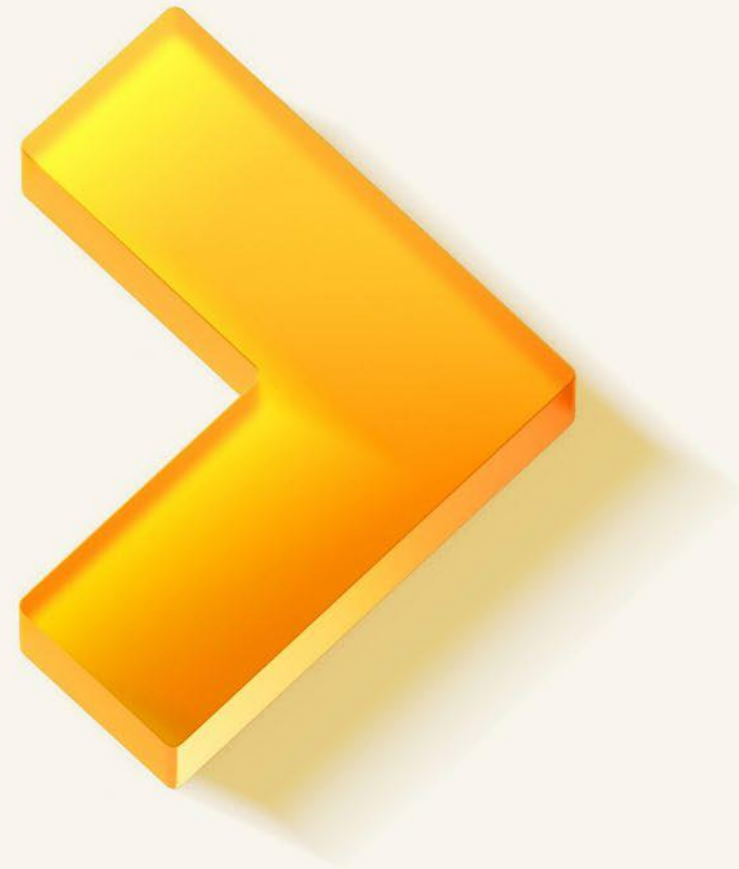




# Guide to Retirement

2024





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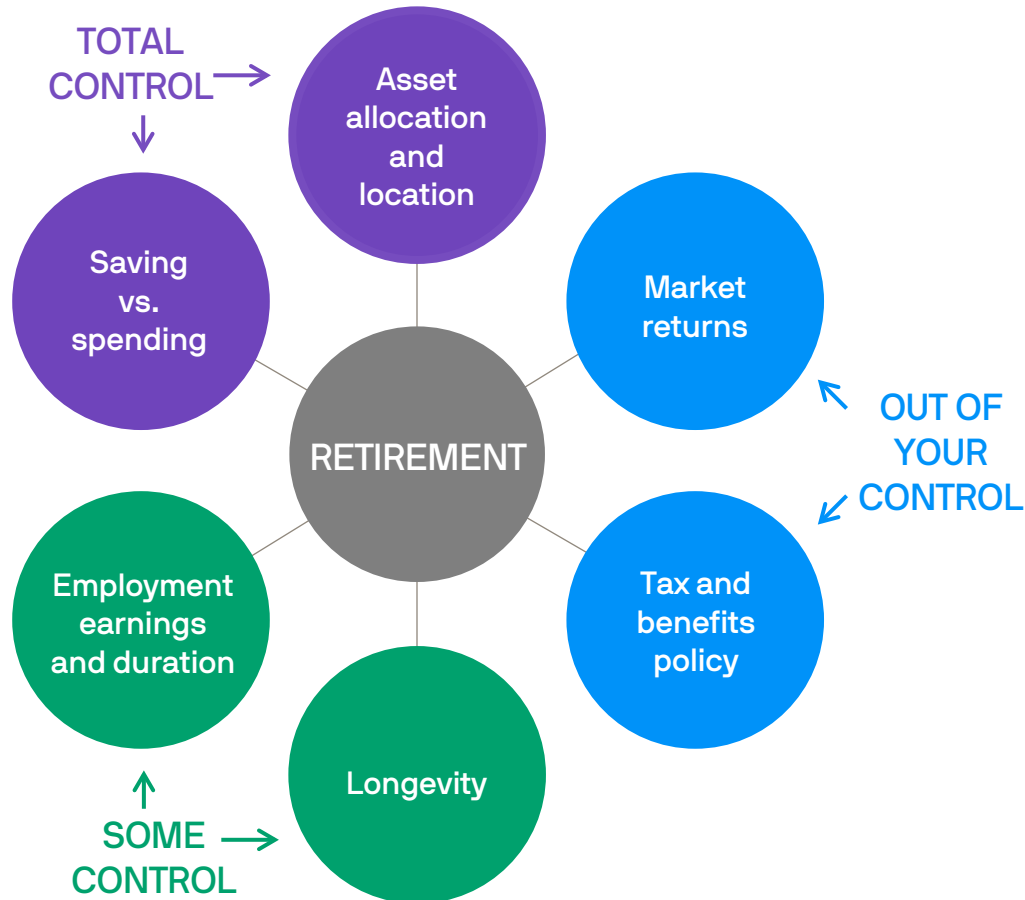
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### Reference

48. SECURE 2.0 Act: broadening access to more people and increasing savings
49. SECURE 2.0 Act: new tax implications
50. A closer look at tax rates: 2024
51. Retirement plan contribution and deferral limits: 2023/2024
52. Disclosures



# The retirement equation



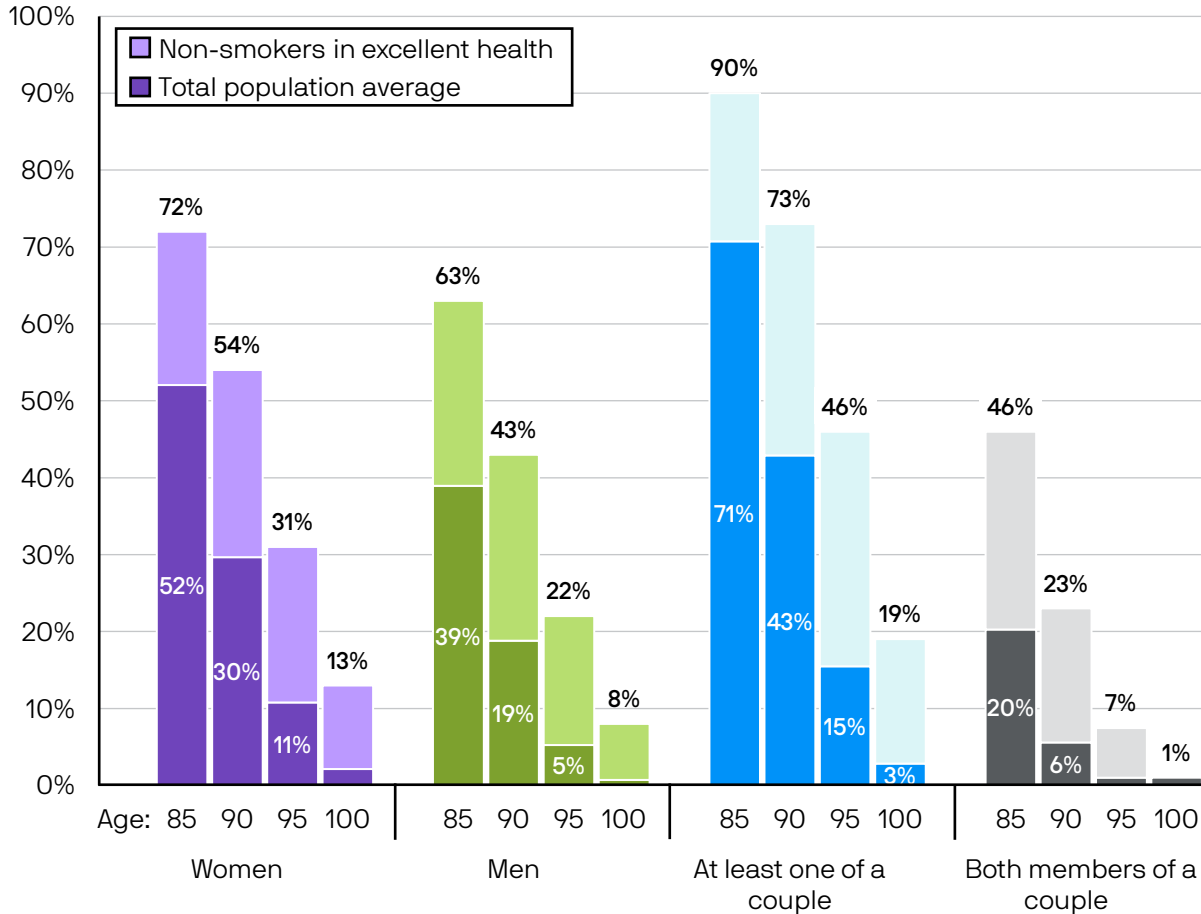
## A sound retirement plan

Make the most of the things that you can control but be sure to evaluate factors that are somewhat or completely out of your control within your comprehensive retirement plan.



# Life expectancy probabilities

If you're age 65 today, the probability of living to a specific age or beyond



## Plan for longevity

Average life expectancy is a mid-point not an end-point. You may need to plan on the probability of living much longer – perhaps 35 years in retirement – particularly if you are a non-smoker in excellent health.

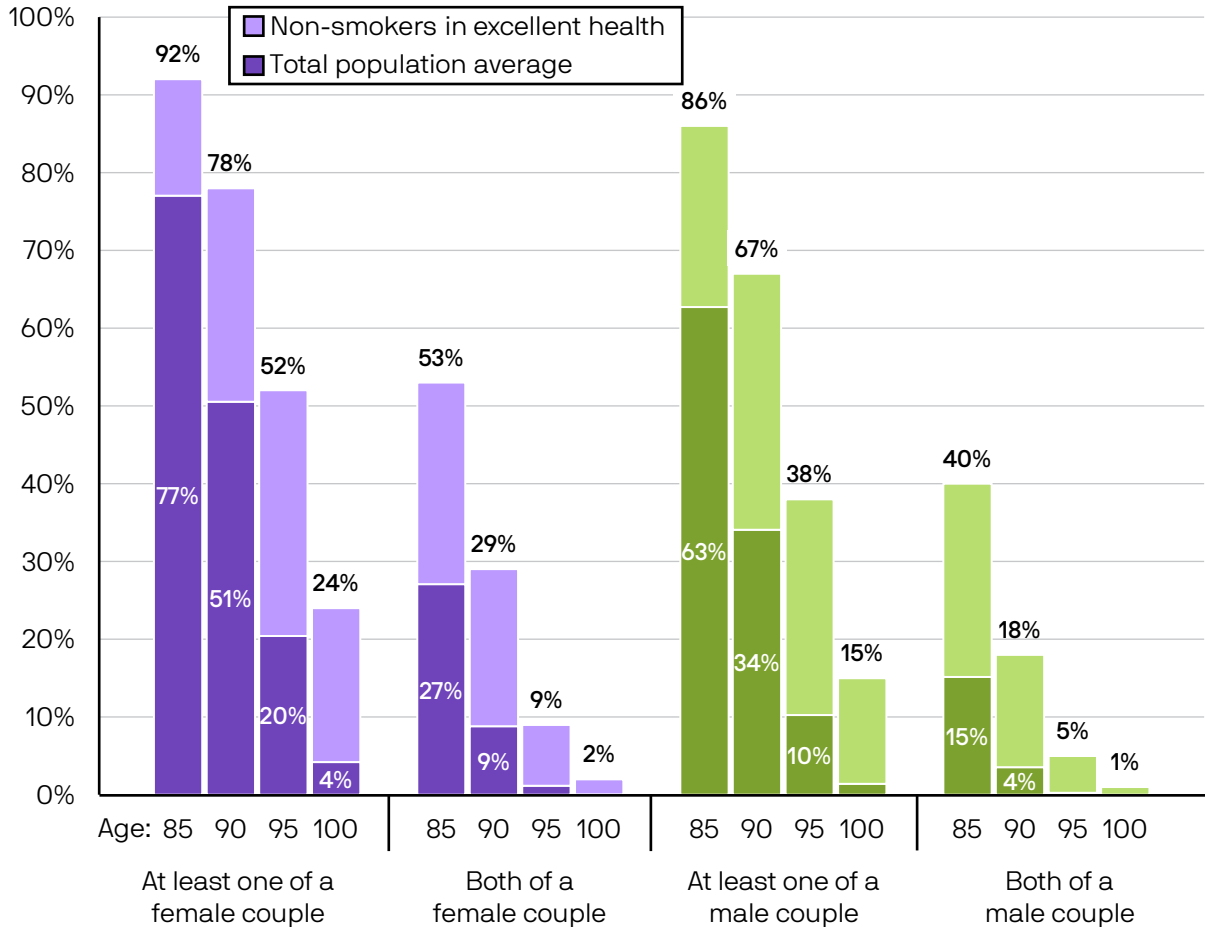
Investing a portion of your portfolio for growth is important to maintain your purchasing power over time.

Source (chart): Social Security Administration, Period Life Table, 2020 (published in the 2023 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, <http://www.longevityillustrator.org/> (accessed January 2024), J.P. Morgan Asset Management.



# Life expectancy probabilities for same sex couples

If you're age 65 today, the probability of living to a specific age or beyond



## Plan for longevity

Average life expectancy is a mid-point not an end-point. You may need to plan on the probability of living much longer – perhaps 35 years in retirement – particularly if you are a non-smoker in excellent health.

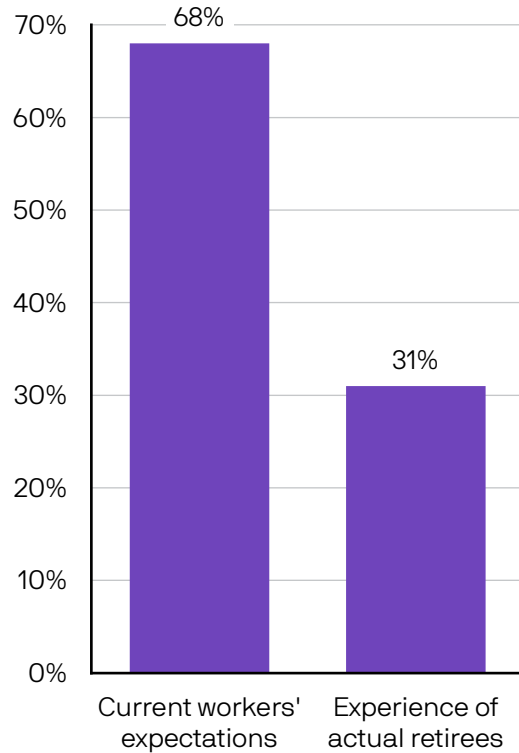
Investing a portion of your portfolio for growth is important to maintain your purchasing power over time.

Note: Sex assigned at birth; categories available in standard Social Security life expectancy tables. Source (chart): Social Security Administration, Period Life Table, 2020 (published in the 2023 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, <http://www.longevityillustrator.org/> (accessed January 2024), J.P. Morgan Asset Management.



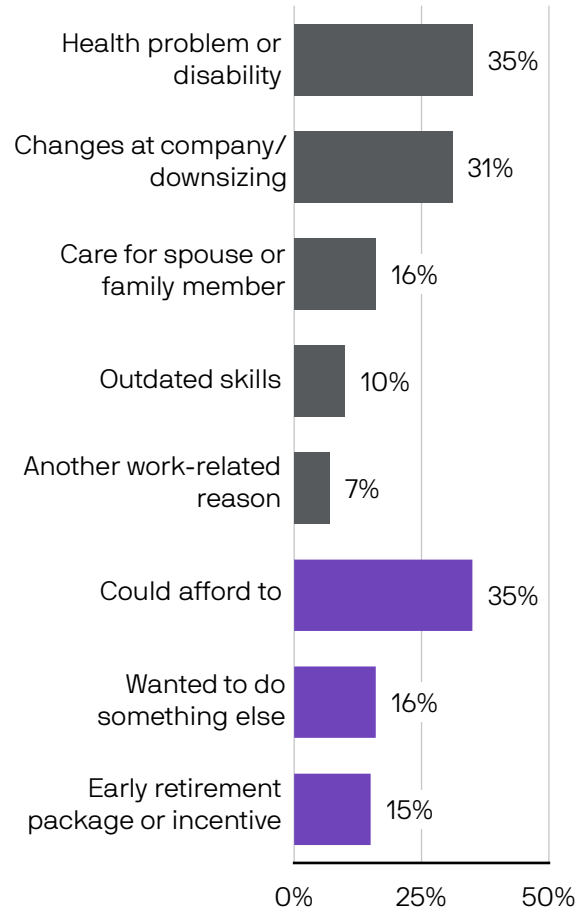
# Managing expectations of ability to work

## Expectations of workers vs. retirees To retire at age 65 or older



Median retirement age:	
Expected:	65
Actual:	62

## Reasons for retiring earlier than planned



### Early retirement

You may not have complete control over when you retire, so you should consider having a back-up plan including:

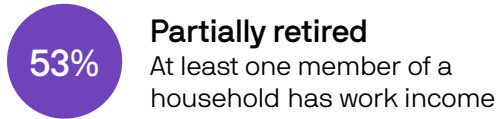
- Disability insurance
- Saving for financial freedom and the ability to weather changing circumstances

Source: Employee Benefit Research Institute, Greenwald Research: 2023 Retirement Confidence Survey. Individuals may have given more than one answer. Latest available data as of December 31, 2023.



# Prepare to retire on your own terms

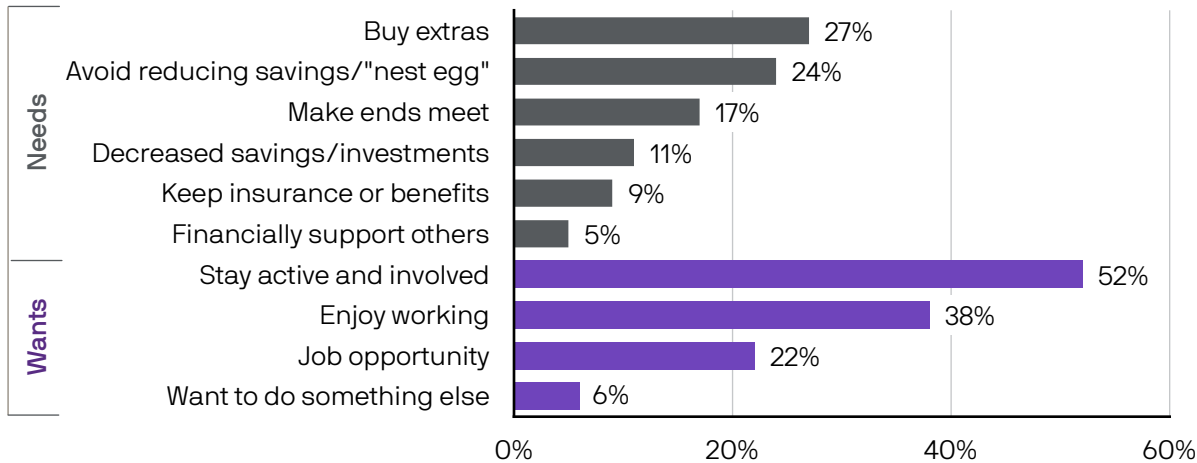
For households that started retirement age 60-69:



## What does retirement mean to you?

Being well prepared for retirement means work will be optional.

## Major reasons people work in retirement

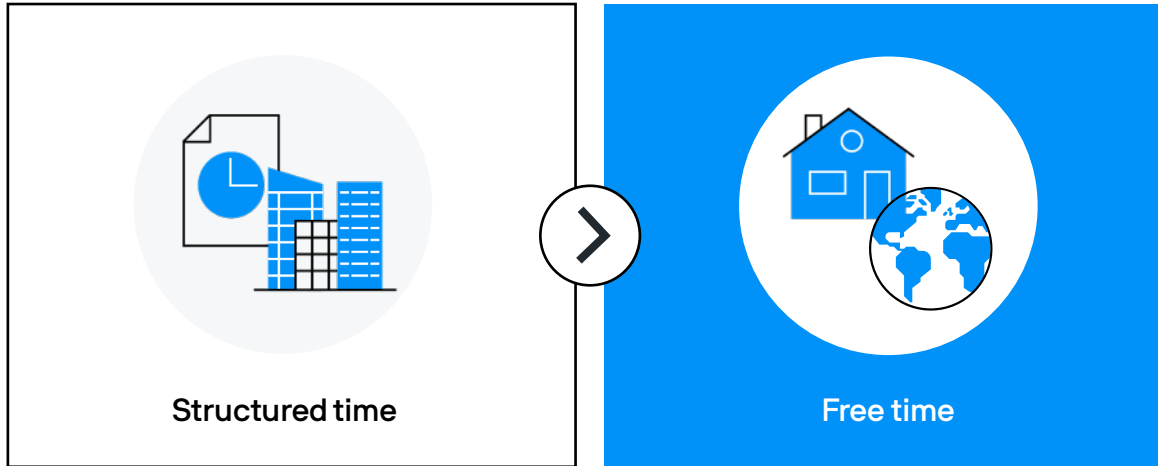


Source (top chart): J.P. Morgan Asset Management, based on internal select data from JPMorgan Chase Bank, N.A. and its affiliates (collectively "Chase") including select Chase check, credit and debit card and electronic payment transactions from January 1, 2013 to November 30, 2022. Information that would have allowed identification of specific customers was removed prior to the analysis. Households age 60-69 with income for at least 12 consecutive months prior to retirement, 12 consecutive months after retirement and the month of retirement. Additional information on J.P. Morgan Asset Management's data privacy standards available at <https://am.jpmorgan.com/us/en/asset-management/mod/insights/retirement-insights/gtr-privdisc/>.  
 Source (bottom chart): Employee Benefit Research Institute, Greenwald Research: 2021 Retirement Confidence Survey. Latest available data as of December 31, 2023. Individuals may have given more than one answer.



