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Financial Planning

Envision. Plan. Retire
with Confidence.



NORTH DAKOTA
Insurance & Securities

WHAT DOES RETIREMENT LOOK LIKE TO YOU?



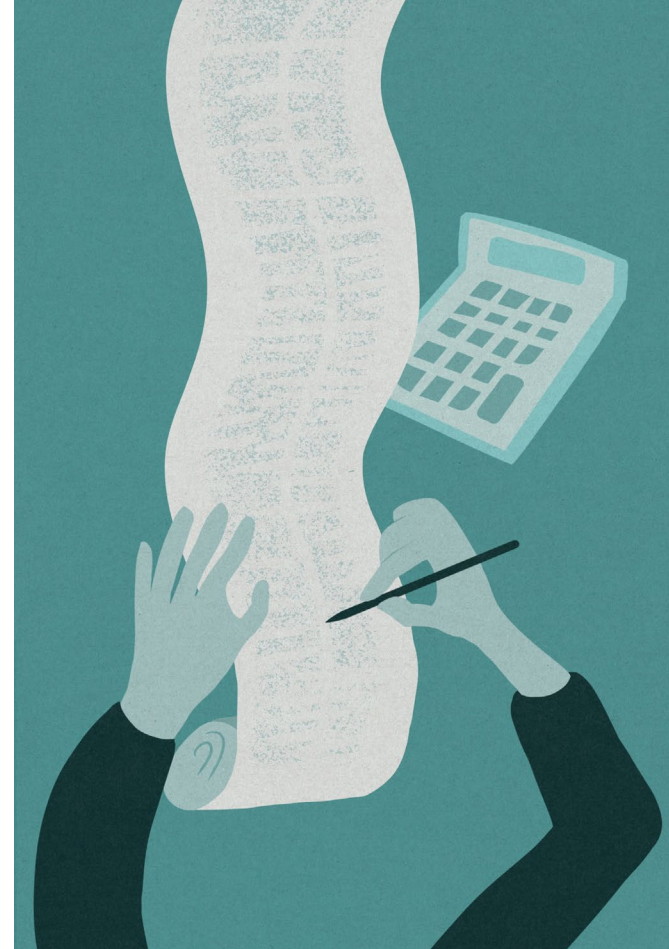
› Envision what kind of lifestyle you want in retirement

- How much will that lifestyle cost?
- How much should you start saving and investing to accomplish those goals?



ALIGN EXPECTATIONS WITH REALITY

- › A good rule of thumb—replace 80-percent of your pre-retirement income to maintain a similar lifestyle in retirement
- › Add up your sources of retirement income
 - Pension or Retirement Plans
 - Social Security
 - Annuities
 - Employer-sponsored Retirement Plans – 401(k), 403(b), etc.
 - Traditional and Roth IRAs
 - Brokerage Accounts
 - Rental Property Income



WHAT'S YOUR SOCIAL SECURITY OUTLOOK?



Retirement Age	Estimated Monthly Benefit	% of Full Benefit
62 (Early)	\$1,615	~70%
65	\$1,920	~83%
67 (Full)	\$2,310	100%
70 (Delayed)	\$2,860	~124%

› Is It Worth Working Longer?

- **Early Retirement** = more years of payments, but smaller checks.
- **Delaying Retirement** = fewer years of payments, but bigger checks.
- **Break-even point:** Around age 78–80

BENEFIT CALCULATORS

www.ssa.gov/OACT/anypia/index.html



IS THIS WHERE YOU WANT TO BE?

- › Financial Balance Now and Retirement
 - Mortgage payments
 - Long-term, medical, or life insurance
 - Plans to work part time
 - Travel expenses
- › Evaluate Your Investment Strategy
- › Add to Retirement Assets
 - Additional income from raises or elimination of debt



KNOW YOUR RETIREMENT ACCOUNT OPTIONS



403 (b)

- Contributions made pre-tax, lowering taxable income
- Investments grow tax-deferred until withdrawal

Traditional IRA

- Available to anyone with earned income
- Contributions may be tax-deductible
- Earnings grow tax-deferred

Roth IRA

- Available to those with earned income, subject to income limits
- Contributions made with after-tax dollars
- Qualified withdrawals in retirement tax-free



BE A PREPARED INVESTOR

› Before opening an account with an investment professional, ask the tough questions:

- Services offered
- List of licenses, registrations, qualifications, and experience
- Broker-dealer agent, investment adviser representative, financial planner or any combination
- Central Registration Depository number
- Commissions or fees charged



