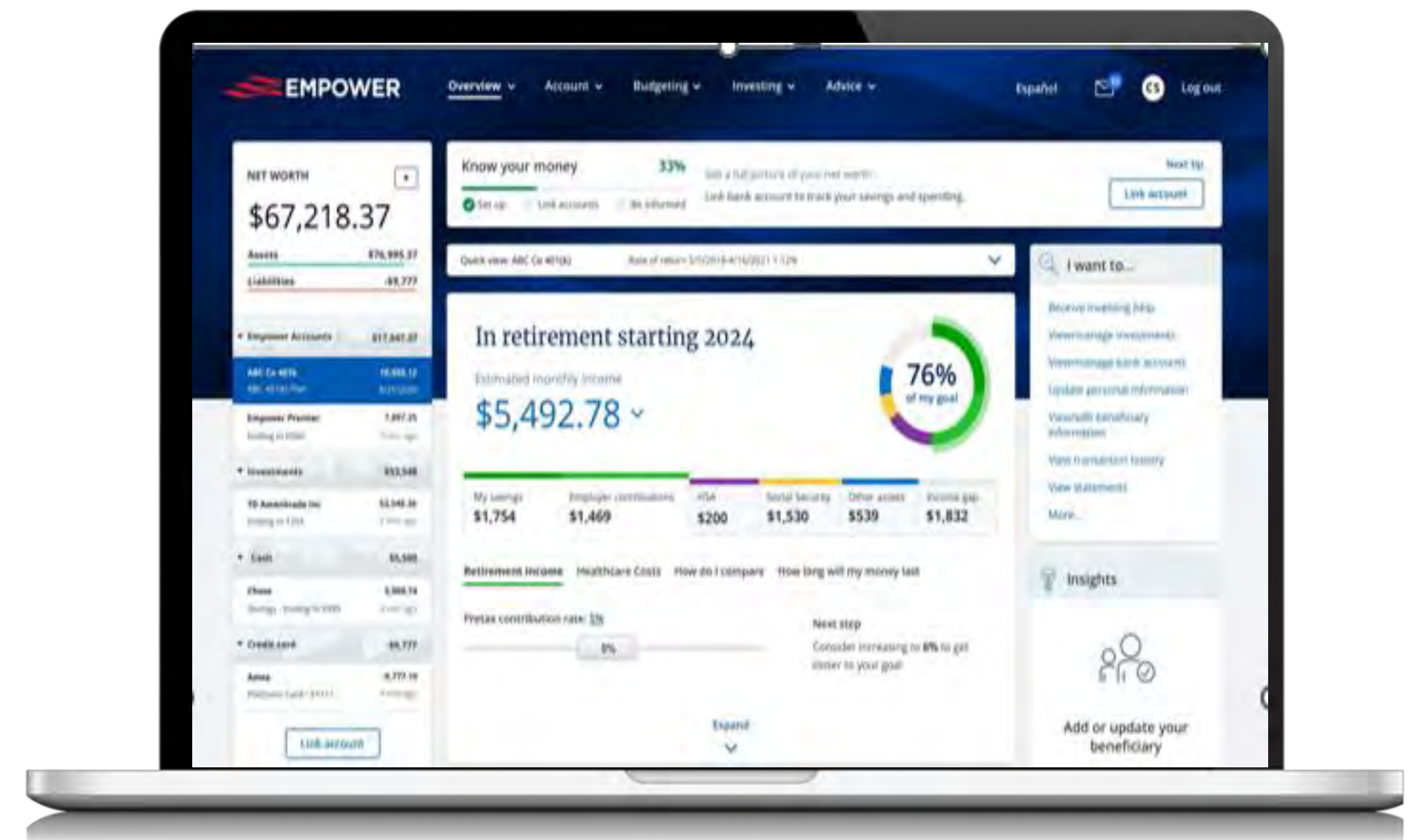
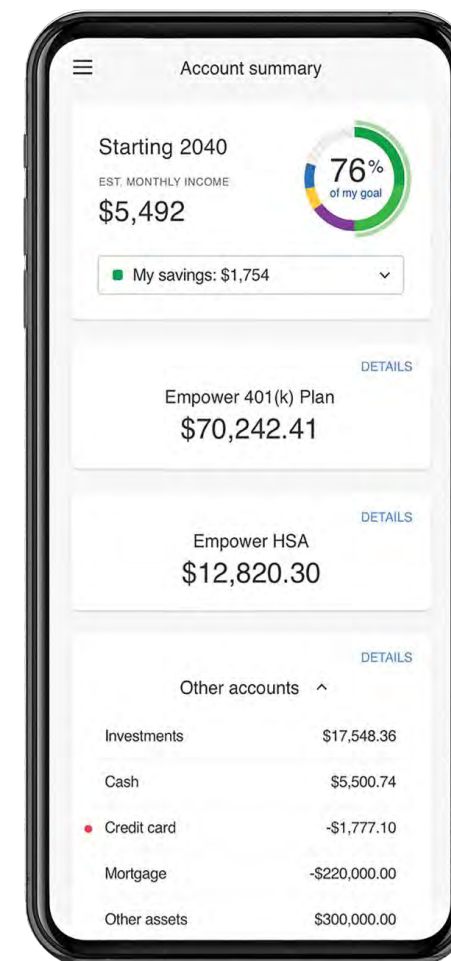
See where your retirement savings stand

