

Talk, Plan, Act

Guiding you to a financially secure retirement



Why Talk, Plan, Act?

Retirement planning is like running a marathon. It requires foresight, commitment, and discipline to stay the course over a long distance.

A good coach helps too. That's where you come in.

Laying out a winning retirement strategy boils down to three simple steps:

Talk about your retirement goals and the many complex issues that will influence whether you reach those goals.

Plan for your goal of a financially secure retirement by developing savings and investing strategies designed to help you meet your retirement needs, while accounting for factors such as increased healthcare expenses and inflation.

Act on those retirement plans and strategies by beginning saving and investing as soon as possible, revisiting and revising those plans regularly, and maintaining the discipline to stick with your plan.

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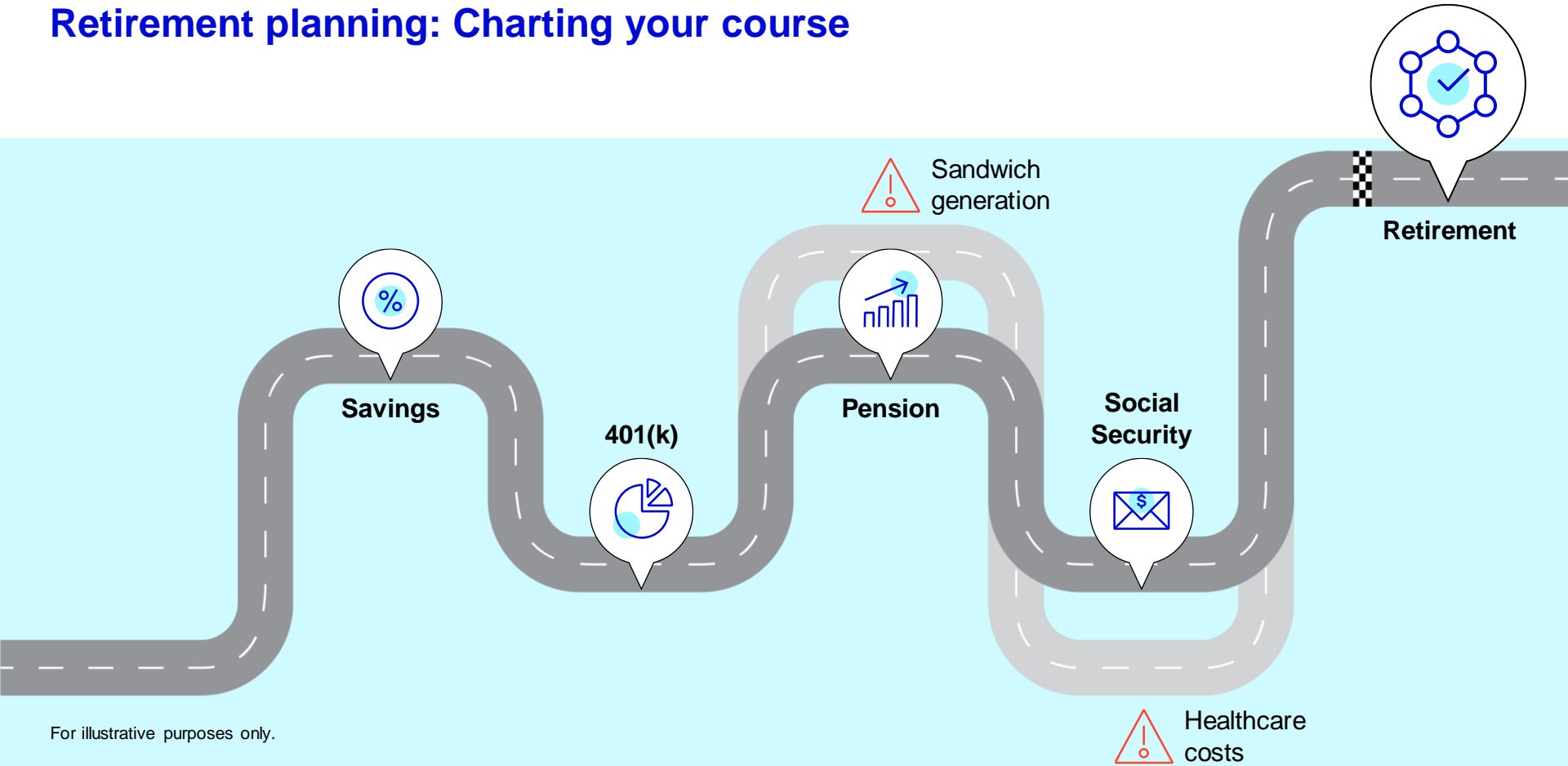
05 Saving for retirement: Challenges women face

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The retirement landscape

01

Retirement planning: Charting your course



For illustrative purposes only.

Americans are living longer and spending more time in retirement

Consider investing a portion of your portfolio for growth and longevity.

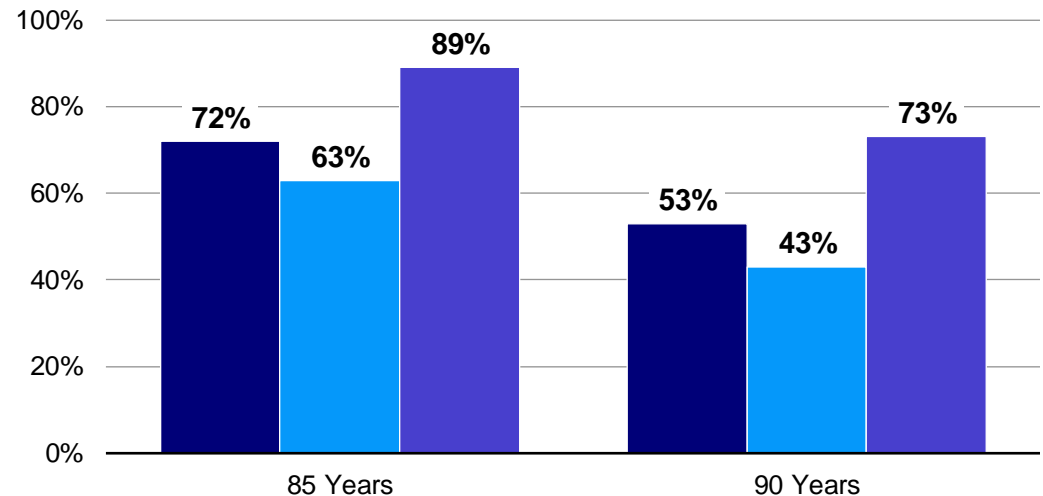
Average life expectancy¹

■ 1900 ■ 2018



If you're 65 today, the probability of living to a specific age²

■ Women ■ Men ■ Couple (at least one lives to specific age)



¹National Vital Statistics Reports, Volume 70, Number 4, March 11, 2021. ²Insured Retirement Institute, Retirement Fact Book 2020.

