



Do you have these
3 financial goals covered?

Edward Jones®

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Overview

Many of our financial goals are unique to who we are, what we want to accomplish and where we're at in our lives. But there are three goals that we believe everyone should address. This guide will help you incorporate each of them into your financial strategy.



Big goal #1: Retirement

No matter your age or how you plan to support yourself in your retirement, there are steps you can take to prepare to retire comfortably. Let's look into these steps and the goals you should accomplish ahead of retirement.

Saving for retirement

Saving for retirement may feel challenging at times when it seems so far away. But if you take advantage of this time, and employ the strategies below, you can have the resources necessary to provide the security and freedom to live a life you love in retirement.

Take advantage of employer matches for retirement savings

If your employer offers a match, it's wise to take advantage of it. Matching amounts vary among employers. They are commonly structured as 50 cents on the dollar or a dollar-for-dollar match, usually for 3% to 6% of an employee's salary.

At a minimum, you'll want to contribute enough to your 401(k) to earn your employer's matching contribution if one is offered. It's effectively free money.

Increase your contributions each year

As you progress in life and career, it's beneficial to increase contributions as your income grows to work toward your retirement savings goal.

Consider these strategies:

- Increase your savings rate by 1% each year. In fact, if your employer plan offers an auto-escalation option, you can set it to automatically do just that.
- Reserve a certain dollar amount or percentage of future pay raises, bonuses or financial windfalls to go toward your retirement savings.

Of course, there are limits as to how much you can contribute to your 401(k): In 2025, you can put in up to \$23,500 if younger than 50, and generally up to \$31,000 if 50 or older.



If you don't have an employer plan, contribute to another tax advantaged saving option

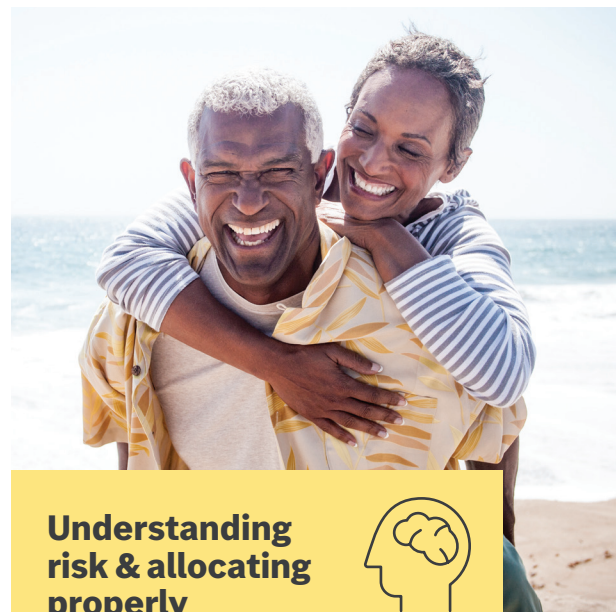
Traditional IRAs and Roth IRAs are types of individual retirement accounts (IRAs). Both IRA options can be funded by contributions or by rolling over your retirement assets from pre-tax retirement plans like 401(k)s at another financial institution. The difference between them is mostly how and when your money is taxed.

A traditional IRA tends to be more beneficial when:

- You expect your tax rate in retirement to be lower than your current tax rate.
- You're in a high bracket today and would prefer the immediate tax savings of a deduction (if eligible).

A Roth IRA tends to be more beneficial when:

- You're young, in a low tax bracket or expect your tax rate in retirement to be higher than your current tax rate.
- You can forgo the deduction today for the prospect of tax-free retirement income.
- You plan to pass these assets to your heirs instead of spending them in retirement.
- You expect higher income from taxable sources in retirement and would benefit from a Roth's tax-free income to help manage your taxes and Medicare premiums in retirement.
- You have most of your retirement assets in traditional IRAs or pre-tax retirement plans, and could benefit from tax diversification.



Understanding risk & allocating properly



When it comes to investing, there are several components to risk. Understanding them can help give you the confidence to take the appropriate and necessary risks to reach your goals.