Log in to your account to see your estimated monthly retirement income and what percent of your retirement income goal you're on track to reach. Plus enjoy access wherever you are with the mobile app.

Download the app in the App Store[®] and on Google Play[™]. After you download the app, open it and follow the prompts to register your account.



or



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CAN PASTORS REALLY OPT OUT OF SOCIAL SECURITY

- ▶ ...If you are morally opposed to such public insurance programs.
- ▶ Don't opt out because you think it's a bad investment.
- ▶ If you opt out ...
- ▶ As of 2023, self employment tax for FICA is 15.3%, this should be taken into consideration when attempting to self-fund retirement.
- ▶ Having life insurance and disability insurance - the other protections you will not have from SS.
- ▶ Paying Medicare Part A premiums - A retiree without 40 quarters of qualifying participation in Medicare will pay a sizeable premium for Part A.
- ▶ NOTE: Opting out may affect retirement and retirement benefits.(have to be on Medicare to get SHARP)



■ IS A PARSONAGE OR HOUSING ALLOWANCE TAXABLE OR NOT

- ▶ Not taxable for Federal Income Tax
- ▶ Taxable for Social Security(Self-Employment)

SOCIAL SECURITY EARNINGS RECORD

Earnings Record

Review your earnings history below to ensure it is accurate because we base your future benefits on our record of your earnings. There's a limit to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings below, but you can view your complete earnings record online with [my Social Security](#). If you find an error, view your full earnings record online and call 1-800-772-1213.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1966)
1971-1980	\$ 2,142	\$ 2,142
1981-1990	87,102	87,102
1991-2000	246,069	246,069
2001	34,147	34,147
2002	34,846	34,846
2003	36,021	36,021
2004	38,032	38,032
2005	39,711	39,711
2006	41,829	41,829
2007	43,971	43,971
2008	45,170	45,170
2009	44,603	44,603
2010	45,666	45,847
2011	47,093	47,093
2012	48,560	48,560
2013	49,095	49,095
2014	50,605	50,605
2015	51,996	51,996
2016		
2017		
2018		
2019	54,559	54,559
2020	54,489	54,489
2021	Not yet recorded	

Taxes Paid

Total estimated Social Security and Medicare taxes paid over your working career based on your Earnings Record:

Social Security taxes	Medicare taxes
You paid: \$75,568	You paid: \$18,158
Employer(s): \$77,498	Employer(s): \$18,158

Earnings Not Covered by Social Security

You may also have earnings from work not covered by Social Security, where you did not pay Social Security taxes. This work may have been for federal, state, or local government or in a foreign country. If you participate in a retirement plan or receive a pension based on work for which you did not pay Social Security tax, it could lower your benefits. Learn more at [ssa.gov/gpo-wep](#).

Important Things to Know about Your Social Security Benefits

- Social Security benefits are not intended to be your only source of retirement income. You may need other savings, investments, pensions, or retirement accounts to make sure you have enough money when you retire.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, years without work count as 0 and may reduce your benefit amount.
- To keep up with inflation, benefits are adjusted through "cost of living adjustments."
- If you get retirement or disability benefits, your spouse and children may qualify for benefits.
- When you apply for either retirement or spousal benefits, you may be required to apply for both benefits at the same time.
- If you and your spouse both work, use the [my Social Security Retirement Calculator](#) to estimate spousal benefits.
- The age you claim benefits will affect the benefit amount for your surviving spouse. For example, claiming benefits after your full retirement age may increase the *Spouse, if benefits start at full retirement age* amount on page 1; claiming early may reduce it.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If your ex-spouse receives benefits on your record, that does not affect your or your current spouse's benefit amounts.
- Learn more about benefits for you and your family at [ssa.gov/benefits/retirement/planner/applying7.html](#).
- When you are ready to apply, visit [ssa.gov/benefits/retirement/apply.html](#).
- The *Statement* is updated annually. It is available online, or by mail upon request.

SSA.gov | Follow us on social media [ssa.gov/socialmedia](#)

Form SSA-7005-SM-OL (02/23) | Enclosures: Publication XX-XXXXX, Publication XX-XXXXX



A look at Social Security from 30,000 feet

The amount of Social Security available to you depends on your earnings and when you start taking benefits.