Retirement investors are vulnerable to a variety of risks

Inflation risk

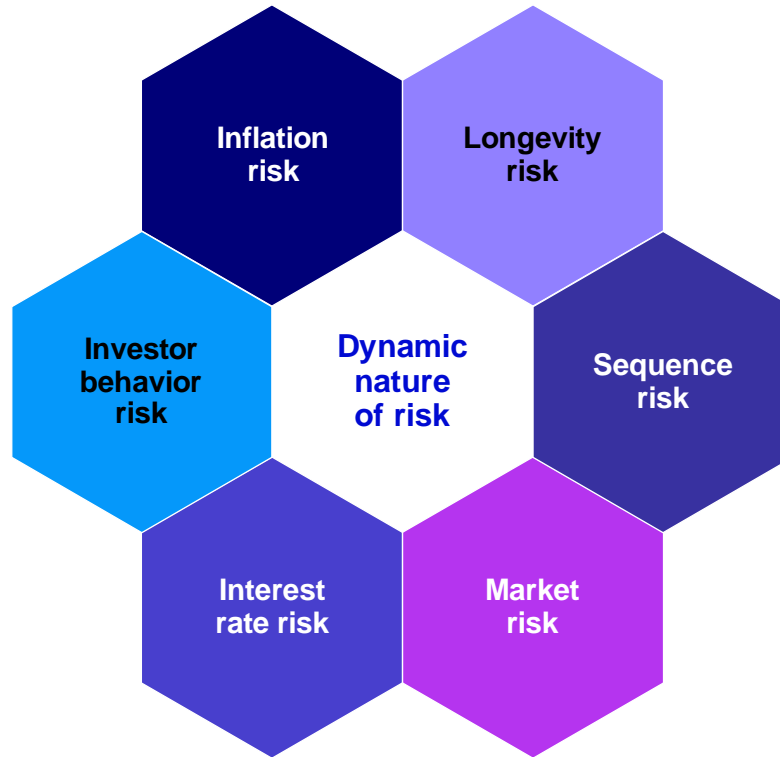
Prices increasing faster than investments, resulting in reduced purchasing power.

Investor behavior risk

Poor or uninformed investment decisions.

Interest rate risk

Loss of value on already-issued bonds when interest rates rise. Equities can be sensitive to the upside or downside.



Longevity risk

Outliving your savings.

Sequence risk

Planning to take retirement distributions just after a market downturn.

Market risk

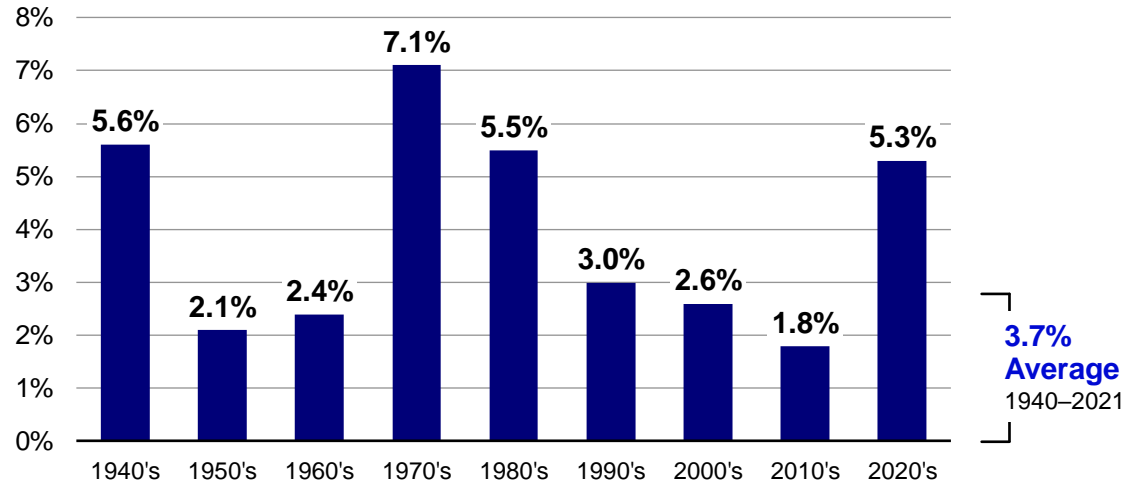
Potential losses due to the overall performance of the financial markets.

Diversification does not guarantee a profit or eliminate the risk of loss.

Inflation can erode purchasing power over time

Consumer good	2000	2021
Movie tickets ¹	5.39	9.57
Pound of coffee ²	3.45	4.97
Gallon of milk ²	2.78	3.74
Gallon of gas ²	1.48	3.41
Median house ³	\$172,900	\$423,600
New car ^{4,5}	\$21,850	\$47,077

US average inflation by decade (Consumer Price Index)²



¹National Association of Theatre Owners (2000 ticket price), Statista (2021 average AMC Theatre ticket price). ²U.S. Bureau of Labor Statistics. ³Federal Reserve Bank of St. Louis.

⁴Average price of a new car in 2000, Statista.com. ⁵Average price of a new car in 2021, Kelley Blue Book.

The impact of underestimating your expenses in retirement



26%

of retirees say their expenses in retirement are **higher** than expected.



1 in 3

retirees say their health care or dental expenses were **higher** than expected.

How have retirees coped when their expenses were higher than expected at retirement?

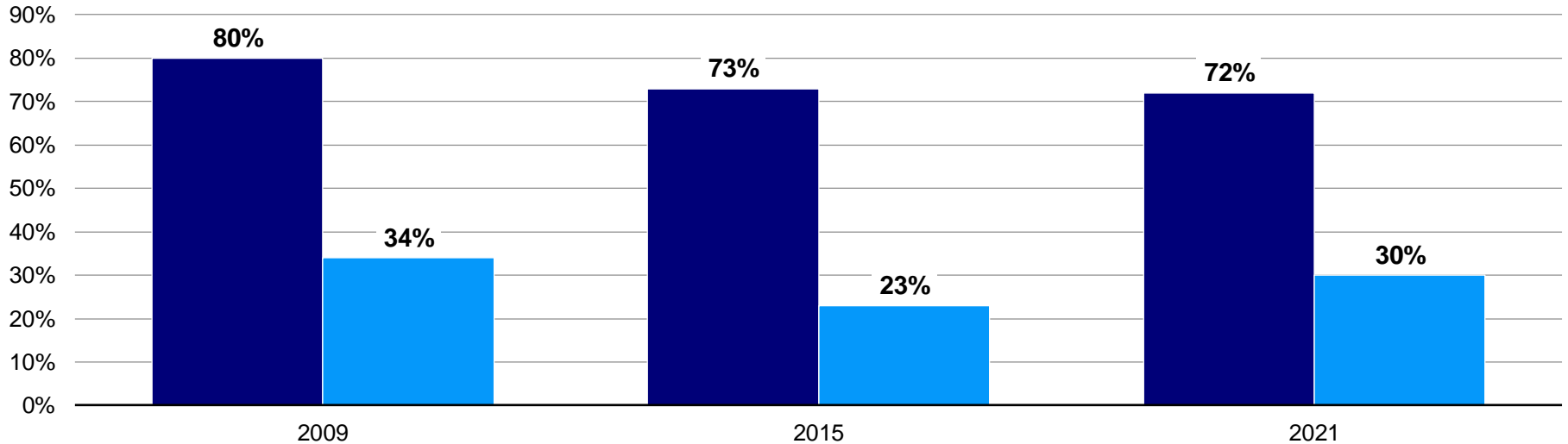
- ✓ Reduced other expenses
- ✓ Adjusted budget
- ✓ Drew down savings/investments
- ✓ Went back to work
- ✓ Cut back on health/car insurance
- ✓ Went into debt
- ✓ Help from family/moved in with family

