

Introduction to the JHU 403(b) Retirement Plan

Planning For Retirement

November 21, 2024

Retirement Services

Your future is limitless.™

For illustrative purposes only



Introductions

Who we are

- Marsh McLennan Agency is part of the Marsh McLennan Companies bringing its clients world class benefits consulting with a local touch.

What we do

- We provide independent investment consultations and financial coaching integrated with MMA Prosper Wise – a robust online financial wellness portal with multiple tools, articles videos and calculators

Why it should matter to you

- We help you to navigate the complexities of savings, retirement planning, budgeting and investing so you have a real chance to achieve your goals and a more secure financial future

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A copy of our written disclosure statement discussing our advisory services and fees is available for your review upon request. Please consult a tax professional for specific tax inquiries and recommendations.
MMARetirement.com

JHU EduSeries

A series of pre-recorded webinars available on the JHU benefits site

- Determining Your Goals, Needs and Investing Preferences
- Investing in the Markets
- All About Funds
- Building a Retirement Portfolio
- Annuities
- Self-Directed Brokerage Windows

Disclaimer



There are risks associated with investing in securities. Investing in stocks, bonds, exchange traded funds, mutual funds, and money market funds involve risk of loss. Loss of principal is possible. Some high risk investments may use leverage, which will accentuate gains & losses. Foreign investing involves special risks, including a greater volatility and political, economic and currency risks and differences in accounting methods. A security's or a firm's past investment performance is not a guarantee or predictor of future investment performance.

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What we will cover today

- Why Save For Retirement
- Benefits of a 403(b) plan
- Features of the JHU 403(b) Plan
- JHU Contributions
- Automatic Enrollment and Increase
- Investing for your retirement

Why Save For Retirement

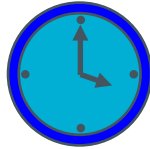


“According to my projections, if you retired today, you could live very, very comfortably until about 3 p.m. tomorrow.”

Put Your Future First

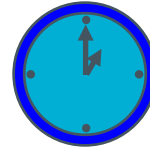
Average time annually people spend planning for a vacation:

4 hours or more



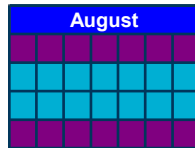
Average time annually people spend planning for their retirement:

1 hour or less



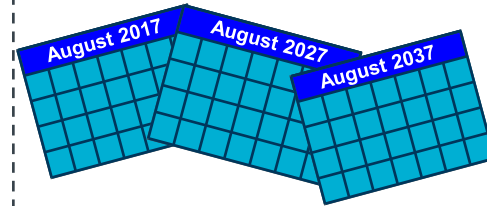
Average length of that vacation:

1 to 2 weeks



Average length of your retirement:

10, 20, or 30 years

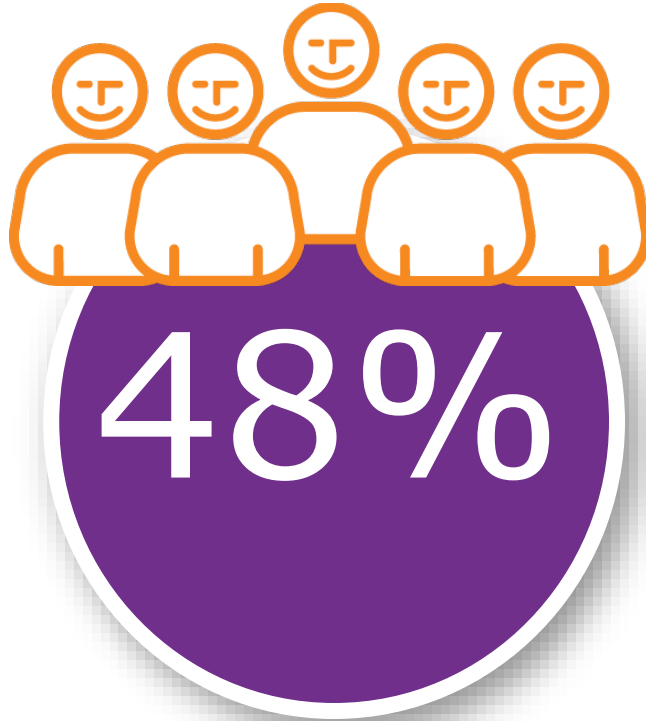


Bottom line: Devote more time to planning for your future.

Start with the big picture

- Age
- Goal and time frame
- Current and projected assets and liabilities
- Current and projected budget
- Comfort with investment risk

Importance of calculating what you need



- Only 48% of American workers have calculated how much they might need for retirement.
- Those who have done a calculation tend to:
 - Feel more confident they can save the amount they'll need.
 - Have higher levels of savings.