# Fostering well-being in retirement

The transition from...



**Know what you are retiring to, not just what you are retiring from**

To make the most of your retirement years, using time to “PUSH” may improve your outlook and life satisfaction.

Using time to “PUSH” is associated with well-being in retirement:



## Purpose

Create a reason to get up in the morning



## Use

time to work, help others, go to events and activities



## Socialize

with friends & family; spend time with others



## Health

Foster healthy behaviors

Source: PNAS.org, Vol 116, No. 4, Leading a Meaningful Life at Older Ages, January 22, 2019, Volume 8, Article 517226; Journal of Gerontology, 2019, 65:634–639, Investing in Happiness: The Gerontological Perspective, by Andrew Steptoe; PRB.org. online resource library, Happily Ever After? Research Offers Clues on What Shapes Happiness and Life Satisfaction after Age 65, website as of October 18, 2023.



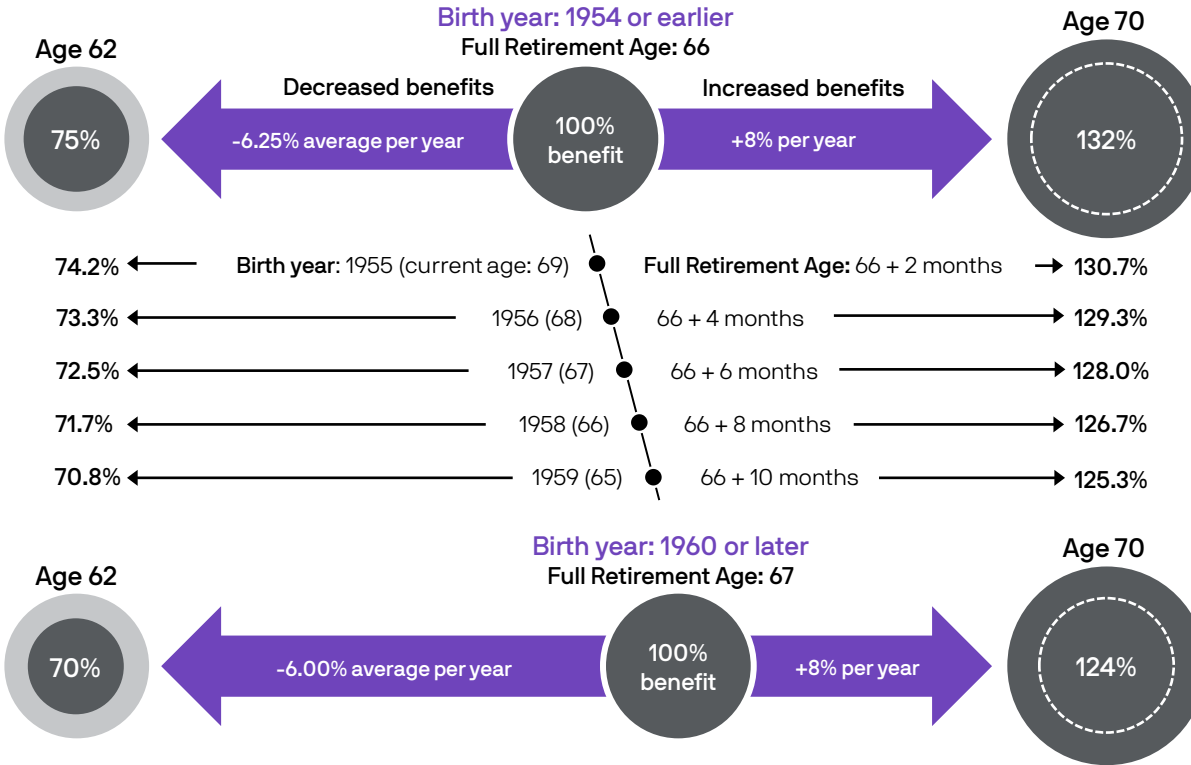


# Social Security timing trade-offs

Retirement Landscape

## Benefits differ by birth year and claim age

Full Retirement Age (FRA) = 100% benefit



Cost of living increase for benefits received in 2023 **8.7%**

Average cost of living adjustment (1985-2023) **2.8%**

## Understand the trade-offs

Deciding when to claim benefits will have a permanent impact on the benefit you receive. Claiming before your full retirement age can significantly reduce your benefit, while delaying increases it.

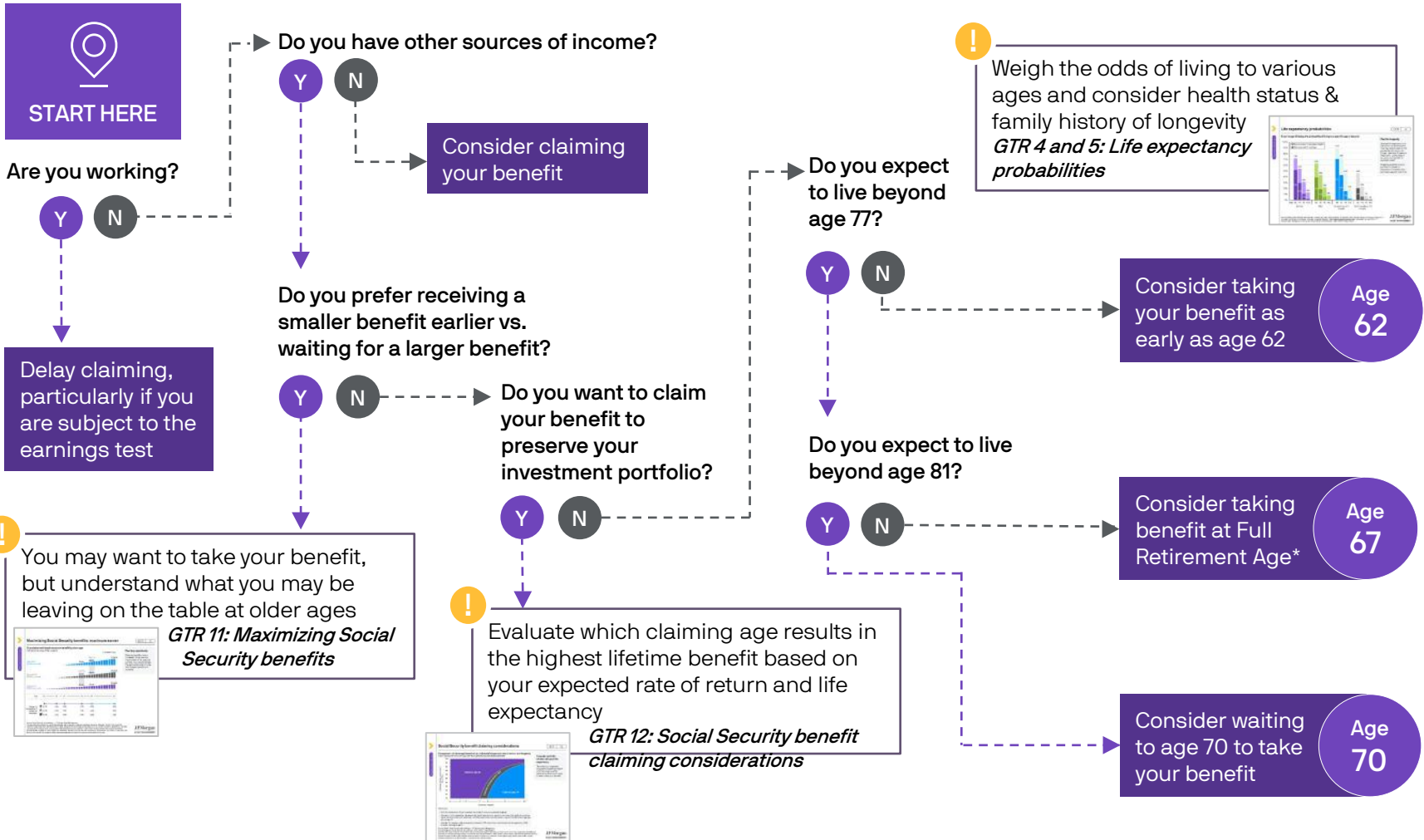
In 2017, full retirement age began transitioning from 66 to 67 by adding two months each year for six years. This makes claiming early even more of a benefit reduction.

For illustrative purposes only. The Social Security Amendments Act of 1983 increased FRA from 65 to 67 over a 40-year period. The first phase of transition increased FRA from 65 to 66 for individuals turning 62 between 2000 and 2005. After an 11-year hiatus, the transition from 66 to 67 (2017-2022) is complete. This material should be regarded as educational information on Social Security and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact the Social Security Administration and/or your legal or tax professional.

Source: Social Security Administration, J.P. Morgan Asset Management.



# Claiming Social Security: decision tree



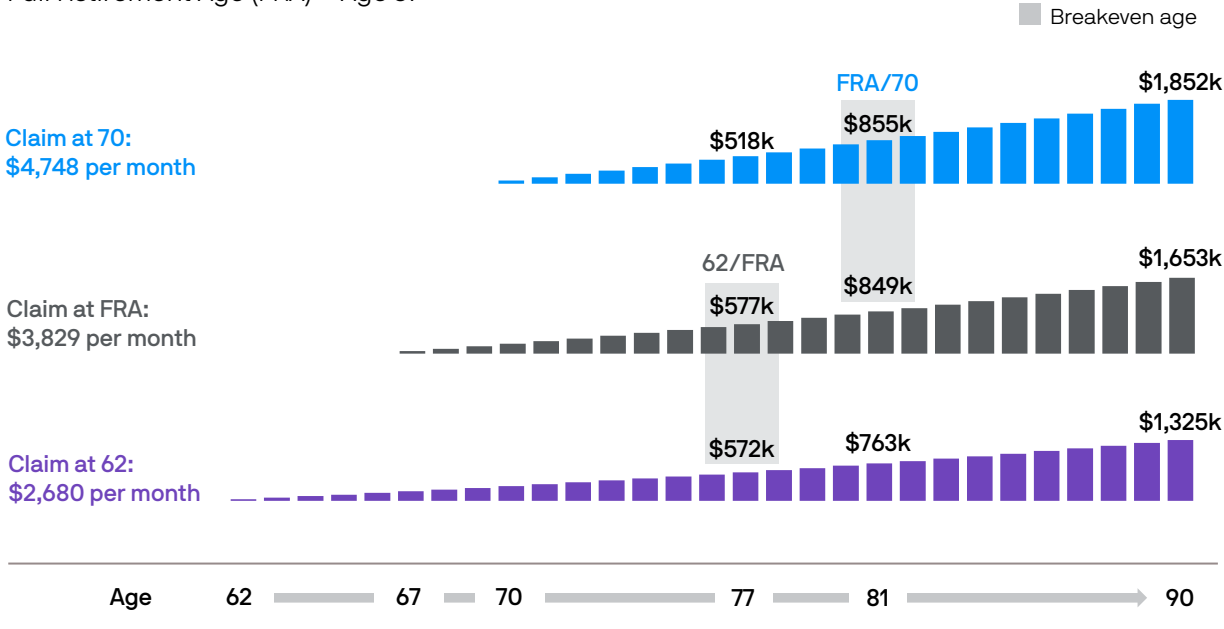
This material should be regarded as educational information on Social Security and is not intended to provide specific advice. If you have questions regarding your particular situation, you should contact the Social Security Administration and/or your legal or tax professionals. \*Full Retirement Age (FRA) of 67 is for individuals born 1960 or later. This decision tree is also appropriate for other FRAs. Source: Social Security Administration, J.P. Morgan Asset Management.



# Maximizing Social Security benefits: maximum earner

## Cumulative individual maximum benefit by claim age

Full Retirement Age (FRA) = Age 67



At age 62, probability of living to at least age:	62	67	70	77	81	90
100%	100%	91%	85%	67%	53%	18%
100%	100%	95%	91%	77%	66%	29%
100%	100%	99%	99%	92%	84%	42%

## Planning opportunity

Delaying benefits means increased Social Security income later in life, but your portfolio may need to bridge the gap and provide income until delayed benefits are received.

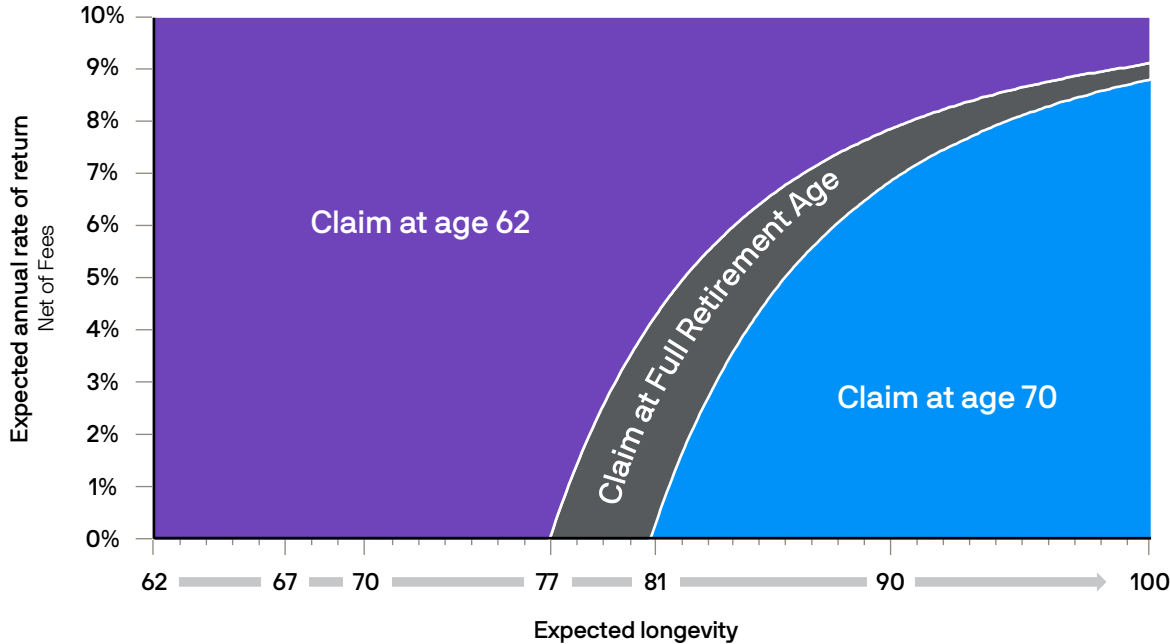
<sup>1</sup>Couple assumes at least one lives to the specified age or beyond. Breakeven assumes the same individual, born in 1962, earns the maximum wage base each year (\$168,600 in 2024), retires at the end of age 61 and claims at 62 & 1 month, 67 and 70, respectively. Benefits are assumed to increase each year based on the Social Security Administration 2023 OASDI Trustee's Report intermediate estimates (annual benefit increase of 2.4% in 2025 and thereafter). Monthly amounts with the cost-of-living adjustments (not shown on the chart) are: \$4,311 at FRA and \$5,739 at age 70. Exact breakeven ages are 76 years & 10 months and 80 years & 8 months. Source: Social Security Administration, J.P. Morgan Asset Management.



# Social Security benefit claiming considerations

## Comparison of claim age based on an individual's expected rate of return and longevity

Color represents the claim age with the highest expected lifetime benefits



### Consider portfolio returns and your life expectancy

The lower your expected long-term investment return and the longer your life expectancy, the more it pays to wait to take your benefit.

#### How to use:

- Go to the intersection of your expected rate of return and your expected longevity.
- The color at this intersection represents the Social Security claim age that maximizes total wealth (cumulative Social Security benefit and investment portfolio) given three claiming options: age 62, Full Retirement Age (age 67) and age 70.
- **Example: For a woman with an expected consistent 5.5% rate of return (net of fees) and life expectancy of 88: consider claiming at age 70.**

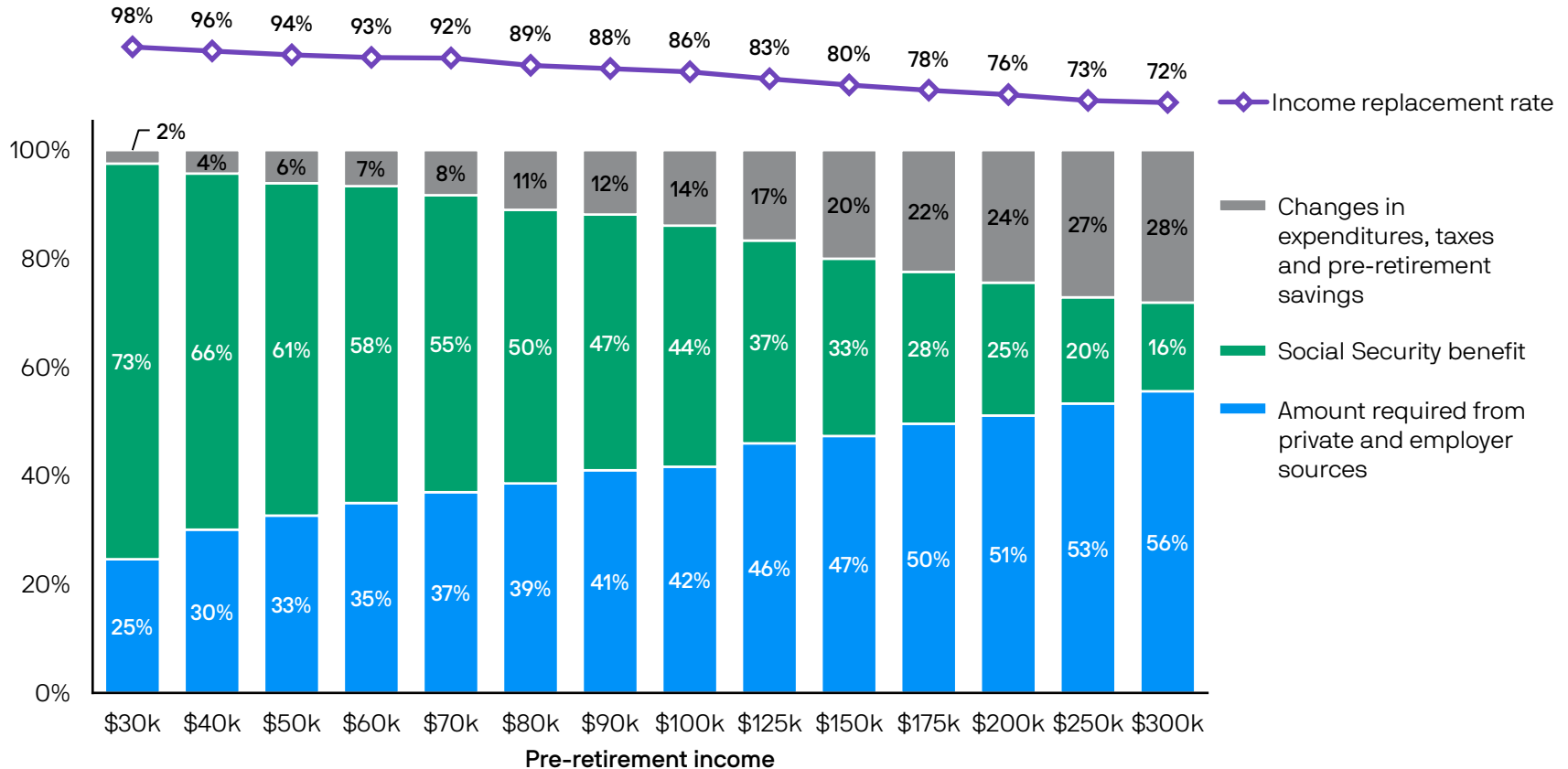
Assumes the same individual, born in 1962, retires at the end of age 61 and claims at 62 & 1 month, 67 and 70, respectively. Benefits are assumed to increase each year based on the Social Security Administration 2023 OASDI Trustee's Report intermediate estimates (annual benefit increase of 2.4% in 2025 and thereafter). Analysis is based on a maximum earner (all earnings profiles yield similar results). Expected rate of return is deterministic, in nominal terms, and net of fees.  
 Source (chart): Social Security Administration, J.P. Morgan Asset Management.  
 Source (longevity): Social Security Administration 2023 OASDI Trustees Report.



# Income replacement needs vary by household income

Saving

### Replacement rate detail by household income



Source: Expenditure Survey (BLS) data (2016-2019) for income and longitudinal Chase data (2013-2020) for spending, inflation adjusted. Chase data includes internal select data from JPMorgan Chase Bank, N.A. and its affiliates (collectively "Chase") including select Chase check, cash, credit and debit card, and electronic payment transactions from January 1, 2013 to December 31, 2020. Additional information on J.P. Morgan Asset Management's data privacy standards available at <https://am.jpmorgan.com/us/en/asset-management/mod/insights/retirement-insights/gtr-privdisc/>. Social Security benefits uses modified scaled earnings in 2021 for a single wage earner at age 65 and a spousal benefit at age 63. The income replacement needs may be lower for households in which both spouses are working and the second spouse's individual benefits are greater than their spousal benefit. Single household income replacement needs may vary as spending is typically less than a two-spouse household; however, the loss of the Social Security spousal benefit may offset the spending reduction. Percentages and values may not sum due to rounding. J.P. Morgan Asset Management analysis, 2021.