What everyone should know about Social Security

- ▶ Partial benefit: Age 62
- ▶ Full benefit: Age 66 (67 if born in 1960 or later)
- ▶ Each year you delay your benefit increases your benefits by 8% until you reach age 70



A look at monthly Social Security benefits examples

Average annual salary	\$25,000	\$45,000	\$65,000	\$85,000	\$105,000	\$142,800 and up
SAMPLE MONTHLY BENEFIT AT FULL RETIREMENT AGE	\$1,218	\$1,732	\$2,245	\$2,620	\$2,861	\$3,338

Like most people, you're probably thinking "I'm going to need more than that."

Source: 2021 Guide to Social Security.

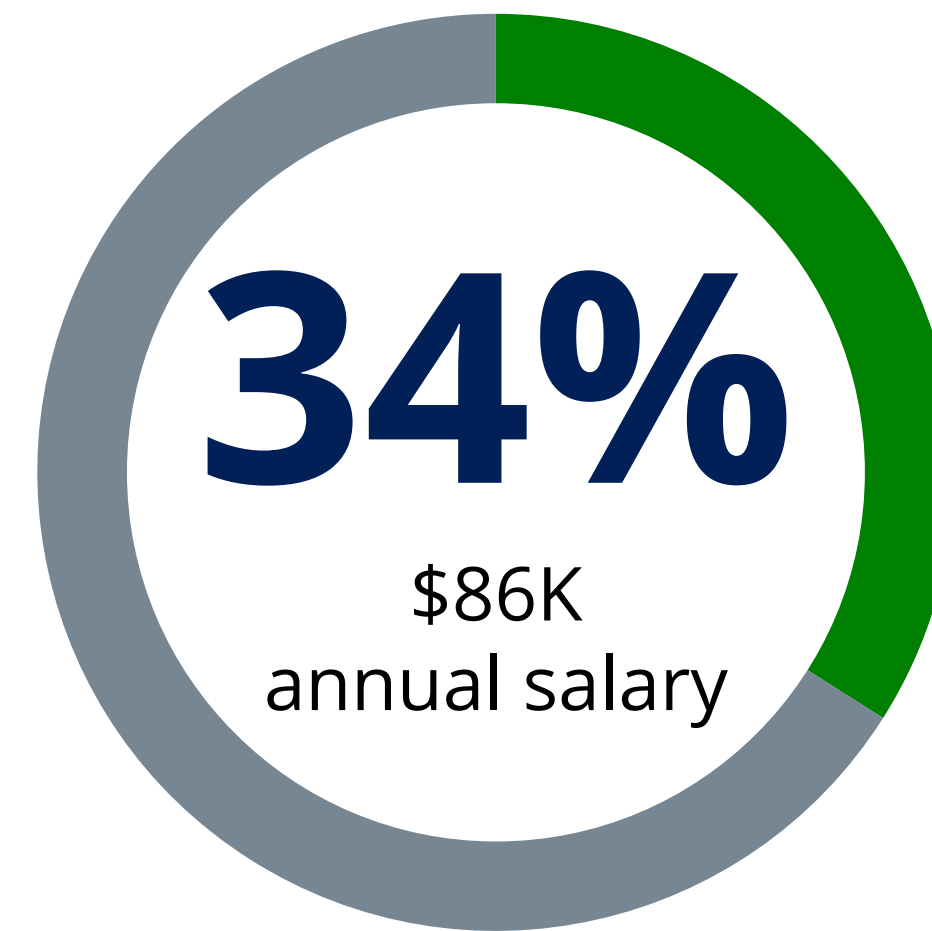
FOR ILLUSTRATIVE PURPOSES ONLY. Not intended to be, investment fiduciary, financial, legal or tax advice. Illustration assumes the projections are based on a person at age 50 in 2021, worked steadily since age 22 and received average pay raises. Wages and salaries will remain constant until retirement.

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How your salary affects Social Security

The percentage of income Social Security provides decreases as your salary increases.



Replacement ratio at full retirement age

Source: 2021 Guide to Social Security.

Assumptions: This table assumes steady earnings.