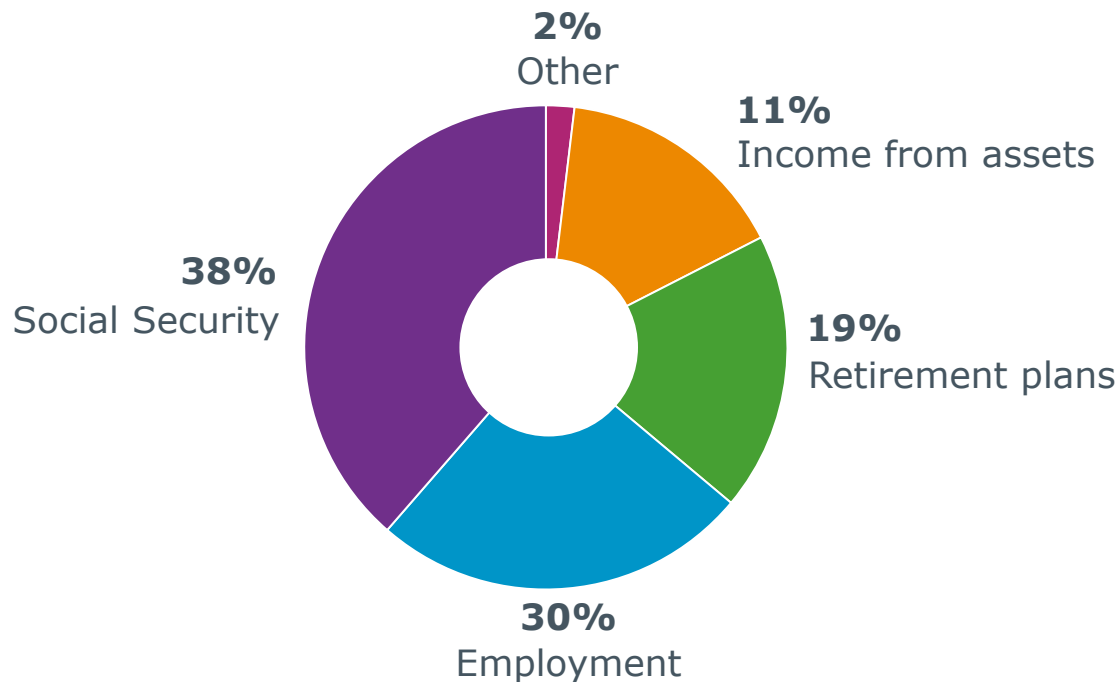
The Reality

Retirement is not a function
of Age,
but rather a function of
Money.



Where might your money come from?

Sources of income for population age 65 and older



Benefits of a 403(b) Plan

- Easy and Convenient
- Save a portion of your pay each pay
- Control over taxes
- Defer taxes on investment gains
- Build savings for retirement income
- Offset damages of inflation
- Access to different investments
- **RECEIVE EMPLOYER CONTRIBUTIONS**



A man in a tan jacket and blue striped pants sits on a light green outdoor sofa. He is holding a white coffee cup to his lips with his left hand and typing on a laptop with his right hand. The laptop is on a wooden table in front of him. The background shows a lush green garden with banana plants and a wooden pergola structure. The scene is brightly lit, suggesting daytime.

Your retirement plan features

Use your plan to fund your future



In 2025 you may contribute up to \$23,500



If you're over 50 you can contribute an extra \$7,500 catch up contribution



You may be eligible for Saver's Credit



You are eligible to contribute to an IRA as well

403(b) Plan Highlights

- Plan Recordkeeper is TIAA
- All employees eligible to make contributions except
 - A student, temporary employee or independent contractor
 - A resident, intern or postdoctoral fellow
- Can defer (contribute) from 1% of pay up to IRS maximum
- Change deferral amount and investment allocations anytime
- Automatic Enrollment – 3% of pay
- Automatic Increase- 1% per year to a maximum of 10%

403(b) Plan Highlights (con't)

- JHU employer Contributions
 - Faculty, executives and staff eligible
 - Must be a regular full or part-time university employee
 - Completed two years of service (If 34 years old or younger)
- Based on your job category and age, contributions made to eligible employees by JHU will be the following:
 - 34 or younger – will be equal to 4% or 6% of base salary after two years of service
 - 35 or older – will be equal to 8% or 12% of base salary and no service requirement

403(b) Plan Highlights (con't)

Allowable Distributions

- From JHU Contributions
 - When you stop working at JHU or turn 70 ½ years old
- From Employee Contributions
 - Attainment of age 59 1/2
 - Hardship distributions
 - When you stop working at JHU
 - If you become disabled
 - Loans

Automatic Enrollment and Increase

All future employees and current employees not deferring (contributing) to the plan

- **Automatic Deferrals**

- 3% will automatically be deducted from your pay and deposited to the 403(b) beginning 1/1/25
- You can “opt-out” or change the amount before the deductions begin, or anytime afterwards
- Makes it as easy as possible for you to participate

- **Automatic Increase**

- Each year your deferral will automatically increase by 1% until you obtain a maximum of 10%
- You can elect to stop the increase or increase the cap anytime you want

Annually increase your savings



Deferrals increase annually by 1%



Small increases make a huge difference!