# Retirement savings checkpoints

Household income ≤\$90k  
Annual savings rate: 5%

GTR 14

Saving

Current age	Current household income						
	\$30k	\$40k	\$50k	\$60k	\$70k	\$80k	\$90k
25	See "Annual savings needed" on slide 16* for guidance		5k	10k	25k	35k	55k
30		5	20	30	55	70	90
35		20	40	55	85	110	140
40	10	35	60	85	125	155	200
45	20	55	90	125	175	215	270
50	30	80	120	165	230	280	345
55	45	105	155	210	290	355	430
60	60	130	195	260	355	430	525
65	70	150	220	290	395	475	580

\* These households may need to save less than 5%.

This analysis assumes you would like to maintain an equivalent lifestyle in retirement. Household income is assumed to be gross income (before taxes and savings).

### How to use:

- Go to the intersection of your age and your closest current household income.
- This is the amount you should have saved today.
- **Example: For a 40-year-old with a household income of \$50,000, your current savings should be \$60,000.**

To personalize your plan, use an online calculator or discuss your circumstances with a financial professional.

### Model assumptions

Annual gross savings rate: **5%**

Pre-retirement portfolio: **60/40 diversified portfolio**

Post-retirement portfolio: **40/60 diversified portfolio**

Inflation rate: **2.5%**

Retirement age:

- Primary earner: **65**
- Spouse: **63**

Years in retirement: **35**

Source: This chart is for illustrative purposes only and must not be relied upon to make investment decisions. J.P. Morgan Asset Management's (JPMAM) model is based on proprietary Long-Term Capital Market Assumptions returns, and an 80% confidence level. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds). Assumptions include household income replacement rates shown on slide 13. Consult with a financial professional for a more personalized assessment. Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. J.P. Morgan Asset Management.



# Retirement savings checkpoints

Household income  $\geq$ \$100k  
Annual savings rate: 10%

GTR 15

Saving

Current age	Current household income						
	\$100k	\$125k	\$150k	\$175k	\$200k	\$250k	\$300k
25	See note*	5k	25k	55k	80k	140k	210k
30	35	80	120	170	220	325	445
35	100	175	240	320	400	555	735
40	185	290	385	500	610	835	1,080
45	285	425	555	710	860	1,160	1,495
50	395	580	750	950	1,140	1,530	1,955
55	525	755	970	1,215	1,450	1,935	2,460
60	660	940	1,205	1,500	1,790	2,380	3,015
65	755	1,065	1,355	1,685	2,010	2,660	3,365

\* These households may need to save less than 10%.

## Model assumptions

Annual gross savings rate: **10%**

Pre-retirement portfolio: **60/40 diversified portfolio**

Post-retirement portfolio: **40/60 diversified portfolio**

Inflation rate: **2.5%**

Retirement age:

- Primary earner: **65**
- Spouse: **63**

Years in retirement: **35**

This analysis assumes you would like to maintain an equivalent lifestyle in retirement. Household income is assumed to be gross income (before taxes and savings).

### How to use:

- Go to the intersection of your age and your closest current household income.
- This is the amount you should have saved today.
- **Example: For a 40-year-old with a household income of \$100,000, your current savings should be \$185,000.**

To personalize your plan, use an online calculator or discuss your circumstances with a financial professional.

Source: This chart is for illustrative purposes only and must not be relied upon to make investment decisions. J.P. Morgan Asset Management's (JPMAM) model is based on proprietary Long-Term Capital Market Assumptions returns, and an 80% confidence level. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds). Assumptions include household income replacement rates shown on slide 13. Consult with a financial professional for a more personalized assessment. Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. J.P. Morgan Asset Management.



# Annual savings needed if starting today

Household income ≤\$90k

Current age	Current household income						
	\$30k	\$40k	\$50k	\$60k	\$70k	\$80k	\$90k
	Savings rate (x current household income)						
25	3%	4%	5%	6%	7%	7%	8%
30	4%	6%	7%	7%	9%	9%	10%
35	5%	7%	9%	10%	11%	12%	13%
40	6%	10%	12%	13%	15%	16%	17%
45	9%	14%	16%	18%	21%	22%	24%
50	13%	21%	24%	27%	31%	33%	36%

## Model assumptions

Pre-retirement portfolio:  
**60/40 diversified portfolio**

Post-retirement portfolio:  
**40/60 diversified portfolio**

Inflation rate: **2.5%**

Retirement age:

- Primary earner: **65**
- Spouse: **63**

Years in retirement: **35**

Values assume you would like to maintain an equivalent lifestyle in retirement. Household income is assumed to be gross income (before taxes and savings).

### How to use:

- Go to the intersection of your current age and your closest current household income.
- This is the percentage of your current household income to contribute annually going forward if you have \$0 saved for retirement today.
- **Example: A 40-year-old with household income of \$50,000 and \$0 saved for retirement today may need to save 12% every year until retirement.**

Source: This chart is for illustrative purposes only and must not be relied upon to make investment decisions. J.P. Morgan Asset Management's (JPMAM) model is based on proprietary Long-Term Capital Market Assumptions returns, and an 80% confidence level. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds). Assumptions include household income replacement rates shown on slide 13. Consult with a financial professional for a more personalized assessment. Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. J.P. Morgan Asset Management.





# Annual savings needed if starting today

Household income ≥\$100k

GTR

17

Saving

Current age	Current household income						
	\$100k	\$125k	\$150k	\$175k	\$200k	\$250k	\$300k
	Savings rate (x current household income)						
25	9%	10%	11%	11%	12%	13%	13%
30	12%	13%	14%	15%	15%	16%	17%
35	15%	17%	18%	19%	20%	22%	23%
40	20%	23%	25%	26%	27%	29%	31%
45	29%	32%	34%	37%	38%	40%	43%
50	42%	48%	51%	54%	56%	60%	63%

## Model assumptions

Pre-retirement portfolio:  
**60/40 diversified portfolio**

Post-retirement portfolio:  
**40/60 diversified portfolio**

Inflation rate: **2.5%**

Retirement age:

- Primary earner: **65**
- Spouse: **63**

Years in retirement: **35**

Values assume you would like to maintain an equivalent lifestyle in retirement. Household income is assumed to be gross income (before taxes and savings).

### How to use:

- Go to the intersection of your current age and your closest current household income.
- This is the percentage of your current household income to contribute annually going forward if you have \$0 saved for retirement today.
- **Example: A 40-year-old with household income of \$100,000 and \$0 saved for retirement today may need to save 20% every year until retirement.**

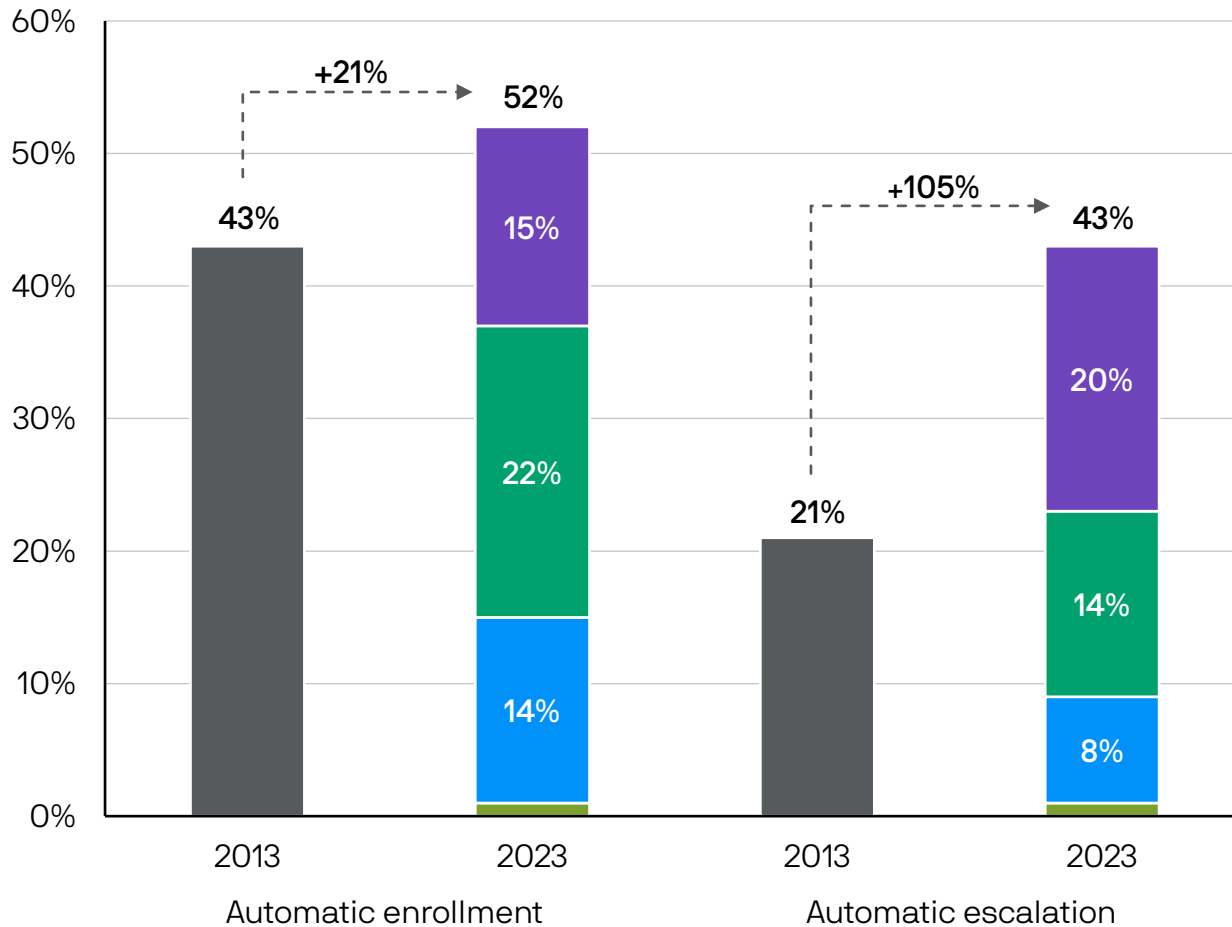
Source: This chart is for illustrative purposes only and must not be relied upon to make investment decisions. J.P. Morgan Asset Management's (JPMAM) model is based on proprietary Long-Term Capital Market Assumptions returns, and an 80% confidence level. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds). Assumptions include household income replacement rates shown on slide 13. Consult with a financial professional for a more personalized assessment. Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. J.P. Morgan Asset Management.



# Automatic features are on the rise, in popularity and practice

Saving

Plans with automatic features



## Automatic features are here to stay

SECURE 2.0 mandates automatic features in new plans, state mandates require them and most well-established plans have them.

Employers may consider taking their retirement plans to the next level and auto-enroll and auto-escalate periodically. 9 out of 10 employees have a favorable/neutral view on automatic features. Employees can opt out.

- New hires and one-time re-enrollments
- New hires and periodic re-enrollments
- New hires only
- Other method

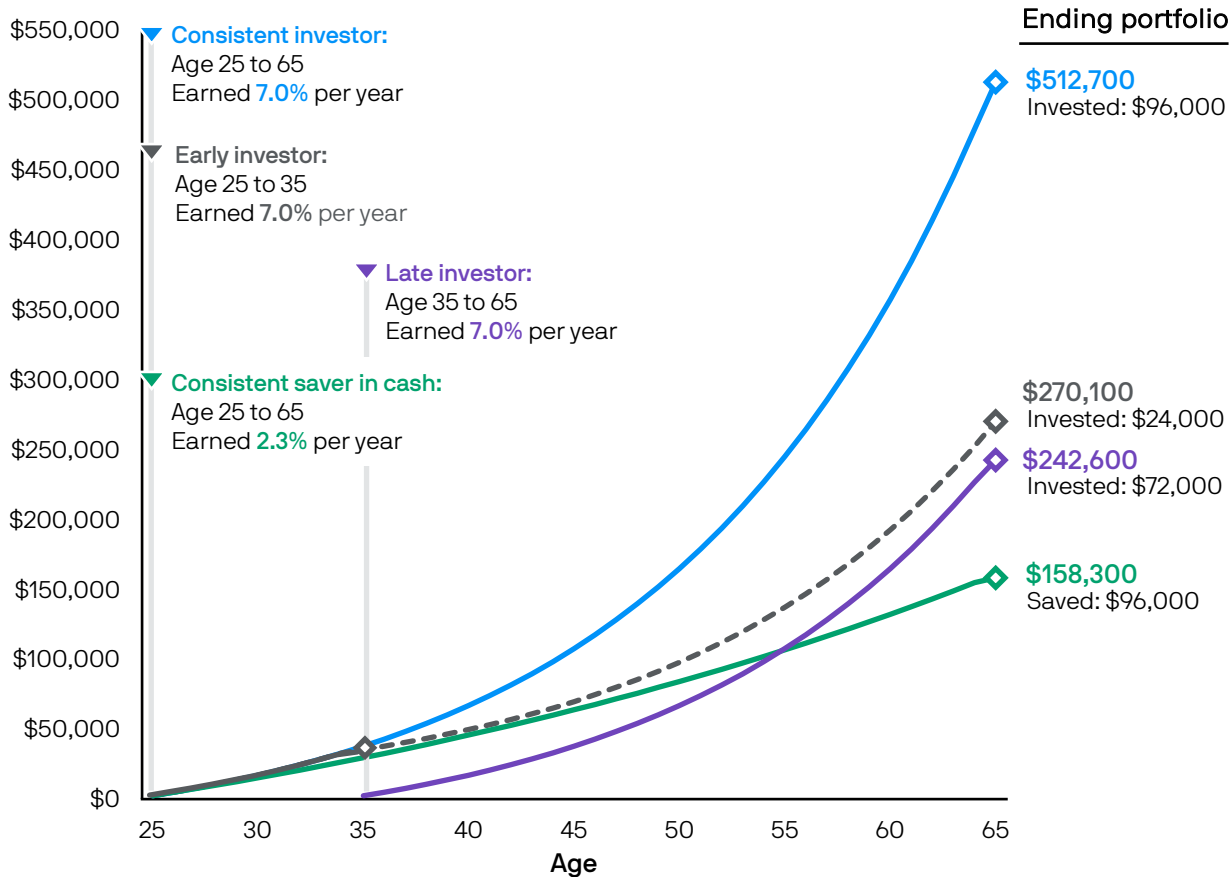
Note: 2013 total n=796; 2023 total n=788. Source: J.P. Morgan Plan Sponsor Research 2013, 2023; J.P. Morgan Plan Participant Research 2021.



# Benefit of saving and investing early

Saving

Account growth of \$200 invested/saved monthly



## Starting early and investing are the keys to compound returns

The early and consistent investor has the best results.

The early investor who stops after 10 years does slightly better than the late investor who invests significantly more over a longer time.

And the consistent saver who does not invest loses out on higher returns.

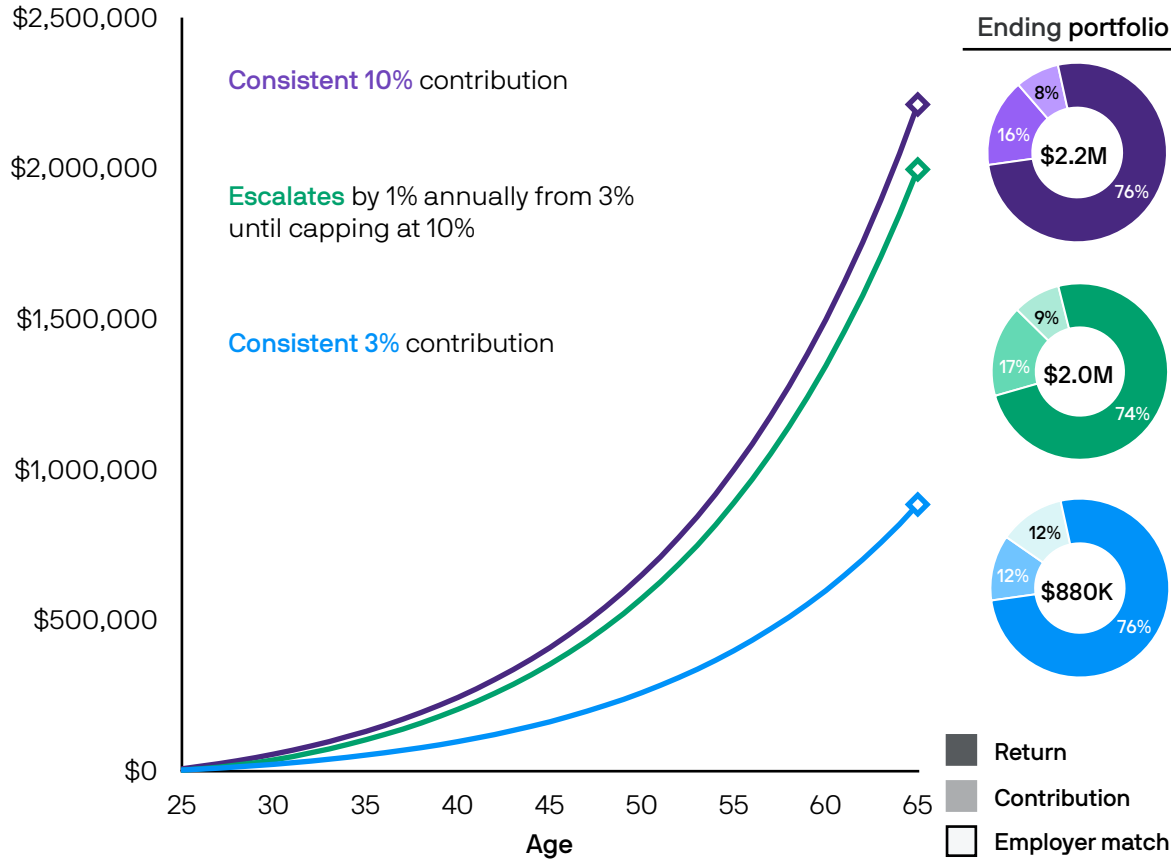
Source: J.P. Morgan Asset Management, Long-Term Capital Market Assumptions. Compounding is the increasing value of assets due to investment return earned on both principal and prior investment gains. The above example is for illustrative purposes only and not indicative of any investment.



# The benefits of auto-escalation

Saving

## Account growth from contributions, employer match and investment returns



### Model assumptions

- Start age: 25
- Retirement age: 65
- Starting salary: \$50,000
- Wage growth: 2.5%
- Assumed annual employer match: 100% of employee contribution up to 5%
- Investment return: 7.0%

Individual is assumed to retire at the end of age 65. Growth of portfolio is tax deferred; ending portfolio may be subject to tax. Source: J.P. Morgan Asset Management, Long-Term Capital Market Assumptions. The above example is for illustrative purposes only and not indicative of any investment.



# Tax implications for retirement savings by account type

Saving

	Contributions <sup>1</sup>	Investment growth	Withdrawals
Pre-tax 401(k)/ Traditional IRA	+	+	- (Taxed as ordinary income)
Roth 401(k)/ Roth IRA	-	+	+ (For qualified withdrawals)
After-tax 401(k)/ non-deductible Traditional IRA	-	+	- (Investment returns taxed as ordinary income)
Health Savings Account (HSA) <sup>3</sup>	+	+	+ (For qualified health care expenses)

Preferential tax treatment
 Subject to taxes

**Retirement accounts:** Taxes generally apply to contributions or withdrawals. Most withdrawals must be qualified to avoid tax penalties.<sup>2</sup>

If not used for qualified health care expenses, withdrawals after age 65 will be taxed as ordinary income (without penalty).

Federal taxes; states may differ. This is not intended to be individual tax advice. Consult your tax professional.  
<sup>1</sup>Income and other restrictions may apply to contributions. Tax penalties usually apply for early withdrawals. Qualified withdrawals are generally those taken over age 59½; qualification requirements for amounts converted to a Roth from a traditional account may differ; for some account types, such as Roth accounts, contributions that are withdrawn may be qualified. See IRS Publications 590 and 560 for more information. <sup>2</sup>Withdrawals from after-tax 401(k) and non-deductible IRAs must be taken on a pro-rata basis including contributions and earnings growth. For non-deductible IRAs, all Traditional IRAs must be aggregated when calculating the amount of pro-rata contributions and earnings growth. <sup>3</sup>There are eligibility requirements. Qualified medical expenses include items such as prescriptions, teeth cleaning and eyeglasses and contacts for a medical reason. Cosmetic procedures, such as teeth whitening, and general health improvement, such as gym memberships and vitamins, are not qualified expenses. A 20% tax penalty applies on non-qualified distributions prior to age 65. After age 65, taxes must be paid on non-qualified distributions. See IRS Publication 502 for details.  
 Source: J.P. Morgan Asset Management.



