



THE PIER

Photo of Wrightsville Beach, NC

Planning | Investment | Engagement | Retirement

Mid-Year Check Up: How To Invest as You Near Retirement

We are halfway through 2024 and it's a great time to take a step back and review your retirement plans. Watching the markets on a daily basis is not helpful and can be stressful but remember that it is the long-term trends of the markets that matter. For all savers, make sure your portfolio is well diversified.

Ten Years from Retirement

Ten years is generally the equivalent to a full market cycle. A decade out from retirement still gives you time to ride the ebbs and flow of the market but if the last few years have felt a little nerve-wracking, it's a great time to meet with a Financial Consultant from TIAA or CAPTRUST to review your portfolio and discuss your risk tolerance and ensure that your asset allocation still meets the goals of your overall financial plan.

Five Years from Retirement

You are five years out from retirement and it will go quickly! Don't wait too long to plan where you will generate your income from once your paychecks end, the day before retirement is not the time to do so. Talk to your Financial Consultant about your preliminary retirement income plan and how you can diversify your potential sources of retirement income. There are also various tax strategies to consider which may require you to rearrange your assets. Make sure you are taking advantage of all tax-deferred accounts and utilizing the catch up contributions if eligible. Don't forget to consider a fixed annuity, this can help provide payments as long as you live.

One Year from Retirement

You are almost there! Now is the time to revisit your retirement income plan and review your investment portfolio to help replace your wages. TIAA suggests although every situation is unique, the general rule of thumb is to start by dividing your income sources into approximately one-third from annuity payments, one-third from Social Security Payments and any pension payments, and one-third from investments and savings. Another way to think about this is two-thirds of the sources are from guaranteed income and the one-third from savings that is more susceptible to market volatility. This ratio will help dampen the effects of market downturn in your years approaching retirement and during your retirement.

Schedule an appointment with CAPTRUST or TIAA today at no cost. It is never too early to start preparing for retirement. To contact CAPTRUST, you can schedule a virtual appointment by going to www.captrustadvice.com/unc. For TIAA, you may reach out to advisory service at 1-866-842-3519 or schedule online at www.tiaa.org/schedulenow.

To review TIAA's How to Invest as You Near Retirement article in more detail, [click here](#).



Be Alert!

As an employee, our university email addresses are often public information. Please be aware of emails from Financial Advisors who allude that they work with the University plans. The University partners with TIAA and CAPTRUST to provide advisory services for the UNC Optional Retirement Program, the UNC 403(b) and the UNC 457(b) plans. Please be mindful that outside Financial Advisors may not be familiar with our Plan Rules and moving funds out of your UNC Plans may result in higher fees and possibly the loss of retiree health benefits.

Is Your Retirement Plan Tax-Smart?

CAPTRUST has advice for ensuring you are tax-savvy in retirement

Many individuals have worked for years to control their budget in order to save and create a solid financial plan for the future. As we think about our savings and planning for retirement, amid the visions of leisurely days and a free schedule, many underestimate the reality of taxes in retirement. To make the most out of your savings and retirement accounts, tax planning should begin during your initial financial planning.

Jennifer Wertheim, director of tax planning at CAPTRUST stated “The tax implications that accompany retirement decisions can significantly impact a person’s overall financial landscape. That’s why tax planning is such an important part of financial planning overall. It’s a way to safeguard your hard-earned assets and stretch your savings.”

“Retirement tax planning relies on four pillars,” says Elisabeth Jacobson, a CAPTRUST financial advisor. “Know how your assets will be taxed. Develop a strategy for how you’ll withdraw money. Avoid things that are going to put you in a higher tax bracket. And review your tax situation whenever life changes.” Jacobson says she has seen many cases where new clients could have benefited from earlier planning for retirement taxes. “There are so many people who are good at saving and investing but aren’t aware of how their accumulated assets will be taxed when they are sold or withdrawn,” she says.