Benefits of Automatic Increase

Effects of Compounding Interest and Time

Starting Salary of \$65,000, 6.5% Annual Return, Retire at 67

AGE at DATE of HIRE	No Employee Deferrals, JHU 4% then 8%	3% Employee Deferral, JHU at 4% then 8%	3% Employee Deferral, 1% yearly increase to 10%, JHU at 4% then 8%
25	\$1,319,288	\$1,949,547	\$3,180,021
35	\$844,542	\$1,116,246	\$1,900,221
45	\$361,204	\$496,655	\$812,709
55	\$126,417	\$173,823	\$284,438

- Assumes retirement at age 67, 6.5% annual return, starting salary of \$65,000/year, 3% annual salary increase. Hypothetical illustration only. Returns not guaranteed. Past performance does not guarantee future returns. Assumes zero employer contributions for age 25 and 26, then 4% to age 34 and 8% for age 35 and over.

Benefits of Automatic Increase

Effects of Compounding Interest and Time

Starting Salary of \$100,000, 6.5% Annual Return, Retire at 67

AGE at DATE of HIRE	No Employee Deferrals, JHU 4% then 8%	3% Employee Deferral, JHU at 4% then 8%	3% Employee Deferral, 1% yearly increase to 10%, JHU at 4% then 8%
25	\$2,029,674	\$2,999,304	\$4,892,341
35	\$1,299,296	\$1,786,532	\$2,923,417
45	\$555,698	\$764,085	\$1,250,321
55	\$194,488	\$267,421	\$437,598

• Assumes retirement at age 67, 6.5% annual return, starting salary of \$100,000/year, 3% annual salary increase. Hypothetical illustration only. Returns not guaranteed. Past performance does not guarantee future returns. Assumes zero employer contributions for age 25 and 26, then 4% to age 34 and 8% for age 35 and over.

Estimate Impact on your paycheck for pre-tax deferrals

Current Annual Salary	Salary Contribution				
	1%	3%	5%	7%	10%
\$25,000	\$7.81	\$23.44	\$39.06	\$54.69	\$78.13
\$45,000	\$14.06	\$42.19	\$70.31	\$98.44	\$140.63
\$65,000	\$20.31	\$60.94	\$101.56	\$142.19	\$203.13
\$85,000	\$26.56	\$79.69	\$132.81	\$185.94	\$265.63
\$100,000	\$31.25	\$93.75	\$156.25	\$218.75	\$312.50
\$125,000	\$39.06	\$117.19	\$195.31	\$273.44	\$390.63

Participant is paid semi-monthly (24 times a year). This chart assumes tax withholding of 25%. Individual taxpayer circumstances may vary. This is for illustrative purposes only. Reduced take-home pay is generally accurate for the initial year and would change based on participant's annual pay. This is for illustrative purposes only.

Roth or Pre-Tax Deferrals

A valuable benefit from the government

Pre-Tax Contributions

Lowers taxable federal income now

- Pay taxes later
- Money you would pay in taxes now is invested
- Money grows tax deferred
- Pay taxes at retirement and may be in a lower income tax bracket

After-Tax Roth Contributions

Allows earnings to compound tax free year after year

- Pay taxes now
- Money grows tax free
- Money is withdrawn with no tax liability
- Not subject to RMDs



Roth or Pre-Tax Deferrals

When Pre-Tax Makes Sense

- Higher income tax bracket now
- Do not expect your income to increase substantially
- Do not expect to work part-time after retirement
- Pay taxes at retirement and may be in a lower income tax bracket

When Roth Makes Sense

- Younger
- Expect your income to increase
- May need access to funds prior to age 59½
- You expect to accumulate significant wealth

Basic
principles
of
investing

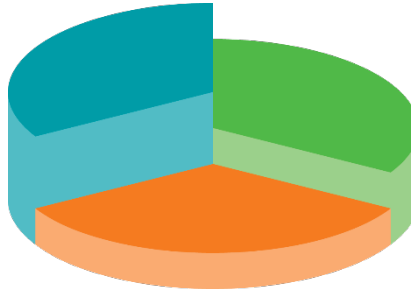


Understand your investment options and mutual funds

Fixed-income funds

Invest in bonds (loans to companies or government agencies) and preferred stock.

These are subject to interest rate risk; their value will decline as interest rates rise.



Stable Value/Money Market

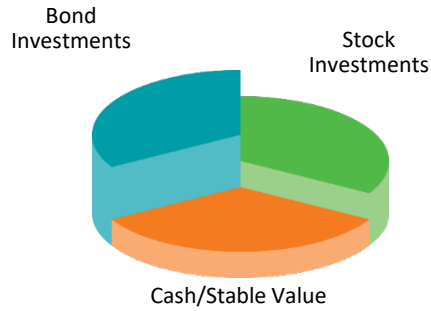
Pay a lower rate of return and have a stable market value.

Stock funds

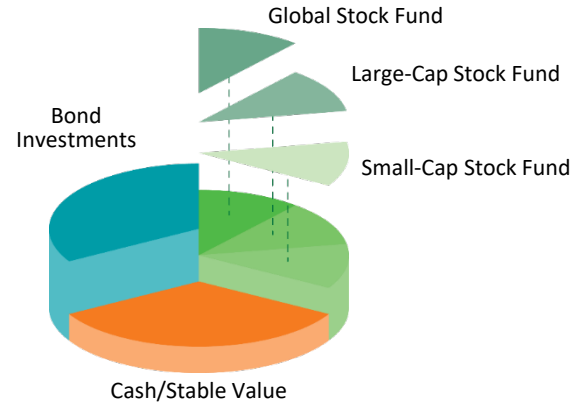
Invest in shares (ownership) of companies and participate in the profits and losses.

