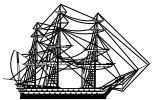


Making wise choices as you get ready for retirement



Vanguard[®]





What will your
retirement cost?

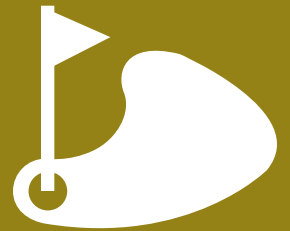
Current income

x

80%

Annual retirement budget

Estimate spending changes.

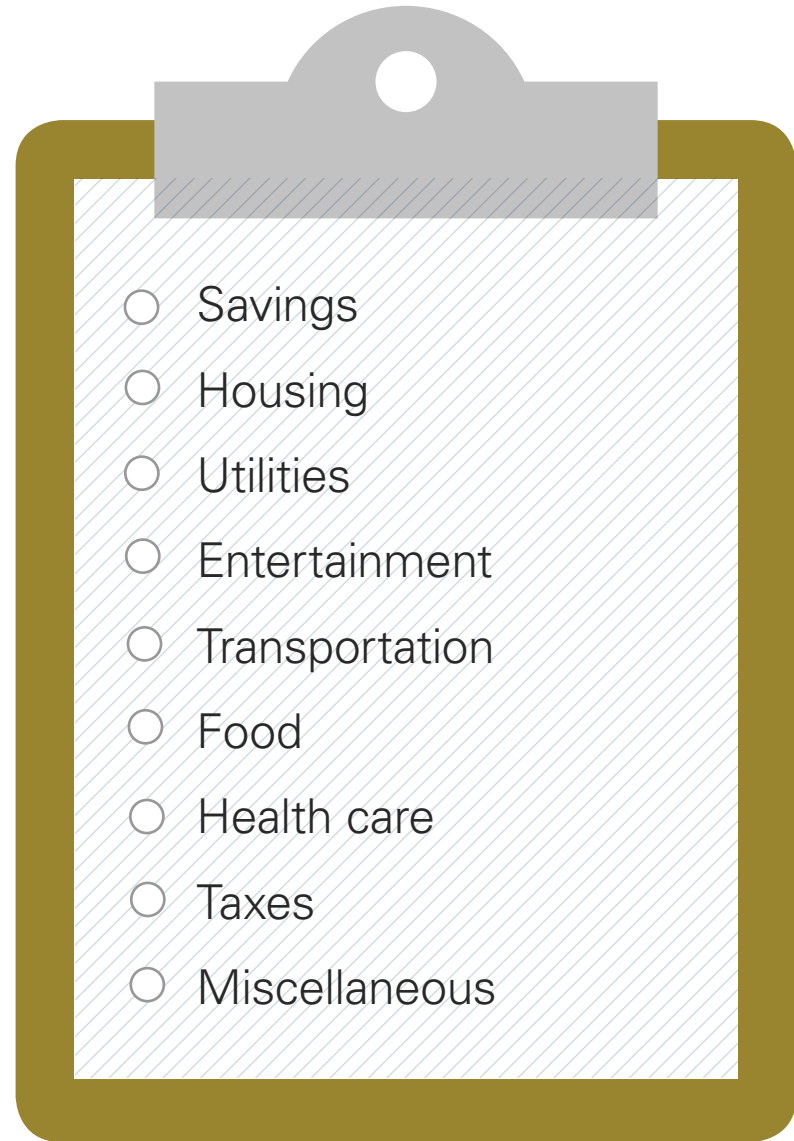




Spending Plan:

- Temporary or onetime expenses.
- Monthly expenses.
- Nonmonthly expenses.

Spending Plan



Expenses can change throughout retirement.





Determine your
retirement income.

