

**TAKING CHARGE OF *YOUR*
FINANCIAL WELLNESS:
HOW TO MAXIMIZE YOUR BENEFITS
TO SECURE
A COMFORTABLE RETIREMENT**

**Women, Influence and Power in Law
Washington, D.C.
October 4, 2018**

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AGENDA

1. The Gender Gap
2. Accumulation
 - 401(k) Plans
 - Investment
 - Equity compensation
 - Beneficiary Designation
3. Drawdown
 - 401(k) Withdrawals
 - Pension Commencement
4. Other Considerations
 - Employment Agreements
 - Planning for Medical Care
 - Estate Planning

THE GENDER GAP

- We live longer
 - Women born in 2014 are expected to live until age 81; men until 77
 - Women who live past 55 are expected to live until 84; men until 81
 - Same-sex female couples are 2-3x more likely to live until 100 than same-sex men
- We get paid less
 - Plus have a disproportionate share of childcare costs and caregiving responsibilities
- We invest less
 - Women keep 71% in cash; men hold 60% in cash (Ellevest)
 - ...but we outperform men by 1% per year (Fidelity)
- We hold more debt
 - 65% of student debt
 - Higher loan-to-value ratios on mortgages
 - Higher credit card rates (FINRA)

ACCUMULATION

SAVE EARLY AND OFTEN

- We need to save more for retirement than men do
- How to stuff as much as possible into your 401(k) plan
 - 402(g) limits
 - Catch-up contributions
 - Pre-tax vs. Roth contributions – tax impact
 - After-tax contributions
 - Maximizing the employer match
- Compounding – the benefits
 - Avoid in-service withdrawals
 - Withdrawals vs. plan loans

HOW TO INVEST IT?

- **Financial Expertise**
 - Investment education
 - Consider a financial adviser
 - Holistic analysis

- **401(k) Plan Investment options**
 - Target date funds
 - Brokerage window – flexibility
 - Default investment option
 - Fees – the impact

- **Diversification**
 - Company stock
 - Risk exposure should decrease as retirement approaches

EQUITY COMPENSATION – MISTAKES TO AVOID

- Restricted Stock Units (RSU)
 - Terminating employment before full vesting – large amounts can be lost
 - To keep or to sell stock
- Incentive Stock Options (ISO)
 - Disqualifying disposition
- Employee Stock Purchase Plan (ESPP)
 - Missing an opportunity to buy stock at discount (5-15%, plus lookback option)
 - Dividend reinvestment
- Letting stock options expire
 - Delaying exercise until last minute
 - Terminating employment and missing the 90-day deadline
- Exercising stock options while in a high tax bracket

BENEFICIARY DESIGNATION

- Automatic beneficiary designation
 - Spouse in 401(k) and pension plan
- The rest are not automatic
 - Divorce
 - Children and subsequent marriages
 - Life insurance plans, equity plans, SERP
- Never bothered to fill out the form?
 - Default rules

NOW THAT I HAVE IT...WHAT CAN GO WRONG

- Divorce
 - You may have to share your retirement if you have more saved than your former spouse or have better retirement benefits
- Pay garnishments for child support and alimony
- Know your spouse's benefits so in the event of divorce or their death, you know what you are entitled
- Make sure your money goes to who you want it to when you die

DRAWDOWN

WHEN TO WITHDRAW 401(K) ASSETS

- Earliest Date:
 - Hardship/Loans
 - Termination of employment (with 10% penalty)
 - Age 59½ (penalty-free)

- Latest Date:
 - Generally by 70½

- What to do with it
 - Partial withdrawal
 - Stay put
 - Rollover to new employer
 - Rollover to IRA
 - Other investment products (deferred annuities, guaranteed minimum withdrawal)

WHEN TO RETIRE

- Social Security benefits
 - 70 is the new 65
- Pension benefits
 - Early commencement
 - Actuarial reduction/subsidy
 - Late commencement
 - Considerations if unmarried
- Should I take a lump sum?
- Health Insurance:
 - Individual coverage, retiree medical, Medicare
 - Anticipate that it may be a financial burden even if you have adequate retirement savings
- Longevity insurance

OTHER CONSIDERATIONS

EMPLOYMENT AGREEMENTS

- How to negotiate
 - Whether to engage counsel
- Which provisions are standard?
 - Severance / Change-in Control
 - Vesting of stock
 - Non-qualified deferred compensation
 - Sign-on bonus for any potential financial loss from prior employer
 - Non-Compete
 - Non-Solicitation
 - Non-Disparagement
 - Confidentiality
 - Intellectual Property rights

PLANNING FOR MEDICAL NEEDS

- Retirement Money + Medical Coverage = Happy Retirement!
- Retiree medical benefits
- Tax-advantaged medical savings accounts
 - HDHP + HSA
 - VEBA (after-tax)
- Asset preservation strategies
 - Long-term care insurance
 - Supplemental disability insurance (wage replacement)

EVERYONE NEEDS A CURRENT ESTATE PLAN

- Not a “One and Done” item
 - Updates due to tax reform, family composition, inheritances
 - Wills and codicils
 - Usefulness of revocable trusts

- Family Dynamics
 - Choice of executor
 - Blended families and divorce
 - Providing for children (minors, adults, disabled, financially immature)
 - Protecting privacy

ESTATE PLANS ADDRESS OUR IMPERFECT UNION

- Federal Issues
 - Federal exemption now over \$22 M for married couples
 - Planning for surviving spouse

- State Issues
 - DC and MD “decoupling” at \$5.6 M and \$5 M
 - Summer home in DE, FL, NC, MA, RI, WY or?
 - Other rules vary widely (elective share, executor’s identity, community property)

ESTATE PLANS ALSO ASSIST YOU NOW

- Power of Attorney
 - Unavailability and incapacity
 - Financial and business decisions
 - Digital assets

- Health Care Decisions
 - Advance directive when unable to consent
 - Release of medical information
 - Living will for end-of-life



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