WORKSAVEPlay

STATE OF CONNECTICUT
DEFINED CONTRIBUTION PLANS

PREPARE FOR YOUR BETTER TOMORROW Today

ALTERNATE RETIREMENT PROGRAM (ARP) RETIREMENT READINESS WORKBOOK

Five steps to get you on your way

It's time to start preparing—mentally as well as financially—for a more secure life after work. The worksheets and resources on the following pages can help you take smart, specific steps for understanding what's ahead, what it will cost and how you'll pay for it—so you can retire on your terms.

Prudential
Bring Your Challenges®

STEP 1 What lifestyle do I want—and how much will it cost?

ENVISION YOUR LIFESTYLE

In the spaces below, write some thoughts about how you'd like to live in retirement.

- How will you spend your time, and with whom will you spend it?

- Will you continue to work?

- Where will you live? Will you sell or buy a home?

THINGS TO CONSIDER

- Leisure activities
- Travel
- Career goals
- Volunteer work
- Mental fitness
- Physical fitness
- Family time
- Entertainment/friends

STEP 2 What will my healthcare expenses be?

When you retire, you may be eligible to participate in the State's retiree health program, which should cover your Medicare premiums and the majority of your medical and pharmacy expenses.

Please note that if you are a retiring member of the ARP, you are not considered to be receiving retirement benefits and will not be entitled to retiree health coverage at the time of retirement unless you use plan assets to purchase an annuity in the minimum amount of $10,000. To preserve spousal (and eligible ARP dependent) health benefits after death, a married ARP member must use ARP plan assets to purchase a minimum $10,000 two-life annuity naming your spouse as co-annuitant, if applicable. If you are thinking of transferring your ARP account to another vendor or an IRA (individual retirement account) after retirement, be sure to purchase the annuity before doing so.

If you are not eligible for coverage under the State's retiree health plan, you should be aware that Medicare does not cover all your healthcare costs. You will need to consider how you'll meet expenses not paid for by Medicare, which would include the cost of supplemental health insurance, known as "gap coverage," from organizations like AARP. This can pick up where Medicare leaves off.

Individual Health Insurance[1]

______________________________ $______________

Insurer — Annual Premium

______________________________ $______________

Insurer — Annual Premium

Supplemental Healthcare Insurance[1]

______________________________ $______________

Insurer — Annual Premium

______________________________ $______________

Insurer — Annual Premium

[1]These sections are applicable to those who do not qualify for State retiree health coverage.

Long-Term Care Insurance

______________________________ $______________

Insurer — Annual Premium

______________________________ $______________

Insurer — Annual Premium

THINGS TO CONSIDER

A couple could need as much as $260,000 to cover healthcare costs in retirement.

Source: Fidelity Investments, "Health Care Costs for Couples in Retirement Rise to an Estimated $260,000, Fidelity Analysis Shows," 8/16/2016.

STEP 3 Plan your budget

How much could living in retirement cost you each year? Consider which expenses will be "must-haves" and which may be "nice-to-haves." Then estimate how much each may cost you. Keep in mind that some expenses may fall into both categories, as in the example below.

Total Monthly Expenses	"Must-Have" (estimate monthly cost)	"Nice-to-Have" (estimate monthly cost)
Example: Clothing	$ $175	$ $425
• Housing: mortgage or rent	$	$
• Utilities: electricity, gas, oil, phone, cable, internet, etc.	$	$
• Transportation: car payments, fuel, repairs, public transportation, etc.	$	$
• Child care, elder care	$	$
• Pets: care, vet, supplies, etc.	$	$
• Food	$	$
• Clothing	$	$
• Travel	$	$
• Medical/dental bills: copays, deductibles, premiums, etc.	$	$
• Entertainment: dining out, theater, concerts, parties, etc.	$	$
• Memberships: clubs and subscriptions	$	$
• Charitable donations: church, schools, community, etc.	$	$
• Other expenses	$	$
TOTAL MONTHLY EXPENSES	$ 0	$ 0
TOTAL ANNUAL EXPENSES Multiply total monthly expenses by 12	**A $** 0	**B $** 0

HELPFUL RESOURCE

More information, tools and financial calculators are available at your fingertips. Just log in to **CTDCP.com** and use the Retirement Income Calculator to determine what kind of lifestyle you want, how much income you'll need to afford it, whether you're on track toward your goal—and what to do if not.

STEP 4 Where will my income come from?