For instance, Jacobson says she once met with a couple who had already started taking required minimum distributions (RMDs) from their retirement accounts. RMDs are minimum amounts that must be withdrawn annually from individual retirement accounts (IRAs) and qualified retirement plans, like 401(k) or 403(b) accounts. Your birth year determines when you must start taking RMDs. Generally, they are required once you reach your early 70s. “These clients had done a great job saving money, but they’d put all their savings into a taxable IRA,” says Jacobson. “That meant every single dollar they had was going to be taxed. And their RMDs were huge, so every time they withdrew money, they were raising their marginal tax bracket—and their tax bill—even further.” Incorporating projected taxes into your financial plan can help avoid mistakes like this.

Balance What Is Taxable

Jacobson says “it’s important to know all your possible sources of retirement income and how each one will be taxed.” To start, make a list of all your assets and label which are taxable and which are not. If you aren’t sure, it’s a great opportunity to meet with a CAPTRUST Financial Consultant to review your assets and your retirement plan to develop a strategy to make sure you have access to the funds you need while also minimizing your tax liabilities.

Some assets such as your Roth accounts will be tax free but others like your TSERS or ORP account will be fully taxable. According to Philip D’Unger, a manager on CAPTRUST’s wealth planning team, “ideally you will have some balance of taxable and non-taxable assets from which you draw your retirement income.” A financial consultant will be able to assist in ensure that you have diverse assets and assist with any rebalancing as needed.

Make a Withdrawal Plan

Jacobson says people tend to spend more money in the first few years of retirement than they spend later. “Those early years can be a sweet spot for tax planning. It’s a good idea to sit down in those first few years and figure out the big pieces of your new financial plan.” For instance, Jacobson says she helps clients understand when to start taking Social Security benefits, when to sign up for Medicare, and when they’ll be required to take RMDs.

As CAPTRUST has shown, it’s important to continually plan for taxes both during your working years while saving and in how you withdrawal your funds once you begin retirement. The process of knowing how much to save, in which type of accounts, and how long those assets will need to last can be overwhelming. To set up one-on-one appointment with CAPTRUST to discuss your personal retirement plans and to create a Retirement Blueprint, [click here](#).

For more details, a sample list of taxable and non-taxable income and the full article from CAPTRUST on being tax-smart, [click here](#).

How Long Will You Live in Retirement?

Longevity literacy is a key factor in figuring out how much you can spend in retirement. Most people don't realize how far out their retirement strategy should last.

A common worry amongst U.S workers is running out of money in retirement. As TIAA mentioned in their article *You're probably going to live longer than you think. Here's why that matters.*, no one has a crystal ball tell us how long we will live but having a realistic idea will make your retirement a lot more enjoyable. Research shows that many Americans are missing this key factor of their retirement planning. How knowledgeable are you about life expectancy? Here is a pop quiz to find out:

What is the average life expectancy for a 60-year old man in the US?

- A. About 16 more years (age 76)
- B. About 22 more years (age 82)
- C. About 31 more years (age 91)

What about for a 60- year old woman?

- A. About 19 more years (age 79)
- B. About 25 more years (age 85)
- C. About 31 more years (age 91)

If you answered “B” to both questions, congratulations! According to a TIAA Institute survey, you are amongst the few to get it right. This year, for the first time, the study included questions tied to longevity, and the results were worrisome: Only 37% of Americans answered correctly; 28% didn't know; 25% underestimated life expectancy and 10% overestimated.

Financial literacy, longevity knowledge, retirement readiness, and retirement satisfaction are all connected. Many individuals across a wide array of age groups don’t know how many years of life expectancy to build into their retirement planning. Without this important factor, many workers risk saving too little or spending their retirement funds to quickly once they retire. With many Americans living well into their 90’s, retirement savings must stretch further than in the past. TIAA has the resources to assist in helping you prepare for retirement. Don’t wait until it’s too late to find out you are not saving enough to meet your goals. Contact TIAA to set up your one-on one with a TIAA Financial Consultant.

For the full *You're probably going to live longer than you think. Here's why that matters* article, [click here](#).

As Your Paycheck Gets a Raise, Don't Forget Your Retirement Plan

Saving more for retirement is a smart money move with many benefits

Has your paycheck increased over the years? Have your living expenses changed? If so, consider contributing more to your retirement plan.