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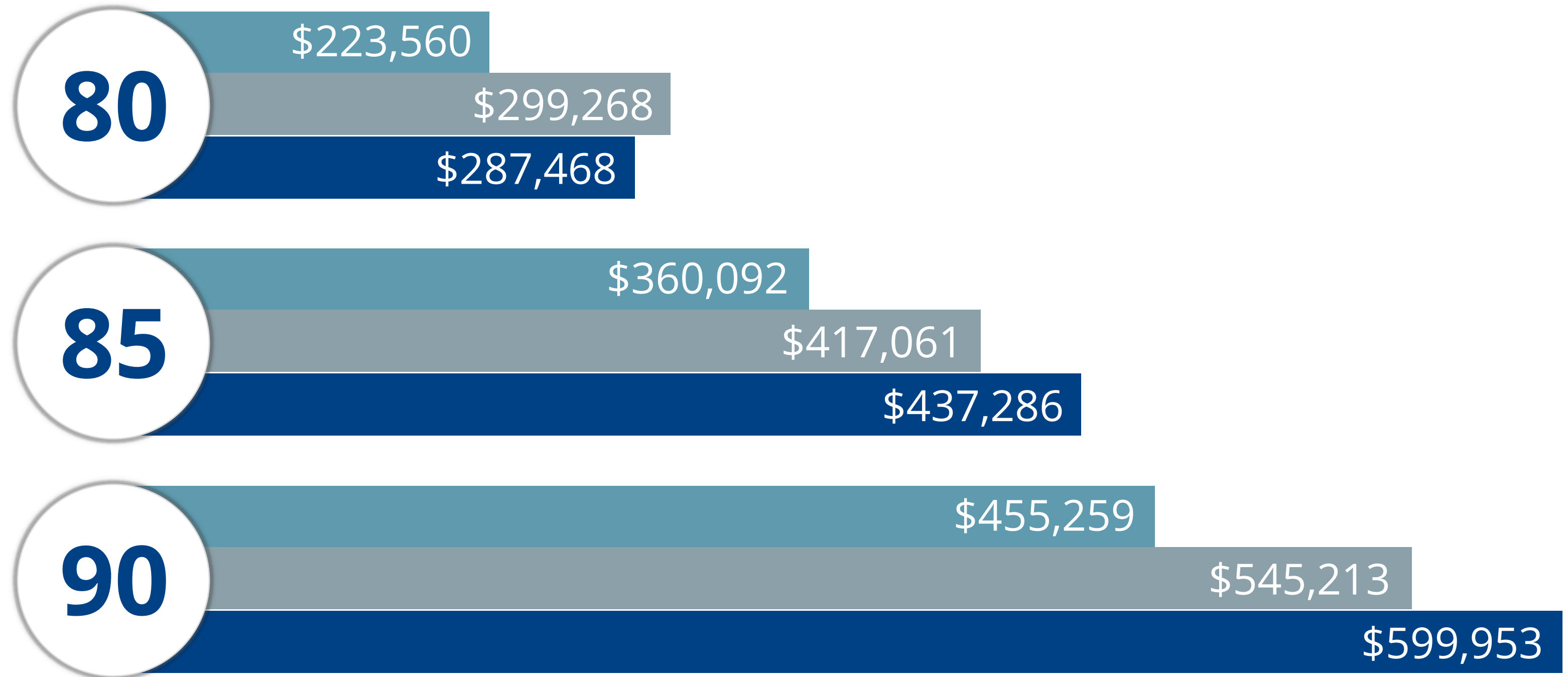
When you start can impact your total income in retirement

If you are in good health and live longer, you may consider waiting to start taking benefits.

Total retirement income if start taking benefits at:



If you live to:



FOR ILLUSTRATIVE PURPOSES ONLY. The example uses an estimated Social Security benefit for a 62-year-old making \$50,000 a year. Estimated benefit taken from ssa.gov calculator. Example assumes a 1.7% annual increase in benefit. Figures are rounded to the nearest dollar amount.

ARE PASTORS EMPLOYEES OF THE CHURCH OR SELF-EMPLOYED

- ▶ IRS considers pastors employees of the church.
- ▶ Wages reported on W-2.
- ▶ Social Security Administration considers pastors to be self-employed and must file Schedule SE



HOW DO PASTORS MAKE THEIR TAX PAYMENTS? PAYROLL WITHHOLDING OR QUARTERLY PAYMENTS

- ▶ Make quarterly estimated payments
- ▶ Employer can withhold from payroll
- ▶ Work with your tax professional to determine the appropriate payroll tax withholding based on your circumstances or estimated quarterly tax payment



WONDERING IF YOU QUALIFY FOR THE HOUSING ALLOWANCE IN RETIREMENT? ANSWER THESE QUESTIONS:

- ▶ Did/do you hold ordained, commissioned or ministerial license with the church?
- ▶ Did you receive compensation for pastoral duties?
- ▶ Do you have a 403(b) retirement account with Empower?
- ▶ Have you made contributions out of your pastoral earnings into your 403(b)?
- ▶ Are you currently retired, as defined by the IRS?* (See note below.)
- ▶ If you answered “yes” to ALL FIVE questions, you may qualify to receive a retired pastor’s housing allowance from the IRS. This benefit becomes available when two conditions are met. First, you must be eligible to receive distributions from your 403(b). This usually happens no earlier than age 59½, except under certain conditions specified by the IRS and your plan. Second, as noted in question five above, you must be retired.