Sources of income



Social
Security

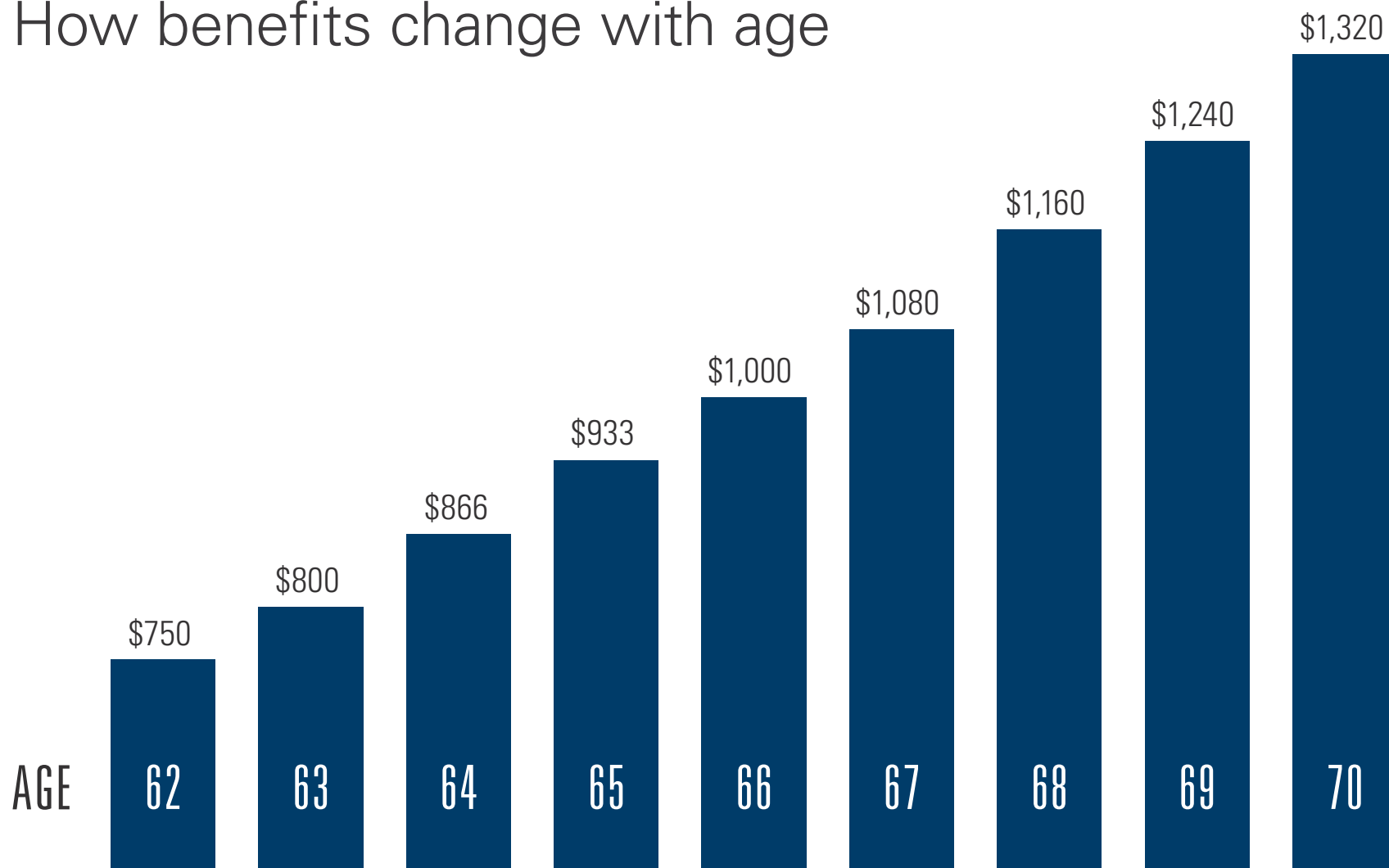
Employer
Plans

Personal
Savings

Social Security basics



How benefits change with age



Monthly benefit amounts differ based on the age you start receiving benefits. This example assumes a benefit of \$1,000 at full retirement age of 66. Source: Social Security Administration.

What if you are still working?

If you collect benefits ...	But earn more than ...	You'll forgo ...
Before you reach full retirement age	\$17,040	\$1 in benefits for each \$2 above the limit
In the year, but before the month, when you reach full retirement age	\$45,360	\$1 in benefits for each \$3 above the limit
In the month you reach full retirement age and thereafter	No limit	No penalty

Will you owe taxes on your Social Security benefit?

Single filer	Married filing jointly	Taxes owed
Less than \$25,000	Less than \$32,000	No. Benefits are not subject to income tax.
\$25,000–\$34,000	\$32,000–\$44,000	Yes. Up to 50% of benefits may be subject to income tax.
More than \$34,000	More than \$44,000	Yes. Up to 85% of benefits may be subject to income tax.

Estimate your Social Security benefits.

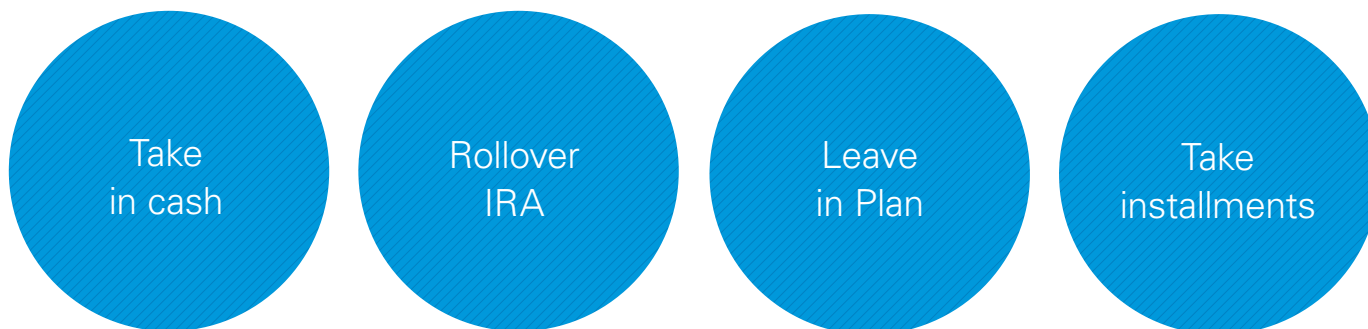


ssa.gov/estimator



Understanding your Plan's
distribution options.