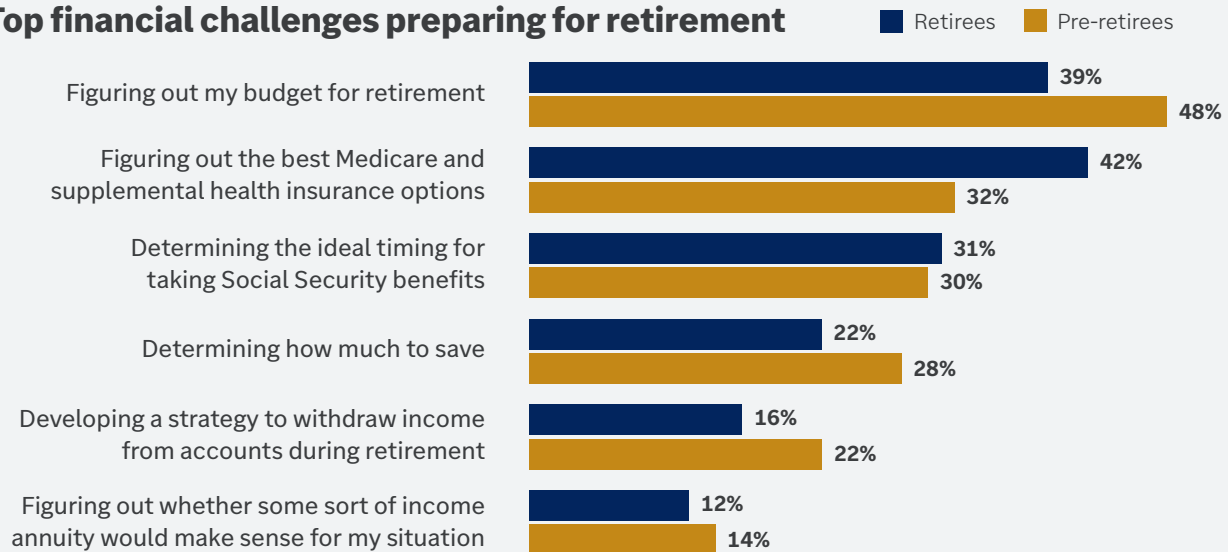
- **Risk tolerance** describes your emotional comfort with risk. Knowing your comfort level with risk can help you avoid some emotional investing mistakes, such as chasing performance, or selling during market declines.
- **Risk capacity** is your ability to handle risk. Your investment time horizon is often one of the biggest determining factors here.
- **Required risk** describes how much risk you may need to take to reach your goals. In general, the higher the return needed, the more potential risk you'll have to take.



Approaching retirement

In the years leading up to retirement, you should be able to make your retirement plan more specific.

Top financial challenges preparing for retirement



Source: Tepper, Taylor, "America's seniors in debt: A growing problem," Forbes, Mar. 29, 2021; Joint Center for Housing Studies of Harvard University, Housing America's older adults 2019

Base: U.S. retirees and pre-retirees, select up to two

Consider plans for health insurance in retirement

Health care is one of the biggest concerns of retirees (and one of the biggest expenses). But with proper planning, you can be better prepared to cover your health care costs.

Options if you plan on retiring before you're eligible for Medicare

If you plan on retiring before you're eligible for Medicare, there are four main options for health insurance for you to consider.

- Former employer retiree health benefits
- Spouse's plan
- COBRA
- ACA Marketplace plan

There are pros and cons to each of these plans, so make sure to review with a financial advisor before deciding which one you will choose.





Estimating your health care costs & long-term care



In general, there are two categories of medical expenses in retirement: traditional and long-term medical care.

Initially budgeting \$4,500 to \$6,500 per person annually* for traditional medical expenses may be a good starting point. While that number can seem intimidating, remember that you don't pay for all your health care at once.

For long-term medical care, the amount budgeted depends on how you plan to cover these costs.

One of the largest potential health care costs not covered by Medicare is long-term health care.

Neither Medicare nor Medicare Advantage will cover the highest-cost aspects of long-term care, such as an extended stay in a nursing home.

You may want to explore private long-term care insurance options or newer insurance options combining life insurance with long-term care coverage to cover the costs of a longer stay, care not related to a recent hospitalization, or care that isn't skilled nursing.