# Diversified sources of retirement funding

Saving

Account type	Investment earnings/ withdrawals	Included when calculating whether:	
		Income taxes owed?	Social Security % taxed? Medicare surcharges?
Health Savings Account	Tax-free withdrawals (for qualified health care expenses) <sup>1</sup>		
Roth 401(k)/IRA	Tax-free withdrawals <sup>2</sup>		
Taxable Account	Tax-exempt interest		<input checked="" type="checkbox"/>
	Ordinary dividends Taxable interest	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Qualified dividends	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	Realized capital gains	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Pre-tax 401(k)/ Traditional IRA	Taxable withdrawals (ordinary income)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**Retirement funding sources are not created equal**

Be aware of:

- Income taxes
- How much Social Security benefit is subject to tax
- Additional required Medicare premiums

Qualified withdrawals from Roth or Health Savings Accounts can provide tax-free funding that will not result in reduction of government benefits.

This is not intended to be individual tax advice; consult your tax professional.

<sup>1</sup>Must have a qualifying high-deductible health plan to make contributions. Funds in the HSA may be withdrawn tax free for qualified medical expenses unless a credit or deduction for medical expenses is claimed. After age 65 funds also may be withdrawn at ordinary income tax rates without penalty for any reason.

<sup>2</sup>Subject to 5-year Roth account holding period and age requirements.

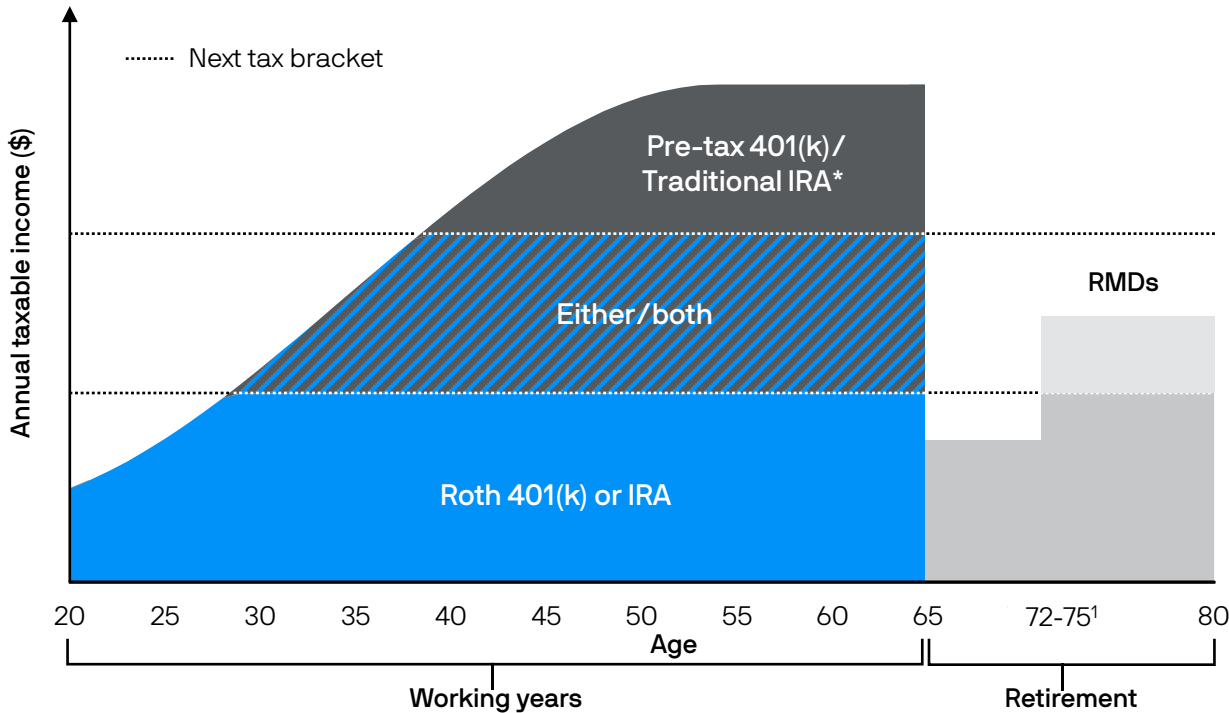
Source: J.P. Morgan Asset Management.



# Evaluate a Roth at different life stages

Saving

Contribute to a Roth account in lower income years; Traditional in higher income years



## Tax diversification

Managing taxes over a lifetime requires balancing your current and future tax pictures. Make income tax diversification a priority to have more flexibility and control in retirement.

**General Rule:** Contribute to a Roth early in your career if you expect upward wage trajectory and shift to a Traditional account as your income increases.

Consider the exceptions if wealth is concentrated in tax-deferred accounts.

### Exceptions if wealth is concentrated in tax-deferred accounts:

- 1 Roth 401(k) contributions in peak earning years.
- 2 Proactive Roth conversions in lower income years.

\*If eligible to make a deductible contribution (based on your MAGI = Modified Adjusted Gross Income).  
 1SECURE 2.0 increased the starting age for RMD (Required Minimum Distributions) from 72 to 75 over the next 10 years. See slide 49 for more details. The illustration reflects savings options into Traditional and Roth IRA accounts, as well as into pre-tax and Roth 401(k) accounts. RMDs are typically due no later than April 1 following the year the owner turns their distribution age (72-75) and are calculated every year based on the year-end retirement account value and the owner/plan participant's life expectancy using the IRS Uniform or Joint Life Expectancy Table. If the employer contributions are pre-tax, they are subject to tax upon distribution.  
 The above example is for illustrative purposes only.  
 Source: J.P. Morgan Asset Management.

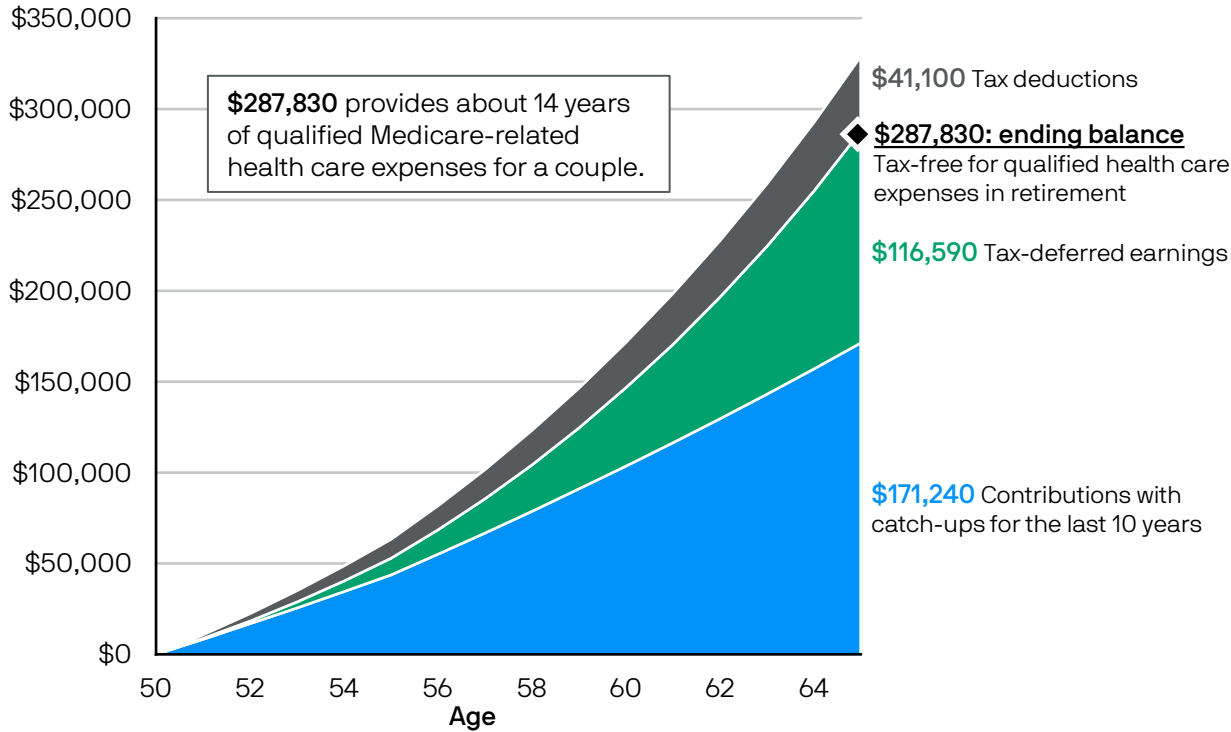


# Maximizing an HSA for health care expenses

Saving

## Health Savings Accounts (HSAs) are triple tax advantaged<sup>1</sup>

Maximum family contribution with catch-ups, 7% return and 24% marginal tax rate



### Make the most of it

Investing your HSA contributions for the long term and paying for current health care expenses out of other savings can be a very tax-efficient strategy if you are able to do so.

<sup>1</sup>Must have a qualifying high-deductible health plan to make contributions. Funds in the HSA may be withdrawn tax free for qualified medical expenses unless a credit or deduction for medical expenses is claimed. After age 65 funds also may be withdrawn for any reason and taxed as ordinary income without penalty. Some health insurance premiums may be qualified expenses such as COBRA coverage, coverage while receiving state or federal unemployment compensation, Medicare Part B and D premiums and qualified long-term care (LTC) insurance premiums up to certain limits but excludes Medigap/Medicare supplement policies and most hybrid products that combine LTC with annuities and life insurance. See IRS Publications 969 and 502. This is not intended to be individual tax advice; consult a tax professional.

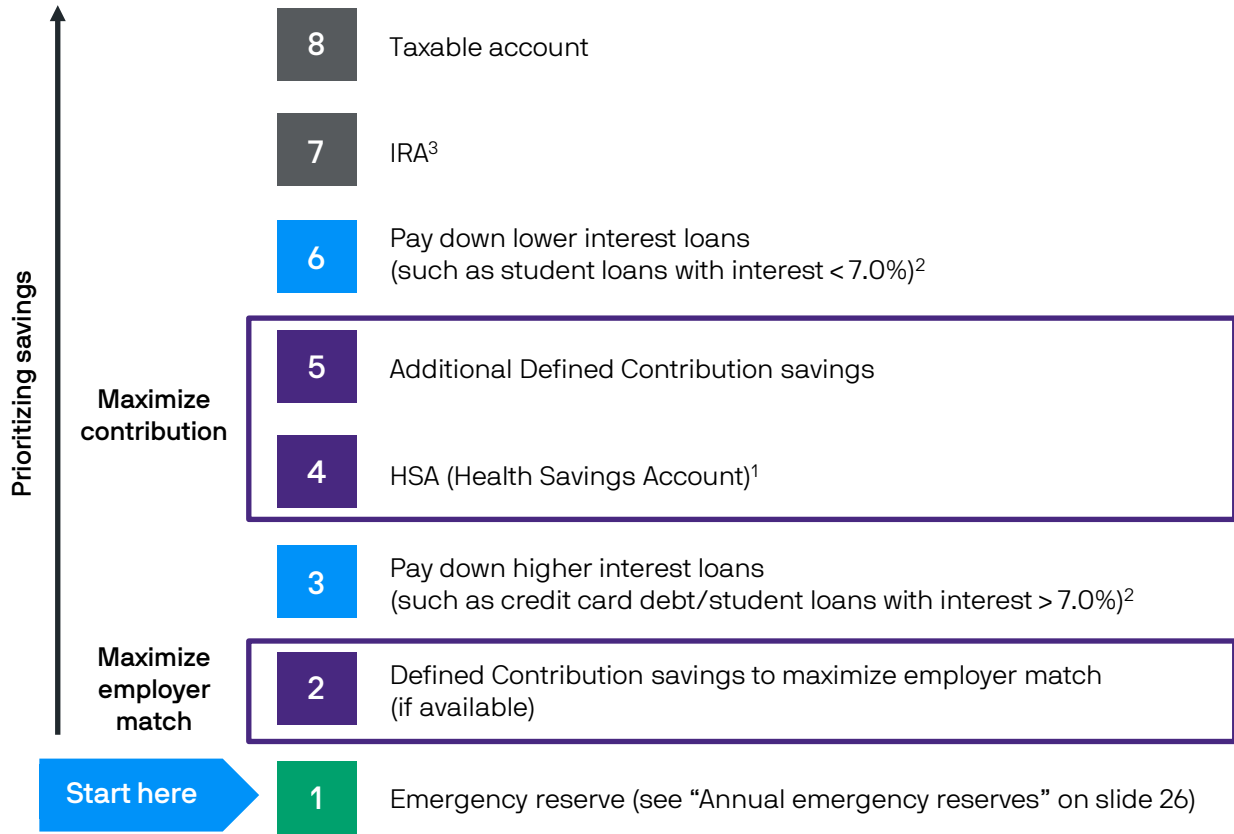
The above example is for illustrative purposes only and not indicative of any investment. 2024 family contribution limit of \$8,300 is adjusted for inflation of 2.5% for 15 years with catch-up contributions of \$1,000 per person starting at age 55 in 2029. Does not include account fees. Present value of illustrated HSA is \$197,360. Estimated savings from tax deductions at a 37% marginal rate are \$63,360. Assumes cash or income used for health care expenses is not withdrawn from an account with a tax liability. Assumes \$2,000 was held in a cash account and not earning a return. Individual 2024 contribution limit is \$4,150. Source: IRS.gov; Medicare.gov; J.P. Morgan Asset Management.





# Prioritizing long-term retirement savings

Saving



## Getting started

Start with emergency savings to weather spending and income shocks throughout the year and make sure to take advantage of employer matching funds if they are available.

An HSA offers triple tax benefits if used for qualified medical expenses in retirement.

<sup>1</sup>Must have a high-deductible health insurance plan that is eligible to be paired with an HSA. Those taking Social Security benefits age 65 or older and those who are on Medicare are ineligible. Tax penalties apply for non-qualified distributions prior to age 65; consult IRS Publication 502 or your tax professional.

<sup>2</sup>This assumes that a diversified portfolio may earn 7.0% over the long term. Actual returns may be higher or lower. Generally, consider making additional payments on loans with a higher interest rate than your long-term expected investment return.

<sup>3</sup>Income limits may apply for IRAs. If ineligible for these, consider a non-deductible IRA or an after-tax 401(k) contribution. Individual situations will vary; consult your tax professional.

Source: J.P. Morgan Asset Management analysis. Not intended to be a personal financial plan.

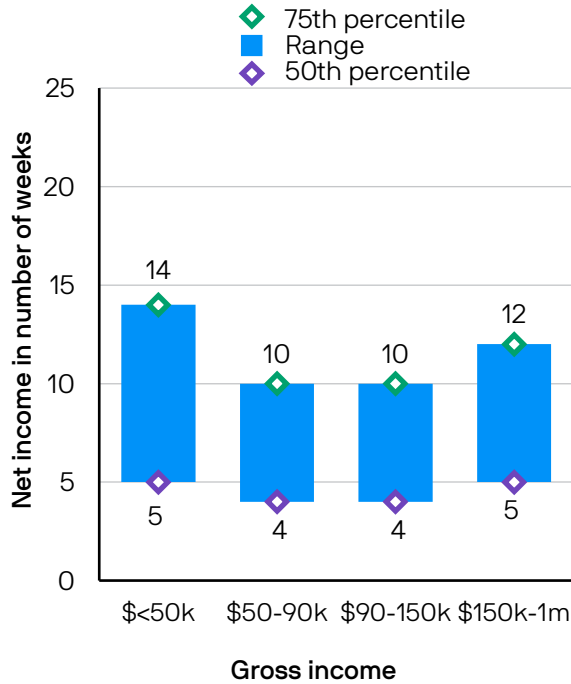


# Annual emergency reserves

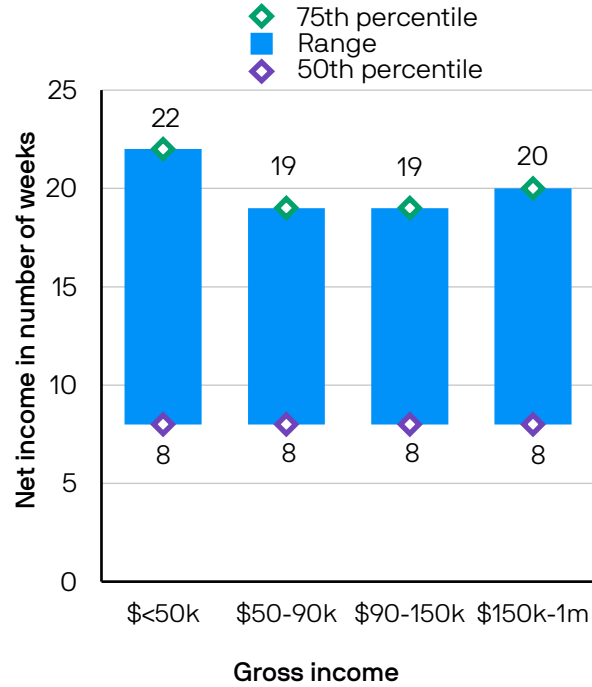
Saving

## Net income in weeks needed to weather spending and income shocks

### Workers (age 25-64)



### Retirees (age 65+)



### Prepare for uncertainties in life

Life is uncertain – spending shocks and/or job losses can happen at anytime. Emergency savings can help pay for these uncertainties and keep retirement savings intact.

Workers typically encounter spending shocks more frequently (about once every three months) than income shocks (about once a year).

- Consider setting aside 2-3 months of pay

Retirees encounter more spending shocks in larger amounts than workers, likely due to unpredictable costs such as health care.

- Consider setting aside 3-6 months of income

Source: J.P. Morgan Asset Management analysis, 2023; longitudinal Chase data (2022-2023) of those households with monthly income, which may include wage income, unemployment, etc. Chase data includes internal select data from JPMorgan Chase Bank, N.A. and its affiliates (collectively "Chase") including select Chase check, cash, credit and debit card and electronic payment transactions from January 1, 2022 to December 31, 2023. Additional information on J.P. Morgan Asset Management's data privacy standards available at <https://am.jpmorgan.com/us/en/asset-management/mod/insights/retirement-insights/gtr-privdisc/>. Spending shocks are calculated monthly and include those months when monthly spending is 25% above the previous 12 months' median spending and the 25% excess spending amount could not be funded by that month's income. Income shocks are calculated monthly and include those months when monthly income is 25% less than the previous 12 months' median income and that month's spending amount could not be funded by the reduced income.



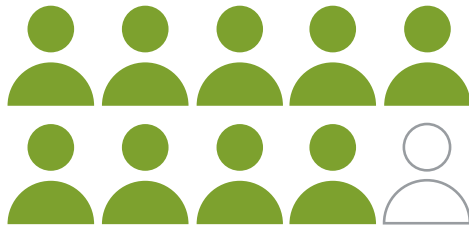
# Lack of emergency savings can impact retirement readiness

## Households with spending spikes

Monthly spending 25% above the previous 12 months' median spending

**9 in 10**

have spending spikes > income



**1 in 3**

households cannot fund spikes with income and cash reserves



## Build emergency savings

Emergency savings is a necessity for everyone. Households without an adequate cash buffer are more likely to take on debt and find themselves at risk of not achieving a successful retirement outcome.

Spending

### What actions were taken by households to raise cash?

**48%**  
increased credit card debt

**17%**  
took a plan loan

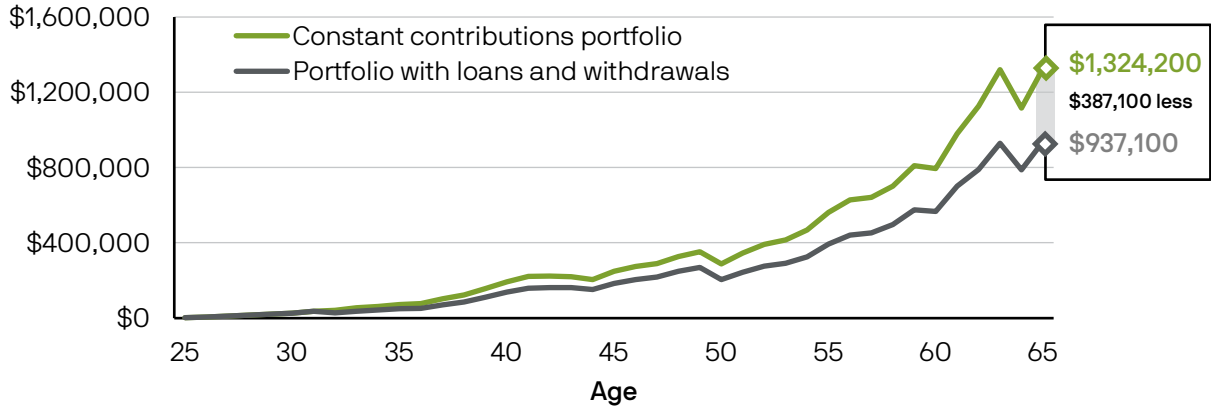
**13%**  
decreased contributions



# The toxic effect of loans and withdrawals

Spending

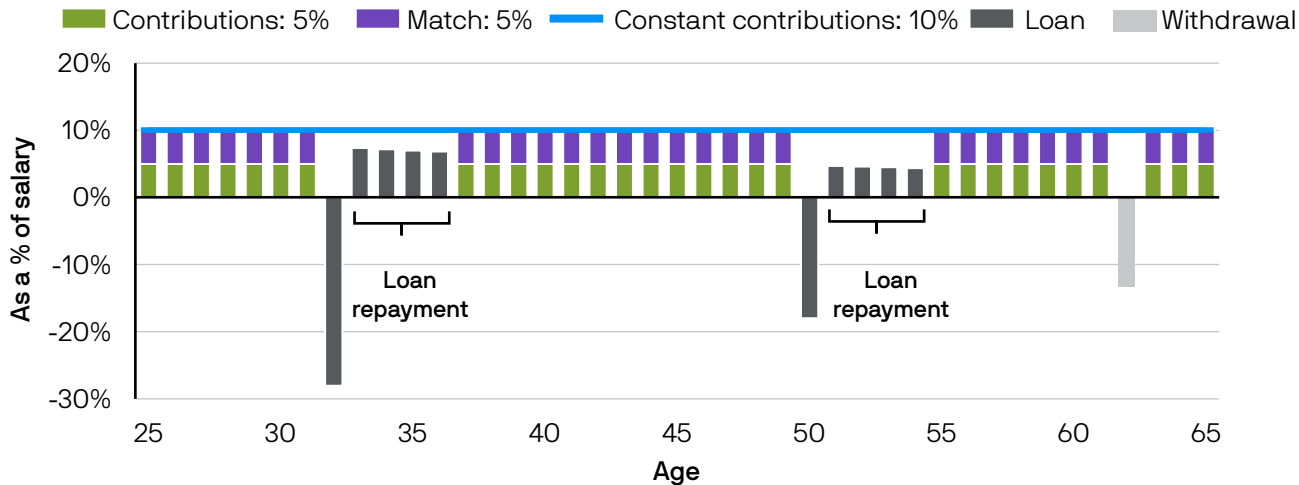
### Growth of 401(k) investment



**Mitigate the effects of loans**

If taking a loan from your 401(k) is unavoidable, try to mitigate the impact by continuing contributions while repaying the loan. It is especially important to ensure you continue to receive an employer match, if available.