Defined contribution

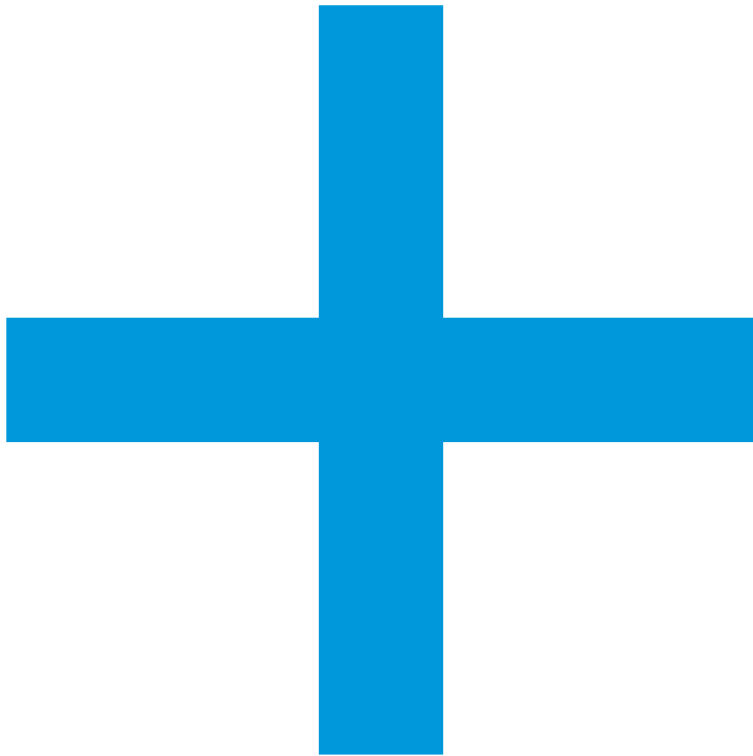


Keep in mind: There are important factors to consider when rolling over assets to an IRA or leaving assets in an employer retirement plan account. These factors include, but are not limited to, investment options in each type of account, fees and expenses, available services, potential withdrawal penalties, protection from creditors and legal judgments, required minimum distributions, and tax consequences of rolling over employer stock to an IRA. Consult your tax advisor and estate planning counsel.

Tax implications: You will be responsible for paying any federal, state, local, or foreign taxes on a distribution or withdrawal from pre-tax accounts. A distribution or withdrawal of Roth earnings is usually also taxable unless the initial Roth contribution was made more than five years ago and you are at least age 59½. Early withdrawals may be subject to a 10% federal penalty tax. To the extent required by law, Vanguard will make the appropriate withholding for tax purposes.

Add up your sources
of steady income.

Add up your total retirement savings.