Asset allocation at work

Spread your money across different types of investments

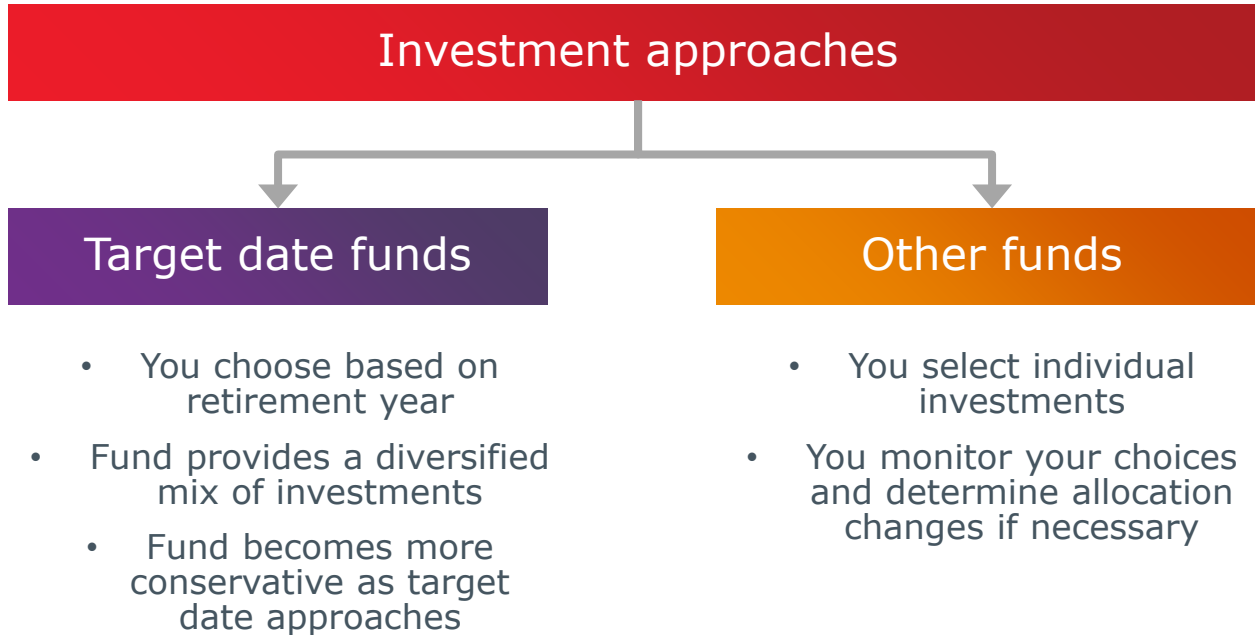


Asset Allocation

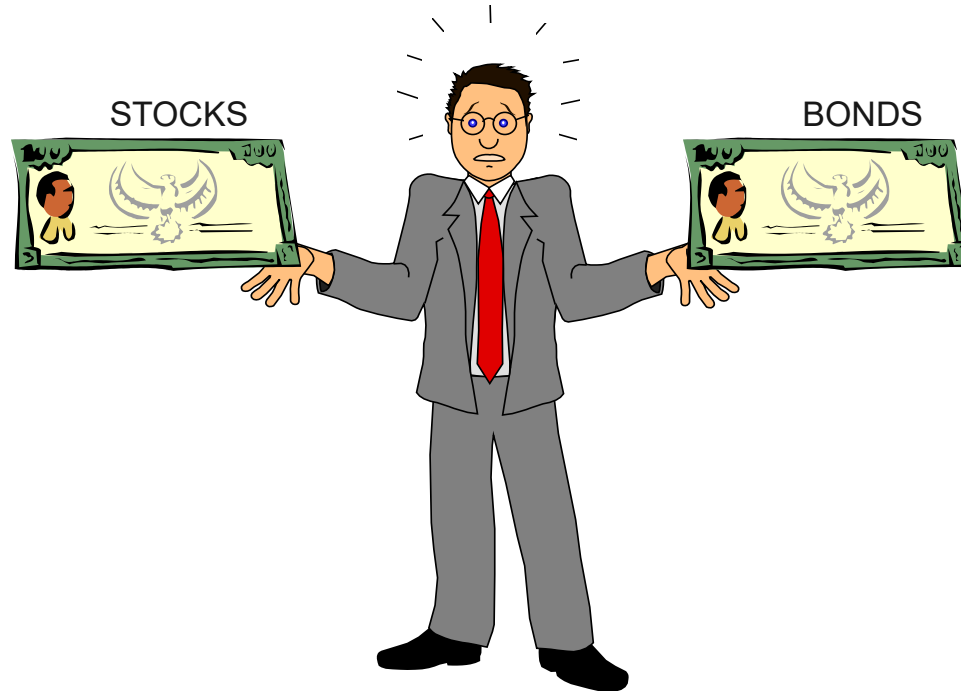


Diversification

Investment options



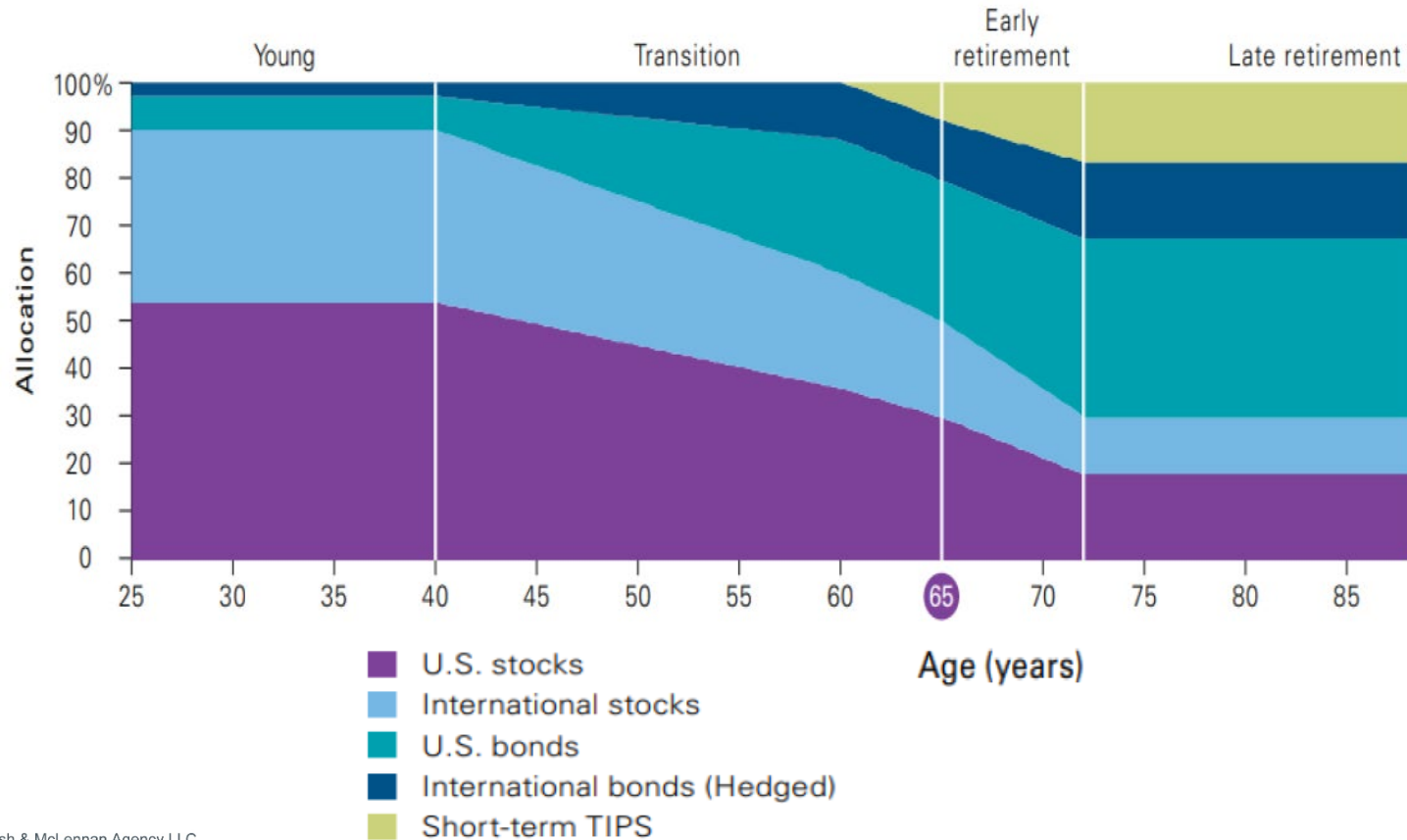
What allocation is right for me?



Target Date Funds

- What is a target date mutual fund
 - A type of asset allocation mutual fund where the mix of securities becomes more conservative as it moves closer to the target date
- Advantages of target date funds
 - Simplicity
 - Automatic Rebalance
 - All-in-one portfolio
- Limitations of target date funds
 - No ability to adjust allocations if risk tolerance changes
 - More tax efficient (for non retirement accounts)
 - You may not be a “typical” investor