■ WONDERING IF YOU QUALIFY FOR THE HOUSING ALLOWANCE IN RETIREMENT? ANSWER THESE QUESTIONS:

- ▶ The Adventist Retirement Plan through Empower automatically designates 100% of a pastor's 403(b) distributions as housing. It is then up to the pastor to determine and report the actual amount of their housing expenses each year on their Form 1040.



HOUSING EXPENSES

► The following expenses qualify:

- Down payment on a home,
- Rent and mortgage payments (principal and interest),
- Real estate taxes(possibility of double dipping),
- Property insurance, Renters insurance,
- Utilities (electricity, gas, water, sewer, trash, local telephone charges, Internet),
- Furnishings and appliance purchases and repairs,
- Structural repairs and improvements
- Yard maintenance and improvements, Maintenance items (household cleaners, light bulbs, pest control), Home association dues

► Expenses that do NOT qualify include the following:

- Cleaning services, Food, Domestic help, A second home, vacation home, business property, or farm

What's next



Take a deeper dive

You can use these additional resources to get more information on the topics you're most interested in.



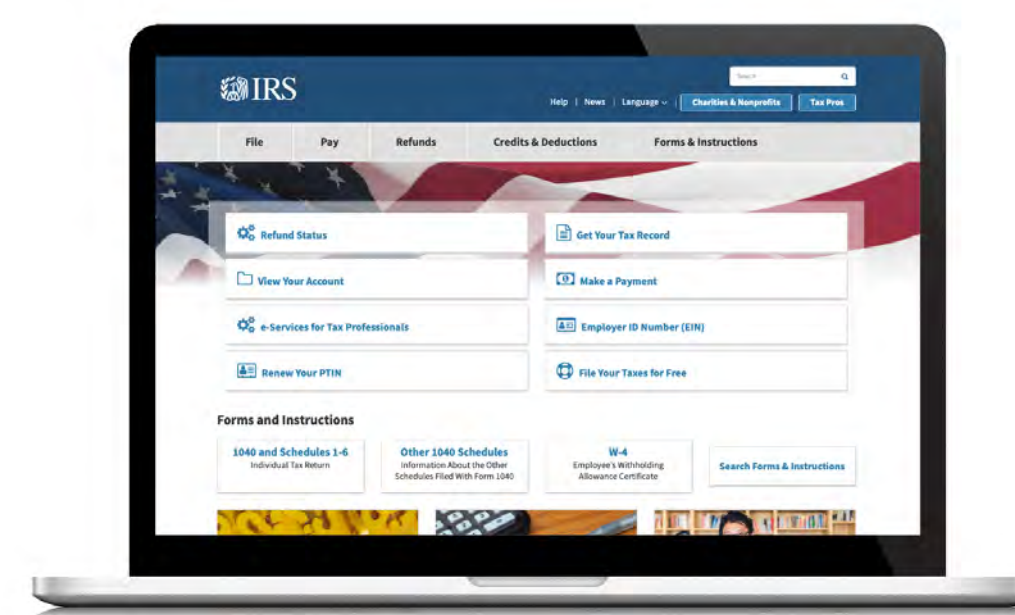
Official Social Security website

ssa.gov



Official Medicare website

medicare.gov



Official IRS website

irs.gov



Plan Sponsor Council of America website

psca.org



My Financial Path

Take the next step to financial freedom

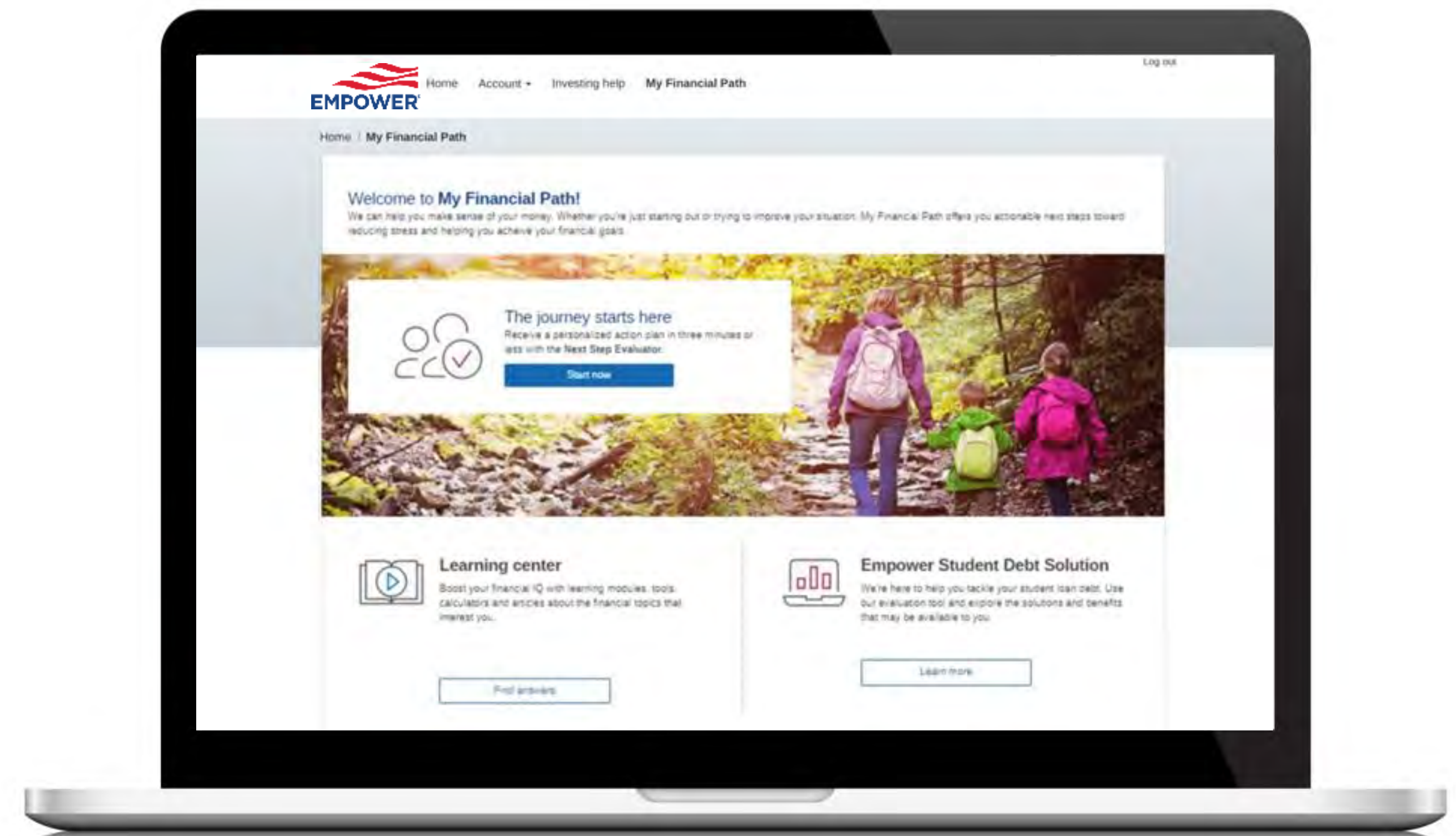
- › Get information about spending, saving, investing, retirement and life's big events.

Get answers relevant to you with the Next Step Evaluator

- › This personalized action plan tells you options for the use of your next dollar. Just answer a series of yes and no questions.

