



MICHIGAN OFFICE OF RETIREMENT SERVICES

Big Plans. Small Steps.

5 Steps to Get Ready for Retirement

State of Michigan 401(k) & 457 Plans



VOYA
FINANCIAL



You may be thinking about retiring soon. But are you retirement ready?

The State of Michigan 401(k) and 457 Plans can help you prepare now.

The Plans provide you with the information and tools that can help to increase your financial well-being, both today and during retirement.

This guide offers a step-by-step plan to help you get on track for retirement. Share this information with your spouse or partner.



**MICHIGAN OFFICE OF
RETIREMENT SERVICES**
Big Plans. Small Steps.

VOYA
FINANCIAL

Step 1

Determine Your Retirement Income Goal

If you're in good health, your retirement assets may need to last 25 years or longer. When you calculate the amount you'll need to cover your living expenses during your retirement years include:

- Retirement age
- Life expectancy
- Projected income
- Monthly expenses
- Healthcare costs
- Lifestyle and travel plans

Because cost of living rises slightly most years, you may need to adjust for inflation of around 3 percent annually. You may also want to speak with a financial planner who can consider all the variables and help you make the right moves to meet your retirement income needs.



You have access to information, tools and planning resources to help you determine your retirement income needs and drawdown strategy. See the list on page 8.

Step 2

Know Your Income Sources and Have a Drawdown Strategy

You may have several sources of retirement income with different withdrawal and tax rules, so you will need an overall income strategy.

The Plans give you access to advice from Voya Retirement Advisors powered by Edelman Financial Engines® that includes these services at no additional charge:

- A personalized income plan that brings together all sources (e.g., Social Security and pensions (if eligible), your State of Michigan 401(k) and 457 Plan accounts, IRAs and other savings) plus a yearly income forecast for your household.
- Guidance on filing and claiming Social Security (if eligible) to maximize your benefits.
- The option to have your 401(k) and 457 Plan accounts professionally managed, including in retirement.

Use the budget worksheets on pages 6-7 and include the monthly income amounts such as:

Social Security

If you have paid into Social Security, you are eligible for benefits. Keep in mind that you can take a reduced benefit as early as age 62, but waiting until your normal retirement age or later allows you to collect full benefits. **Voya Retirement Advisors** can help you understand your options.

Employer-sponsored retirement plans

Consider all pensions and retirement plan accounts you may have with your current and past employers. You can begin withdrawing money without penalty from the 401(k) and 457 Plans at age 59½. * Some exceptions apply.

Personal savings

Review your IRAs, stocks, bonds, mutual funds, annuities and cash value life insurance. Consider tapping into your taxable savings first so your 401(k) and 457 Plan assets can continue to grow tax-deferred.

Work

Your pension benefits, Social Security benefits and 401(k) and 457 Plan distributions may be affected if you keep working during your retirement years. Check in advance on any potential impact by contacting:

- The Office of Retirement Services (ORS) about your pension benefits at **800-381-5111**.
- The Social Security Administration about your Social Security benefits at **800-772-1213**.
- Voya's Plan Information Line at **800-748-6128** about your 401(k) and 457 Plan distributions.

* Withdrawals after 59½ will be taxed as ordinary income.



Step 3

Ensure Your Health and Prepare for the Unexpected

A 65-year-old couple who retires with Medicare coverage may need up to \$315,000 for healthcare expenses for healthcare costs in retirement.* That figure does not include dental, vision, hearing, or long-term care expenses.



* T. Rowe Price, <https://www.troweprice.com/personal-investing/resources/insights/breaking-down-health-care-expenses-in-retirement.html>

Be sure to investigate your health insurance options and understand how they work, including:

- **Retiree healthcare benefits based on your employment:** Visit [Michigan.Gov/ors](https://www.michigan.gov/ors). For additional information, go to [VoyaDelivers.com/MIPlanHighlights/welcome](https://www.voyadelivers.com/MIPlanHighlights/welcome) and follow the instructions to get your Plan Highlights ebook.
- **Medicare:** national health insurance for people age 65 and over
- **Long-term care insurance:** for nursing home or caregiver services

Step 4

Get Your Estate in Order

An estate includes all the things of value that you own. You need a plan to ensure the orderly transfer of assets to your intended heirs — and to protect and manage those assets if you cannot. Consider meeting with an estate attorney and ask about a:

- Will
- Durable power of attorney
- Living trust
- Living will

Step 5

Plan for Lifestyle Changes as You Approach This New Stage of Life

Living the way you want in retirement may take some planning now. Your desired lifestyle might include:

- **Relocation:** Research communities and, if necessary, prepare your home for sale.
- **Part-time employment or job change:** Start networking, or sign up for classes or training.
- **Clubs and activities:** Start building relationships with organizations to make the transition to retirement easier.