Source: EBRI, 2021 Retirement Confidence Survey (survey included 1,507 workers and 1,510 retirees).

Think you'll work in retirement? Chances are you won't.

While many Americans think they'll work during retirement, only a small portion actually do.

■ Percentage of workers who **think** they'll work for pay after they retire ■ Percentage of retirees who **actually** worked for pay in retirement



Source: EBRI, 2021 Retirement Confidence Survey (survey included 1,507 workers and 1,510 retirees).

02

Age-old problems

The longer you live the more you'll spend on healthcare and long-term care costs

\$662,156

Total projected lifetime healthcare costs for a healthy 65-year-old couple retiring in 2021.¹

68%

For an average 65-year-old couple who start receiving Social Security payments at 65, healthcare expenses will consume 68% of their benefits.¹

70%

About 70% of people over age 65 will need some form of long-term care, which can range from \$54,000 to \$106,000 a year.²

¹Healthview Services: 2021 Retirement Healthcare Cost Data Report. ²Genworth, 2020 Cost of Care Survey.

Health Savings Accounts (HSAs): A lesser-known retirement savings vehicle

Key health savings account (HSA) benefits at-a-glance

Triple tax advantages

HSAs have triple tax-free benefits: pre-tax contributions, tax-deferred growth, and tax-free withdrawals for qualified medical expenses

Retirement savings strategy

- Can be used to pay for future healthcare costs in retirement
- Balances not subject to “use it or lose it” rule
- Funds may be invested in cash, mutual funds or other investments.

2022 Contribution limits

- Employee and/or employer funded
- \$7,300 family
\$3,650 individuals
- Age 55 or older: additional \$1,000 catch-up¹

Full portability

Can be rolled over to another HSA custodian if changing jobs

¹Catch-up contributions can be made any time during the year in which the HSA participant turns age 55.

HSA coverage rules for adult children

Health plan and HSA coverage for adult children are different



Health plan coverage for adult children

- Healthcare reform legislation passed in 2010 allows **adult children up to age 26 to be covered by their parents' health plans**, including high-deductible plans.



HSA coverage for adult children

- Adult children covered under their parent's HDHP, but not qualifying as dependents on a parent's tax return, cannot be covered by a parent's HSA.
- They can, however, open their own HSA account and contribute up to the full family contribution **(\$7,300 for 2022)**.
- Their contributions will not reduce the amount their parents can deposit into their accounts.
- Family members may also contribute to their dependent's HSA.

Bottom line: If parents can't claim a child as a dependent on their tax returns, then they can't spend HSA dollars on services provided to that child. However, an adult child can open their own HSA and contribute up to the full family maximum.

Source: 2021 IRS Publication 969 Health Savings Accounts and Other Tax-Favored Health Plans.

HSA beneficiary: Beware of tax consequences

Your spouse is a beneficiary



- May maintain HSA in his/her name.
- May access funds for qualified medical expenses tax free.
- Does not need HDHP (high deductible health plan).

Your child is a beneficiary



- HSA is liquidated and account value becomes taxable as income for beneficiary in the year of your death. Tax liability may be significant.
- Taxable amount may be reduced if beneficiary pays any remaining qualified medical expenses of deceased HSA owner within one year of date of death.

Your estate is the beneficiary



- HSA is liquidated and total distribution is included on the deceased HSA owner's final tax return.

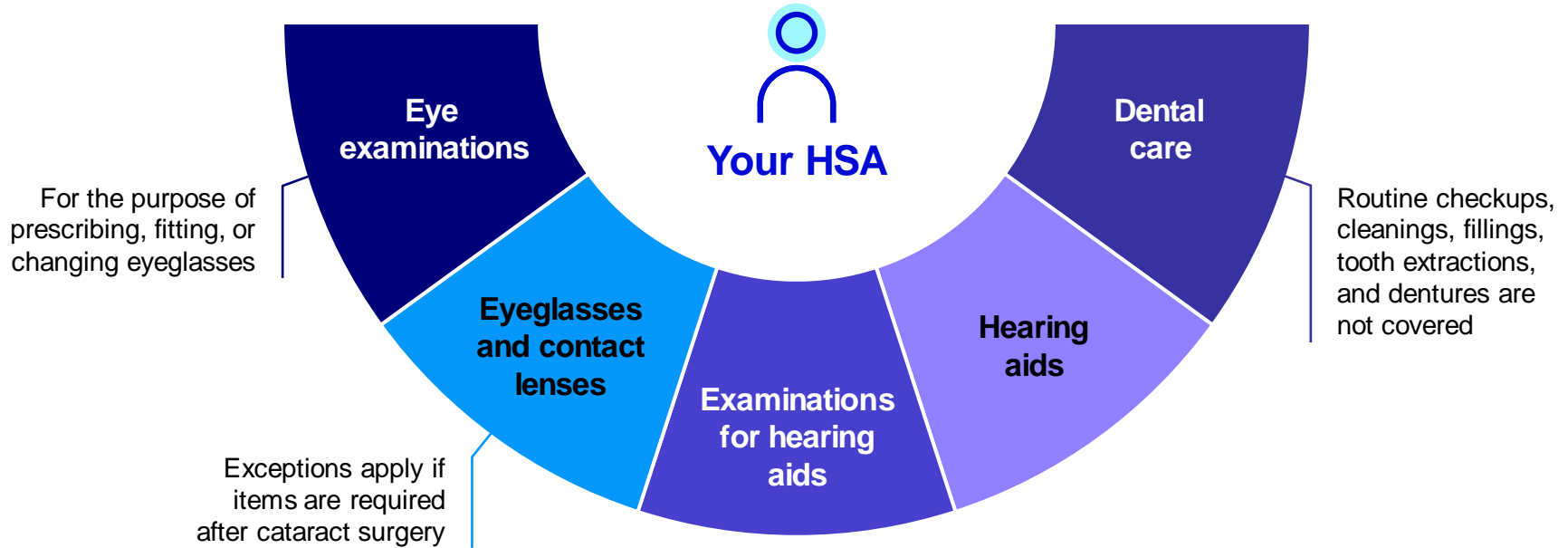
Source: 2020 IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans.

