



RETIREMENT READINESS

How ready are you?

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RO4658662-0526



Hi, we're Empower

We're helping more than 19 million people get ready for what's next and create the future they want.¹ We are committed to helping people live for today while saving for tomorrow — because we believe in retirement and financial freedom for all.

¹ As of December 31, 2025



Just what is retirement readiness?

Retirement readiness is your ability to live the retirement lifestyle you imagine

Determining factors:

- Social Security
- Pension benefits
- Retirement plan benefits
- Retirement income
- Healthcare costs
- Emotional readiness



Pursuing the future you imagine

What will your retirement look like? No matter how near or far retirement is for you, you probably have a picture in your head of what you'd like it to look like. How you want to live in retirement will help determine how much you need to save.



Travel to places you've always wanted to visit



Spend more time with friends and family



Split time between two homes



Have more quiet time at home or a busy social calendar

Your retirement income

Where can your money come from after you retire, and will you have enough to live the retirement you imagine?



Where your income in retirement can come from

Social Security may not be enough. For many, Social Security will only replace a portion of income in retirement.



Social Security



Pensions and retirement plans



Income from assets



Income from earnings



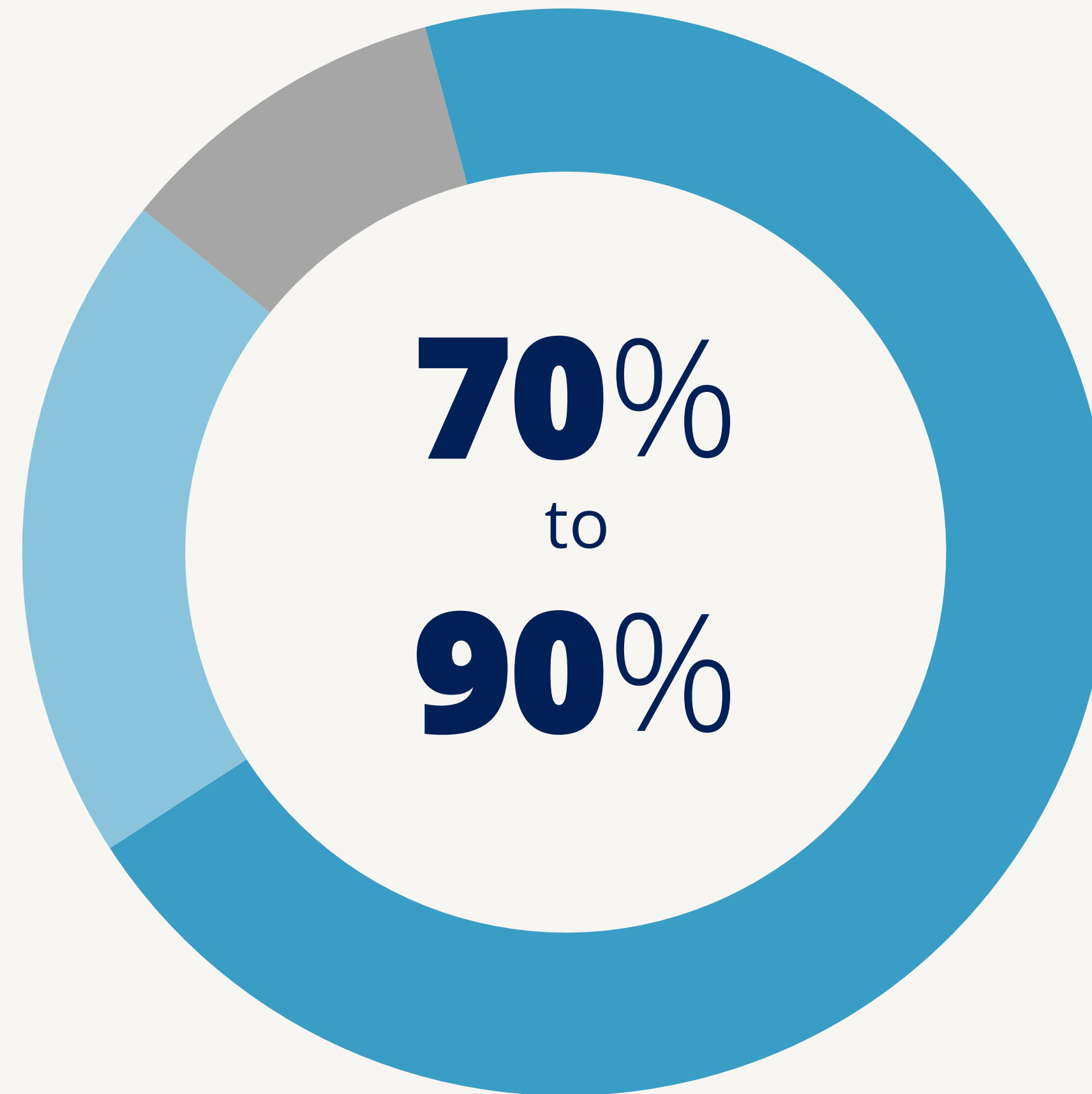
Other

Many financial planners say you'll need between 70% and 90% of your pre-retirement income to live comfortably in retirement.

(Your retirement plans could be good sources for replacing that income.)

How much does it take to retire?

Many financial professionals recommend saving enough to cover 70% to 90% of your pre-retirement annual income to maintain your standard of living.



Do you have enough to retire?

It all depends on your unique situation and goals.

Ask yourself:

- Am I in a position to stop working?
- What do my retirement expenses look like?
- What will my healthcare costs be?
- Do I plan to have a side job?
- How and where do I want to live in retirement?



WHAT EVERYONE SHOULD KNOW ABOUT SOCIAL SECURITY

A look at Social Security from 30,000 feet

The amount of Social Security available to you depends on your earnings and when you start taking benefits.

Source: ssa.gov, 2025.

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Partial Benefit

67

Full Benefit

70

Each year you delay your benefit increases your benefits by 8% until you reach age 70

Life expectancy has increased



84.2

A man who's 65 today can
expect to live to a little over
age 84



86.8

A woman who's 65 today
can expect to live to
almost 87



90+

1 in 4 people who
are 65 today will live
to 90+

Understanding full retirement age (FRA)

Date of birth	Full retirement age
1943-1954	66 years
1955	66 years and 2 months