*Source: Edward Jones/Age Wave, Longevity and the New Journey of Retirement, 2022

Understanding Medicare

Knowing what to expect from Medicare — a public health insurance program for Americans ages 65 and older — is key.

Traditional Medicare is offered through the federal government and includes Part A, which provides hospital coverage, and Part B, which covers doctor's appointments. However, there are some notable gaps in Medicare coverage, so you can select additional "parts" offered through Medicare-approved insurance companies. These include:

- **Part D** covers prescription drugs for a modest premium or none at all, as well as out-of-pocket costs for the prescriptions, which can vary depending on your plan.
- **Medicare supplement insurance (Medigap)** has several plan options and may cover items such as copays, deductibles and coinsurance. Medigap premiums vary by provider.
- **Medicare Advantage (Medicare Part C)** is a Medicare Advantage plan that includes Parts A, B and possibly D. You might pay a low monthly premium for Medicare Advantage or no premium, but you will have deductibles, copays and coinsurance.

Note: You cannot have Part C and Medigap — you have either traditional Medicare, Part D and Medigap or Medicare Advantage.

The benefits of health savings accounts, or HSAs

An HSA can be a valuable tool for planning your retirement expenses, since it has triple tax benefits — contributions are tax-deductible, grow tax-free, and have tax-free distributions if used for qualified medical expenses- including Parts A, B, C, and D premiums (although not Medigap premiums), as well as qualified long-term care insurance premiums up to the federal tax-deductible limits.

While there is a 20% penalty for distributions not used for health care expenses, after reaching age 65, distributions not used for health care are penalty-free and would be taxed as ordinary income.

Given these benefits, if you can afford to, it may make sense to avoid using your HSA on expenses before you retire, and instead save your HSA for retirement.



Are you emotionally ready to retire?



It's important to invest some time now to prepare for retirement, so it's recommended to involve your spouse and other family members in the conversation. Openly discussing your vision can help ensure the greatest sense of satisfaction, joy and purpose during your next stage.

Thinking about your answers to the following questions can help bring your retirement vision to life:

- What does the word “retirement” mean to you?
- How will leaving the workforce make you feel?
- What's the first thing you want to do when you retire?
- If you have a spouse or partner, is he or she on board?

When will you begin taking Social Security?

You can claim benefits as early as age 62 and as late as age 70. However, your benefits are reduced by up to 30% if you claim before your full retirement age (FRA) but can increase by up to 24% above your full-retirement benefit if you delay past your FRA (assuming FRA of 67).

Should your investment strategy be adjusted for retirement?

If you don't invest appropriately, the potential size of your portfolio — and your lifestyle in retirement — could be affected.

If retirement is still far away

If you're many years away from retiring, more of your investments should be geared toward those that provide growth opportunities, such as stocks and stock mutual funds. You generally have more time to weather short-term declines and pursue higher long-term returns.

If you're closer to retiring

As you near retirement, it's harder to weather larger potential market declines. Your portfolio should start becoming more balanced between stocks and bonds in the years before you retire.

Living in Retirement

On the other side of the retirement finish line, there are potentially decades of living off your savings and investments, which is why you should revisit your retirement strategy even after achieving it.

Determine your income needs

Your retirement journey all starts with you — including when you plan to retire, your desired lifestyle, what's important to you, and the spending that will help you get there.

Approximate your expenses and spending

Since how much you spend is a key factor in the success of your retirement strategy, it's important to develop a reasonable estimate of your spending. Consider separating expenses into necessary (mortgage, utilities, food) and discretionary (travel, entertainment) to highlight your flexibility. Don't forget major expenses such as taxes and health care.

Spending flexibility and longevity

Starting out with a modest withdrawal rate can provide you with flexibility to better handle market declines and unexpected expenses. By being flexible with your withdrawals during market declines, such as not taking annual raises or potentially even reducing spending, you can be better positioned to navigate declines when they occur.

Life expectancy has risen dramatically, so it's important to consider the length of your retirement. The longer you expect to live, the more conservative your initial withdrawal rate should be.



Develop your income strategy

Everyone has different expectations on how to spend retirement. Whatever your plans, it's important to develop a strategy that can help fulfill expectations and protect against things that could get you off track.