- **This may help you avoid paying more in current taxes.** That's because any pretax contributions you make are deducted from your salary before taxes are calculated.
- **There are more funds working for you** because contributions and earnings are not taxed until you withdraw your money.*

Saving a little now could make a big difference later. The chart below shows what happens when a person earning \$40,000 a year contributes 3% or 4% of their salary.

Starting salary: \$40,000	Total savings after 5 years	Total savings after 15 years	Total savings after 25 years
3% salary contribution	\$7,389	\$34,624	\$90,756
4% salary contribution	\$9,852	\$46,165	\$121,008

This illustration assumes annual raises of 3%, that contributions earn a hypothetical 6% annual return and that contributions are made at the beginning of each month, compounded monthly and reinvested. This illustration is not meant to predict or project performance. Does not include any withdrawals, fees, or taxes that would reduce performance. Actual returns will vary.

As we enter the 2024/2025 fiscal year, the budget that the N.C. General Assembly passed last year provided state employees with a 3% salary increase for 2024/2025 that is effective on July 1st.

When your paycheck gets a raise, it's a great opportunity to give your retirement plan a raise as well. As TIAA has shown in the provided illustration, saving a little more now can make a huge difference in the future. Even a 1% increase to your UNC Supplemental 403(b) or 457(b) plan each year could add thousands to your account over time. For more information from TIAA on giving your retirement plan a raise, [click here](#).

Are you interested in saving more but not sure where to begin? The UNC System offers the opportunity to meet one-on-one with our investment advisory firm, CAPTRUST to create your Retirement Blueprint. In addition, you can also contact TIAA directly to schedule a meeting with one of our dedicated TIAA Financial Consultants. To contact TIAA or CAPTRUST to schedule your one-on-one meeting, see the contact chart below.

For more information on the UNC Supplemental Retirement options, [click here](#) to review our Supplemental Retirement Plan Decision Guide.

To begin contributing to a UNC Supplemental 403(b) or 457(b) to better prepare for retirement, complete the corresponding 403(b) or 457(b) form below and turn into your Institution's Benefits Office. In addition to completing this form, you will want to login to TIAA.org/unc and select "Enroll Now" to set up your account, choose your investments, and select your beneficiaries.

To simply increase your 403(b) or 457(b) contributions, complete the corresponding forms and return to your Institutions Benefits Office.

[2024 403\(b\) Salary Reduction Agreement Form](#)

[2024 457\(b\) Salary Deferral Agreement Form](#)

MAKE AN APPOINTMENT WITH A FINANCIAL CONSULTANT TO DISCUSS YOUR FINANCIAL GOALS AND FUTURE RETIREMENT PLANS

Vendor	Plan Options	Reservation Tool	Individual Advisory Service
CAPTRUST	Investment advice for all plans	<u>www.captrustadvice.com/unc</u>	<u>www.captrustadvice.com/</u>
TIAA	UNC ORP 401(a) UNC 403(b) and 457(b)	<u>www.tiaa.org/schedulenow</u>	1-866-842-3519
EMPOWER <small>Previously Prudential</small>	State's 401(k) State's 457(b)	christy.kelly@empower.com	1-866-627-5267

CAPTRUST

Secure Your Retirement Savings: The Three Bucket Strategy

Often in their earlier career, many choose to invest as aggressively as possible but as your retirement draws closer, your strategy should change.

As you get closer to retirement, it's important to start thinking about your withdrawal strategies that best align with your personal retirement goals. One approach is called the bucket strategy which involves breaking your retirement savings in three buckets: capital preservation, income, and growth.

The idea of the three bucket strategy is to secure one to two years of cash in a more conservative, low risk capital preservation bucket- one that will maintain it's value in the short-term. The second income bucket would consist of your next three to five years of living expenses and this would be placed in a portfolio with moderate risk. The remainder of your portfolio would go into a third bucket which is allocated for longer term, higher risk growth to maximize your return.

To learn more about the three bucket strategy, [click here](#) to watch a short video from CAPTRUST.

To schedule your one-on-one appointment with CAPTRUST, [click here](#).

TIAA

Five Must-Have Financial Goals

Everyone's financial aspirations can vary but no matter what those aspirations are, there are five big goals anyone pursuing financial wellness should work towards.