1956	66 years and 4 months
1957	66 years and 6 months
1958	66 years and 8 months
1959	66 years and 10 months
1960 and later	67 years

Source: ssa.gov, 2025.

Creating your retirement budget

The better the idea you have of your potential retirement expenses, the better you can determine what kind of retirement income you might need. Creating a retirement budget is a great first step.



It all starts with your current budget

You'll need to create a budget for today before you can create your retirement budget. It's important to keep in mind that your current expenses will likely change in retirement. For example, maybe you'll no longer have a mortgage by the time you retire.

- Use your current budget to create a potential retirement spending plan.
- Plan for unexpected expenses in retirement.



The foundation of your retirement budget

It doesn't have to be complicated. In fact, the basis for your retirement budget can be made up with just three main components.



Your current monthly expenses

Fixed and variable
needs vs. wants



Your retirement expectations

The kind of retirement
lifestyle you'd like to have



Your expected monthly income

Fixed and variable
(Social Security vs. retirement
plan withdrawals)

Your spending plan for the future

A retirement budget will help you see where your money will be going.

Benefits of a retirement budget

- Prioritizes your future spending
- May help your retirement savings last longer
- Might help you reach your financial goals



Additional retirement expenses that could be on your radar



Relocation



Home improvements



Vacation



Hobbies



Caring for aging parents



Grandchildren



A second home

Investing in your retirement accounts

Different investment strategies may impact how your savings potentially grow.



Becoming a smarter investor starts by understanding the language

Understanding the terminology and principles of investing, as well as how they work together, may help set you up for success.

- Asset classes
- Asset allocation
- Diversification
- Rebalancing



Asset allocation, diversification, and/or rebalancing do not ensure a profit or protect against loss.

How age and risk tolerance influence investment strategy

Generally speaking, the further someone is from retirement, the more aggressively they may be able to invest.



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Help-me-do-it investors

Empower's team of specially trained consultants can help you review:

- Investing options in your plan.
- Savings and financial wellness.
- Guidance on your options if you change jobs or retire.
- Information on target date or risk-based funds.

Consider all your options, including taxes, fees and expenses, before moving money between accounts. Assess all benefits of current accounts before moving money.



Point-in-time advice provided by an Empower representative may include savings, investment allocation, distribution, and rollover advice, including advice on consolidating outside retirement accounts.