Medicare: Federal health insurance for retirees

Medicare Part A	Medicare Part B	Medicare Part D	Medicare Supplemental Insurance (aka Medigap)
Hospital insurance	Outpatient medical insurance	Prescription drug insurance	Private insurance companies that cover costs not covered by original Medicare
Inpatient hospital care	Doctor visits		Deductibles
Hospice	Ambulance services	Medicare Advantage (Part C)	Premiums
Skilled nursing facility	Preventive care	Alternative to original Medicare from a private insurer	Copayments
Home health care	Lab testing	Dental care	Travel care coverage
	Mental-health care	Prescription drug coverage	Does not include prescription drug coverage
	Prescription drug coverage that must be administered by a doctor	Hearing care	
		Vision services and care	
		Additional benefits not covered by Medicare A or B	

Source: Medicare.gov.

Medicare doesn't cover everything, but your HSA can help

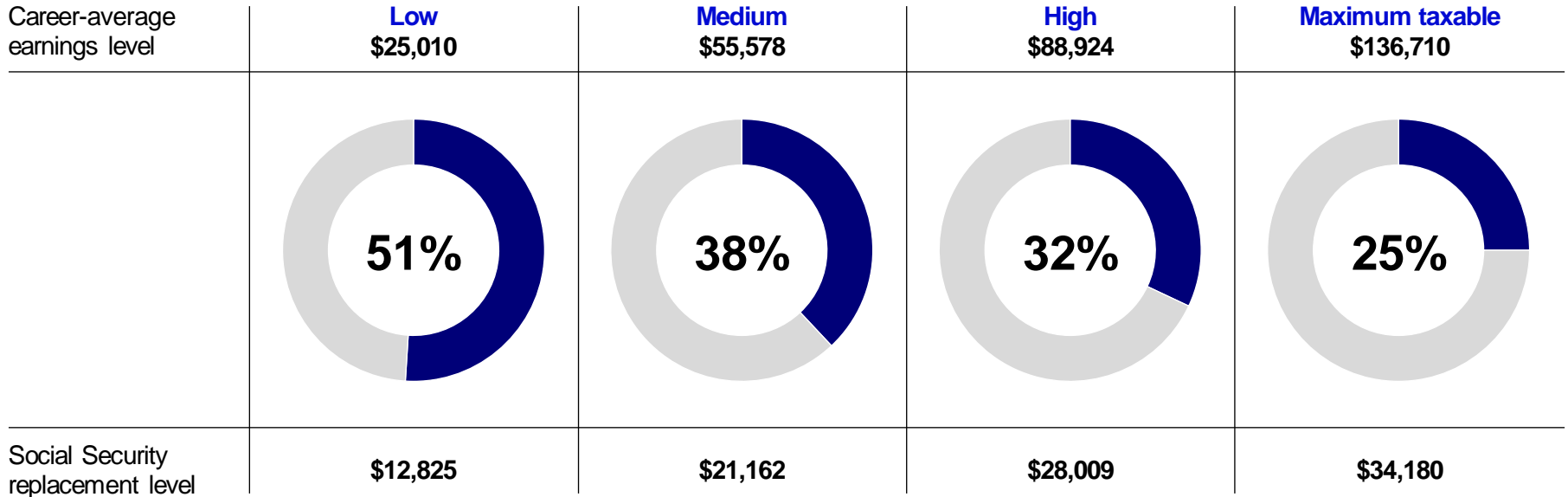


For illustrative purposes only.

03

How much of your earnings will Social Security replace?

Retired worker aged 65 in 2021



Source: Social Security Administration, Retirement Rates for Hypothetical Retired Workers, August 2021.

What's the “magic number” to unlocking all your Social Security benefits?

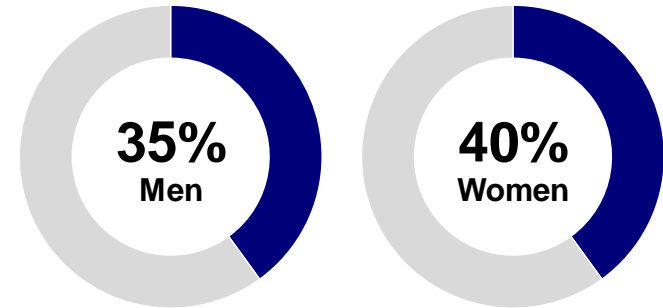
Waiting until you reach full retirement age (FRA) allows you to receive 100% of your Social Security benefits

Determine your full retirement age¹

Year of birth	Full retirement age
1943–1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960+	67



Claiming early can have an average lifetime loss of **\$95,000 per household**.²

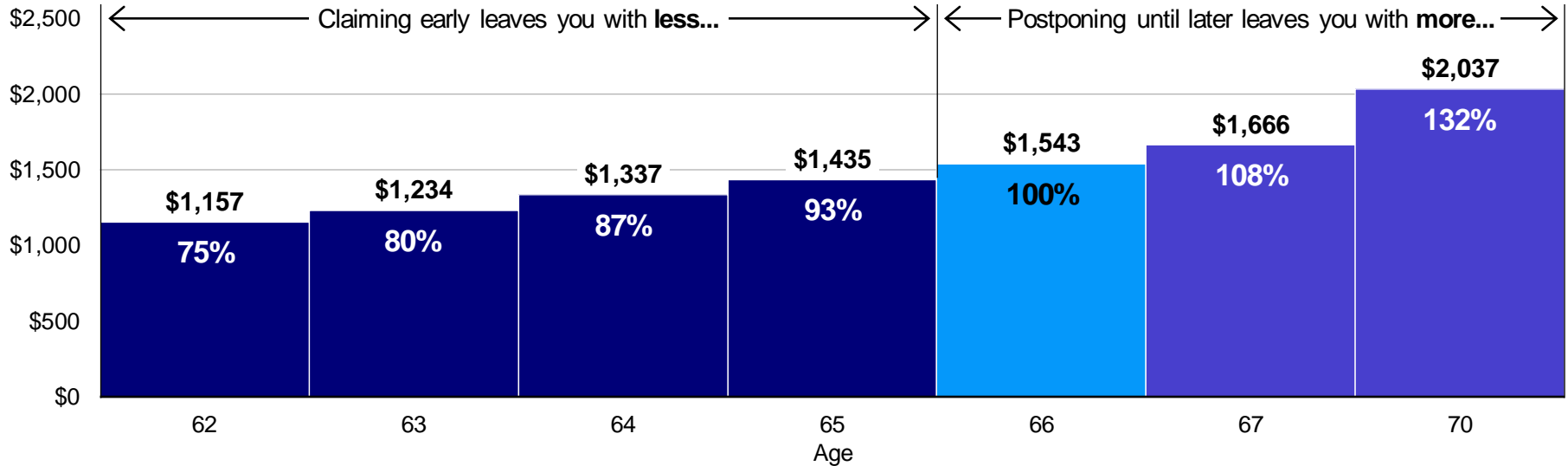


Start taking **Social Security** retirement benefits at age 62.²

¹<https://www.SSA.gov/planners/retire/retirechart.html>, 2021. ²Bipartisan Policy Center, How to Help Americans Claim Social Security at the Right Age, August 2020.