No matter how you decide to spend your retirement years, managing your assets wisely will make them more fulfilling and enjoyable. As you move ahead, get all the information you need before making any big decisions.

When Will You Be Retirement Ready?



Use this checklist as a guide:

- I have a written budget that includes my anticipated retirement expenses and income sources. *Use the budget worksheets on pages 6-7.*
- I know what my Social Security income will be in retirement.
- I have developed a retirement income strategy.
- I know the approximate future income from my investments (401(k) and 457 Plans, pension, personal savings, etc.)
- I have discussed my finances with my spouse or partner.
- I have advance medical directives in place (i.e., health care proxy, durable power of attorney and living will).
- I have my important papers, including those listed above, where my family can find them. I have reviewed the papers with my spouse or partner.
- I have reviewed my health and life insurance coverages, both now and for retirement.
- I have discussed my retirement plans, such as where I want to live, with my spouse or partner.





| Household | |
|--|---------------------------|
| Mortgage <i>(Include escrow, property taxes, etc.)</i> | Mortgage Pay-off Year () |
| Electric | |
| Gas/Oil | |
| Phone <i>(including cell phone)</i> | |
| Cable/DSL | |
| Security | |
| Household Maintenance | |
| Pets | |
| Groceries | |
| Other | |
| SUB TOTAL | |

| Transportation | |
|-------------------------|-----------------------|
| Car Payments | Loan Pay-off Year () |
| Auto Maintenance | |
| Auto Taxes/Registration | |
| SUB TOTAL | |

| Personal | |
|--|--|
| Clothing | |
| Laundry/Dry Cleaning | |
| Personal Care | |
| Medical Expenses | |
| Education/Hobbies/Memberships | |
| Entertainment | |
| Charitable Contributions | |
| Travel/Vacations | |
| Alimony/Child Support/Parental Support | |
| SUB TOTAL | |

| Debt Payments | |
|--------------------------------------|------------------------------|
| Credit Cards | Credit Card Pay-off Year () |
| Other Debt <i>(e.g. Home Equity)</i> | Loan Pay-off Year () |
| SUB TOTAL | |

| Insurance Premiums | |
|---|--|
| Health/Dental | |
| Life | |
| Auto | |
| Homeowners <i>(if not part of escrow)</i> | |
| Long-term Care | |
| Other | |
| SUB TOTAL | |

| | |
|--|--|
| TOTAL MONTHLY RETIREMENT EXPENSES | |
|--|--|

Worksheet: Anticipated Retirement Income Sources

| Income Sources | Anticipated Monthly Income | |
|--|----------------------------|--------|
| | You | Spouse |
| Social Security | | |
| Pension (current/prior employer) | | |
| Personal Savings (Use online Retirement Income Calculators or divide each balance by 240 for a rough monthly income estimate over the next 20 years) | | |
| Current Balance | | |
| Michigan 401(k) Plan | ÷ 240 = | |
| Michigan 457 Plan | ÷ 240 = | |
| Prior Employer Retirement Plan | ÷ 240 = | |
| Individual Retirement Account (IRA) | ÷ 240 = | |
| Savings Accounts | ÷ 240 = | |
| CDs/Money Market Funds | ÷ 240 = | |
| Personal Stocks, Bonds, Mutual Funds | ÷ 240 = | |
| Annuity Income | | |
| Rental Income | | |
| Alimony or Beneficiary Payments | | |
| Part-Time Income | | |
| TOTAL ANTICIPATED MONTHLY RETIREMENT INCOME | | |

Worksheet: Anticipated Income Versus Retirement Expenses

| | |
|--|--|
| TOTAL ANTICIPATED MONTHLY RETIREMENT INCOME | |
| <i>SUBTRACT</i> TOTAL MONTHLY RETIREMENT EXPENSES | |
| TOTAL MONTHLY FINANCIAL BALANCE | |

If the balance is negative, you may need to reduce your expenses or increase your income to make your money last over the course of your retirement.

