Financial Well-Being

Todd M. Macaulay, CFP®, AIF®
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What is financial well-being?
Four Parts

<table>
<thead>
<tr>
<th>Security</th>
<th>Present</th>
<th>Future</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Control of Daily and Monthly</td>
<td>Protection</td>
</tr>
<tr>
<td>Freedom</td>
<td>Enjoy Life</td>
<td>Meet Goals</td>
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What influences financial well-being?

Make the most out of your situation!
- Social and economic environment
- Personality and attitudes
- Decision context
- Knowledge and skills
- Available opportunities
- Behavior

Make the most out of your situation!
Financial Literacy

Behaviors important for financial well-being?

• Balance
• Ask
• Plan
• Act

Income Planning for Retirement
Todd M. Macaulay, CFP®, AIF®
October 9, 2015
Where do I start?

B______

BUDGET
Divide Expenses

Essential Expenses
• Mortgage/Rent
• Utilities
• Insurance
• Groceries
• Clothing
• Medical

Discretionary Expenses
• Dining
• Travel
• Second Home
• Entertainment
• Hobbies
• Saving

Sources of Income

Guaranteed Income
• Pensions
• Social Security
• Annuities

Variable Income
• Part-Time Work
• Rental Income
• Withdrawals from Investments

Divide Income
Where are you short?

Guaranteed Income – Essential Expenses =
Shortfall in Guaranteed Income

Variable Income – Discretionary Expenses =
Shortfall in Variable Income

Guaranteed Shortfall

• Increase guaranteed income
• Decrease essential expenses

Divide Income

Guaranteed Income
• Pensions
• Social Security
• Income Annuities

Variable Income
• Part-Time Work
• Rental Income
• Withdrawals from Investments
Social Security
Now or later?
Cost of taking early
Bonus if you delay

Should I take an Annuity?
What is it?
Insure against outliving your money.

How much should I annuitize?
How much do you need?
It is not all or nothing!
Pros and Cons to Taking an Annuity

**Pro:** Essential expenses covered by lifetime income

**Con:** Amount annuitized no longer available. Amount not inflation adjusted

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### Divide Expenses

**Essential Expenses**
- Mortgage/Rent
- Utilities
- Insurance
- Groceries
- Clothing
- Medical

**Discretionary Expenses**
- Dining
- Travel
- Second Home
- Entertainment
- Hobbies
- Saving

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### Variable Shortfall

- Increase variable income
- Decrease discretionary expenses
Divide Income

Guaranteed Income
- Pensions
- Social Security
- Income Annuities

Variable Income
- Part-Time Work
- Rental Income
- Withdrawals from Investments

Lump Sum vs. Systematic Withdrawal
Take out the money all at once or gradually
Situations and examples for both types

Why would you take a lump sum?
In most cases best to leave bulk of assets in the UK plan
Circumstances where you would take a large amount out
Required Minimum Distributions
Is it RMD or MRD?
70 ½ or when you retire
Factor decreases over time

Take the Earnings Only
Pro: Leave principal intact
Con: Dependent earnings

Take a Sustainable Percentage
Pro: Money could last
Con: Timing is everything
Tips for Taking Distributions

- Leave a year of income in cash
- Rebalance as the cash is used

Summary

- Taking an annuity
- Taking a lump sum
- Taking sustainable withdrawals

Comfortable yet?

We want to help you take the next step

Not there yet?
Questions?
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Closing
Call to action
What and when
You will hear from me