Social Security monthly payments by claiming age

Average FRA monthly benefit



Source: SSA.gov, 2020. For illustrative purposes only. Individual benefits will vary based on earnings history and other factors. Examples in the graphs do not reflect cost of living adjustments (COLA) or inflation. According to SSA.gov, \$1,543 was the average monthly Social Security benefit for a retired worker in January 2020.

Social Security: Spousal benefits

Who is eligible?

Current spouse

- Married at least one year.
- At least 62 (unless caring for a child under 16 or disabled).
- Benefits range from 32.5% to 50% of spouse's entitled retirement benefit.

Ex-spouse

- Marriage lasted 10 years or longer.
- Ex-spouse is unmarried.
- Ex-spouse is age 62 or older.
- Benefit entitled to receive, based on their own work, is less than the benefit they would receive based on your work.
- You are entitled to Social Security retirement or disability benefits.

Source: SSA.gov, December 31, 2021.

What are you entitled to?

The greater of:

- a) Claim based on own earnings record
- b) 50% of spouse's benefit at full retirement age

What affects your benefits?

Born before 1954

You can delay collecting your own benefit (increasing future benefits).

Born after 1954

When you file for one benefit, you automatically file for all benefits.

Saving for retirement

04

Retirement needs: How much is enough?



Preretirement income	x 80%	x Years in retirement	Your total
\$25,000	\$20,000	x 20 years	\$400,000
\$50,000	\$40,000	x 20 years	\$800,000
\$75,000	\$60,000	x 20 years	\$1,200,000
\$100,000	\$80,000	x 20 years	\$1,600,000

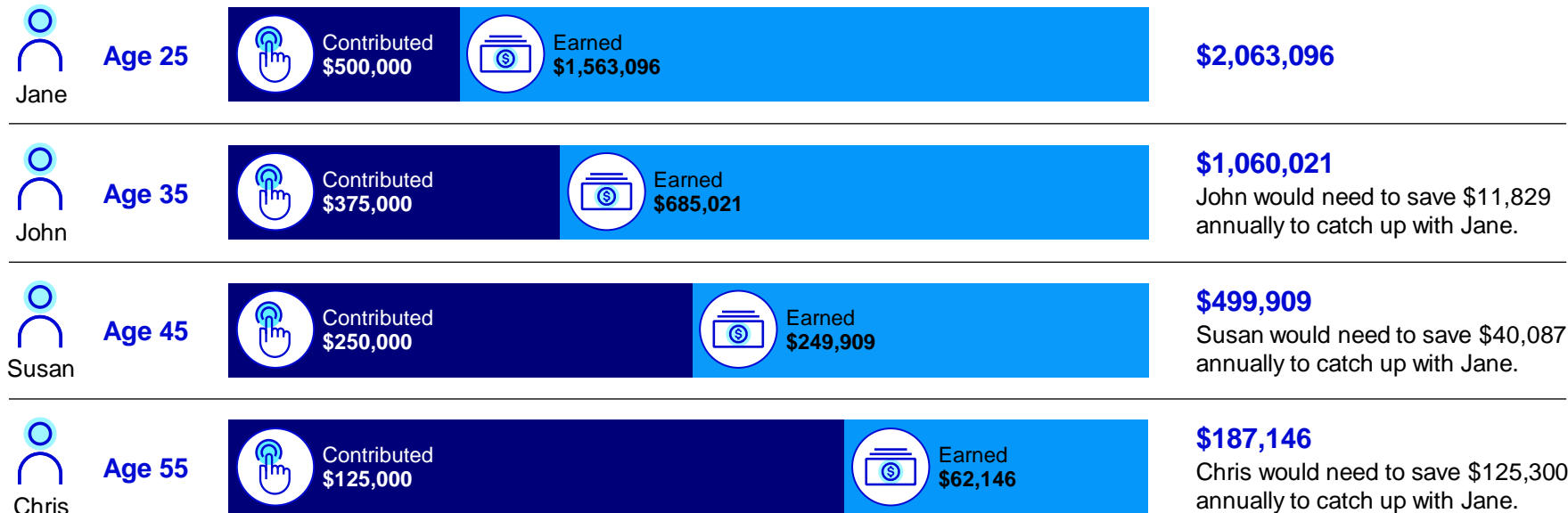
For illustrative purposes only.

The power of compounding: The importance of starting early

Investing early and often can be the key to the goal of a successful retirement.

Growth of \$12,500 annual investment by starting age:

End sum at age 65



For illustrative purposes only. Assumes a 6% annual return on investments through age 65. For simplicity, these scenarios assume consistent returns for every year. Actual market returns are highly variable, which would negatively affect a portfolio's ending value when compared with consistent returns.

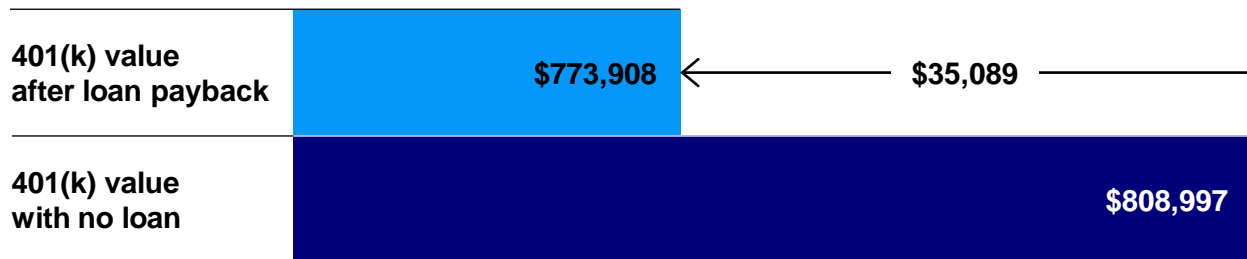
Roth vs. pre-tax 401(k) contributions

	Example 1		Example 2		Example 3	
	Identical contribution and distribution tax rate.		Lower contribution tax rate; higher distribution tax rate.		Higher contribution tax rate; lower distribution tax rate.	
	<ul style="list-style-type: none"> • 32% contribution tax rate • 32% distribution tax rate 		<ul style="list-style-type: none"> • 24% contribution tax rate • 32% distribution tax rate 		<ul style="list-style-type: none"> • 32% contribution tax rate • 24% distribution tax rate 	
	Pre-Tax	Roth	Pre-Tax	Roth	Pre-Tax	Roth
Annual contribution before taxes	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Annual contribution after taxes	\$5,000	\$3,400	\$5,000	\$3,800	\$5,000	\$3,400
Net contributions after 10 years	\$50,000	\$34,000	\$50,000	\$38,000	\$50,000	34,000
Account value after 10 years (6% annual rate of return)	\$65,904	\$44,815	\$65,904	\$50,087	\$65,904	\$44,815
Taxes due on lump sum distribution	(\$11,927)	—	(\$11,927)	—	(\$8,058)	—
Net lump sum distribution	\$44,815	\$44,815	\$44,815	\$50,087	\$50,087	\$44,815
Net result	—	—	—	+ \$5,272	+ \$5,272	—