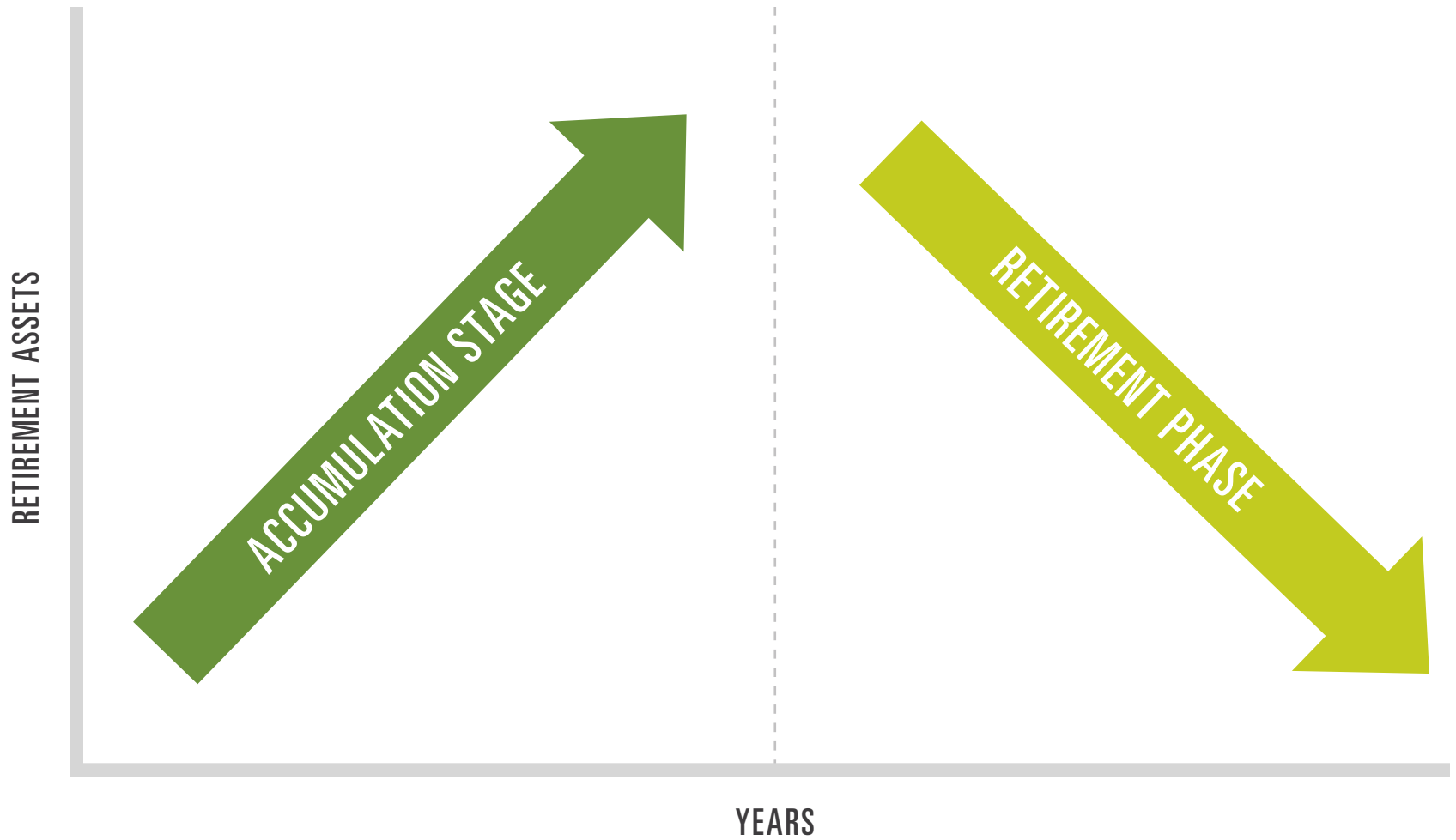


EMPLOYER PLANS
TRADITIONAL IRAs
TAXABLE ASSETS
ROTH IRAs

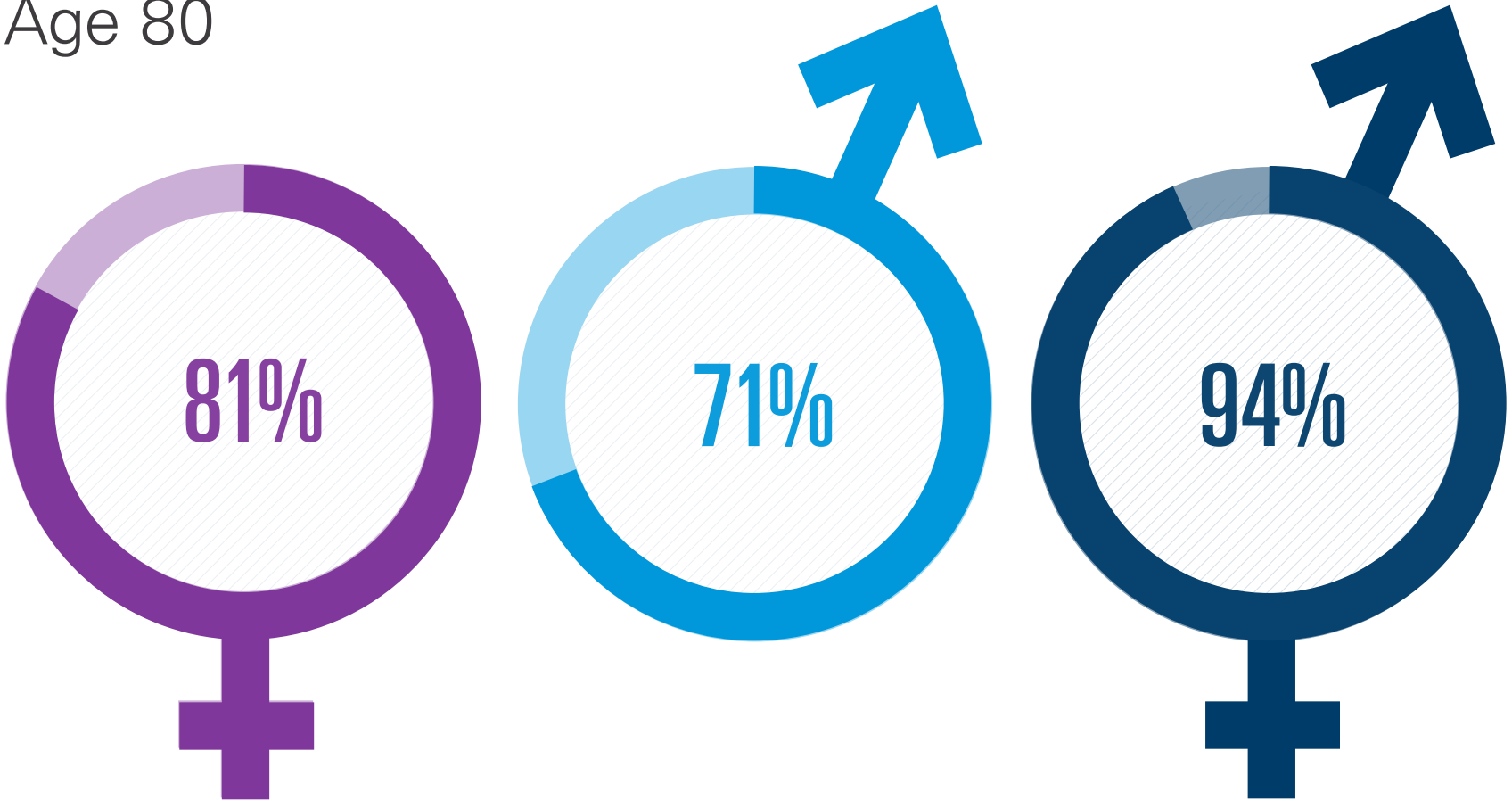


Make your
savings last.