RED FLAGS OF INVESTMENT FRAUD



Promise of High Rate of Return



Claims of Consistent Returns Over Many Years



Pressure to Act Immediately



Insistence on Silence or Secrecy



Lack of Contact Information



Errors and Inconsistencies in Offering Documents



Claims of Exemptions



Testimonials



Requests for More Money



TYPES OF INVESTMENT FRAUD



**Imposter
Scam**

Phishing

**Investment
Fraud**

**Affinity
Fraud**

**Romance
Scams**

**Crypto
Fraud**

**Internet &
social
media
fraud**



RELATIONSHIP INVESTMENT SCAMS



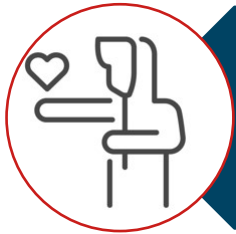
- › Scammers reach out online or via text messages
- › Build TRUST over a period of weeks or months – “Long Con”
- › Build trust through friendship, romance, or an offer to achieve financial goals



RELATIONSHIP WARNING SIGNS



Contact online or social media, including dating and messaging websites/apps



Reluctant to meet in-person or by video, making excuses not to meet



May use video filters or Artificial Intelligence (AI) to disguise their identities

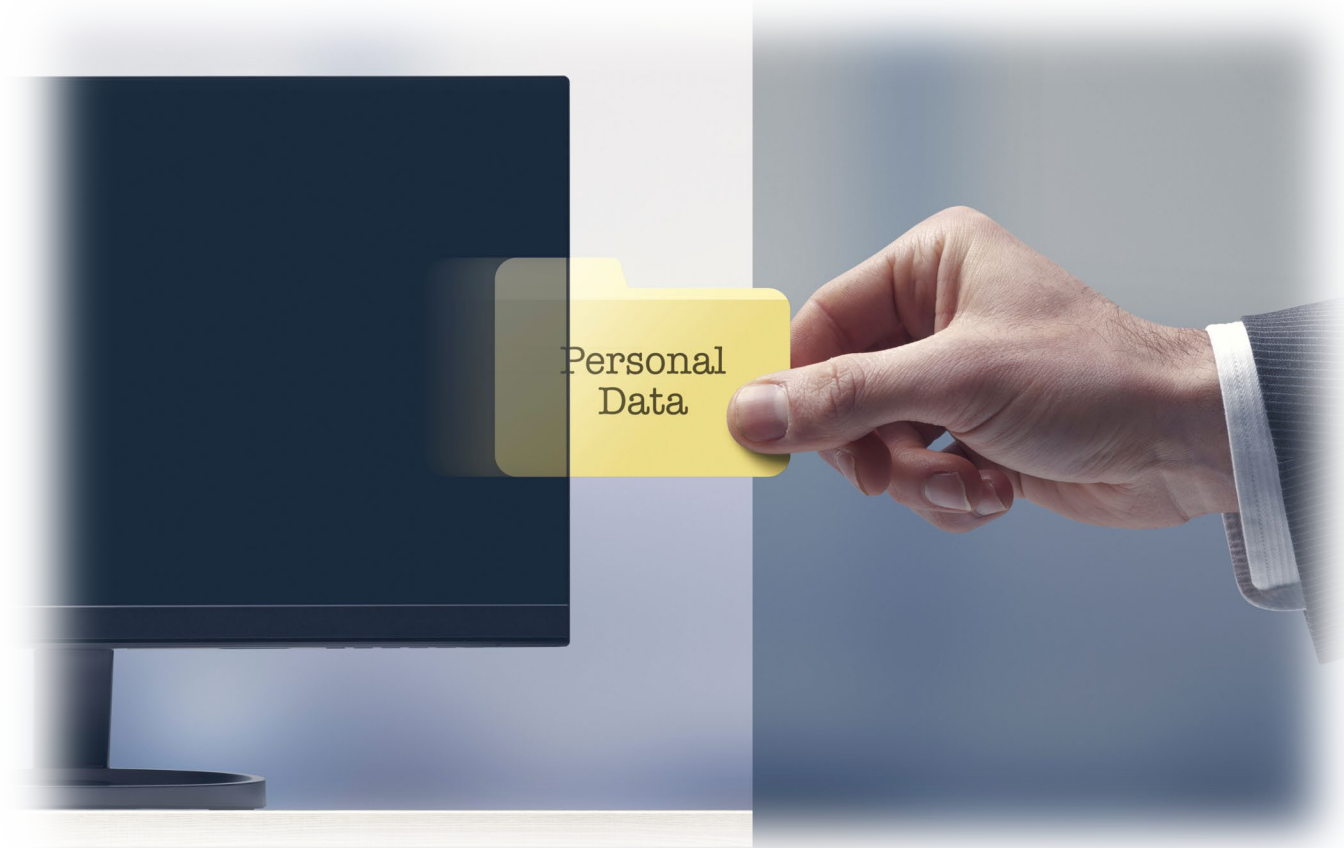


SCAMMER SETS THE HOOK

- › May flaunt their wealth using photos of expensive items
- › Offer to help you make money
- › Pressure you to give money and may show your investment has grown quickly to hook you