This is a hypothetical illustration. It is not intended to show the performance of any Invesco fund for any period of time or fluctuation in principal value or investment return. This material does not constitute a recommendation as to the suitability of any investment for any person or persons having circumstances similar to those portrayed. Assumes account distributions qualify for favorable tax treatment. Withdrawals from tax-deferred accounts prior to age 59½ may be subject to taxes and penalties. Based on 2022 Federal tax rates. Investors are strongly encouraged to obtain tax advice from a financial professional or qualified expert.

The adverse effects of a 401(k) loan on retirement savings

Long-term effects of taking a \$25,000 loan from your 401(K)



By borrowing money from your retirement plan, you **cost yourself over \$35,000** of potential growth.

For illustrative purposes only. Reflects the impact a loan has on an individual's retirement balance in a 30-year period. Assumes you have \$50,000 in your 401(K), earn an 8% annual rate of return, contributing \$2,500 a year into the plan. You borrow \$25,000 and pay the loan back over 5 years with 4.25% interest. At the same time, you are still contributing \$2,500 each year into the plan. This is a hypothetical illustration. For simplicity, these scenarios assume consistent returns for every year. Actual market returns are highly variable, which would negatively affect a portfolio's ending value when compared with consistent returns. This material does not constitute a recommendation as to the suitability of any investment for any person or persons having circumstances similar to those portrayed, and a financial professional should be consulted. It is not intended to show the performance of any Invesco fund for any period of time or fluctuation in principal value or investment return. Withdrawals from tax-deferred accounts prior to age 59½ are subject to taxes and penalties. Periodic investment plans do not ensure a profit or protect against losses in declining markets. Investors are strongly encouraged to obtain tax advice from a financial professional or qualified expert.

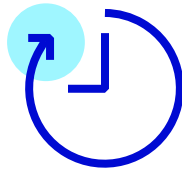
Saving for retirement: challenges women face

05

Women face more obstacles than men



Make less



Work less



Save less



Live longer

For illustrative purposes only.

The long-reaching shadow of income inequality

Women earn less than men¹

■ Women ■ Men



\$10,157 less per year
in median earnings

The cost of motherhood²

- 32% of employed women are working mothers.
- Women who take a break from the workforce do so for an average of two years.
- Women disproportionately shoulder caregiving obligations for children or sick family members.
- Taking care of children is a common reason why mothers worked part-time.

Women are at greater risk than men at not achieving a financially secure retirement due to the gender pay gap and time out of the workforce.

¹Bureau of Labor Statistics, Highlights of Women's Earnings in 2020. ²U.S. Census Bureau, The Choices Working Mothers Make, May 8, 2020.

The long-reaching shadow of income inequality

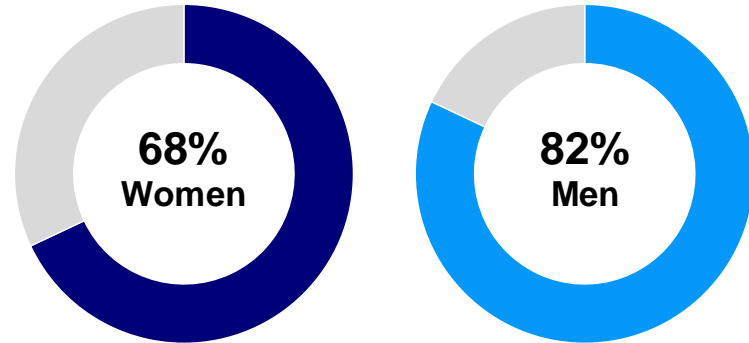
Gender retirement savings gap

■ Women ■ Men

Median retirement savings



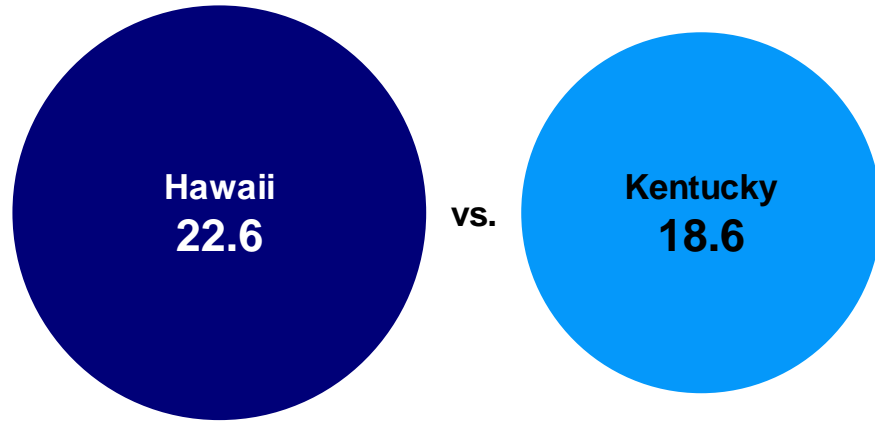
Currently saving for retirement



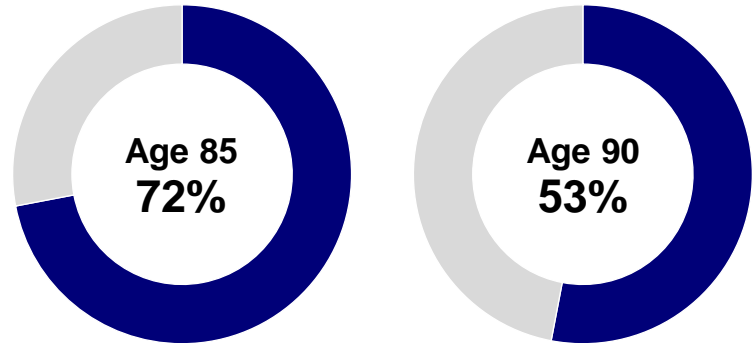
Source: Transamerica Center for Retirement Studies, 20th Annual Retirement Survey of Workers, December 2020.