### Assumed cash flows: 401(k) contributions, loans and withdrawals

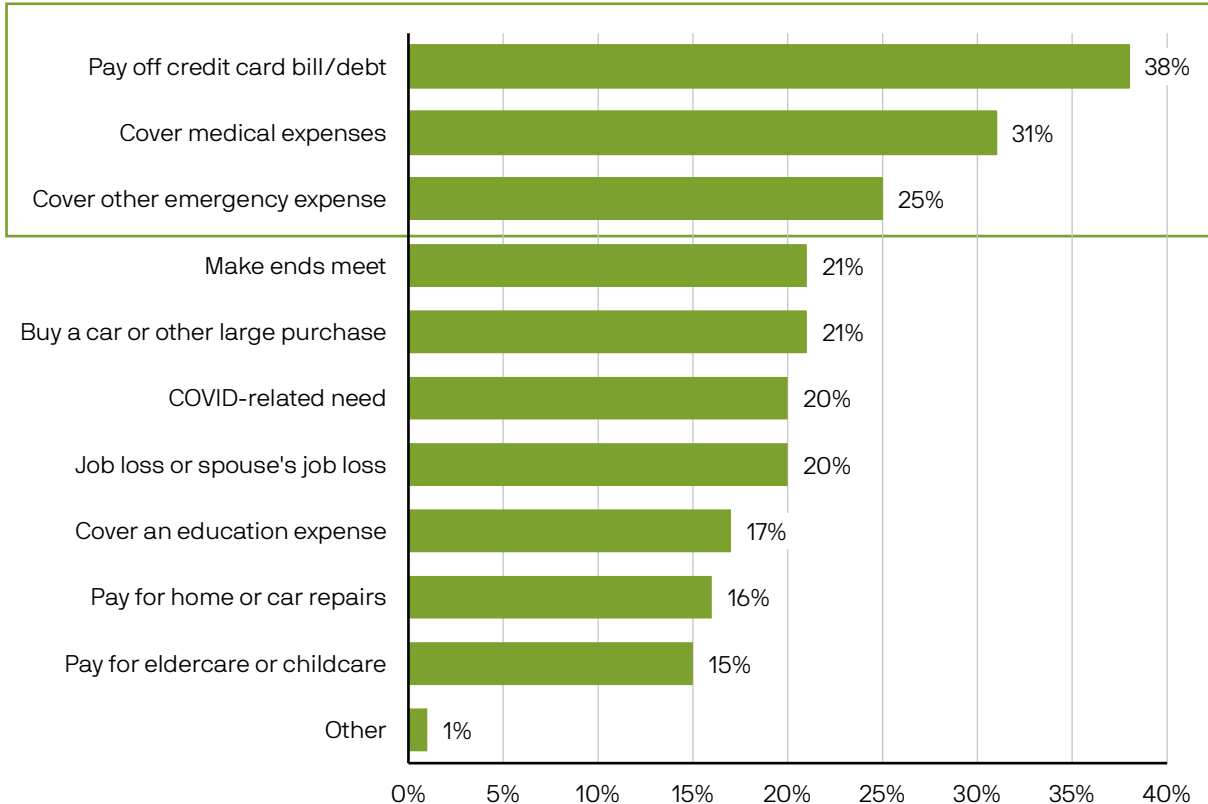


Source: J.P. Morgan Asset Management. For illustrative purposes only. Hypothetical portfolio is assumed to be invested 60% in the S&P 500 and 40% in the Bloomberg Capital U.S. Aggregate Index from 1983-2023. Starting salary of \$30,000 increases by 2.5% each year. Loan and withdrawal amounts are assumed to be \$10,000. Loan interest rate is assumed to be 7.5% and is paid off over 4 years.



# Reasons for 401(k) plan loans and withdrawals

Reasons workers took a plan loan or withdrawal in the last 12 months  
2023 Retirement Confidence Survey



Spending

**Build emergency savings and contribute to health savings accounts to help you avoid a 401(k) loan.**  
This can help keep you on track for retirement.

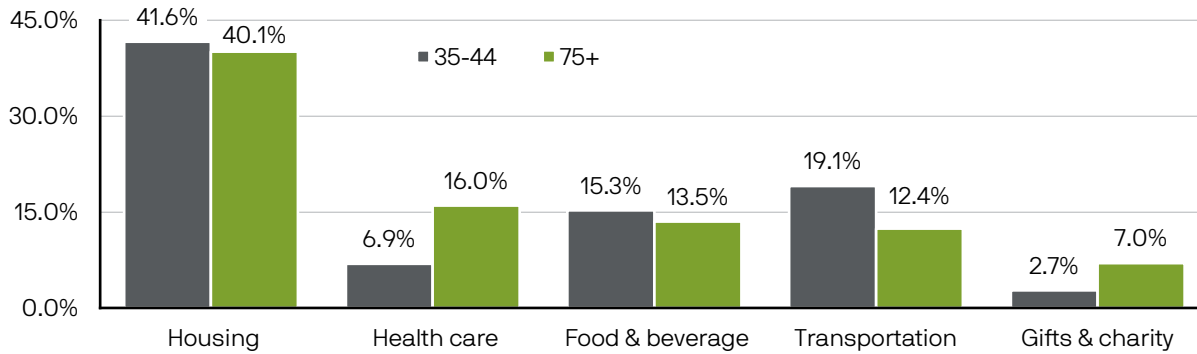
Source: Employee Benefit Research Institute, Greenwald Research: 2023 Retirement Confidence Survey. Respondents could select all that apply.



# Spending and inflation

Spending

### Average annual spending by age and category 2017-2022



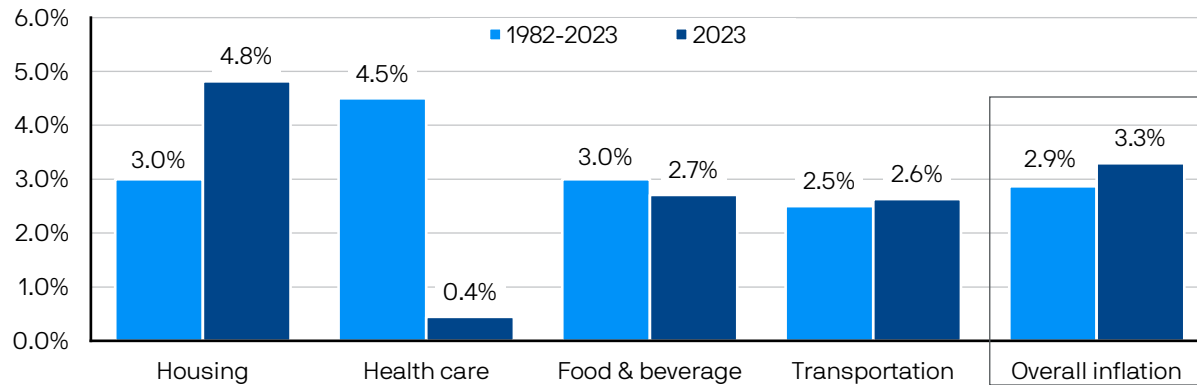
### Take a long-term view

Households may benefit from a long-term view of inflation and how spending may change over time.

As a percentage of their spending, older households purchase more health care and gifts, but less on food and transportation.

The spending categories shown are 89% of spending for households age 75+.

### Annual average inflation by spending category



Source (top chart): Bureau of Labor Statistics (BLS), 2017-2022 annual average Consumer Expenditure Survey, adjusted to December 2023 dollars. Housing inflation includes imputed rent (the amount a household would pay to rent the house they own). Housing spending includes mortgage payments, rent, property taxes, maintenance, utilities and furnishings. Those who own their home outright or have low fixed mortgages may have a hedge against inflation. Additional spending categories for age 35-44 and 75+, respectively: entertainment 6% and 4%; other 4% and 4%; apparel 3% and 2%; education 2% and 1%.

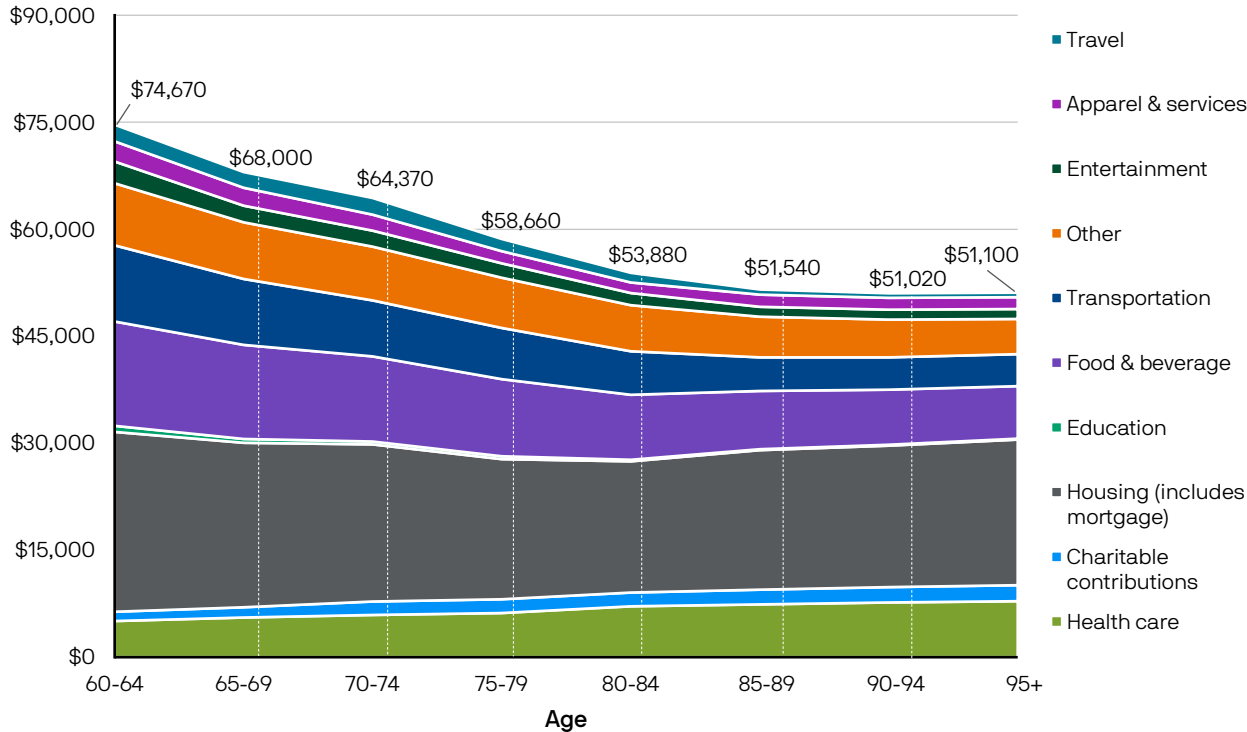
Source (bottom chart): BLS, Consumer Price Index (all urban consumers, seasonally adjusted), J.P. Morgan Asset Management.



# Changes in spending

Partially and fully retired households  
\$250k-\$750k investable wealth

### Annual average household spending by age



### What to expect

Average spending declines from the early part of retirement, then tends to flatten out. Those at older ages tend to spend less on all categories except health care and charitable contributions.

Those who live to the oldest ages may have costs related to long-term care.

Spending

Source: J.P. Morgan Asset Management, based on internal select data from JPMorgan Chase Bank, N.A. and its affiliates (collectively "Chase") including select Chase check, credit and debit card and electronic payment transactions from January 1, 2017 to December 31, 2023. Check and cash distribution: 2019 CE Survey; J.P. Morgan Asset Management analysis. Information that would have allowed identification of specific customers was removed prior to the analysis. Other includes: tax payments, insurance, gambling, personal care and uncategorized items. Asset estimates for de-identified and aggregated households supplied by IXI, an Equifax Company; estimates include all financial assets except employer-sponsored plans and do not include home equity. Additional information on J.P. Morgan Asset Management's data privacy standards available at <https://am.jpmorgan.com/us/en/asset-management/mod/insights/retirement-insights/gtr-privdisc/>. Retired households receive retirement income only, including Social Security, pension and/or annuity payments.

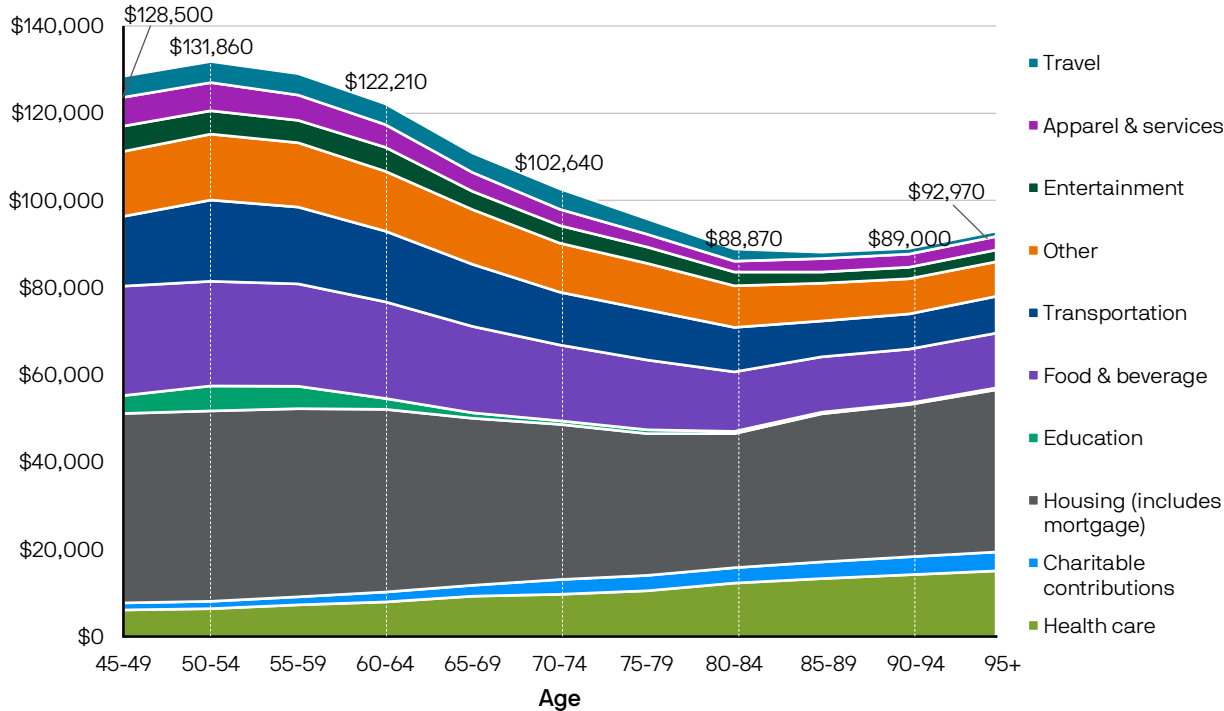


# Changes in spending

All households  
\$1m-\$3m investable wealth

GTR 32

## Annual average household spending by age



### What to expect

Average spending is highest at midlife. Those at older ages tend to spend less on all categories except health care and charitable contributions.

Those who live to the oldest ages may have costs related to long-term care.

Spending

Source: J.P. Morgan Asset Management, based on internal select data from JPMorgan Chase Bank, N.A. and its affiliates (collectively "Chase") including select Chase check, credit and debit card and electronic payment transactions from January 1, 2017 to December 31, 2023. Check and cash distribution: 2019 CE Survey; J.P. Morgan Asset Management analysis. Information that would have allowed identification of specific customers was removed prior to the analysis. Other includes: tax payments, insurance, gambling, personal care and uncategorized items. Asset estimates for de-identified and aggregated households supplied by IXI, an Equifax Company; estimates include all financial assets except employer-sponsored plans and do not include home equity. Additional information on J.P. Morgan Asset Management's data privacy standards available at <https://am.jpmorgan.com/us/en/asset-management/mod/insights/retirement-insights/gtr-privdisc/>.

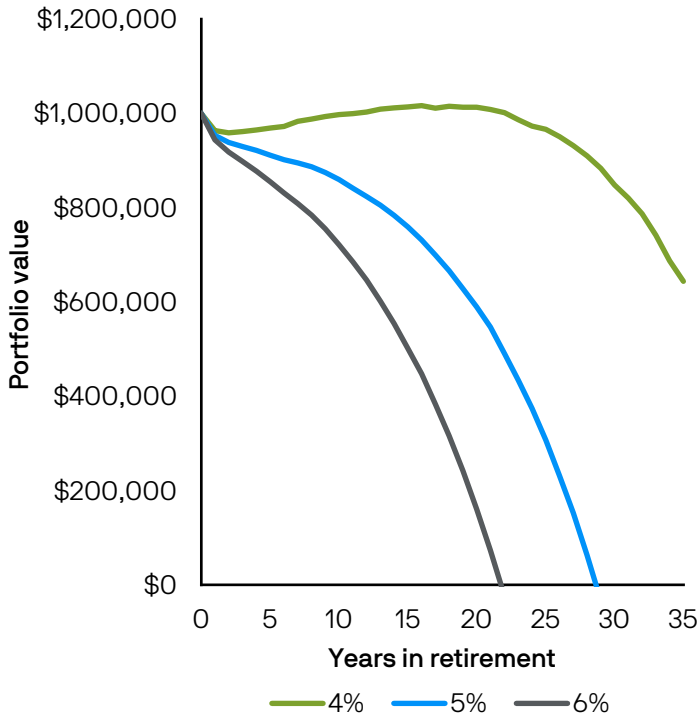




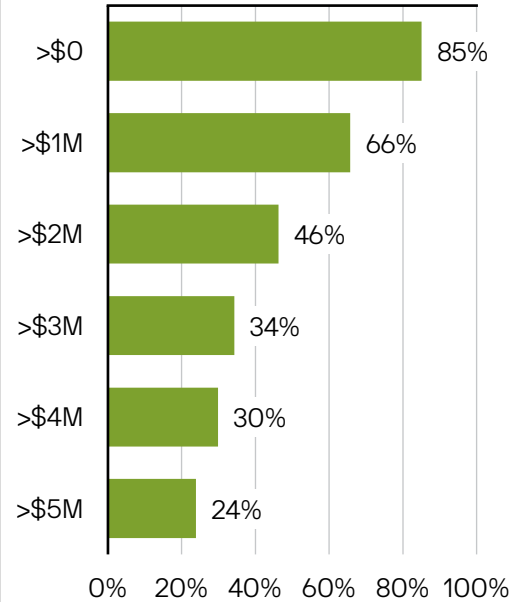
# The 4% rule: projected outcomes vs. historical experience

Spending

40/60 portfolio at various initial withdrawal rates  
Projected nominal outcomes, 80<sup>th</sup> percentile



Historical ending wealth at 4% initial withdrawal rate (1928-2023)  
67 rolling 30-year periods



## Good in theory, poor in practice

The 4% rule is the maximum initial withdrawal percentage that has a high likelihood of not running out of money after 30 years. With current life expectancies, a 35-year view is more appropriate.

The outcomes are sensitive to forward-looking return assumptions and the rule is not guidance on how to efficiently use your wealth.

You may want to consider a dynamic approach that adjusts over time to more effectively use your retirement savings.c

Source: These charts are for illustrative purposes only and must not be used, or relied upon, to make investment decisions. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds).

Right chart: The portfolio returns for the historical analysis are calculated based on 40% S&P 500 Total Return and 60% Bloomberg U.S. Aggregate Total Return. Each portfolio's starting value is set at \$1,000,000. Withdrawals are increased annually by CPI (CPI NSA Index). Ending wealth at the end of each 30-year rolling period is in nominal terms.