Target Date Funds



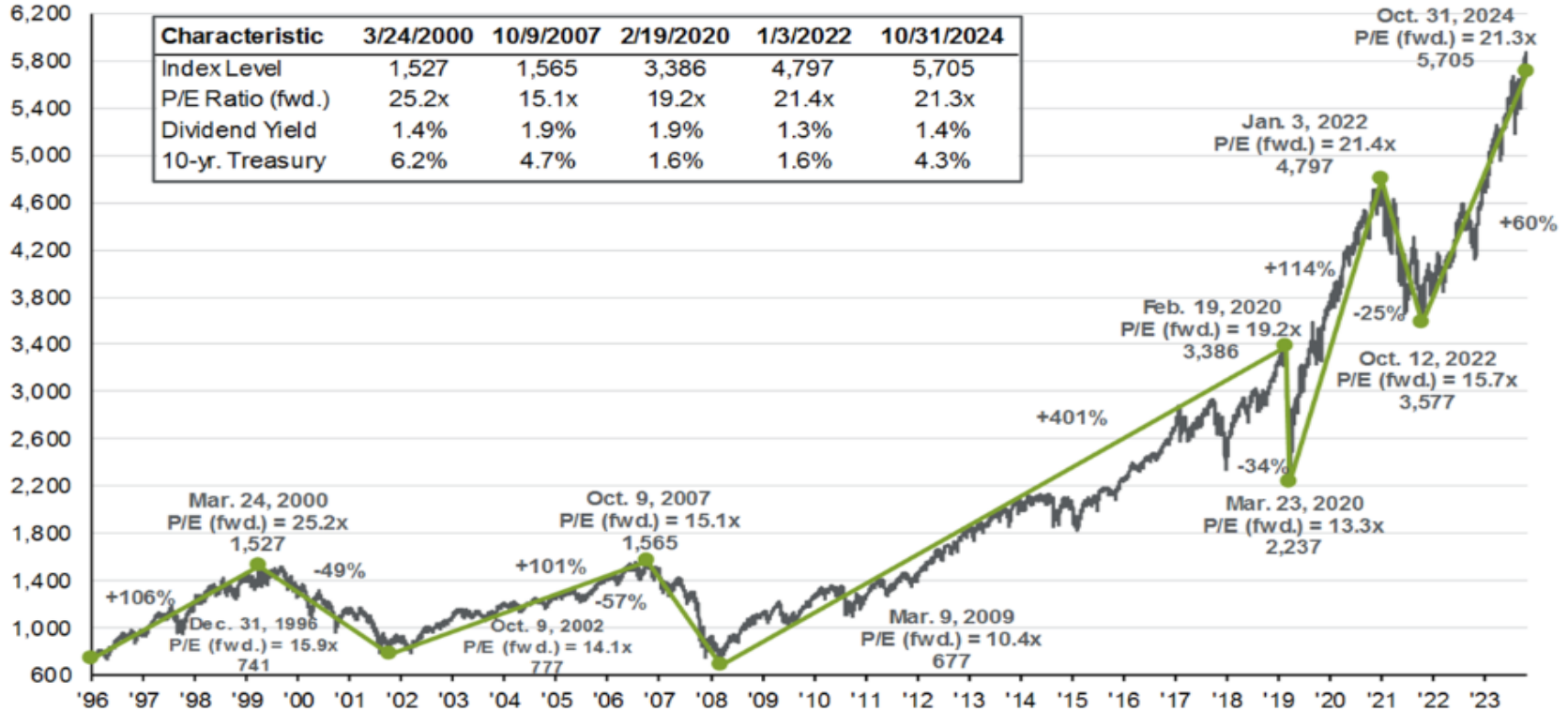
What you need to do: Pick a date

Example (40 yr. old)

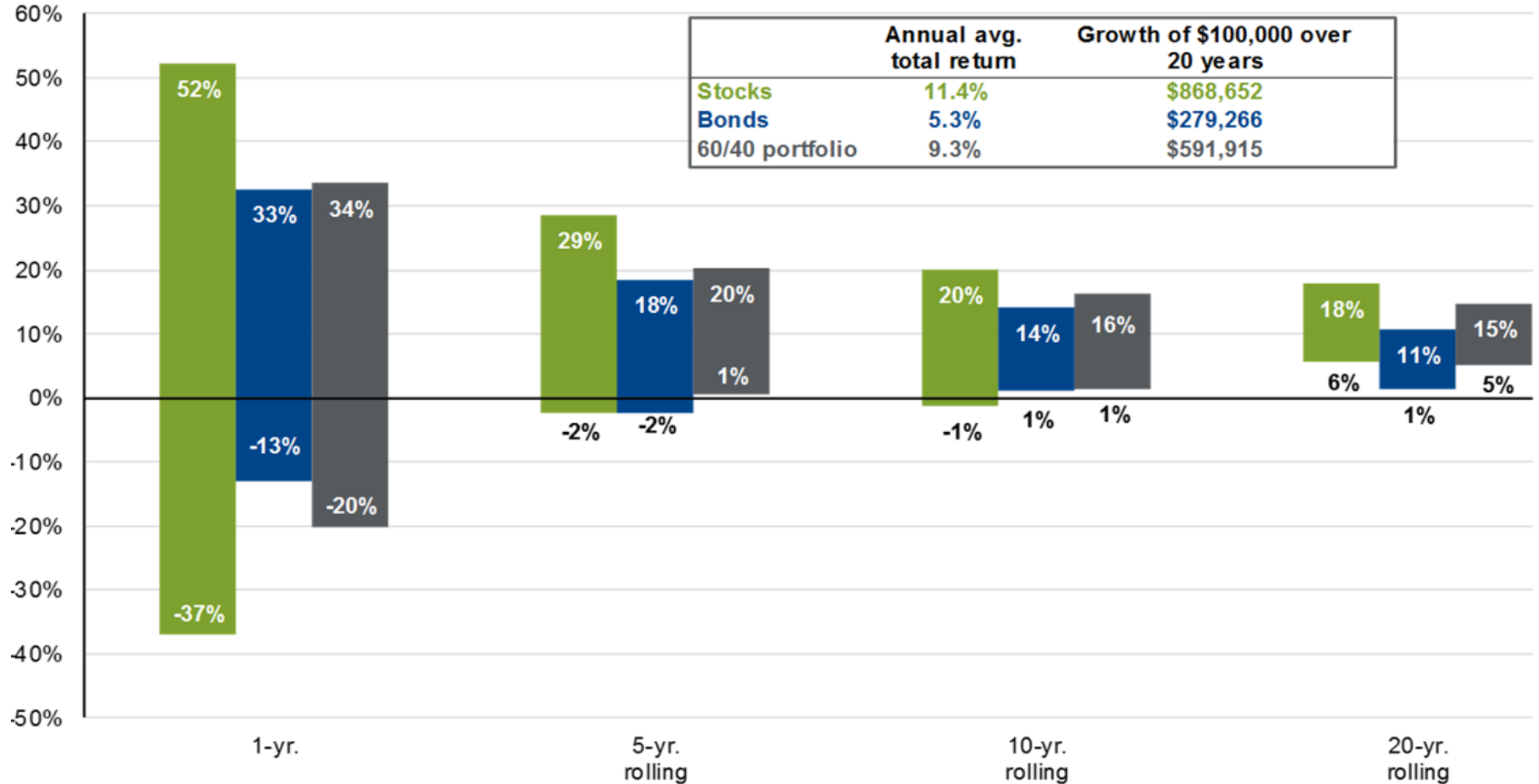
Year you were born		19 <u>80</u>
<u>Age you think you'll be when you retire</u>	<u> </u>	+ <u>65</u>
Equals your estimated retirement date	=	2045