Do-it-myself investors

You can choose from the individual core funds included as part of your plan to create a diversified mix of investments to match your risk tolerance.

1

Select your own mix of individual funds.

2

Decide how to invest each fund.

3

Manage and monitor your account accordingly.

Withdrawal strategy in your retirement

How you plan to get money out of your retirement strategy is just as important as how you saved it.



Factors you can't control can impact your withdrawal strategy

Longevity

There's no knowing if you'll live five years or 35 years in retirement.

Investment returns

Your strategy should be flexible enough to account for market fluctuations.

Inflation

Rising costs will influence how much income you will need in the future.

Future expenses

Strategies that account for some unknown expenses may help ease anxiety in your retirement years.



Constant dollar amount withdrawal strategy

This strategy has a fixed withdrawal amount that increases annually for inflation and is based on the initial balance at the time of the initial withdrawal.

Strategy		Starting Balance: \$500,000	
Constant dollar amount \$	Withdrawal amount: \$20,000	Withdrawal amount: \$20,600	
	Income per month: \$1,667	Income per month: \$1,717	
		Year 1	Year 2

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Constant percentage amount withdrawal strategy

Using this strategy, a fixed percentage is withdrawn from your portfolio year after year regardless of inflation or market performance. Positive markets will result in larger withdrawals, and down markets will result in smaller withdrawals.

STRATEGY	
Fixed percentage each year	%
Ignores inflation	
Ignores market performance	

STARTING BALANCE:
\$500,000



Positive market
Larger withdrawal



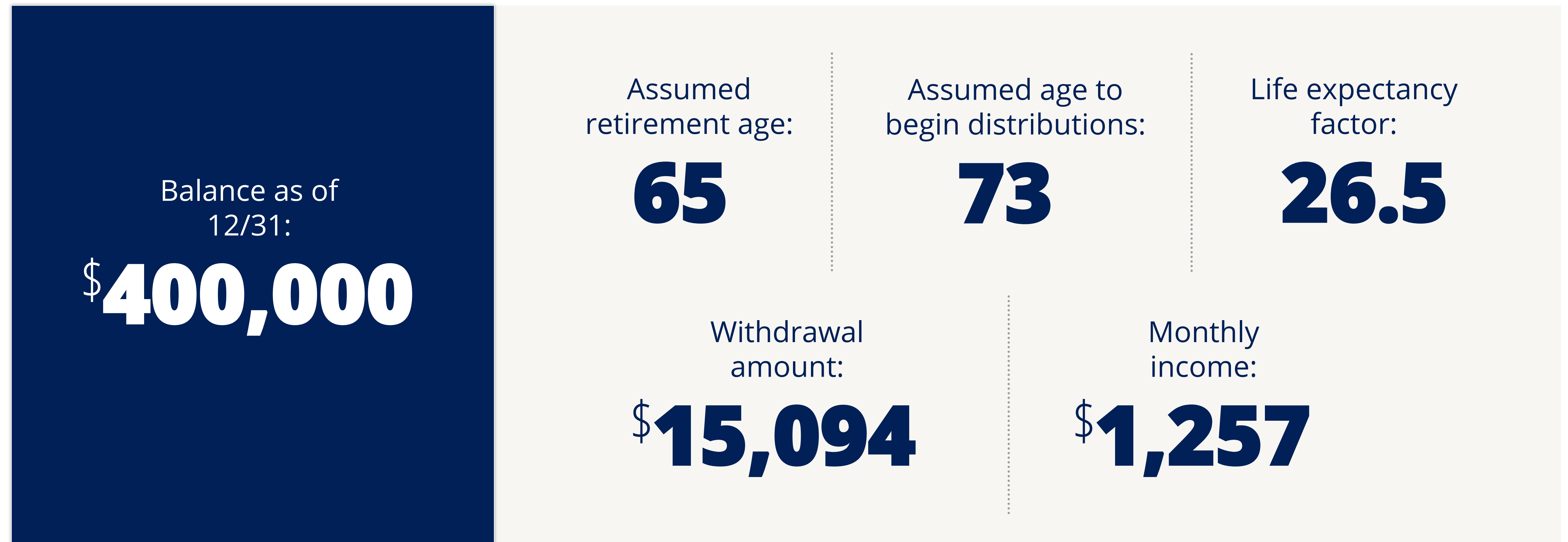
Down market
Smaller withdrawal

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Required minimum distribution approach

Take the ending balance for the prior year and divide it by your IRS life expectancy factor (you can find life expectancy tables at [irs.gov](https://www.irs.gov)).