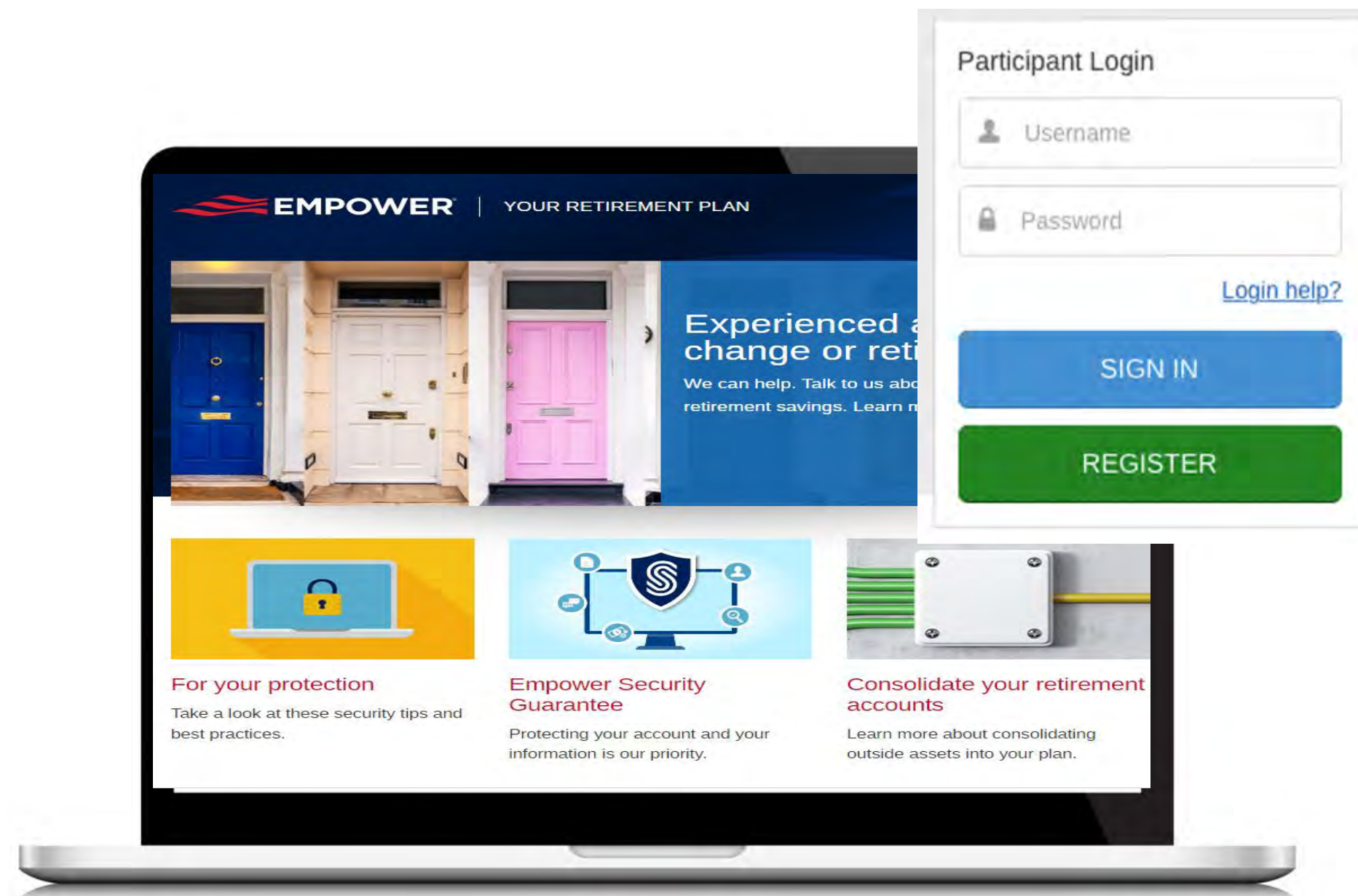
Visit My Financial Path

- › It may help you take control of your finances and stay on track to meet your goals.



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We're here when you need us



empowermyretirement.com

empowermyarp.com

844-465-4455

Weekdays 8 a.m. to 10 p.m. Eastern time