These worksheets are designed to help you understand your anticipated retirement expenses and income sources. Your analysis is based solely on the information provided by you. No representations, warranties, or guarantees are made as to the accuracy of any projections or calculations. These worksheets are not intended to provide tax, legal or accounting advice. You should consult your own attorney or tax advisor about your specific circumstances.



MICHIGAN OFFICE OF RETIREMENT SERVICES
Big Plans. Small Steps.



Support to Help You Be Retirement Ready

The State of Michigan 401(k) and 457 Plans offer a variety of resources while you are an active employee nearing retirement and after you retire.

Planning Tools and Information

Whenever you log into your account, you can use **myOrangeMoney**[®] to get an estimate of the monthly income your savings could generate in retirement and your **Personal Financial Dashboard** to organize your finances. These online tools are designed to help you plan for your retirement and other goals, see where you stand and make smart money decisions.

You will find information to help you plan for retirement on these websites:

- 401(k) and 457 Plans: **StateOfMi.Voya.com**
- Pension Plus: **MiPensionPlus.org**
- Office of Retirement Services: **Michigan.gov/ors**
- AARP: **Aarp.org**
- Internal Revenue Service: **Irs.gov**
- Medicare: **Medicare.gov**
- Social Security Administration: **Ssa.gov**

If you are a State of Michigan or Michigan public school employee who is within four years of retiring, you may want review education available from both Voya and ORS.

State Employees

- **Get Ready to Retire:** Register for this live webinar, presented by Voya, focusing on the State of Michigan 401(k) & 457 Plans.
- **Pre-Retirement Orientation:** On-demand workshop, presented by ORS, focusing on the Defined Benefit plan.

Michigan Public School Employees

- **Get Ready to Retire:** On-demand webinar, presented by Voya, focusing on the State of Michigan 401(k) & 457 Plans.
- **Planning Your Retirement:** On-demand workshop, presented by ORS, focusing on the Defined Benefit plan.

Your Defined Benefit Pension

If you are eligible for a pension, go to **Michigan.gov/ors** to learn more. For answers to questions about your pension, log in to MiAccount at **MiLogin.Michigan.gov** and use the secure Message Board or call **800-381-5111**.

Investment and Retirement Planning Advice

Voya Retirement Advisors, LLC (VRA) offers the following investment advisory services, powered by Edelman Financial Engines:^{**}

- **Online Advice** — a no-cost service if you would like to manage your own retirement planning and investment decisions
- **Professional Management** — a fee-based service for individuals who prefer to have their account managed for them

If you decide to enroll in the service, the tiered fee schedule is based on your account balance (0.30 percent for the first \$100,000; 0.25 percent for the next \$150,000; 0.20 percent over \$250,000). You may cancel the service at any time with no penalty. For details, log in to your account at **StateOfMi.Voya.com** and select **More Resources > Get Investment Advice**.

* Information from registered Plan Service Representatives is for educational purposes only and is not legal, tax or investment advice. Local Plan Service Representatives are registered representatives of Voya Financial Advisors, Inc., member SIPC. Plan administrative services are provided by Voya Institutional Plan Services, LLC (VIPS). VIPS is a member of the Voya[®] family of companies and is not affiliated with the Michigan Office of Retirement Services.

** **Advisory Services provided by Voya Retirement Advisors, LLC (VRA).** VRA is a member of the Voya Financial (Voya) family of companies. For more information, please read the Voya Retirement Advisors Disclosure Statement, Advisory Services Agreement and your Plan's Fact Sheet. These documents may be viewed online by accessing the advisory services link(s) through your Plan's website at stateofmi.voya.com. You may also request these from a VRA Investment Advisor Representative by calling your plan's information line at 800-748-6128. Financial Engines Advisors L.L.C. (FEA/Financial Engines) acts as a sub-advisor for Voya Retirement Advisors, LLC. Financial Engines Advisors L.L.C. (FEA) is a federally registered investment advisor and wholly owned subsidiary of Edelman Financial Engines, LLC. Neither VRA nor FEA provides tax or legal advice. If you need tax advice, consult your accountant or if you need legal advice consult your lawyer. Future results are not guaranteed by VRA, FEA or any other party and past performance is no guarantee of future results. Financial Engines[®] is a registered trademark of Edelman Financial Engines, LLC. All other marks are the exclusive property of their respective owners. FEA and Edelman Financial Engines, L.L.C. are not members of the Voya family of companies. ©2018 Edelman Financial Engines, LLC. Used with permission.