Distributions are smaller early in retirement and increase the further you get into your retirement years.



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The impact of inflation on your retirement

Inflation is the general increase of prices that may decrease your purchasing power after you retire.



The longer you live, the more expensive things might get

When looking at your expenses in retirement, be sure to account for the essentials that may be impacted by inflation, as prices for these items may rise throughout your retirement years.

Fixed



Variable



How inflation impacts your purchasing power and savings strategy

**\$100 in savings
in 2000**



**\$100 in savings
in 2025**

Taxes on your retirement income

The impact taxes can have on your retirement income is often overlooked but can be a big factor in your retirement security.



How your retirement income is taxed depends on how you made your contributions



Take a look at your potential sources of retirement income to understand the tax implications they may have.

Taxed as ordinary income upon distribution

- Pretax contributions
- Pretax earnings

Not taxed at distribution

- Roth contributions
- Roth qualified earnings

When in doubt, talk to a tax professional

When it comes to your retirement income, you want to pay the lowest possible amount to taxes. A tax professional can help you navigate the tax laws and how they apply to your individual situation.



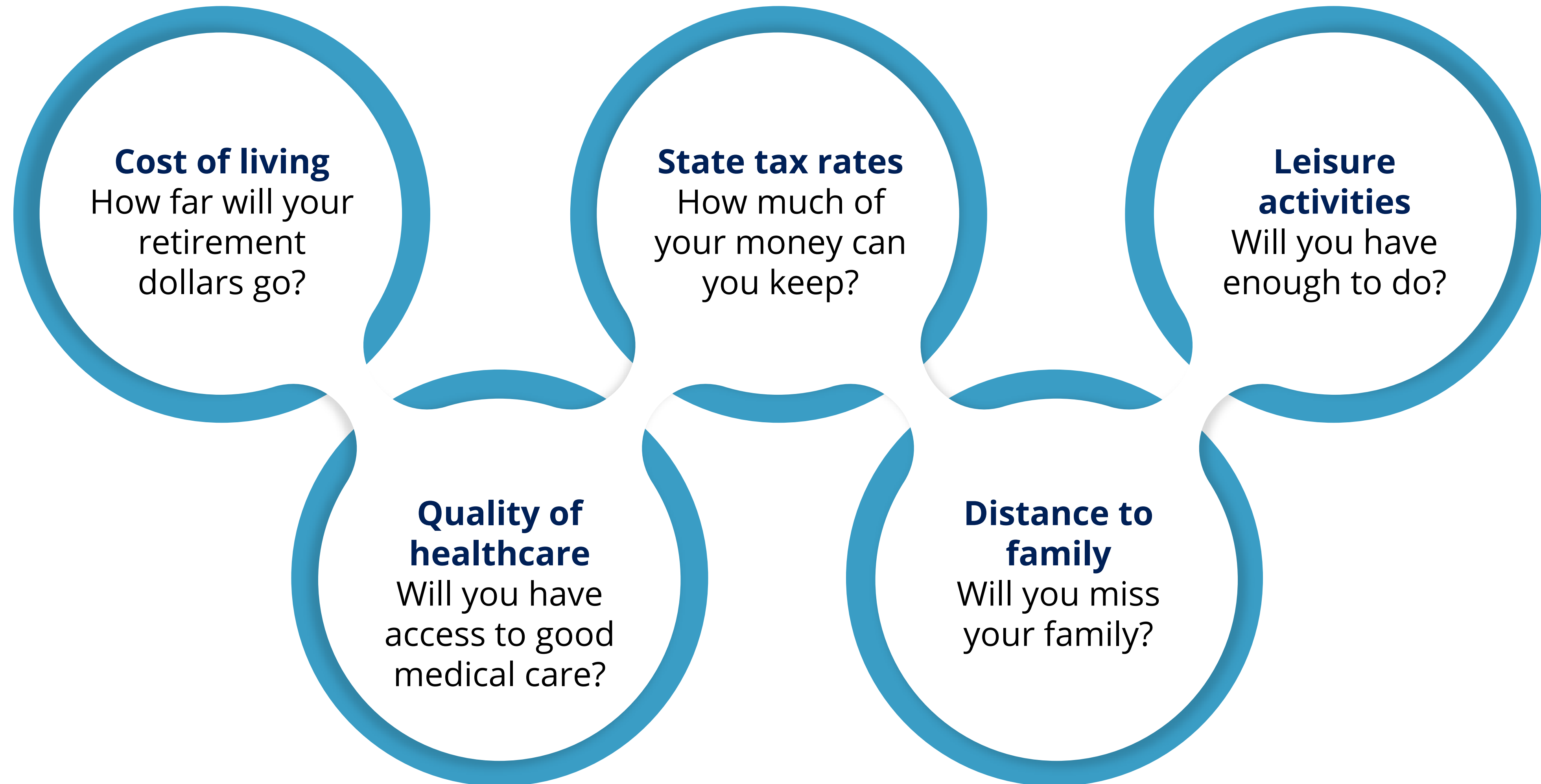
Where to live in retirement

Where you choose to live after you retire can have a big impact on your retirement.



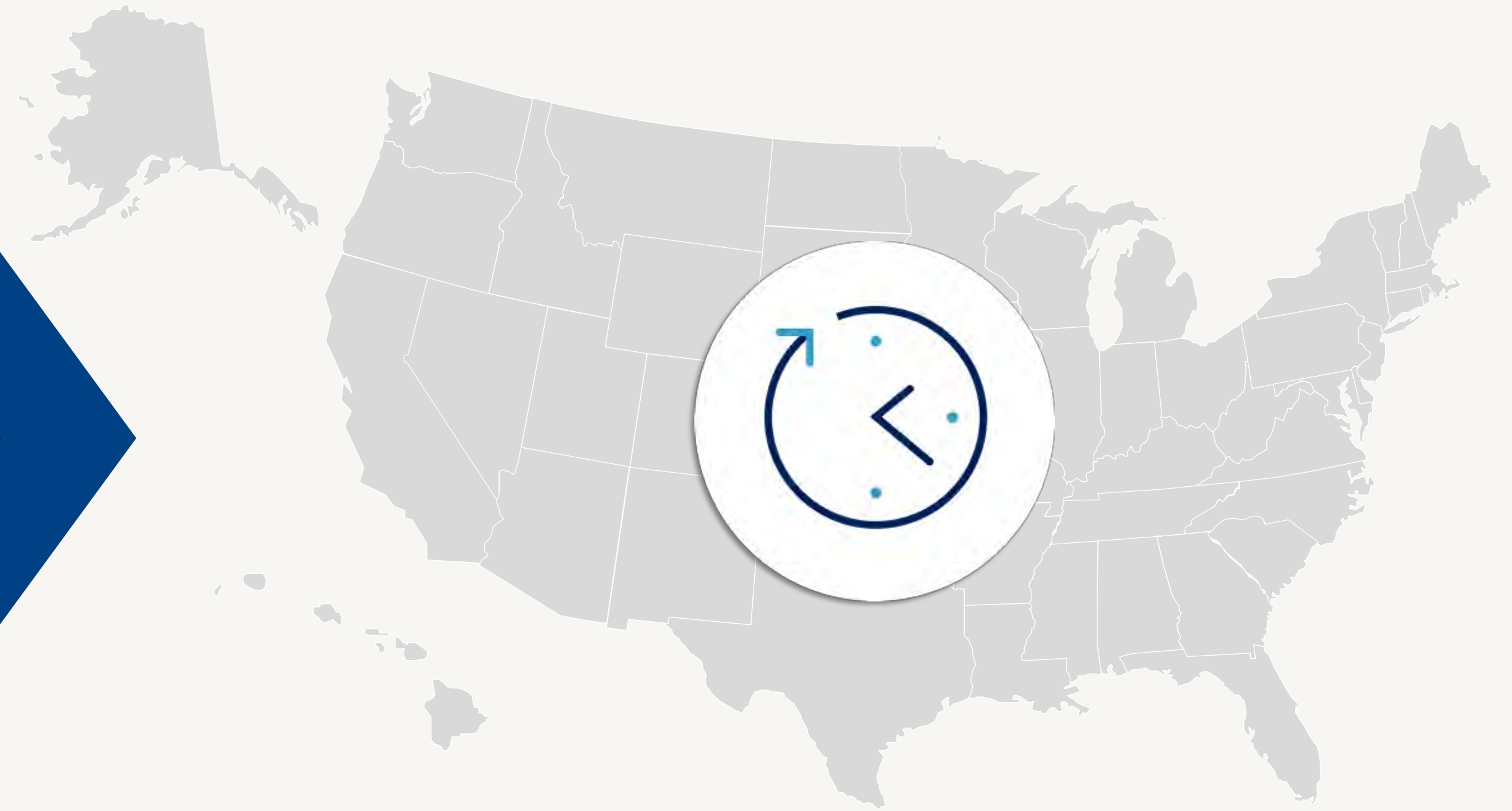
Deciding where to live is about more than the weather