S&P 500 index returns

S&P 500 Price Index



Range of stock, bond and blended total returns 1950 - 2023



Diversify by Time

DOLLAR COST AVERAGING							
Month	Contribution	Price per Share	# Shares Purchased	Total Shares owned	Total Value (Total Shares owned x price)	Total Invested	Gain/Loss
1	\$100.00	\$10.00	10	10	\$100.00	\$100.00	\$0.00
2	\$100.00	\$8.00	12.5	22.5	\$180.00	\$200.00	-\$20.00
3	\$100.00	\$5.00	20	42.5	\$212.50	\$300.00	-\$87.50
4	\$100.00	\$8.00	12.5	55	\$440.00	\$400.00	\$40.00
5	\$100.00	\$10.00	10	65	\$650.00	\$500.00	\$150.00

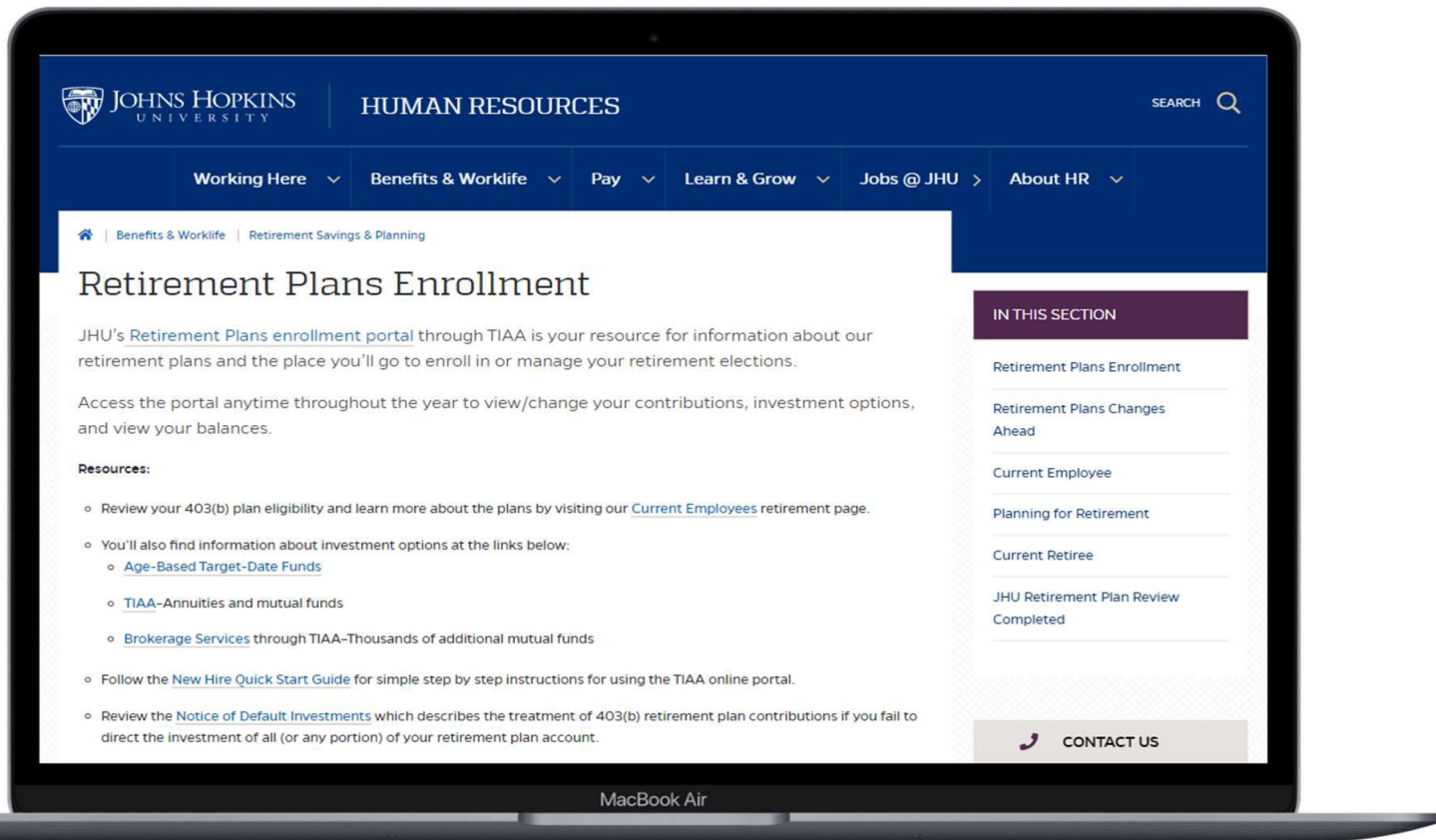
What Next?