Women have been living longer than ever

A 65-year-old woman today has an average additional life expectancy of 20.8 years (varies by state)



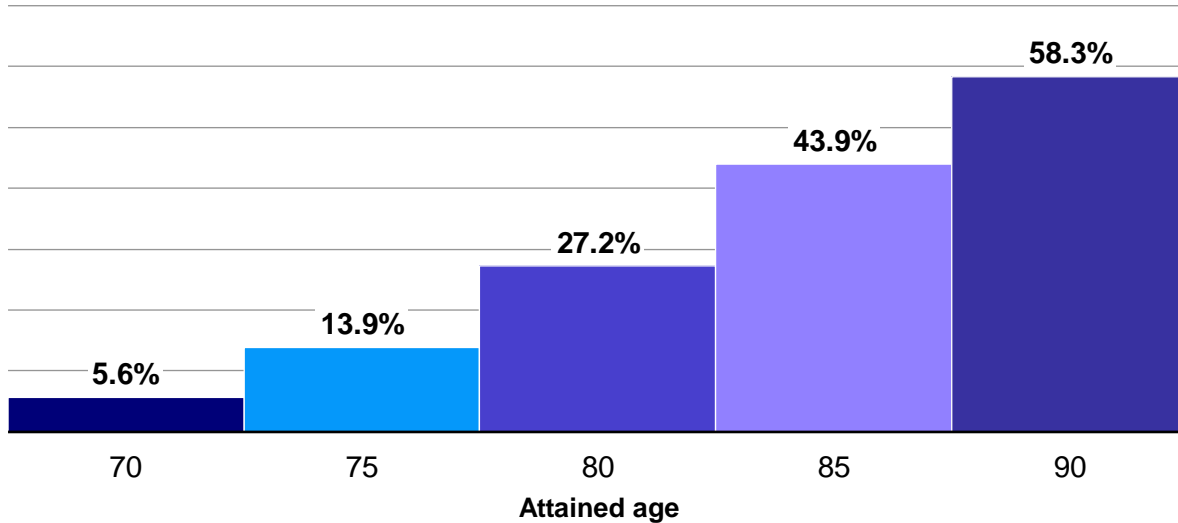
With a probability of living to...



Source: National Vital Statistics Reports, Vol. 70, No. 1, March 11, 2021.

Long-term care-related needs/expenses are higher for women

A healthy 65-year-old woman's probability of requiring LTC



Cost of LTC services in 2021

Nursing home **\$100,913**

Assisted living **\$55,708**

Home health care **\$56,408**

Source: HealthView Services, Long-term Care and Financial Planning, June 2021. Costs based on 44 hours per week of home health care, consistent with industry standard.

Addressing the retirement savings gap



Participate in your employer's retirement + HSA plan

- Sign up for your work retirement plan at work and contribute as much as you can.
- If your employer will match some of your savings, don't pass that up.
- If you're participating in a high-deductible health plan, don't forget to sign up and contribute to an HSA.



Saving early pays off

Compound interest makes it easier to accrue assets, but you need to start saving early to get the full benefits of compound interest.



Don't rely on Social Security

- Social Security retirement benefits only replace about 40% of your pay on average.
- More than 1 in 4 women over the age of 65 rely on Social Security for 90% or more of their income.
- Relying on Social Security as an only source of income is a major reason for the high poverty rate among elderly women.

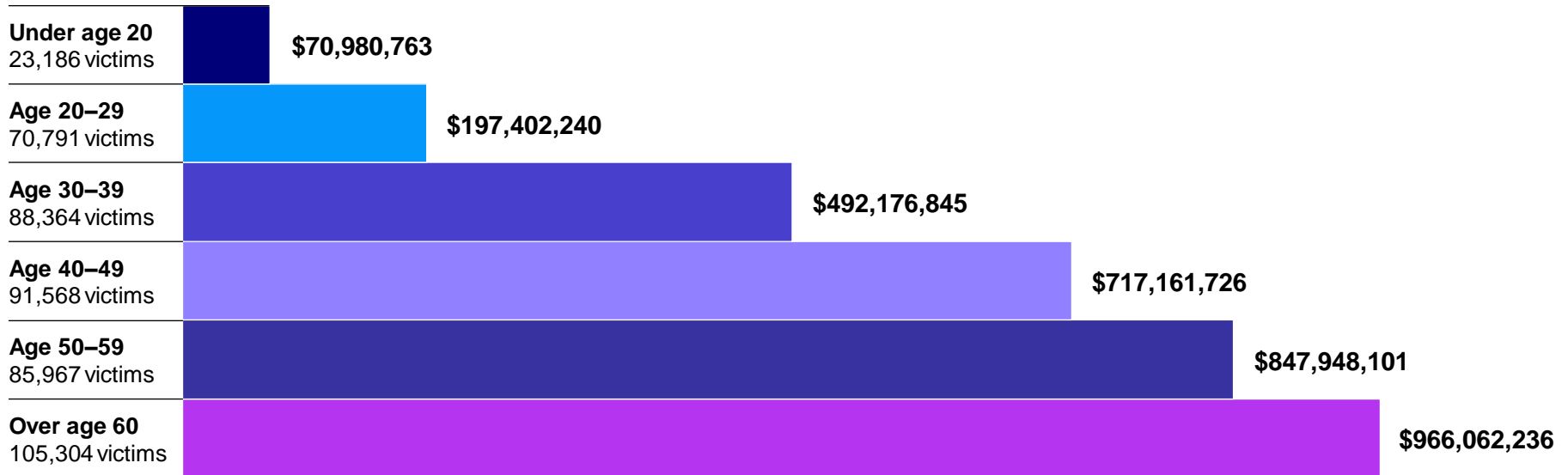
Source: Women's Institute for a Secure Retirement (WISER), 5 Things Mothers Should Tell Daughters about Money and Retirement, 2021.