A big shift



Living longer Age 80



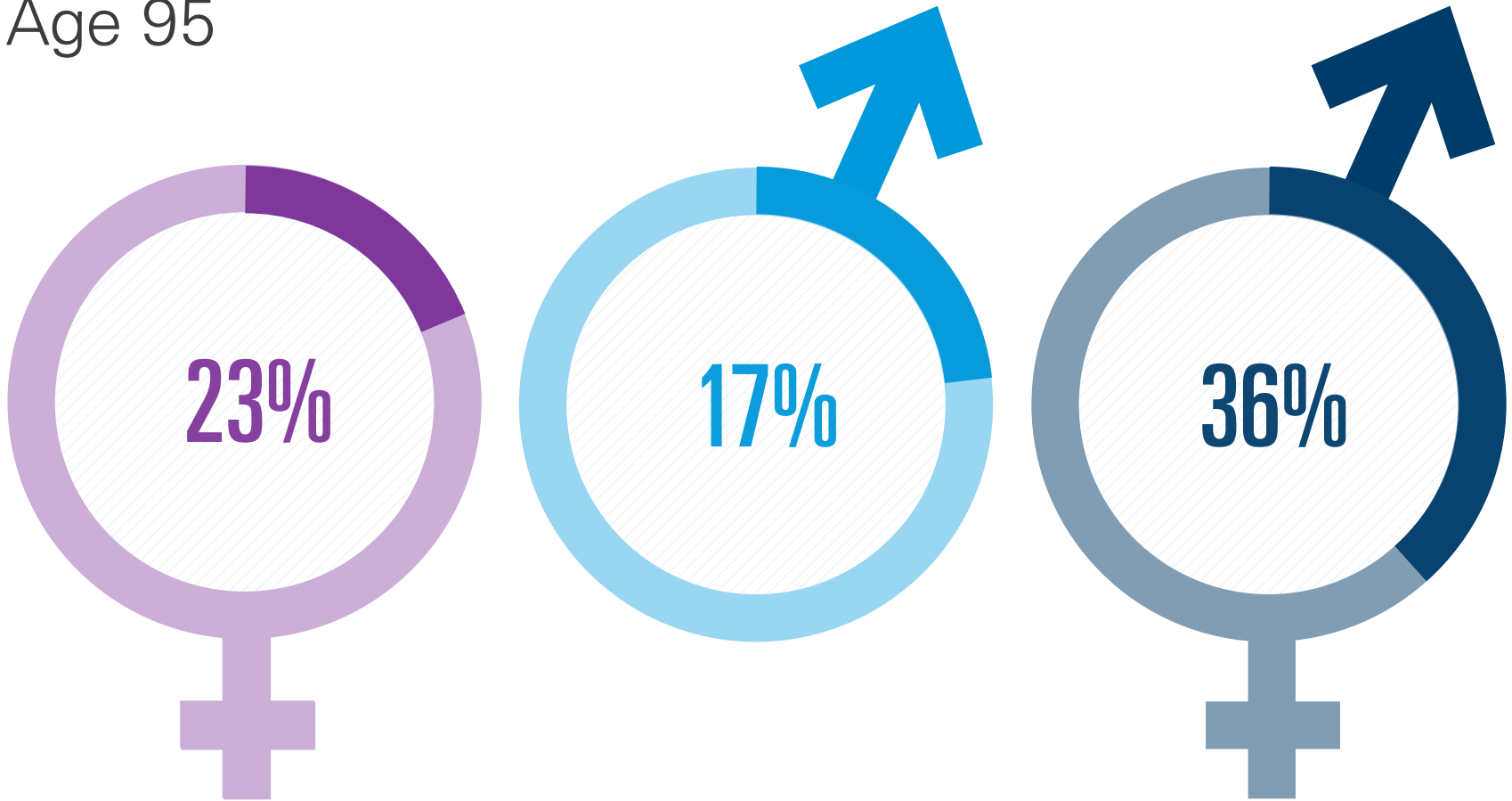
Living longer Age 85



Living longer Age 90



Living longer Age 95



40%

Year 1

\$285,000

X

4%

Withdrawal amount

\$11,400

Inflation rate

3%

Year 2

X \$11,400
1.03%

Withdrawal amount

\$11,742

Inflation rate

2%

Year 3

X \$11,742
1.02%

Withdrawal amount \$11,977

Inflation rate 4%

Year 4

X \$11,977
1.04%

Withdrawal amount \$12,456

Inflation rate 2%

Invest with a long-term perspective.



Systematic withdrawal reminders



If a sharp market drop occurs, consider:

- Not adjusting for inflation for a year or two.
- Reducing your withdrawal amount.



\$

Consider
an annuity.

If you...

- Want a guaranteed income stream you cannot outlive.



If you...

- Have other money for investing, emergencies, or unanticipated purchases.



If you...

- Aren't sufficiently covered by a traditional pension plan.



Converting a lump sum to monthly income

Initial monthly payment you get for \$100,000

Single life benefit starting at	Immediate fixed annuity*
Age 62	\$511
Age 65	\$541
Age 70	\$609

*Assumes the annuitant is a male. The annuity calculator available on vanguard.com is designed only to provide estimates of potential monthly income based on a onetime, lump-sum premium. Actual quotes from insurance companies will be based upon each individual's quote information, current market conditions, and the sponsoring organization at the time a quote is requested. Guarantees are subject to the claims-paying ability of the issuing insurance company.

Source: Vanguard and Hueler Investment Services, April 2016.

If you are interested . . .

[vanguard.com/income](https://www.vanguard.com/income)

vanguard.com/incomecalculator

Retirement income calculator

How much income will you need in retirement? Are you on track? Compare what you may have to what you will need. Use the sliders to see how small changes today could affect your financial future.

How old are you, and when will you retire?