Left chart: The hypothetical portfolio assumes All Country World Equity and U.S. Aggregate Bonds. J.P. Morgan Asset Management's (JPMAM) model is based on proprietary Long-Term Capital Market Assumptions equilibrium returns. The resulting projections include only the benchmark return associated with the portfolio and do not include alpha from the underlying product strategies within each asset class. The yearly withdrawal amount is set as a fixed percentage of the initial amount of \$1,000,000 and is then inflation adjusted over the period (2.5%). Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve.

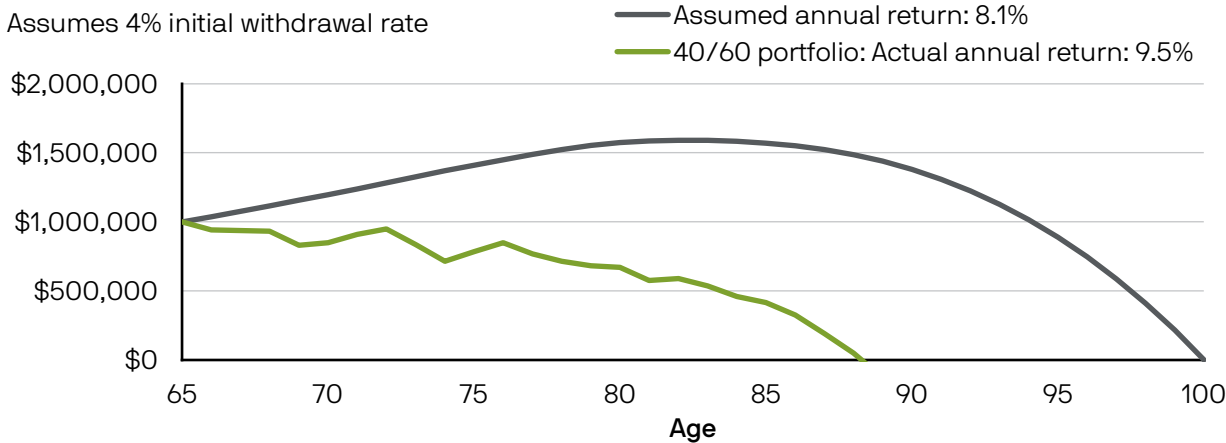


# Dollar cost ravaging: timing risk of withdrawals

Spending

## Portfolio value over time 1966-2000

Assumes 4% initial withdrawal rate

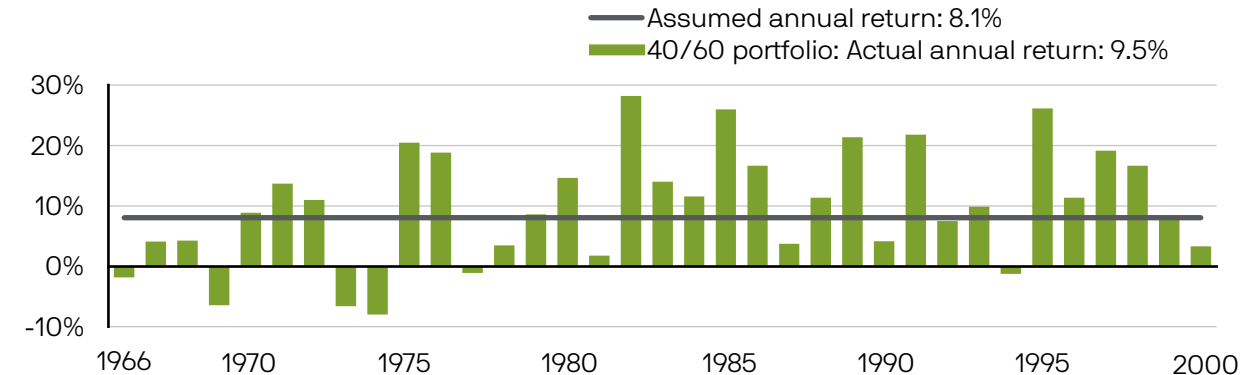


## Sequence of return risk

Withdrawing assets in a volatile market early in retirement can ravage a portfolio. Consider investment solutions that incorporate downside protection such as:

- Balanced risk and diversification at the beginning of retirement
- Annuities with guarantees and/or protection features
- Investments that use options strategies for defensive purposes

## Rate of return: actual vs. average 1966-2000



Assumptions (top chart): Retire at age 65 with \$1,000,000 and withdraw 4% of the initial portfolio value (\$40,000). Withdrawal amount increased by historical inflation (CPI-U) each year. Returns are based on a hypothetical portfolio, which is assumed to be invested 40% in the S&P 500 Total Return Index and 60% in the Bloomberg Capital U.S. Aggregate Index. The assumptions are presented for illustrative purposes only. They must not be used, or relied upon, to make investment decisions. There is no direct correlation between a hypothetical investment and the anticipated future return of an index. Past performance does not guarantee future results.

Annual inflation (CPI-U) increased from 2.4% in 1966 to 6.3% in 1970; 10-year U.S. Treasury rate increased from 4.93% in 1966 to 7.35% in 1970. Source: J.P. Morgan Asset Management; U.S. Bureau of Labor Statistics; Department of the Treasury.

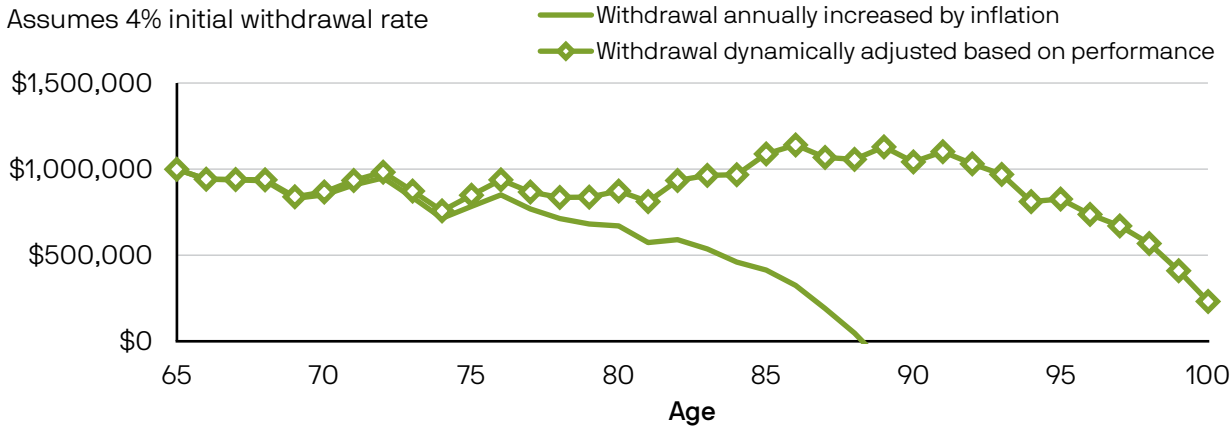


# Mitigating dollar cost ravaging: dynamic spending

Spending

## Portfolio value over time 1966-2000

Assumes 4% initial withdrawal rate

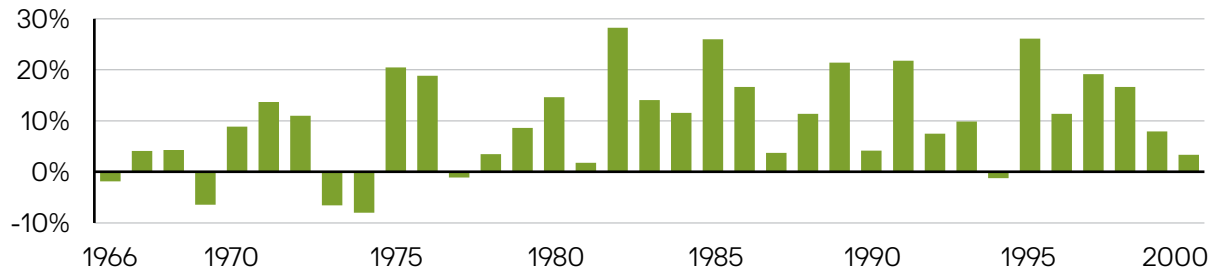


### Be flexible

Spending the same amount in retirement grown by inflation regardless of how your portfolio is performing can result in an unsuccessful outcome.

Consider adjusting your spending strategy based on market conditions to help make your money last and provide more total spending through your retirement years.

## Rate of return: 40% equity/60% bond portfolio 1966-2000



Assumptions (top chart): Retire at age 65 with \$1,000,000 and withdraw 4% of the initial portfolio value (\$40,000). Fixed withdrawal scenario assumes the withdrawal amount is increased by historical inflation (CPI-U) each year. Dynamic withdrawal scenario assumes that if the annual return on portfolio is: 1) less than 5%, withdrawal remains the same as the prior year; 2) between 5% and 10%, withdrawal is increased by actual inflation (CPI-U); 3) greater than 10%, withdrawal is increased by actual inflation +3%. While the dynamic withdrawal scenario during this historical period provided 25% more total spending in today's dollars, it is for illustrative purposes only and may not be successful during other time periods. Returns are based on a hypothetical portfolio, which is assumed to be invested 40% in the S&P 500 Total Return Index and 60% in the Bloomberg Capital U.S. Aggregate Index. The assumptions are presented for illustrative purposes only. They must not be used, or relied upon, to make investment decisions. There is no direct correlation between a hypothetical investment and the anticipated future return of an index. Past performance does not guarantee future results.  
 Source: J.P. Morgan Asset Management; U.S. Bureau of Labor Statistics; Department of the Treasury.



# 65 and working: should I sign up for Medicare?

Spending

Assumes adequate employer coverage and qualification for Medicare at age 65<sup>1</sup>



### Check with your employer:

Do you have creditable coverage for major medical and drugs?<sup>2</sup>



Do you contribute to a Health Savings Account (HSA)?



Have you filed or will you file for Social Security benefits within 6 months?



### Sign up for Medicare and stop monthly HSA contributions<sup>3</sup>

- Enroll in Medicare the month before the month you turn 65 to avoid gaps in coverage.
- Stop monthly HSA contributions to avoid tax penalties.

### Sign up for Part A

- Part A is free for people who paid payroll taxes for 40 quarters (10 years) and employer coverage is usually primary.
- If you want to contribute to an HSA in the future, do not sign up for Social Security benefits and disenroll from Part A.<sup>3</sup>

### Do not sign up for Medicare

- HSA contributions while on Medicare will result in tax penalties.<sup>4</sup>

### Stop HSA contributions and opt out of Medicare Part B

- Once you start Social Security benefits, you will automatically be enrolled in Part A, retroactive to the lesser of six months or age 65.
- Tax penalties apply if you are enrolled in Part A and contribute to an HSA.<sup>4</sup> Contact Medicare.gov to opt out of Part B.

## Avoid coverage gaps and penalties

Creditable coverage is key. Late enrollment penalties will apply if you do not have creditable coverage and do not sign up during your enrollment window (3 months before to 3 months after your 65<sup>th</sup> birthday month).

COBRA coverage (a temporary extension of major medical employer coverage when work stops) is not creditable, although some extended prescription coverage may be creditable (ask for documentation).

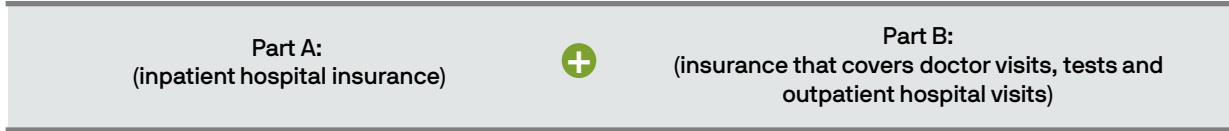
<sup>1</sup>Assumes Part A is no cost (generally for people who paid payroll taxes for 40+ quarters or are married to a beneficiary who did so). Some individuals may choose to sign up for Part A and Part B earlier than shown if they want additional coverage. <sup>2</sup>Ask your employer for documentation of creditable coverage for major medical and for drug coverage. Employer coverage for less than 20 people is usually not creditable and will end at age 65 or become secondary after Medicare has paid. <sup>3</sup>To disenroll you must have an interview with the Social Security Administration and use Form CMS 1763. When you sign up for Part A again or sign up for Social Security, coverage may be retroactive for up to 6 months. You will be unable to disenroll if you are receiving Social Security. <sup>4</sup>Total HSA contributions for the year in excess of the maximum contribution for the year divided by the number of months you are eligible to make contributions will result in tax penalties (6% of the excess contribution each year). This is not intended to be individual tax advice; consult your tax professional. For more information, see [www.mymedicarematters.org/enrollment/am-i-eligible](http://www.mymedicarematters.org/enrollment/am-i-eligible), sponsored by the National Council on Aging. Source: IRS Publication 969, National Council on Aging and Medicare.gov websites as of December 31, 2023; J.P. Morgan Asset Management analysis.



# Three steps for Medicare coverage

Spending

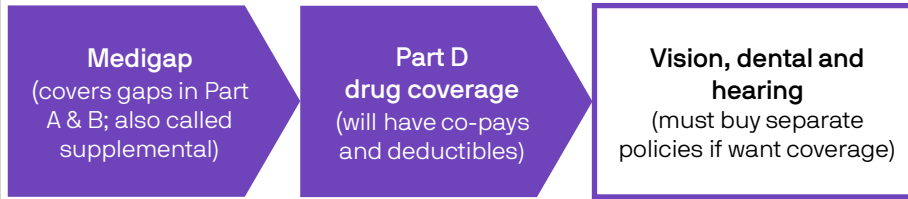
## 1 Sign up for Parts A and B on Medicare.gov



## 2 Choose your plan

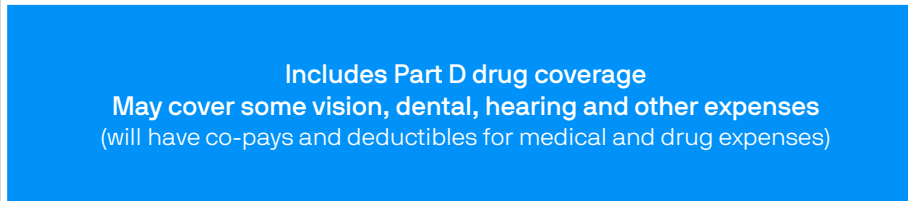
### Option 1

Original Medicare accepted by all Medicare providers



### Option 2

Medicare Advantage/ Part C limited to a network of providers



## 3 Prepare for additional expenses: Medicare does not cover most long-term care costs<sup>1</sup>

For help, visit the Medicare Rights Center at [www.medicarerights.org](http://www.medicarerights.org) or your State Health Insurance Assistance Program (SHIP) at [www.shiptacenter.org](http://www.shiptacenter.org).

### Medicare details

Sign up for all parts of Medicare the month before the month you turn age 65 to avoid coverage gaps unless your employer has confirmed you have creditable coverage.

Re-evaluate your choices each year.

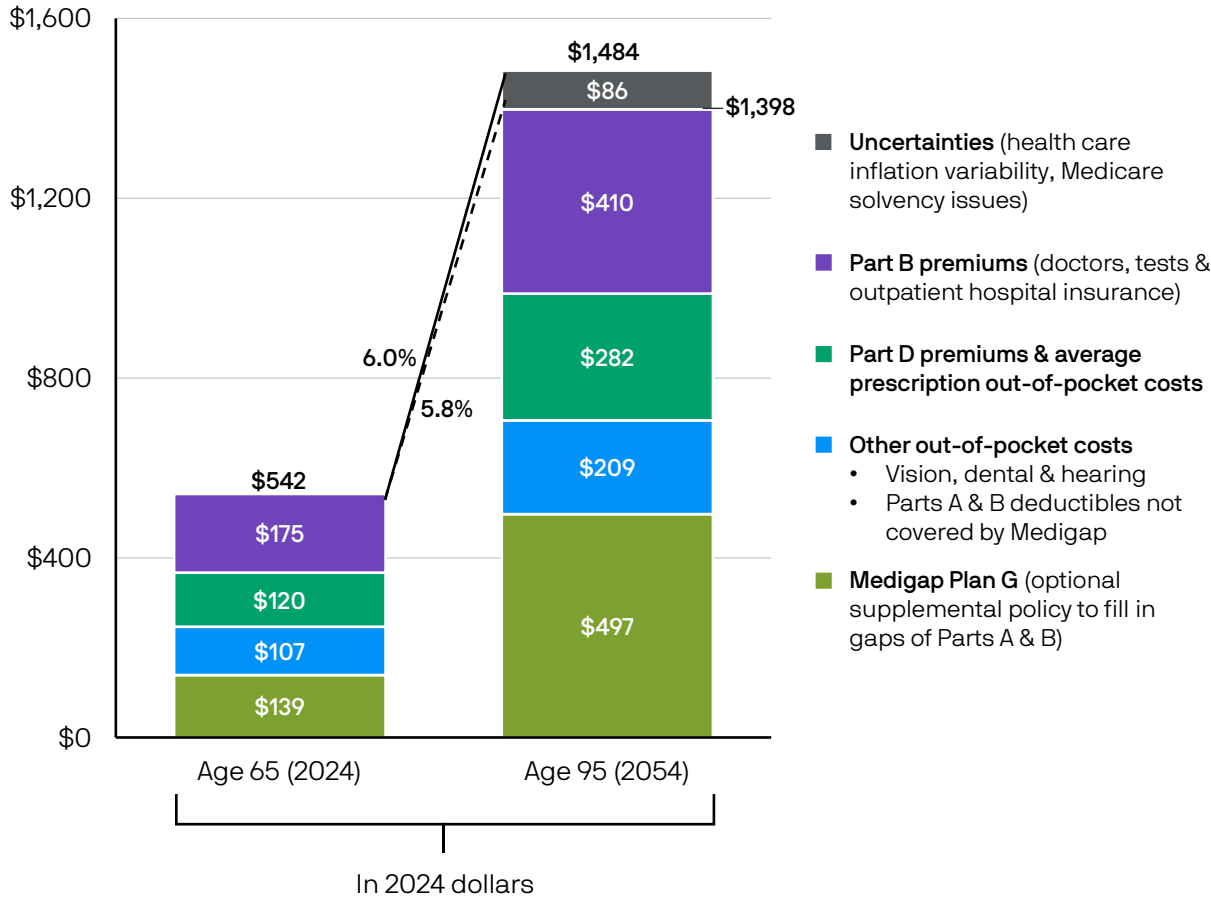
<sup>1</sup>Medicare does pay for medically necessary skilled nursing facility or home health care, with strict requirements that are difficult to meet on a limited basis, and for some hospice care. If you transfer assets to others there is a five-year "look back" where the government will recover the assets transferred if you go on Medicaid. This is not personal advice. Consult an elder care attorney if you have questions. Source: Medicare.gov as of December 31, 2023; J.P. Morgan Asset Management analysis.



# Rising health care costs in retirement

Spending

**Original Medicare costs in retirement (in 2024 dollars)**  
Monthly amount per person



## A growing concern

Annual expenses per person in 2024 are \$6,503.

Given variation in health care cost inflation from year to year, it may be prudent to assume an annual health care inflation rate of 6.0%, which may require growth as well as current income from your portfolio in retirement.

Estimated future value total average monthly cost at age 95 is \$3,112. Today's dollar calculation used a 2.5% discount rate to account for overall inflation. Medigap premiums typically increase with age, in addition to inflation, except for the following states: AR, CT, MA, ME, MN, NY, VT, WA. For local information, contact the State Health Insurance Assistance Program (SHIP) <https://www.shiptacenter.org/>. Plan G premium is nationwide average for non-smokers. If Plan G is not available, analysis includes the most comprehensive plan available. Source: HealthView Services proprietary data file received January 2024 used by permission.