Max out your 403(b).

If you are falling short of this goal, it's never to late to increase your savings rate. Even a small increase each year can add up over time.

Build an emergency fund.

Have three to six months of living expenses set aside.

Get your financial affairs in order.

It's not something that is easy to think about or discuss but it's important to get your financial affairs in order incase of your incapacity or death. Have the necessary paperwork including your will, power of attorney and healthcare directives in place.

Give yourself a debt deadline.

Get rid of those bad debts- the high interest credit cards, the loan you took out for your wedding- get rid of this growing interest.

Create a budget.

And actually stick to that budget. If you find your spending is a little out of control, press the reset button.

For TIAA's full article, [click here](#).

Engagement Corner

Various retirement readiness resources and tools will be provided each month to help you learn more about how to live a financially well life, save more toward a comfortable retirement future, and gain additional knowledge on many other key retirement topics (Social Security, Medicare, etc.) We encourage you to take advantage of all available resources.

Upcoming Webcasts & Webinars

[TIAA: www.tiaa.org/webinars2024](http://www.tiaa.org/webinars2024)

July 10th @ 12pm ET: Quarterly Economic & Market Update	July 16th @ 2pm ET: She Got It: A Woman's Guide to Saving and Investing
July 18th @ 12pm ET: Your new TIAA: Discover the Redesigned Online Experience	July 25th @ 3pm ET: Basic Social Security Strategy
August 7th @ 2pm ET: Financial Wellness & Mental Health	August 13 @ 3pm ET: Opening Doors to the Future: Save in a 529 College Savings Plan
August 21st @ 1pm ET: Live with Confidence in Retirement: 5 Steps to Creating Your Retirement Income Plan	September 11 @ 12pm ET: W2W: Charting Your Course: A Financial Guide for Women
September 17th @ 2pm ET: Attention to Detail: Financial Finishing Touches for Women	September 19th @ 3pm ET: Gifts from the Heart: A Charitable Roadmap
September 25th @ 1pm ET: Write Your Next Chapter: 5 Steps to Setting Your Retirement Date	

Resource Center

Below are two of the many great resources available to assist with preparing and educating you on your path to financial wellness.



Your Mandatory Retirement Plan 2024 Decision Guide



Your Supplemental Retirement Plan 2024 Decision Guide



More resources available at:

<https://myapps.northcarolina.edu/hr/benefits-leave/retirement/>

or contact the approved carriers directly.

Start Saving for your Future Today!



ARE YOU ON TRACK?

ARE YOU ON TRACK?
Are your long term savings and retirement plans on track, or could they use some course corrections? Use the tracker to see if your retirement savings are on course.

Current Age :	31	[-] [+]
Desired Retirement Age :	65	[-] [+]
Current Salary :	\$ 60000	[-] [+]
Savings So Far ? :	\$ 15000	[-] [+]
Current Contributions ? :	3 %	[-] [+]

Choose Your Future Lifestyle :

 The Simple Life 60% of salary	 Stay the Course 70% of salary	 Dreaming Big 80% of salary
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TIAA offers various tools to provide you with a clear picture of your current retirement savings. Take action to see if you are adequately prepared to meet your long-term goals.

Need a Retirement Blueprint?

CAPTRUST has many great financial calculators to help you see where you stand with your future financial goals

Visit www.captrustadvice.com or call 800-967-9948 to talk with a certified Financial Counselor to create your future financial “Blueprint”

Disclaimer

The information in this newsletter is general in nature and may be subject to change. Neither The University of North Carolina (UNC), Empower Retirement, TIAA, nor any of their agents, can give legal or tax advice. Applicable laws and regulations are complex and subject to change. For legal and tax advice concerning your situation, you should consult your attorney or tax adviser.

For more information about any of the authorized supplemental retirement carriers or their products, including investment options or charges and expenses, please contact a company representative for a prospectus. Please read the prospectus carefully before selecting a carrier or investment option. In the event of a conflict between this guide and the Plan documents, the Plan documents will take precedent. The UNC System reserves the right to amend the Plan documents.