I'm **52** and plan to retire at age **62**

What's your current annual income?



\$45,000 per year

How much do you save annually for retirement? ^{*}



\$7,000 (16% of your income)

How much have you already saved for retirement? ^{*}



\$130,000

What percent of your current income do you expect to need in retirement? [Learn more.](#)



79%

What's your expected average annual rate of return?



5.0%

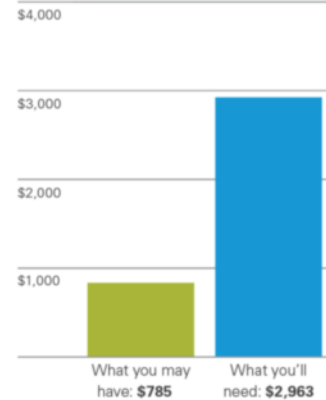
Include your estimated monthly Social Security benefit. [Tell us about it.](#)

\$0 per month (today's dollars)

Include a pension benefit. [Tell us about it.](#)

0% of your salary at retirement

Monthly income in retirement ^{*}



Legend:

- Retirement plan
- Pension benefit
- Social Security

^{*} These values are pre-tax and shown in today's dollars. For more information, [click here.](#)

^{*}Include contributions (by you and your employer) to plans such as 401(k) and 403(b) plans. Also include IRAs and any taxable savings earmarked for retirement. This hypothetical illustration does not represent the return on any particular investment and the rate is not guaranteed. Note: All investing is subject to risk, including the possible loss of the money you invest.

5 WAYS

To get your retirement
back on track:

1 2 3 4 5

Save more.

1 2 3 4 5

Reduce your
expenses.

1 2 3 4 5

Work part-time.

1 2 3 4 5

Postpone
retirement.

1 2 3 4 5

Paying off debt obligations.

Avoid costly taxes
and penalties.

Premature withdrawals



59½

60 61 62 63 64 65 66 67 68 69 70 70½ 71 72 73 74 75



Premature withdrawals

Exceptions:

- Death or disability.
- Substantially equal periodic payments (SEPP) from IRAs.
- Withdrawals from employer Plan if at least age 55.



59½

60 61 62 63 64 65 66 67 68 69 70 70½ 71 72 73 74 75



Required minimum distributions (RMDs)



Tax-deferred
plans



Roth IRAs

59½

60

61

62

63

64

65

66

67

68

69

70

70½

71

72

73

74

75

Required minimum distributions (RMDs)

Exception:

- Continued employment beyond age 70½.