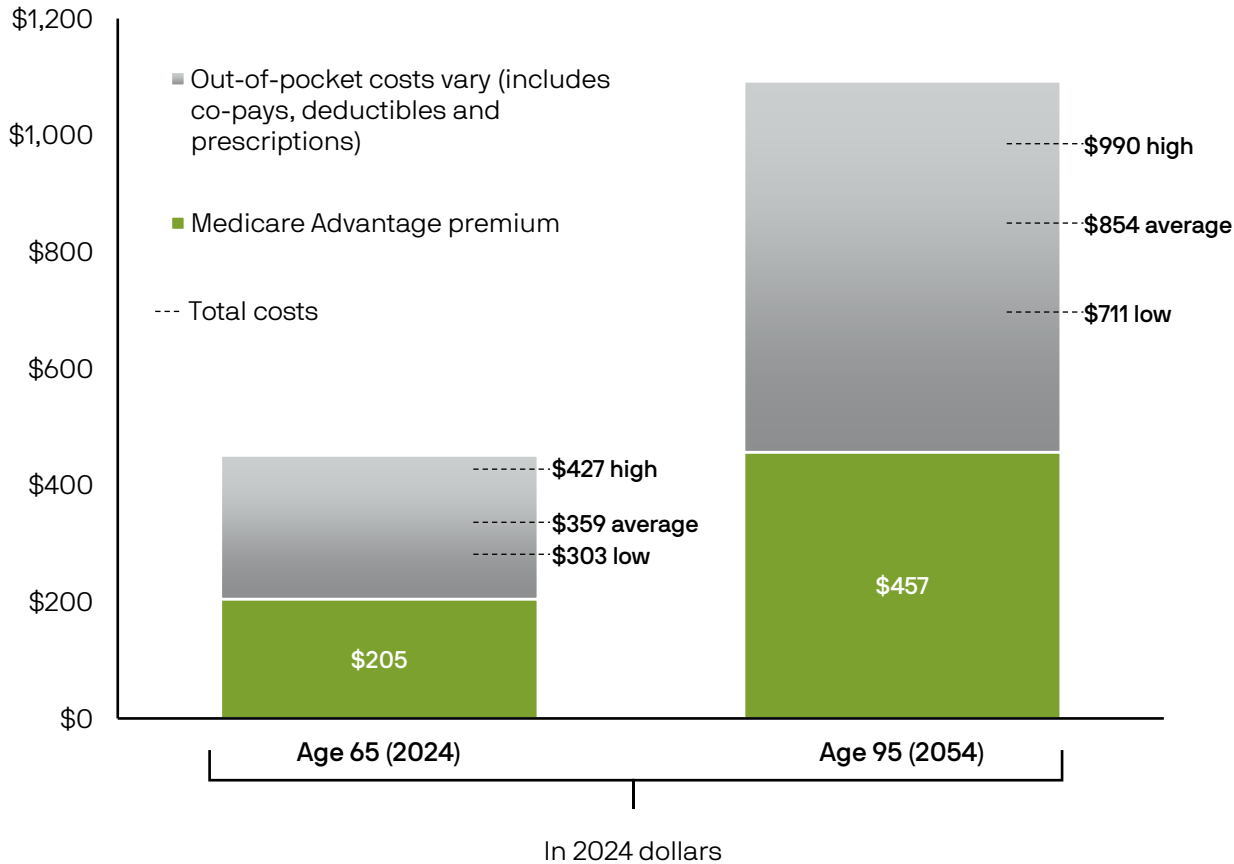


# Variation in Medicare Advantage costs

### Estimated Medicare Advantage with Part D and out-of-pocket expenses

Monthly amount per person

Spending



### Dramatic differences in costs depending on health

Be prepared to pay more for health care in the event you experience a health issue, which becomes more common as one ages.

- Be aware: Although Medicare Advantage plans have out-of-pocket caps, those limits do not include prescriptions.
- Consider maintaining an emergency reserve fund for high out-of-pocket cost periods.

Total costs = annual premium + out-of-pocket costs. High costs: weighted average of medical costs (70th percentile) and prescription costs (65th percentile). Low costs: weighted average for medical costs (25th percentile) and prescription costs (35th percentile). Plans include Part D and exclude those with subsidies for low-income beneficiaries. Today's dollar calculation used a 2.5% discount rate. Estimated future value of total average costs at age 95 is \$1,791. Cost estimates include increased use of medical care at older ages and will vary based on plan characteristics.

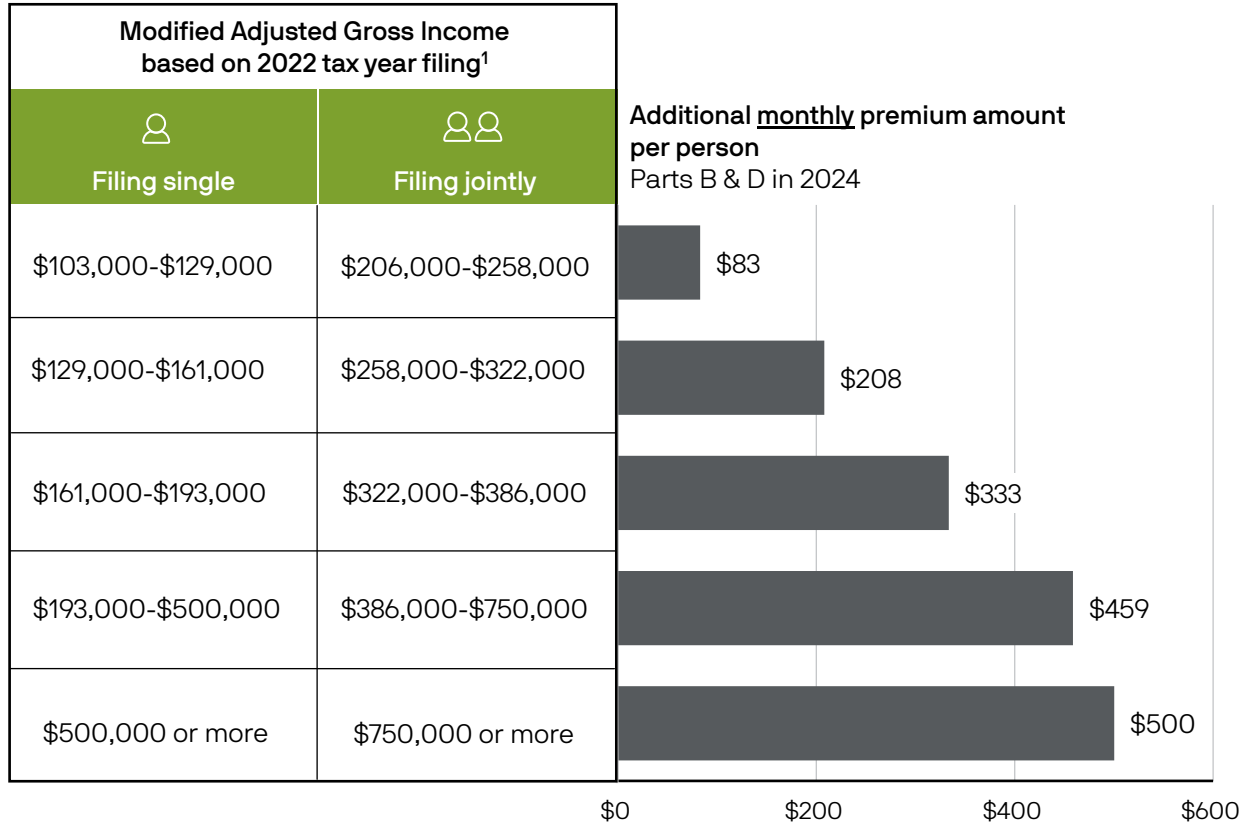
Source: HealthView Services, proprietary data file received January 2024, used by permission.



# 2024 monthly Medicare surcharges

The surcharge amount is the same for all income levels within a band  
If you go over a threshold, you pay the additional premium for that band

Spending



## Surcharge details

**There may be a bigger impact for singles and surviving spouses:** Medicare surcharge thresholds for singles are half of the thresholds for couples.

### Filing an appeal?

If you have stopped work or you have lower income due to circumstances outside of your control, you might be eligible for an appeal. See form SSA-44 for details:

<https://www.ssa.gov/forms/ssa-44-ext.pdf>

<sup>1</sup>The Social Security Administration uses the most recent federal return supplied by the IRS. If you amended your return in a way that changes your surcharge amount, you may need to contact your Social Security office.  
Source: Medicare.gov as of January 2024.

This is not meant to be personal tax advice. Please consult your tax professional for specifics for your situation. Modified Adjusted Gross Income (MAGI) for purposes of calculating Medicare surcharges is Adjusted Gross Income (AGI) plus tax-exempt interest income. Thresholds increase each year with inflation, except the top threshold, which was added in 2019; this top threshold is set to annually inflate starting in 2028.

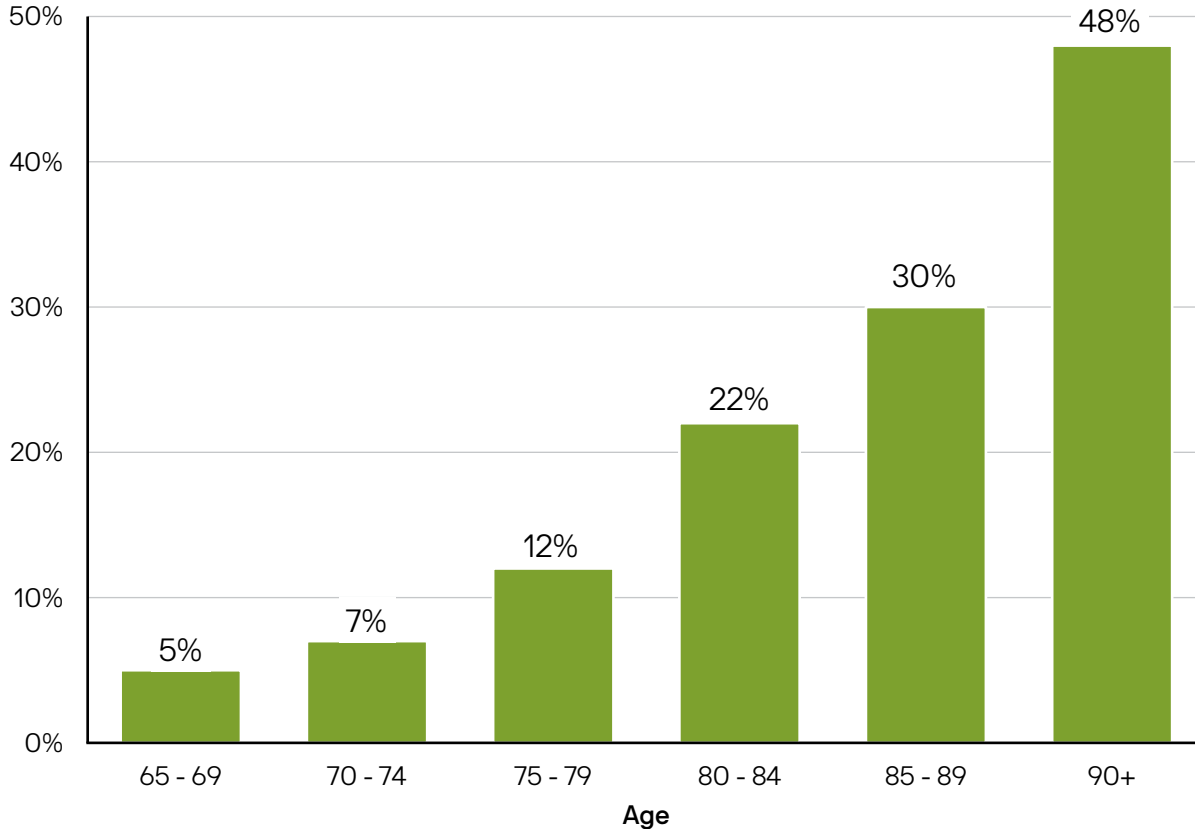




# Disability increases with age

Spending

Percentage of age 65+ population who need assistance with two or more activities of daily living or have severe cognitive impairment



## Spending may shift to long-term care needs at older ages

Nearly half of those who survive to the oldest ages meet the definition of having long-term care needs. While it is encouraging that the other half of this population does not meet the criteria, some of these individuals may require at least some assistance.

Changes in abilities may require spending on long-term care services, a move to be closer to children, home modifications or a different housing arrangement.

HIPAA qualifying long-term care includes needing help with two or more activities of daily living such as eating, dressing, bathing, transferring and toileting or severe cognitive impairment for at least 3 months.

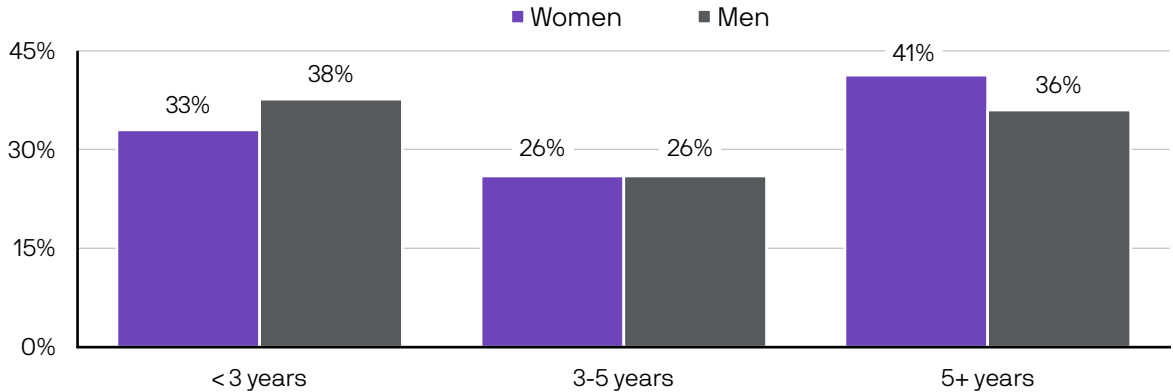
Source: Spillman, Brenda C., Allen, Eva H., and Melissa Favreault. 2021: Informal Caregiver Supply and Demographic Changes: Review of the Literature. Urban Institute report to the Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, Office of Behavioral Health, Disability, and Aging Policy, December 2020. Located at <https://aspe.hhs.gov/reports/informal-caregiver-supply-demographic-changes-review-literature>. Derived from data from Figure 2, National Health and Trends Study (NHATS) 2015 data.



# Long-term care planning

Spending

### Duration of paid care 65+ if paid care is used



### Create a care plan

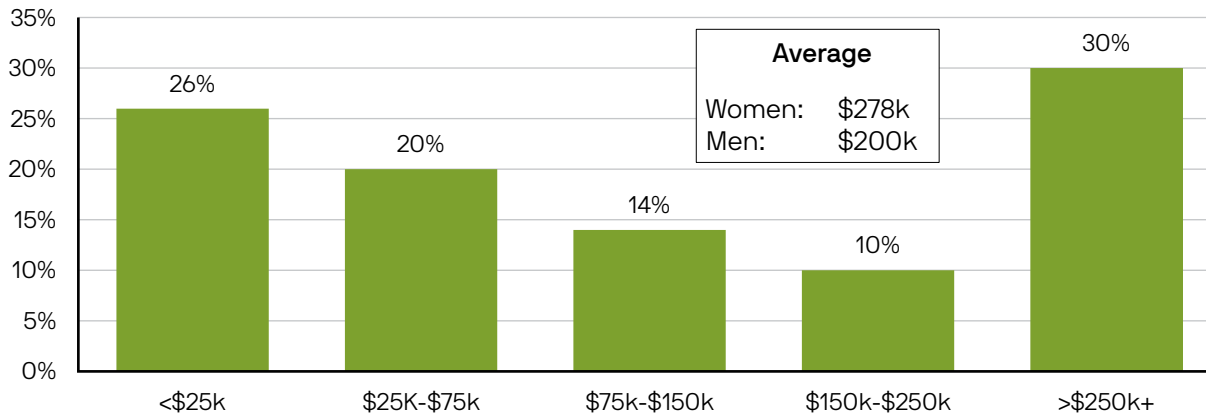
The monetary value of care from family and friends is roughly equal to paid care.<sup>1</sup>

Women are more likely to require care and need more years of paid care if paid care is used.

A care plan may help you:

- Avoid burdening others
- Ensure your family understands your wishes
- Have more control over your care

### Lifetime cost of care 65+ if paid care is used



<sup>1</sup>Average value of unpaid care when unpaid care is used is \$208,800 for women and \$196,800 for men. Long-term care includes needing help with two or more activities of daily living such as eating, dressing, bathing, transferring and toileting or severe cognitive impairment. Average of cost is in 2020 dollars and includes all payors. Source: U.S. Department of Health and Human Services, APSE Brief, August 2022, Long-term Services and Supports for Older Americans, Risks and Financing, 2022.



# Long-term care planning options

Spending

Consider utilizing more than one option



### Family & friends

Will you want to move closer?



### Savings / expense reductions

Some expenses such as travel may go down



### Insurance

Options: traditional long-term care insurance, combination life and annuity products, life insurance for a surviving spouse and deferred annuities for income late in life



### Life plan communities

Often starts with independent living and offers additional services or facilities when needed. More information:

<https://www.mylifesite.net/>



### Home equity

Second homes may be sold; the home equity in your primary residence may be used; credit availability and home value may fluctuate

### Medicaid:

### After exhausting other options

Rules to qualify vary by state but generally you must be low income with few assets to qualify<sup>1</sup>



### Start planning early

- Is it feasible to buy less insurance coverage and combine it with other solutions?
- Health Savings Accounts (HSAs) may be used tax free for qualified expenses in retirement.<sup>2</sup>
- Prefer care at home? Consider how you will remain socially connected.

<sup>1</sup>If you transfer assets to others, there is a five-year “look back” where the government will recover the assets transferred if you go on Medicaid. This is not personal advice; consult an elder care attorney if you have questions.

<sup>2</sup>HSAs may be used to fund qualified traditional long-term care policy premiums up to certain limits. Necessary home improvements may qualify if they don't improve the value of your home. Services for chronically ill individuals who are unable to perform two or more activities of daily living or who have severe cognitive impairment may be qualified if they are part of a prescribed plan from a licensed practitioner.

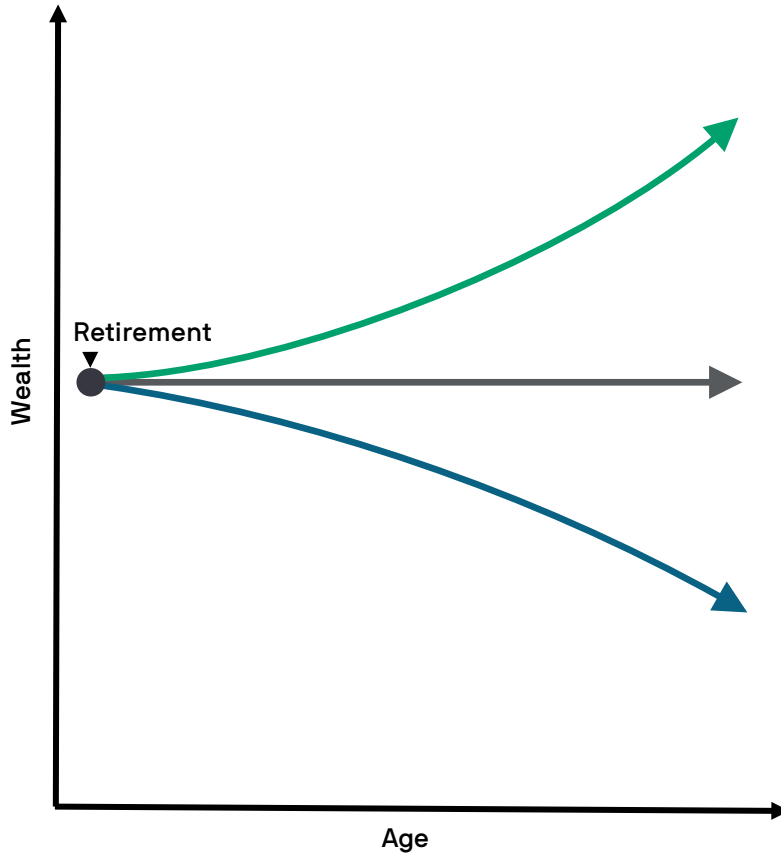
For a list of qualified expenses, see IRS Publication 502 or consult your tax professional; this is not meant to be personal tax advice.

Source: J.P. Morgan Asset Management, latest available data as of December 31, 2023.



# Consider how to fund your retirement goals

## Retirement portfolio priorities



### Increase Wealth:

*Investment return exceeds spending needs*  
Priority: Total return

### Preserve Principal:

*Spend investment return only (income and/or appreciation)*  
Priority: Generate income

### Spend Principal:

*Spend investment return and a portion of your principal*  
Priority: Sustainable spending

- A dynamic withdrawal strategy
- Protected lifetime income
- A combination of both

## Align your portfolio with your goals

Once you determine how you want to fund your goals, make the necessary adjustments in your investment and spending strategies.

Investing



# Structuring a portfolio to match investor goals in retirement

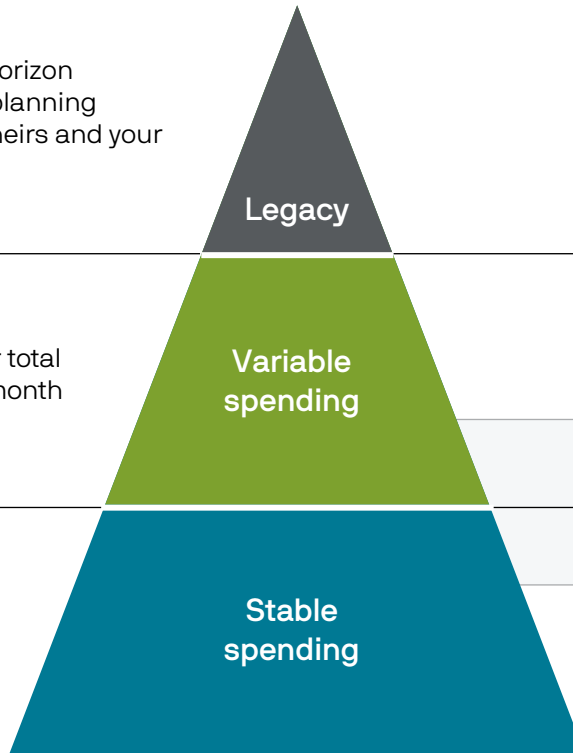
Investing

## Considerations

What is the time horizon and appropriate planning strategy for your heirs and your estate goals?

How much of your total spending **varies** month to month?

How much do you **regularly spend** each month?