- If you are not currently deferring into the plan and you do nothing you will be automatically enrolled at 3% deferral and a 1% annual automatic increase to a total of 10%
- Your deferrals and employer contributions will be invested into the Target Date Fund based on your age
- You can change your contributions or investment selection at any time

Tools
available to
help you



TIAA-CREF





Events and Resources

To learn more about how you can make the most of these changes, explore the many resources below.

One-Stop Hub for Financial Planning

[MMA's Prosper Wise](#) is a digital platform and one-stop hub for all things financial planning. Through Prosper Wise, you can access educational videos, live and on-demand webinars, news articles and alerts, financial calculators, and more. Plus, MMA financial coaches are available for personalized orientations to help you navigate the site.



TIAA-CREF



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Retirement Advisor

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Determine how much income you'll need in retirement.

Frequently Asked Questions

[See all >](#)

- [How can the TIAA Retirement Advisor help me?](#)
- [Why is my personal information important for this tool?](#)

Tell us about your household

Fields marked with an asterisk (*) are required.

* Your gross annual income:

* Age:

* Gender: Male Female

* What state do you live in?

* Do you have a spouse or partner? Yes No

* Do you currently have dependents? Yes No

Continue

We'll estimate your monthly retirement needs with the purchasing power equivalent of today's dollars, adjusting for estimated taxes and inflation for the period of your retirement. For example: for every \$100 item you purchased today, you might need \$103 to buy the same item next year. [Learn more >](#)

Phone 1-888-200-4074

<https://shared.tiaa.org/private/retadvice/publicadvice/setYourGoal>

Welcome to MMA Prosper WiseSM


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PERSONAL FINANCE AND YOUR PATH TO PROSPERITY JUST GOT PERSONAL

Tools to help you make money decisions today while preparing for tomorrow.

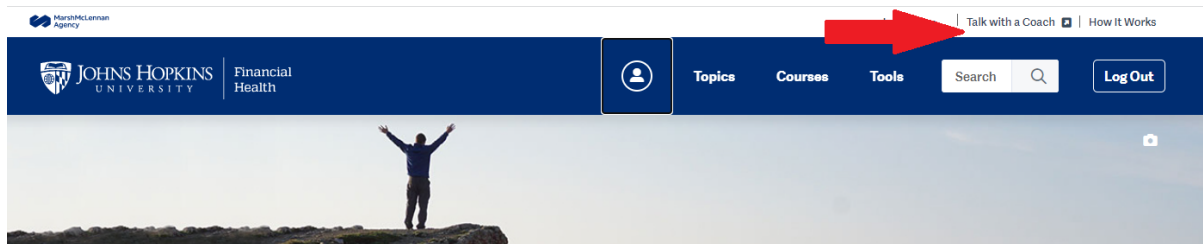
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Talk to a Financial Coach



Talk to a Coach



Marsh McLennan's financial coaches are here to answer questions in the areas of budgeting, retirement, social security, HSA's, estate planning and general investment inquiries.

- ✓ Coaches are unbiased and do not sell products or collect commissions
- ✓ Schedule a virtual session that works with your schedule.
- ✓ This service is available to you on an unlimited basis.



Meeting Will Be Conducted Virtually Through Zoom

2 Choose Time

April 10, 2022 - April 16, 2022

Time Zone:
(GMT-04:00) Eastern Daylight Time (America/New_York)

SUN 10	MON 11	TUE 12	WED 13	THU 14	FRI 15
	9:00 - 9:20 am	9:00 - 9:20 am	9:00 - 9:20 am	9:00 - 9:20 am	9:00 - 9:20 am
	9:15 - 9:35 am	9:15 - 9:35 am	9:15 - 9:35 am	9:15 - 9:35 am	9:15 - 9:35 am
	9:30 - 9:50 am	9:30 - 9:50 am	9:30 - 9:50 am	9:30 - 9:50 am	9:30 - 9:50 am
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Your future is limitless.SM

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