Tax-deferred plans

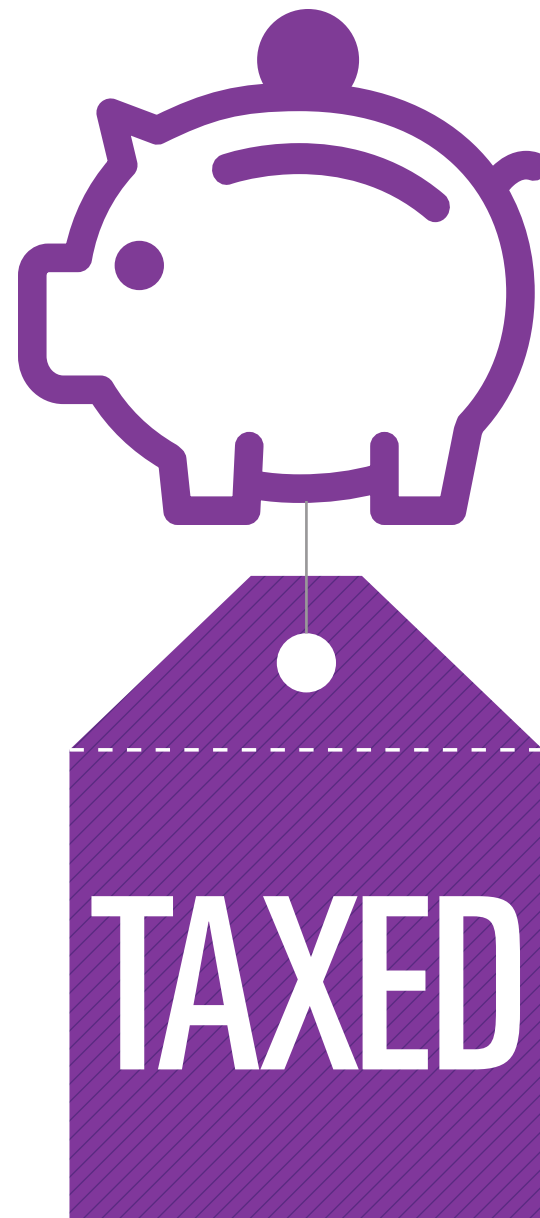


Roth IRAs

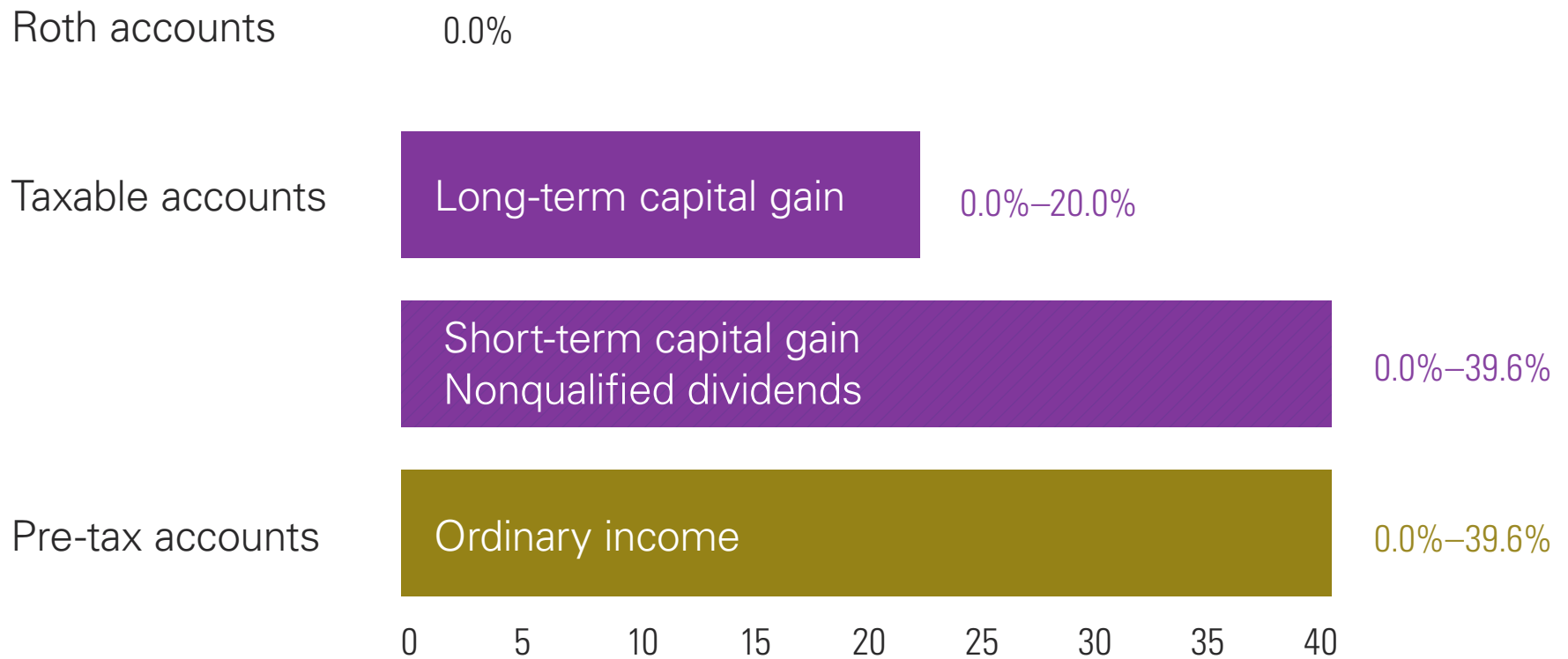
59½ 60 61 62 63 64 65 66 67 68 69 70 **70½** 71 72 73 74 75