Automated system available 24/7. Password required.

TTY: 800-345-1833



Follow Empower

Transaction requests received in good order after the close of the New York Stock Exchange will be processed the next business day.

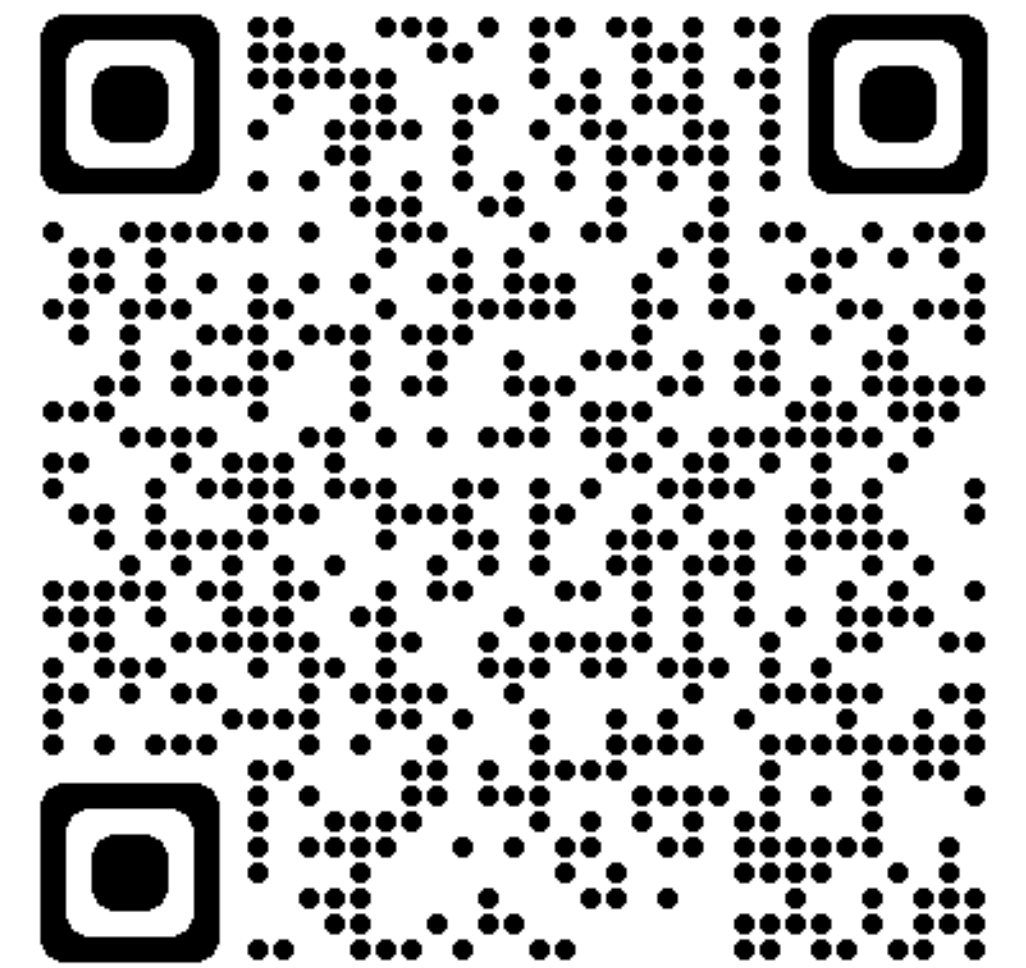
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and Diana Law, CFP®