PROTECT YOURSELF



- › Ignore messages from senders you don't know
- › Make investment decisions independent of advice of someone who makes unsolicited contact
- › Research investment opportunities thoroughly
- › Protect personal information
- › Never pay money to recover your investment
- › Report scams immediately



CONTROL YOUR ASSETS



Monitor finances and check statements regularly



Always get details in writing



Never invest in something you don't understand



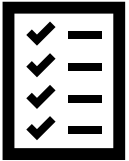
Don't be rushed to decide



Ask questions



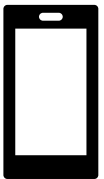
WHAT TO DO IF YOU ARE SCAMMED



Collect relevant documentation – perpetrator's name, contact information, website address timeline of events, etc.



Know your rights – federal and some state laws give rights to victims of crime



Report fraud to regulators: North Dakota Insurance and Securities Department, U.S. Securities and Exchange Commission, or FINRA



NORTH DAKOTA INSURANCE AND SECURITIES

Contact us:

Report Fraud

Check on your
broker/adviser

Request investor
education
materials or
presentation



(701) 328-2910



ndsecurities@nd.gov



Securities.nd.gov



Early Career Start Smart

It may seem hard to believe, but the first phase of planning for your retirement begins the moment you first enter the workforce on a permanent or full time basis. Perhaps you have finished any formal education you had planned for and are now working in one of your first “career” jobs.

“Where do I want to be when I retire?”

While retirement might not be at the forefront of your current concerns, it should still be a consideration at this time. Financial decisions made at this point in your life can have a major impact in the later stages of your retirement planning process.

When considering your retirement planning at this early stage, there are some goals that you should keep in mind.

Start by asking yourself these questions:

1. Do I feel confident in the management of my income and expenses?
2. What position do I want to be in financially when I retire?
3. Does the job I have provide enough income, as well as health and retirement benefits, for my needs?
4. Do I understand basic investment principles that will help me make wise investment decisions while planning for my retirement?

It can be difficult when exploring your career opportunities to make decisions that will help ensure that you meet your long-term goals. For instance, you may have to choose between following your dreams of having your own business

and looking for a job that provides a retirement plan and covers healthcare. Early career choices affect your retirement savings later on. You must also consider how other life decisions will impact your retirement resources, such as the decision to have children, owning a home or purchasing investments.

Early in your career, you possess the most valuable resource available in retirement planning-time. Why not learn about retirement planning and investing now? By identifying and making use of retirement planning resources you can educate yourself on how to be a wise investor and will be one step closer to achieving your retirement goals.

Smart Moves

Follow these tips to help you Start Smart with your retirement planning:

- Estimate how much money you think you will need in retirement.
- Consider having a professional help you form a retirement plan that works for you and start investing now.
- Ask if your employer sponsors or helps you contribute to a retirement and/ or health benefits program.
- Manage your “wants” and “needs” when making purchases. Learn how to acquire assets responsibly using credit, and keep your debt in check.
- Understand basic investment principles such as compound interest, risk and reward and diversification.
- Learn about fraud prevention and how to avoid investment scams.



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Retirement

The Balancing Act

Are you trying to balance the lifestyle you want now with the retirement you envision for the future? At this stage in your career, you are in the second phase of planning for your retirement. As your own retirement comes into focus, are you comfortable with your investment decisions and overall financial preparation?

In addition to planning for your own retirement, you may also find that you are a part of the "Sandwich Generation," a demographic essentially "caught in the middle" of raising children and caring for an elderly loved one. This situation can put a strain on your finances and you may find yourself reaching into your retirement savings to help you get through.

"Is this where I want to be?"

Some considerations at this stage are:

- Ask yourself, "Is this where I want to be? or "Did I think I would be farther along financially by now?"
- Define what retirement means to you.
- Strive to achieve financial balance in the lifestyle you want now with investing for the retirement that is yet to come.
- Review your investment strategy for your retirement savings. Are you on track to meet your retirement goals?

- As retirement approaches, you may find that your level of planning and types of investment decisions have left you with fewer savings than you had envisioned. Even well thought out plans can be derailed by a family emergency, out of control debt or a fluctuating stock market. Uncertain economic conditions may present the need to plan for contingencies in the event of layoffs or wage freezes.

Smart Moves

Follow these helpful tips to gain control of your financial balancing act:

- Use additional income from raises or elimination of debt to add to retirement assets.
- Do a reality check. Add up your sources of retirement income such as pension or retirement plans, social security and others such as rental property income. Assume you will need as much in retirement as you do now..
- Look at your estate planning. Do you have long term care insurance, life insurance or medical insurance? Will you be able to afford these or benefit from these when you retire?
- Evaluate your investment strategy. Do you need to make adjustments in your portfolio to help you meet your retirement goals?