Outline your outside sources of income

When you plan to retire can affect your income from outside sources, such as Social Security. Take time to review your Social Security and pension options, including the effects on payment levels, spousal benefits and taxes — especially if you're considering taking Social Security early.

Determine the income needs from your portfolio

In retirement, your portfolio investments will need to cover any gap between expected spending and outside income. You will need to identify which assets can fill this income gap, broken down by tax treatment (taxable, tax-deferred, tax-free), to understand the cash you can provide on an after-tax basis. For example, if most of your investments are in a traditional 401(k) or IRA, you may need to withdraw more on a pretax basis to get the after-tax income you desire.



Ensure your strategy is built to last

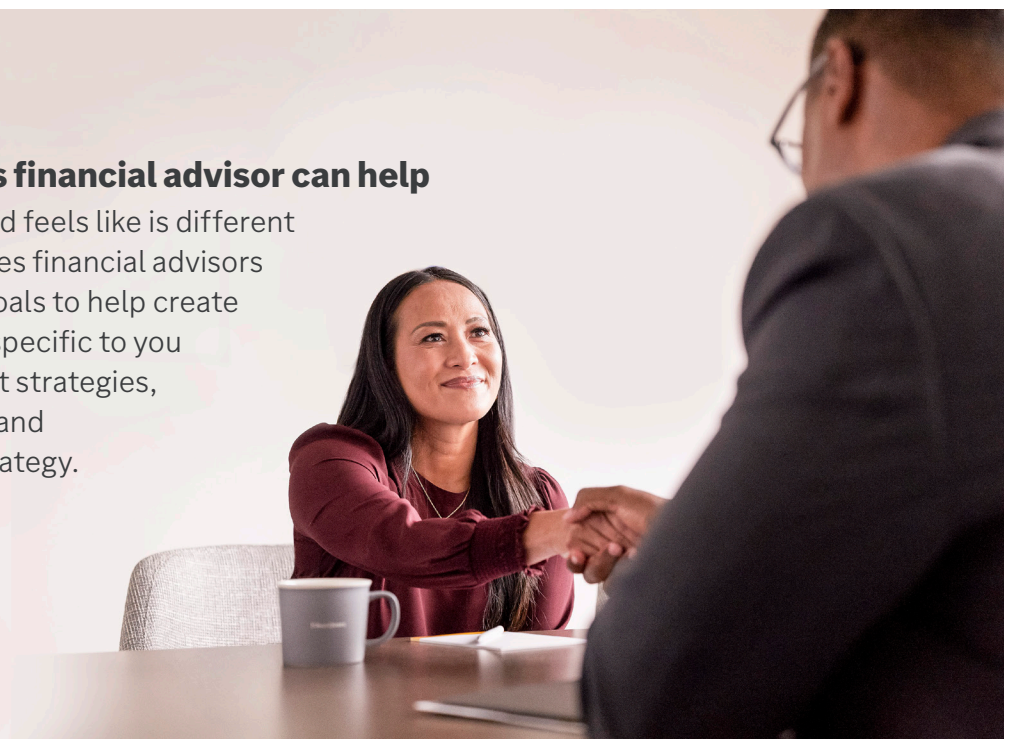


Two key ratios will help determine whether your spending strategy is achievable:

- **Portfolio withdrawal rate** — How much you withdraw from your portfolio each year plays the biggest role in determining the sustainability of your spending strategy.
- **Portfolio reliance rate** — this indicates how much you rely on your portfolio for income.

How an Edward Jones financial advisor can help

What retirement looks and feels like is different for everyone. Edward Jones financial advisors work with you and your goals to help create a retirement plan that is specific to you including your investment strategies, planning for health care, and developing an income strategy.





Big goal #2: Preparing for the unexpected

Planning is important to achieving our goals, but we all know life doesn't always go to plan.