Important information regarding your meeting with representatives of Empower

Your Empower representative is a retirement plan advisor (RPA) acting on behalf of Empower Advisory Group, LLC, (EAG) and Empower Financial Services, Inc. (EFSI). EAG is a federally registered investment adviser that provides investment advisory services to retirement plan participants and IRA accountholders nationwide. EAG's goal, through the RPAs and otherwise, is for you to leverage EAG's investment expertise to make retirement planning smarter and more accessible than ever before. EFSI is a broker-dealer registered with FINRA and the U.S. Securities and Exchange Commission. EFSI primarily provides broker-dealer services to employer-sponsored retirement plans. Both EAG and EFSI are members of the Empower Retirement family of companies.

Your RPA is authorized to act as both an investment advisor representative of EAG and a registered representative of EFSI. Your RPA acts as an EAG investment advisor representative when providing investment counseling or recommendations and as a EFSI registered representative when executing securities transactions on your behalf.

Your RPA may conduct a Retirement Readiness Review with you and educate you about available investment options and products offered by EAG. During a Retirement Readiness Review, you will meet with a plan advisor to discuss your current and future goals. Your RPA will look at your full financial picture and provide tailored recommendations in order to help you achieve your personal retirement readiness. Your RPA will assist you with learning about (and, when appropriate, enrolling in) Empower managed accounts solutions, rollovers into plan options, optimized investment allocation and savings amounts, financial planning, general financial wellness, health savings accounts (HSAs), distribution options, and additional products/ solutions offered by your plan and aligned with your needs. While basic investment strategies consider only your age, the service of your RPA includes consideration of a wide range of factors to develop a more in-depth picture of who you are before creating a strategy that best fits your individual needs. Your RPA considers your individual financial situation and goals to create a plan designed to help you reach the future you want. Your RPA, acting on behalf of EFSI, can assist you with executing securities transactions related to the recommendations they provide. There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

By engaging in a dialogue with your RPA, you will receive ongoing direction and advice, including professional support through education when it comes to making important savings, investing and retirement income decisions. Although your RPA cannot provide you with advice on your tax situation, they will share information related to the potential tax implications of taking receipt of the proceeds from your retirement investments. If you feel that you need specific tax advice, please consult with your personal tax advisor.

To obtain the EAG and EFSI Form CRS, or for more information about Empower representatives, visit **empower.com**.



Important information regarding your meeting with a retirement plan counselor (RPC) of Empower

Your Empower representative is a retirement plan counselor (RPC) acting on behalf of Empower Financial Services, Inc. (EFSI), a member of the Empower family of companies. EFSI is a broker-dealer registered with FINRA and the U.S. Securities and Exchange Commission. EFSI primarily provides broker-dealer services to employer-sponsored retirement plans. All Empower RPCs are registered representatives of EFSI.

Empower's RPC can provide information and guidance about a variety of topics, including plan enrollments, distribution and rollover options, consolidation, investment conversations, and savings and contributions strategies by educating you about available options. During your interaction with your RPC, you will engage in an informational dialogue intended to help you understand basic concepts about investing, distribution options available to you, and the advantages of participating in your employer-sponsored retirement plan or an individual retirement account. Although your RPC cannot provide you with advice on your tax situation, they will share information related to the potential tax implications of taking receipt of the proceeds from your retirement investments.

In their capacity as RPCs, the representatives may provide you with retirement counseling services that include education related to various investment options available to you and enrollment processes related to products and services offered or serviced by EFSI or its affiliates. Services provided by your RPC do not include providing securities recommendations or investment advice. If you feel that you need specific securities recommendations, investment advice or tax advice, please consult with your personal investment and/or tax advisor.

To obtain the EFSI Form CRS, or for more information about Empower representatives, visit **empower.com**



Carefully consider the investment option's objectives, risks, fees and expenses. Contact Empower Retirement for a prospectus, summary prospectus for SEC-registered products or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing.

Investing involves risk, including the potential loss of principal.

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On August 1, 2022, Empower announced that it is changing the names of various companies within its corporate group to align the names with the Empower brand. For more information regarding the name changes, please visit empower.com/name-change.

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■ Questions