- Annual pension from current and past employers $________
- Annual Social Security benefit $________
- Annual payments from annuities $________

A. Total estimated annual income

$ 0

YOUR PERSONAL INCOME SOURCES

I. Taxable	Current Value
❑ Bonds	$
❑ Part-time income	$
❑ Real estate	$
❑ Savings/CDs	$
❑ Stocks	$

B. Total taxable sources

$ 0

II. Tax-Deferred	Current Value
❑ 401(k), 403(b), 457, ARP	$
❑ Annuity	$
❑ Traditional IRA	$

C. Total from tax-deferred sources

$ 0

III. Tax-Free	Current Value
❑ Life insurance (cash value)	$
❑ Roth IRA/401(k)[2]	$
❑ Municipal bonds	$

D. Total from tax-free sources

$ 0

Grand Total (A+B+C+D) $ 0

THINGS TO CONSIDER

- Estimate your Social Security benefit at **ssa.gov.**
- If you have a pension, contact your provider to estimate your benefit.
- Some financial professionals suggest it may be preferable to withdraw from taxable accounts first, and then draw down proceeds from an IRA or employer-sponsored plan.

[2] Tax-free if the Roth account has been established for at least five tax years *and* one of these conditions apply: Age 59½ or older, disability, death or qualified first-time home purchase (Roth IRA only).

STEP 5 How can you increase your retirement income?

SAVE MORE THROUGH YOUR 457 AND 403(b) DEFINED CONTRIBUTION PLANS

Jot down how much more you may be able to afford by contributing to your State of Connecticut Defined Contribution Plans.

	% of Salary	Dollar Amount
Current contribution	______________	$______________
Increased contribution	______________	$______________

UNUSED VACATION AND SICK LEAVE PAYOUT

If you are retiring and eligible, you can contribute money from your final payout for unused vacation or sick leave to the 457 Deferred Compensation Plan, which is open to most active employees, or to the 403(b) Plan, which is limited to employees of eligible educational institutions and hospital facilities. By making a pre-tax contribution of a portion of your payout, you can reduce the amount of taxes withheld from your final paycheck while helping to boost your retirement savings. The process for contributing final payouts to the 403(b) or 457 Plan requires planning ahead, since the IRS requires that deferral arrangements be in place the month before the final payment is made.

Important things to consider when contributing from a final payout check: (1) All year-to-date contributions should be considered when electing your final payout contribution to avoid exceeding the IRS limits, (2) FICA tax and other current payroll deductions will take place prior to your contribution into the 457 or 403(b) Plan, and (3) If your contribution amount exceeds the amount available in the final payout check, the deduction will not occur.

To take advantage of any of these options, call **844-505-SAVE** (844-505-7283) or visit **CTDCP.com** to contact a Prudential retirement counselor today.

THINGS TO CONSIDER

- The ARP 2019 contribution limit (employee and employer contributions) is the lesser of $55,000 or 100% of your covered pay.[3] For more information, call toll-free: **844-505-SAVE** (844-505-7283).
- In 2019, you can contribute up to $19,000 to a 457 or 403(b) plan account. If you will be at least age 50 by December 31, 2019, you may contribute an additional $6,000 above this limit, called an Age 50+ Catch-Up contribution. If you are eligible for both the 457 and the 403(b) Plan, you can contribute up to the maximum to both plans.

[3]This limit is not aggregated with either the 403(b) or 457 plan limits.

STEP 6 How can I help protect my future income?

BALANCE YOUR INVESTMENT AND INCOME STRATEGIES

Investment strategy

Consider how much you hope to earn each year on your remaining savings and investments—without investing either too conservatively or too aggressively.

Withdrawal strategy

Balance expected earnings against how much you hope to withdraw from your remaining assets each year—so that you don't withdraw too much, too soon.

Income Protection

THINGS TO THINK ABOUT...

Investment strategy.
Your retirement could last 20 to 30 years or more. So, consider keeping some of your money invested in stocks, which historically have provided the best opportunities for growth.

Withdrawal strategy. Many experts suggest no more than a 4% withdrawal rate per year.

EARMARK YOUR TAXABLE INCOME SOURCES TO HELP COVER YOUR "MUST-HAVE" EXPENSES

Annual Income from Guaranteed Sources (refer back to Step 3A)		$____________
Annual "Must-Have" Expenses (refer back to Step 1A)	–	$____________
Annual Income Surplus (gap)	=	$ 0

HELPFUL RESOURCE

Your **on-site retirement counselor** is ready to help with your retirement planning. Schedule a meeting with your counselor at **CTDCP.com**.

THINGS TO THINK ABOUT...

Ways to help address an income gap:

- Consider holding CDs with various maturities to help manage interest-rate risk and help increase liquidity.
- Consider investing in dividend-paying stocks.
- Create a systematic withdrawal plan.
- Consider an annuity.
- Ask your retirement counselor how your plan can help you turn savings into a reliable income stream.

For information about your plan, call
844-505-SAVE (844-505-7283) or visit **CTDCP.com**.[4]

Want to meet with a retirement counselor in person? Visit **CTDCP.com** for contact information. Schedule your appointment today!

[4]Hearing Impaired: Call (TDD) 877-760-5166.

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