Whether you decide to stay put or move someplace new, there is a lot to consider when weighing your options.



Where to live comes down to deciding what's most important to you

The earlier you start to think about where you'd like to spend your retirement years, the better.



Healthcare costs in your retirement

For many people, healthcare costs will be the largest expense in retirement.



Healthcare costs may be your largest retirement expense

For many people, healthcare costs will be the largest expense in retirement, and those costs are expected to keep going up.

The average costs for a healthy **65-year-old*** are approximately **\$6,500 per year**.

This excludes long-term care costs.

*Average projected life expectancy of 76 for a male, 81 for a female.



Source: CDC, National Center for Health Statistics; Mortality in the United States, December 2024.

What's impacting rising healthcare costs?

While everyone's situation is different, there are some common causes for this.

- People are living longer.
- Healthcare costs are rising faster than general inflation.
- People are retiring before they are eligible for Medicare coverage.



Get more details about Medicare

medicare.gov



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Your estate planning

As you're planning for retirement, it's important to keep in mind that your different retirement accounts are all part of your estate. And so is everything you own. Your car, house, checking account, life insurance, furniture, and everything else make up your estate.



You need an estate plan because you can't take it with you

Many people haven't created a basic estate plan, including writing up a will. An estate plan helps make sure your assets and possessions are distributed the way you want.

Determining your beneficiaries

Heirs

Family members

Friends

Charitable institutions

Estate planning goes beyond your possessions

If you become incapacitated or pass away without a plan in place, a court could end up making important decisions that should be made by your spouse, your family, or someone you have chosen.



End-of-life medical care



Guardianship of dependents

Possible components of an estate plan

Estate planning isn't just for rich people. It's for people who want to protect their assets, their loved ones, and themselves. Here's what an estate plan could include:

Will or trust

- Says how you want your property distributed
- Determines future care of dependents
- Should be kept current via periodic reviews

Insurance

- Could help heirs meet survivor and estate-settlement expenses
- Determined by your personal situation