Taxable assets first

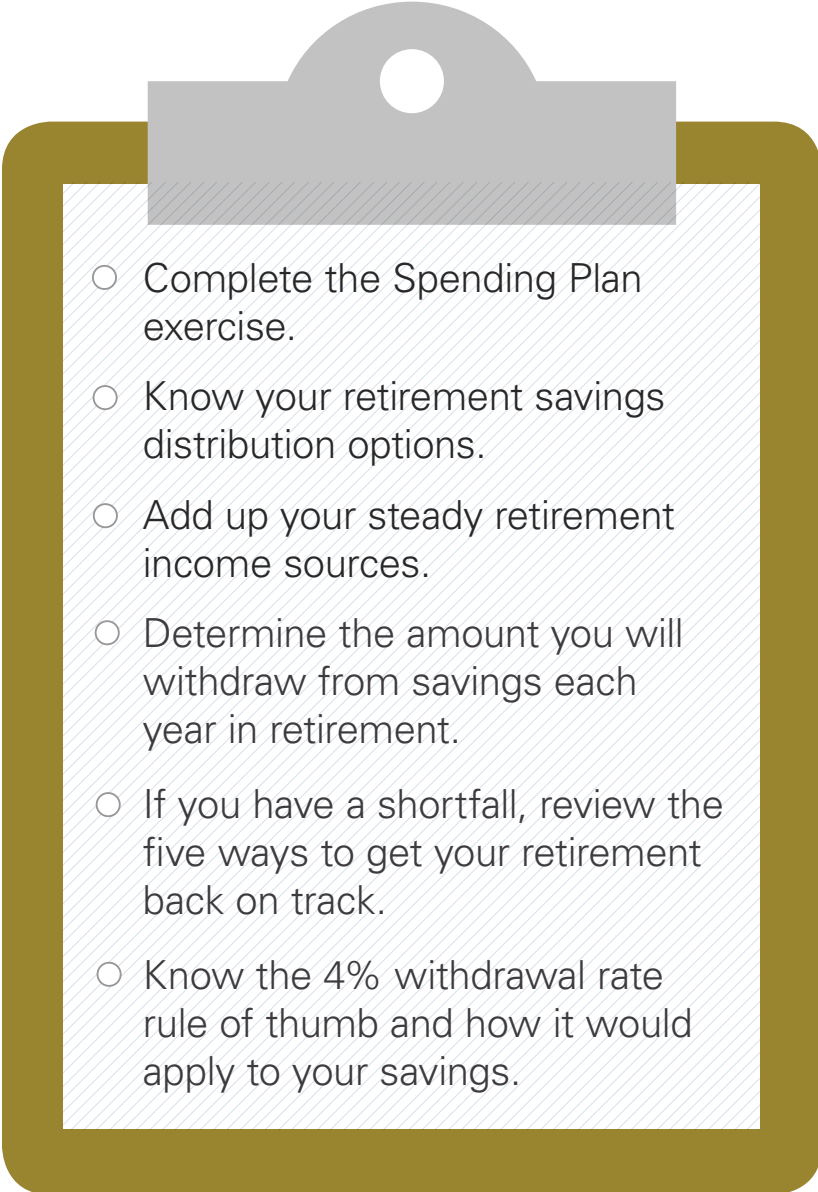
- Earnings may be taxed at a more favorable long-term capital gain rate.
- Let tax-deferred assets continue to grow.



Tax diversification in retirement



Your action plan

- 
- Complete the Spending Plan exercise.
 - Know your retirement savings distribution options.
 - Add up your steady retirement income sources.
 - Determine the amount you will withdraw from savings each year in retirement.
 - If you have a shortfall, review the five ways to get your retirement back on track.
 - Know the 4% withdrawal rate rule of thumb and how it would apply to your savings.

vanguard.com/toolbox

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Home Lessons Tools

All lessons

Log on to save your progress.

Already enrolled?

User name

Password

LOG ON

[Forgot user name/password?](#)
[Register for account access](#)

Am I on track for retirement?

54 likes 35150 views

START

Contains: 4

How can I afford to retire?

How much should I be saving?

123 likes 58967 views

START

Contains: 3

MOST POPULAR

- What are the key dates to my retirement?
- How much should I be saving?
- How do I get more Social Security?

For more information about any fund, visit vanguard.com or call 800-523-1188 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

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