## Potential solutions

- Growth-oriented portfolios
- Capital preservation strategies
- Alternatives\*

- Cash and cash equivalents

- Income distributed from:
- Dividend-paying stocks/funds
  - Fixed income securities/funds
  - Multi-asset solutions

- Protected lifetime income
- Pension
- Social Security

## Building your plan

It may be useful to match dependable income sources with regular retirement spending, while coordinating income-oriented solutions and a cash reserve to meet more variable expenses.

For illustrative purposes only. Fixed income is subject to interest rate risk. Fixed income prices generally fall when interest rates rise. The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. Investing in alternative assets involves higher risks than traditional investments and is suitable only for the long term. They are not tax efficient and have higher fees than traditional investments. They may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain.

\*Equity, fixed income and cash are considered "traditional" asset classes. The term "alternative" describes all non-traditional asset classes. They include private and public equity, venture capital, hedge funds, real estate, commodities, distressed debt and more.

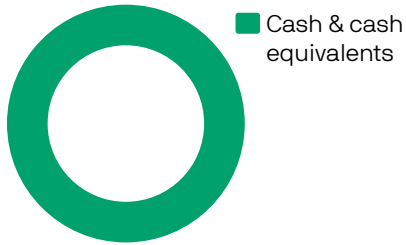
Source: J.P. Morgan Asset Management.



# Goals-based wealth management

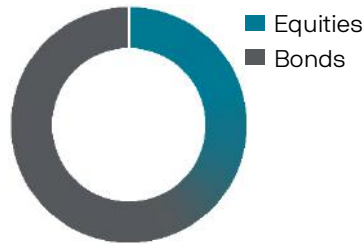
## Short-term goals

Includes an emergency reserve



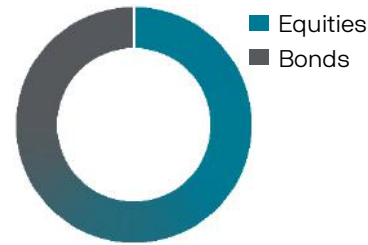
## Medium-term goals

5-10 years, e.g., college, home



## Long-term goals

15+ years, e.g., retirement



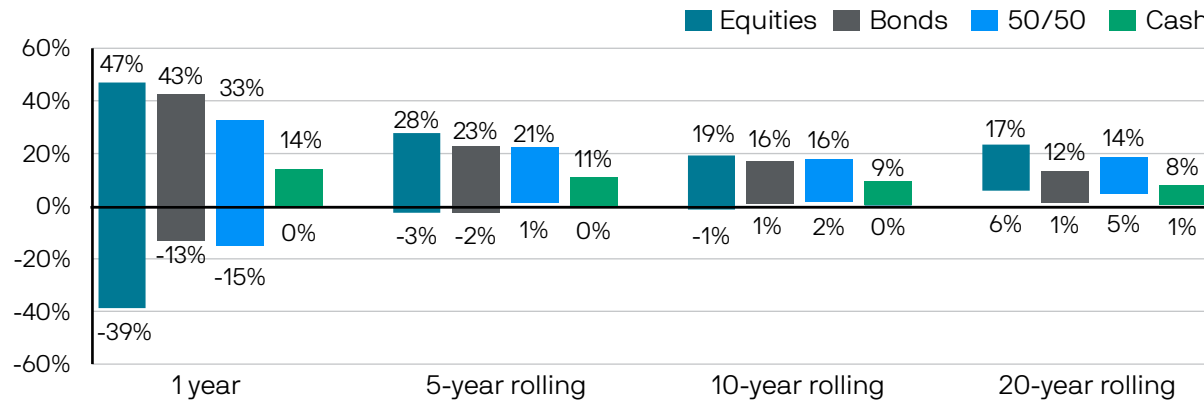
## Divide and conquer

Aligning your investment strategy by goal can help you take different levels of risk based on varying time horizons and make sure you are saving enough to accomplish all of your goals – not just the ones that occur first.

Investing

## Range of stock, bond and blended total returns

Annual total returns, 1950-2023



Source (top chart): J.P. Morgan Asset Management.

Source (bottom chart): Bloomberg, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management.

Returns shown are based on calendar year returns from 1950 to 2023. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and the Bloomberg Aggregate thereafter. Cash represents the U.S. 90 Day Treasury Bill Total Return.

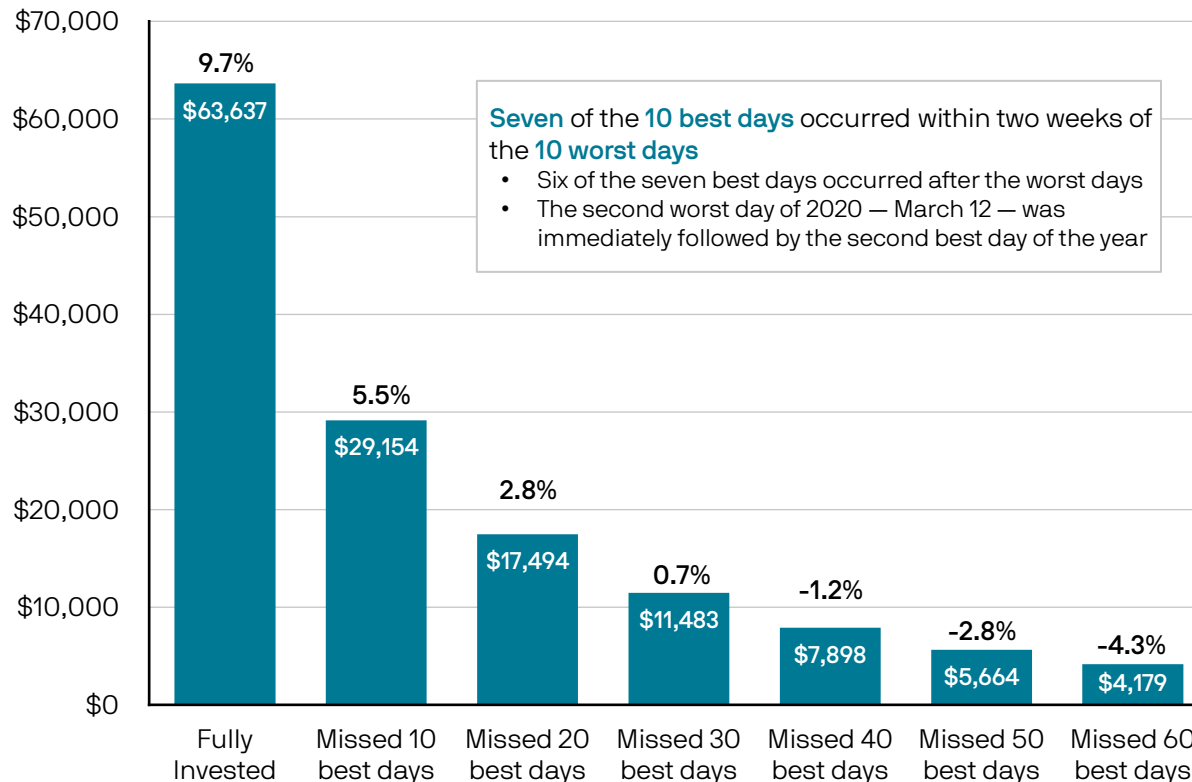
Portfolio allocations are hypothetical and are for illustrative purposes only. They were created to illustrate different risk/return profiles and are not meant to represent actual asset allocation.



# Impact of being out of the market

## Returns of the S&P 500

Performance of a \$10,000 investment between January 1, 2004 and December 29, 2023



Seven of the 10 best days occurred within two weeks of the 10 worst days

- Six of the seven best days occurred after the worst days
- The second worst day of 2020 — March 12 — was immediately followed by the second best day of the year

### Plan to stay invested

Losses hurt more than gains feel good. Market lows can result in emotional decision making.





Taking “control” by selling out of the market after the worst days is likely to result in missing the best days that follow. Investing for the long term in a well-diversified portfolio can result in a better retirement outcome.

Investing

Source: J.P. Morgan Asset Management analysis using data from Bloomberg. Returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Indices do not include fees or operating expenses and are not available for actual investment. The hypothetical performance calculations are shown for illustrative purposes only and are not meant to be representative of actual results while investing over the time periods shown. The hypothetical performance calculations are shown gross of fees. If fees were included, returns would be lower. Hypothetical performance returns reflect the reinvestment of all dividends. The hypothetical performance results have certain inherent limitations. Unlike an actual performance record, they do not reflect actual trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under- or overcompensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2023.



# SECURE 2.0 Act: broadening access to more people and increasing savings

KEY THEME	DETAILS	EFFECTIVE
 <p>Encourage <b>small businesses</b> to create retirement plans through increased tax credits</p>	<p>Tax credit for 50% of startup cost up to \$5,000 per year for three years<sup>1</sup></p> <hr/> <p>Tax credit for employer contribution of up to \$1,000 per employee for five years<sup>2</sup></p>	2023
 <p><b>Emergency savings accounts in Defined Contribution plans</b> to build strong financial foundation</p>	<p>Maximum account value of \$2,500<sup>3</sup> (after-tax contributions; tax-free distributions)</p>	2024
 <p>Help manage <b>student loan</b> debt burden</p>	<p>Employers will be allowed to make matching contributions to the plans for participants paying student loans</p>	2024
 <p>Allow <b>greater savings</b> in retirement plans</p>	<p>New plans will be required to auto enroll at a starting rate of at least 3% and auto escalate to at least 10% but no more than 15%</p> <hr/> <p>Increased catch-up amount for individuals aged 60-63 by 50% more than the regular catch-up limit in employer-sponsored plans</p> <hr/> <p>Replace the Saver's Credit with the Saver's Match equal to 50% of plan or IRA contributions, up to \$2,000</p>	2025   2027





Reference

<sup>1</sup>For employers with 100 or fewer employees. For employers with 50 or fewer employees, the 50% startup cost limit is 100%.  
<sup>2</sup>For employers with up to 50 employees that make plan contributions on behalf of employees whose wages do not exceed \$100,000. The credit amount will be phased out for employers with between 51 and 100 employees.  
<sup>3</sup>Contributions that exceed \$2,500 will spill over to the long-term retirement savings portion of the plan. Employers may automatically enroll participants at a rate of up to 3% of pay.  
This list of provisions is not detailed or exhaustive.  
Source: SECURE 2.0 Act of 2022. J.P. Morgan analysis. <https://am.jpmorgan.com/us/en/asset-management/adv/insights/retirement-insights/defined-contribution/secure-2-0/>. Not intended to be tax advice. Consult your tax professional.





# SECURE 2.0 Act: tax implications

KEY THEME	DETAILS	EFFECTIVE
 <p>Increase the <b>starting age for required minimum distributions (RMDs)</b> from 72 to 75 over the next 10 years – <i>Deferring RMDs may increase taxes and Medicare surcharges late in life</i></p>	<p>RMD starting age of 73 for individuals who reach age 72 after 2022</p> <hr/> <p>RMD starting age of 75 for individuals who reach age 74 after 2032</p>	2023
 <p>Greater <b>importance of Roth</b> in employer-sponsored retirement plans</p>	<p>Permit employer matching contributions on a Roth basis</p> <hr/> <p>Exempt in-plan Roth accounts from lifetime RMDs</p> <hr/> <p>Require catch-up contributions to be made on an after-tax Roth basis for highly paid employees<sup>1</sup></p>	Dec 29, 2022  2024  2026
 <p>Enhance <b>qualifying longevity annuity contracts (QLAC)</b> – <i>Lifetime income starting late in life may help fund possible long-term care needs</i></p>	<p>Allows up to \$200,000 to be used to purchase a QLAC and delay required minimum distribution as late as age 85 when annuity payments commence</p>	Dec 29, 2022
 <p>Permit <b>rollovers from 529</b> accounts to Roth IRAs</p>	<p>Allow rollovers from 529 Plans that have been open for 15 years to Roth IRAs (subject to a \$35,000 lifetime limit and the annual IRA contribution limit)</p>	2024

Reference

<sup>1</sup>Employees with wages in excess of \$145,000 (adjusted for inflation) for the prior calendar year must make their catch-up contributions to a Roth account. While this provision affects participants in 401(k) plans, 403(b) plans, and governmental 457(b) plans, it does not apply to the special catch-up contributions permitted under 403(b) and governmental 457(b) plans. This provision does not apply to SEP plans or SIMPLE IRA plans. This list of provisions is not detailed or exhaustive.  
Source: SECURE 2.0 Act of 2022. J.P. Morgan analysis. <https://am.jpmorgan.com/us/en/asset-management/adv/insights/retirement-insights/defined-contribution/secure-2-0/>. Not intended to be tax advice. Consult your tax professional.



# A closer look at tax rates: 2024

## Federal income tax rates applicable to taxable income

Tax rate	Single filers	Married filing jointly	Capital gains & dividends	Medicare tax on earned income	Medicare tax on net investment income	Limits to itemized deductions
10%	Up to \$11,600	Up to \$23,200	0% up to \$47,025 (single) / \$94,050 (married)	1.45% (employee portion, employers also pay 1.45%)	0%	<ul style="list-style-type: none"> <li>-Medical expenses greater than 7.5% of Adjusted Gross Income (AGI)</li> <li>-SALT (state and local taxes) deduction capped at \$10,000</li> <li>-Mortgage interest deduction limited to primary/secondary homes with up to \$750,000 new debt. Interest deduction is allowed on new home equity debt that is used to buy, build or substantially improve the home</li> <li>-Cash charitable contributions deductible up to 60% of AGI</li> </ul>
12%	\$11,600-\$47,150	\$23,200-\$94,300	15% up to \$518,900 (single) / \$583,750 (married)			
22%	\$47,150-\$100,525	\$94,300-\$201,050	20% \$518,901 or more (single) / \$583,751 or more (married)	2.35% (includes 1.45% employee tax referenced above plus additional 0.90% tax for earned income above MAGI <sup>1</sup> \$200,000/\$250,000 threshold)	3.80% (additional tax will be levied on lesser of: 1) net investment income or 2) excess MAGI above \$200,000/\$250,000 threshold)	
24%	\$100,525-\$191,150	\$201,050-\$383,900				
32%	\$191,150-\$243,725	\$383,900-\$487,450				
35%	\$243,725-\$609,350	\$487,450-\$731,200				
37%	\$609,350 or more	\$731,200 or more				

The personal exemption has been repealed and individual tax rates and personal deductions sunset after 2025 as per the TCJA 2017. Standard deduction: Single \$14,600; Married filing jointly \$29,200.

<sup>1</sup>Modified Adjusted Gross Income (MAGI) is AGI plus amount excluded from income as foreign earned income, tax-exempt interest and Social Security benefit.

## Top/tax rates for ordinary income, capital gains and dividend income

Type of gain	Maximum rate	Alternative Minimum Tax (AMT) exemption <sup>3</sup>		
		Filing status	Exemption	Exemption phase-out range
Top rate for ordinary income & non-qualified dividends	37%/40.8% <sup>2</sup>	Single/Head of Household	\$85,700	\$609,350-\$952,150
Short-term capital gains (assets held 12 months or less)	37%/40.8% <sup>2</sup>	Married filing jointly	\$133,300	\$1,218,700-1,751,900
Long-term capital gains (assets held more than 12 months) & qualified dividends	20%/23.8% <sup>2</sup>			

<sup>2</sup>Includes top tax rate plus 3.8% Medicare tax on the lesser of net investment income or excess of MAGI over threshold (single threshold \$200,000; married filing jointly \$250,000).

<sup>3</sup>The exemption amount is reduced 0.25 for every \$1 of AMTI (income) above the threshold amount for the taxpayer's filing status. For AMTI above the top range the exemption will be \$0.

## Federal estate, generation-skipping transfer (GST) tax & gift tax exemption

Top federal estate tax rate	40%
Federal estate, GST & gift tax exemption	\$13.61 million per individual/\$27.22 million per couple <sup>4</sup>
Annual gift tax exclusion	\$18,000 per donor, per donee (\$36,000 per couple)

<sup>4</sup>Increased levels expire after 2025.

Source: IRS.gov. The presenter of this slide is not a tax or legal professional. This slide is for informational purposes only and should not be relied on as tax or legal advice. Clients should consult their tax or legal professional before making any tax- or legal-related investment decisions.



# Retirement plan contribution and deferral limits: 2023/2024

Type of Retirement Account	Specifics	2023	2024
401(k), 403(b), 457(b)	401(k) elective deferral limit/with catch-up contribution (age 50 and over)	\$22,500/\$30,000	\$23,000/\$30,500
	Annual defined contribution limit	\$66,000	\$69,000
	Annual compensation limit	\$330,000	\$345,000
	Highly compensated employee threshold	\$150,000	\$155,000
	403(b)/457 elective deferrals/with catch-up contribution (age 50 and over)	\$22,500/\$30,000	\$23,000/\$30,500
SIMPLE IRA	SIMPLE employee deferrals/with catch-up deferral (age 50 and over) <sup>1</sup>	\$15,500/\$19,000	\$16,000/\$19,500
SEP IRA	Maximum contribution <sup>2</sup>	\$66,000	\$69,000
	SEP minimum compensation	\$750	\$750
	SEP annual compensation limit	\$330,000	\$345,000
Health Savings Account (HSA)	Maximum contribution amount/with catch-up contribution (age 55 and over)	<b>Single:</b> \$3,850/\$4,850 <b>Family:</b> \$7,750/\$8,750	<b>Single:</b> \$4,150/\$5,150 <b>Family:</b> \$8,300/\$9,300
	Minimum deductible	<b>Single:</b> \$1,500 <b>Family:</b> \$3,000	<b>Single:</b> \$1,600 <b>Family:</b> \$3,200
	Maximum out-of-pocket expenses	<b>Single:</b> \$7,500 <b>Family:</b> \$15,000	<b>Single:</b> \$8,050 <b>Family:</b> \$16,100
Social Security	Wage base	\$160,200	\$168,600
	Maximum earnings test exempt amounts <sup>3</sup>	\$21,240/year (before FRA*) \$56,520/year (in year of FRA*)	\$22,320/year (before FRA*) \$59,520/year (in year of FRA*)
	Maximum Social Security benefit at FRA*	\$3,808/month	\$3,911/month
<b>Defined benefit – Maximum annual benefit at retirement</b>		<b>\$265,000</b>	<b>\$275,000</b>

\*FRA is Full Retirement Age for Social Security. Assumes FRA at age 67. Maximum benefit if FRA is age 66: \$3,618/month in 2023 and \$3,652/month in 2024.

<sup>1</sup>Employer may either match employee’s salary reduction contributions dollar for dollar up to 3% of employee’s compensation or make non-elective contributions equal to 2% of compensation up to the annual compensation limit. IRS Publication 560.

<sup>2</sup>Employer contributions may not exceed the annual defined contribution limit or 25% of compensation. Other rules apply for self-employed individuals. IRS Publication 560.

<sup>3</sup>In calendar years before FRA, benefit reduced \$1 for every \$2 of earned income above the limit; during year of FRA, benefit reduced \$1 for every \$3 of earned income in months prior to FRA.

Source: IRS.gov; SSA.gov



# Disclosures

Unless otherwise indicated, all illustrations are shown in U.S. dollars.

*Past performance is no guarantee of comparable future results.*

*Diversification does not guarantee investment returns and does not eliminate the risk of loss.*

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Asset class	20/80	40/60	50/50	60/40	80/20
U.S. large cap growth	4.5%	8.8%	11.0%	13.3%	17.5%
U.S. large cap value	4.5%	8.8%	11.0%	13.3%	17.5%
U.S. mid/small cap	2.3%	4.5%	5.5%	6.5%	9.0%
U.S. REITs	1.0%	2.0%	2.5%	3.0%	4.0%
Developed market equities	5.5%	11.3%	14.0%	16.8%	22.5%
Emerging market equities	2.3%	4.8%	6.0%	7.3%	9.5%
U.S. investment-grade bonds	61.8%	45.8%	38.0%	30.0%	14.0%
U.S. high yield bonds	12.3%	9.3%	7.5%	6.0%	3.0%
Emerging market debt	4.0%	3.0%	2.5%	2.0%	1.0%
U.S. cash	2.0%	2.0%	2.0%	2.0%	2.0%

Model portfolios can only be distributed by Intermediaries where Advisory Portfolios are available.

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- All data is aggregated, completely anonymized and kept confidential and secure

DATA PRIVACY: We have a number of security protocols in place which are designed to ensure all customer data is kept confidential and secure. We use reasonable physical, electronic and procedural safeguards that are designed to comply with federal standards to protect and limit access to personal information. There are several key controls and policies in place which are designed to ensure customer data is safe, secure and anonymous:

- (1) Before J.P. Morgan Asset Management (JPMAM) receives the data, all selected data is highly aggregated and all unique identifiable information, including names, account numbers, addresses, dates of birth and Social Security numbers, is removed.
- (2) JPMAM has put privacy protocols in place for its researchers. Researchers are obligated to use the data solely for approved research and are obligated not to re-identify any individual represented in the data.
- (3) JPMAM does not allow the publication of any information about an individual or entity. Any data point included in any publication based on customer data may only reflect aggregate information.
- (4) The data is stored on a secure server and can be accessed only under strict security procedures. Researchers are not permitted to export the data outside of JPMorgan Chase's (JPMC) systems. The system complies with all JPMC Information Technology Risk Management requirements for the monitoring and security of data.
- (5) JPMAM provides valuable insights to policymakers, businesses and financial professionals, but these insights cannot come at the expense of consumer privacy. We take every precaution to ensure the confidence and security of our account holders' private information.