Executor or trustee

- May help ensure your wishes are carried out
- Selected by you



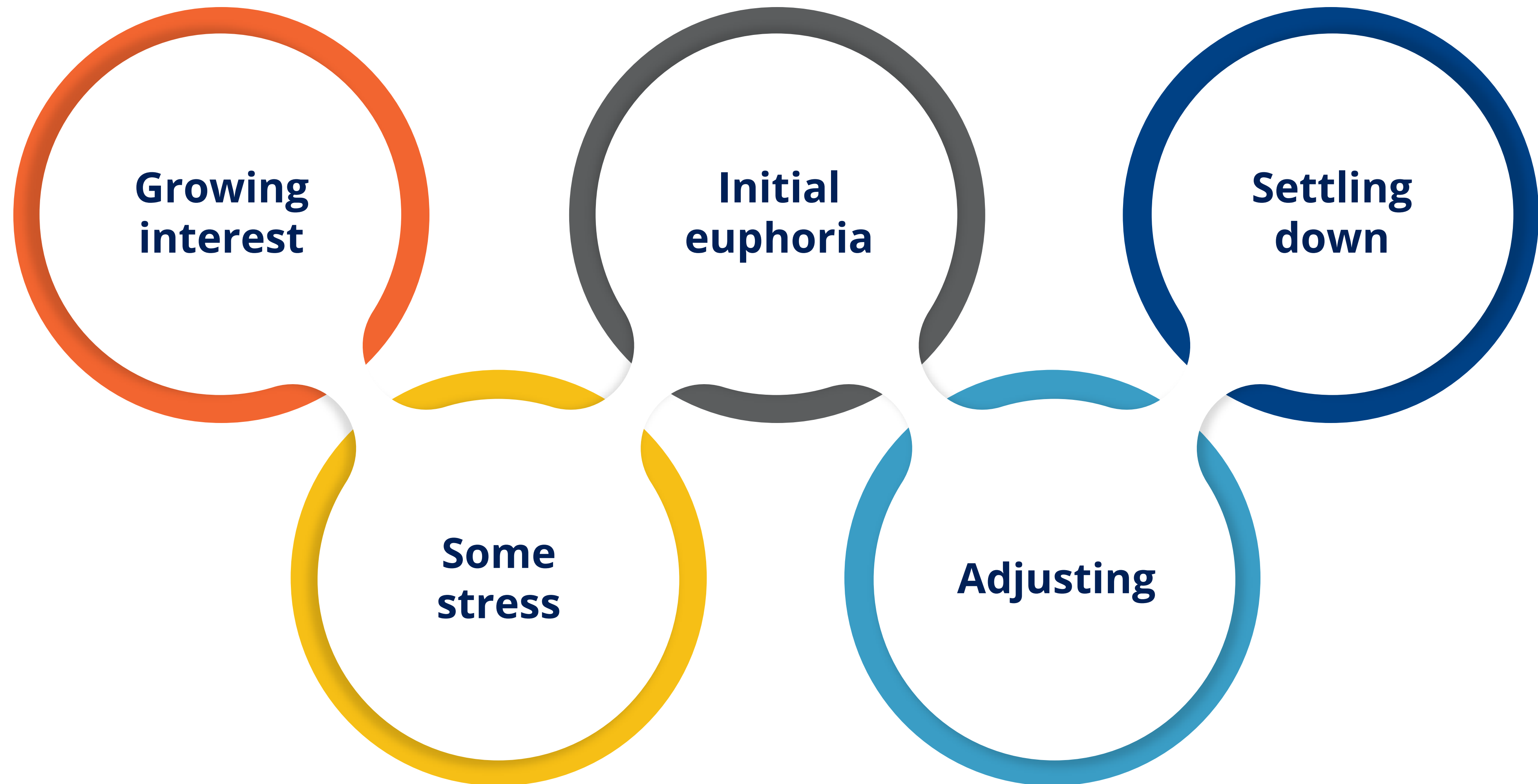
Emotional readiness

A long and fulfilling retirement should also include planning for the emotional side of retirement.



What the emotional transition to retirement looks like

With so much attention being paid to financially preparing for retirement, many overlook the emotional changes that will come with your new life. Here are the five stages of retirement transition.



Common issues retirees face

The transition from a structured to an unstructured lifestyle can be a big change. There are ways to prepare for it, though.



Powerful features at your fingertips

The free Empower Personal Dashboard™ helps you:

- See all your accounts in one place.
- Track, manage, and plan your financial life.
- Understand your net worth, financial goals and more.

The Learning Center makes financial education easy through:

- Online courses, videos, and assessments.
- Articles and insights.
- Financial planning calculators.

My Financial Path helps you answer your money questions with:

- Information about spending, saving, investing, and life's big events.

Get a personalized action plan about your next financial step.



Download the app in the App Store[®]
and on Google Play[™].



or



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Keeping your savings safer together

Empower offers a Security Guarantee as part of its commitment to your account safety.

- Register your account online
- Choose a strong username and password
- Review all security alerts immediately
- Review your accounts periodically



PRO TIP: Use a password manager to keep your information and passwords secure.

For more information regarding account security, including the Empower Security Guarantee, visit **empower.com** and, from the list of additional links at the bottom of the page, click *Security center*.

RPC Disclosures

Important information regarding your meeting with a retirement plan counselor (RPC) of Empower

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Empower's RPC can provide information and guidance about a variety of topics, including plan enrollments, distribution and rollover options, consolidation, investment conversations, and savings and contributions strategies by educating you about available options. During your interaction with your RPC, you will engage in an informational dialogue intended to help you understand basic concepts about investing, distribution options available to you, and the advantages of participating in your employer-sponsored retirement plan or an individual retirement account. Although your RPC cannot provide you with advice on your tax situation, they will share information related to the potential tax implications of taking receipt of the proceeds from your retirement investments.

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To obtain the EFSI Form CRS, or for more information about Empower representatives, visit **empower.com**

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Disclosures

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Questions

Mike Williams

Retirement Plan Advisor