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Near Retirement

Facing Your Retirement

In the third phase of planning for your retirement you are in the final years of your career. You are likely at the peak of your earning capacity and enjoying a lifestyle that you would like to continue into retirement. With five to ten years until retirement, it's time to evaluate your savings to date. You want to feel comfortable that you have adequately prepared for the type of retirement you want. It can be difficult to feel confident with your retirement plan if you are faced with insufficient retirement funds. This could result from a variety of situations, such as poor planning and saving, health concerns and high medical expenses, or financial obligations of being part of the Sandwich Generation (simultaneously caring for children and an elderly loved one). Use this time to save and invest additional funds that might help compensate for any gaps in providing for your retirement needs.

"Is this where I thought I would be?"

Some considerations at this stage are:

- Review your current budget and evaluate your investment strategy. Are there adjustments that need to be made in your portfolio to help you meet your retirement goals?
- Consider what you might do if you were laid off from your job or presented with early retirement options. There are times when some employers encourage early retirement of more experienced workers due to higher salaries and the assumed increase in health benefit claims.
- Explore the possibility of part-time or alternative employment options during retirement in order to supplement your retirement savings. Plan ahead by participating in a training program or taking a college course to learn a new technology to assist in this process.

Smart Moves

Take action and face your retirement with confidence using these tips:

- Use additional income from raises or elimination of debt to add to retirement assets.
- Review your investment portfolio and assets to address your changing tolerance for risk.
- Anticipate tax implications of retiring.
- Revisit your retirement plan and expectations for retirement lifestyle and life expectancy. It is very possible that if you retire at 60 you could live another 30 years.
- Know how to protect yourself from investment fraud.



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Keep it on Track

The day has arrived! Hopefully you are satisfied with the preparations you have made for your retirement and will be able to enjoy some financial peace of mind. In this fourth phase of retirement planning, you want to keep that peace of mind, retain your financial security and independence, and decide what, if any, type of financial legacy you want to leave.

Although you have reached retirement, it is wise to continue to evaluate your current finances and investments to determine if you have planned appropriately. Were your projections for your retirement needs accurate? Were there unforeseen expenses, due to inflation, advances in healthcare, increased medical expenses, and increased longevity that you had not taken into consideration?

“Am I finished with my retirement planning?”

Some considerations at this stage are:

- Look at how inflation might affect your cost of living over time. Does your investment strategy account for increased expenses?
- Be aware of the “burn rate” or how quickly you will use the funds you have available from your retirement assets.
- Be aware of potential investment scams and fraud as you may become a target for elder abuse or fraudulent investments.

- Even in retirement you still need to have an investment plan that will provide growth as well as preserve your retirement funds.

Smart Moves

Keep your retirement plans on track by following these tips:

- Continue to research the terms and conditions on your retirement accounts. For example, make sure you understand “roll-over” requirements and restrictions.
- Continue to review your investment account statements. Understand how your funds are being invested.
- Assess standard of living costs, risk tolerance, asset allocation and mandatory withdrawals from retirement accounts.
- Understand tax implications in retirement, such as withdrawing funds.
- Avoid investment fraud. Learn how to identify predatory scams and remember, there is no such thing as a free lunch!



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Helpful Resources

These resources may help you with planning for retirement:

Be a Prepared Investor

<https://www.securities.nd.gov/investors/be-prepared-investor>

When considering an investment, be sure to ask tough questions and take detailed notes about the investment professional and your investment opportunity.

Smart with My Money

<https://smartwithmymoney.nd.gov/>

Provides a money personality assessment and tailors content based on age, knowledge gaps, and interests.

Ballpark E\$timate Worksheet – Employee Benefit Research Institute

www.investor.gov/financial-tools-calculators/financial-tools/ballpark-etimate

Helps approximate how much you need to save to fund comfortable retirement. Uses easy to understand language and mathematics.

My Retirement Paycheck - National Endowment for Financial Education

www.myretirementpaycheck.org/

Provide tips and information to help optimize your retirement paycheck by making wise decisions.

Retirement Confidence Survey - Employee Benefit Research Institute

www.ebri.org/retirement/retirement-confidence-survey

Breaks down investors by age groups and looks at expected retirement, working in retirement and meeting expenses in retirement.

Retirement Estimator – Social Security Administrators

www.ssa.gov/benefits/calculators/

Helps Americans calculate Social Security benefits going into retirement.

Taking the Mystery out of Retirement – United States Department of Labor

www.dol.gov/agencies/ebsa/employers-and-advisers/plan-administration-and-compliance/retirement

Outlines information and resources on how to plan for a lifetime.

Top 10 Ways to Prepare for Retirement – United States Department of Labor

www.dol.gov/ebsa/publications/10_ways_to_prepare.html

Offers tips on preparing for retirement.



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