Protecting your assets: Cybersecurity tips

06

People of all ages are victims of cybercrime

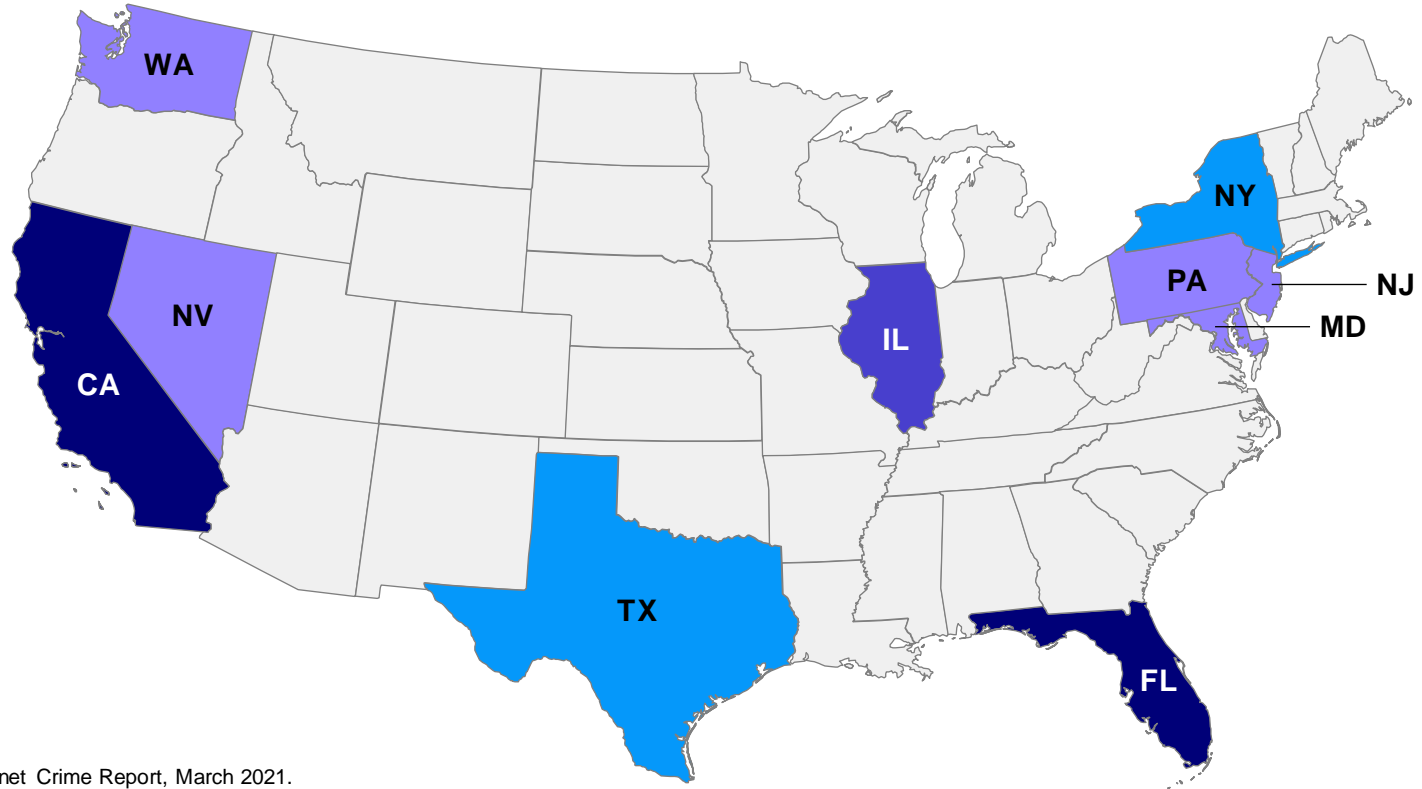
2020 cybercrime victims by age group: Total victims/loss



Source: FBI, 2020 Internet Crime Report, March 2021.

Top 10 states with the highest number of cybercrime victims

- 40,000+
- 30,000–39,999
- 20,000–29,999
- 10,000–19,999



Source: FBI, 2020 Internet Crime Report, March 2021.

Tips to help reduce the risk of fraud and protect yourself from cybercrime



01 Secure your home network

Most households run networks of devices linked to the internet (computers, gaming systems, TVs, tablets, smartphones, wearable devices, even your smart home devices) that access wireless networks.

- ✓ Make sure you change the name of your router and its default password.
- ✓ When choosing your router's level of security, opt for Wi-fi Protected Access II (WPA2), if available, or Wi-Fi Protected Access (WPA). These levels are more secure than the Wired Equivalent Privacy (WEP) option.



02 Device security

Ensuring your antivirus/security software, web browsers, operating system and applications are kept up to date is one of the best defenses against viruses, malware and other cyber threats.

- ✓ Always keep your devices up to date by regularly checking for updates
- ✓ Turn on automatic updates if you have the option to do so.

Tips to help reduce the risk of fraud and protect yourself from cybercrime



03 Spot a shady website

The amount of online shopping and activity has increased exponentially since the onset of the pandemic.

- ✓ Look for web addresses that begin with “https://” which means the site takes extra measures to help secure your information.
- ✓ Web addresses beginning with “http://” are not secure, so be wary of entering any personal information on these sites.
- ✓ Watch out for such as bad grammar, misspellings & unusual URLs.
- ✓ Avoid using debit cards for online shopping: Use a credit card or online payment method like PayPal.



04 Phishing, Vishing and SMishing

Attackers will attempt to send phishing emails and text messages. Clicking on these may trigger a virus or malware to be installed on your device.

- ✓ Be wary of opening an email or text from someone you don't know.
- ✓ Hover over links to see where it directs to.
- ✓ Never give out personal or sensitive information over the phone if you have not validated the identity of the person or company.
- ✓ Avoid sending personal or sensitive information over text messages or email.

Tips to help reduce the risk of fraud and protect yourself from cybercrime



05 Review your statements

When people fall victim to a scam, they often don't realize it until well after the fact.

- ✓ Keep a close eye on your bank and credit card statements — you'll be able to catch any address changes or unauthorized transactions right away, minimizing potential losses.
- ✓ Close unused accounts to minimize your vulnerability.
- ✓ Sign up for account activity notifications.



06 Use strong and unique P@55w0rd\$

Passwords and strong authentication are like keys to your online home.

- ✓ Use strong, complex and long passwords or passphrases, especially on important accounts that contain personal or financial information.
- ✓ Don't use the same password twice.
- ✓ Use a secure password manager to help create and track passwords.
- ✓ Turn on multi-factor authentication when possible.

Tips to help reduce the risk of fraud and protect yourself from cybercrime



07 The good, bad and ugly of public Wi-Fi

Public Wi-Fi can be very convenient; however, public wireless networks and hotspots are not necessarily secure.

- ✓ Limit what you do on public Wi-Fi and avoid logging in to key accounts like personal email and financial services.
- ✓ Consider using a virtual private network (VPN) or a personal/mobile hotspot if you need a more secure connection.



08 “Ugh, my phone is missing!”

That smartphone in your pocket contains significant information about you, your friends and family, including contact numbers, photos and locations.

- ✓ Enable remote wipe for your smartphone and other mobile devices so that you have the ability to erase important information from the device if it gets lost or stolen.
- ✓ Regularly back up your device to the cloud to ensure you don't lose any data.

Know how to report identify theft and cybersecurity incidents

FBI and Department of Homeland Security resources to report cybersecurity incidents:



<https://www.fbi.gov/file-repository/cyber-incident-reporting-united-message-final.pdf/view>

<https://www.cisa.gov/reporting-cyber-incidents>

<https://www.ic3.gov>

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