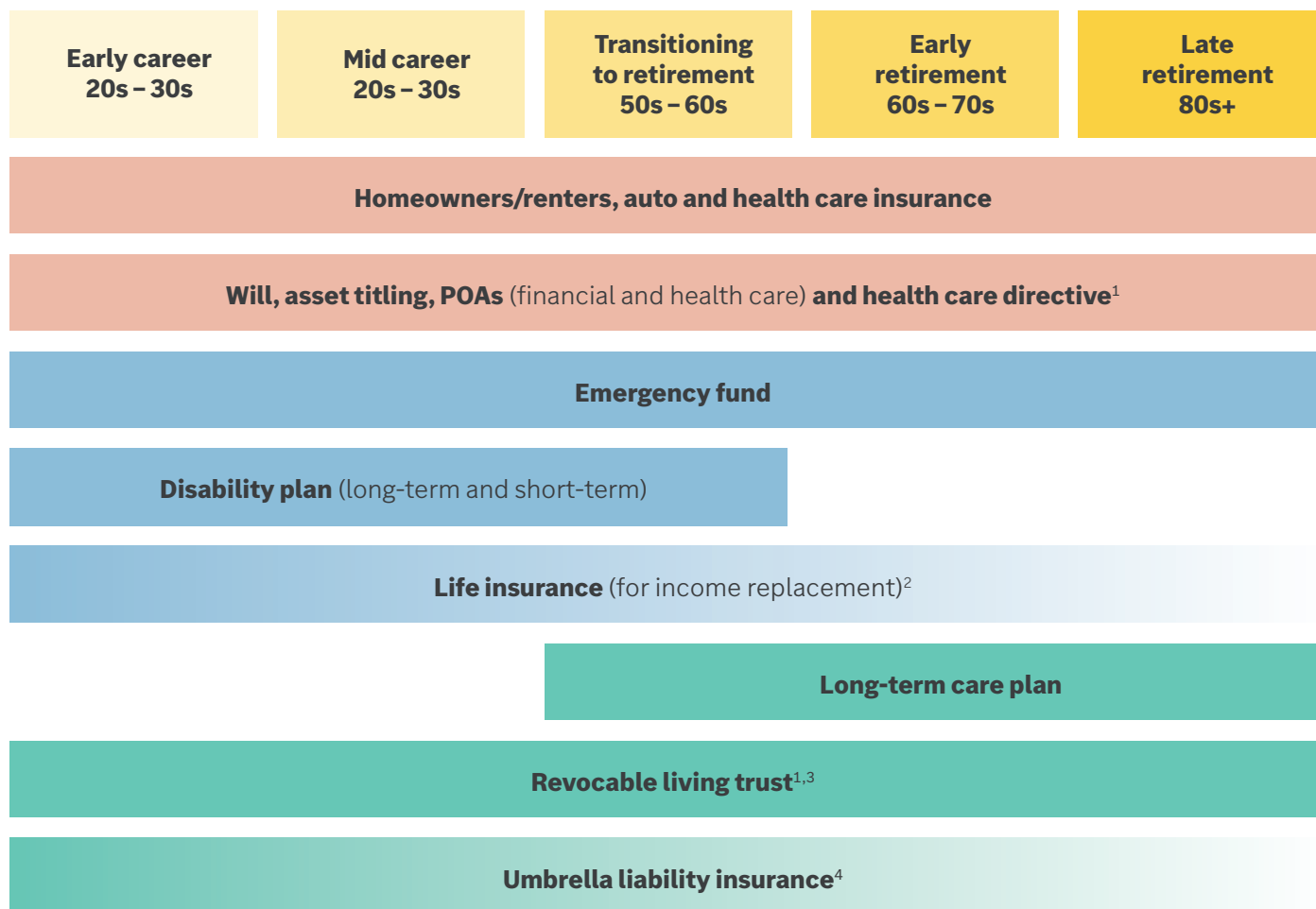
Protection strategies

Preparing for the unexpected is about creating guardrails to minimize the impact of unexpected challenges and ultimately create better financial stability for you and your family.

Have you identified relevant protection strategies?

The protection strategies you consider will change as you move through life. For example, disability insurance may be important while you're working but won't be helpful if you're retired. Conversely, a long-term care plan may not be your top priority in your 20s but becomes more important as you reach retirement.

Protection strategies over time



¹In some cases, a revocable living trust might be prioritized along with you other estate documents (e.g., you have a dependent with special needs). An attorney can help draft your estate documents, advise whether a trust is appropriate and provide guidance on how to title assets and designate beneficiaries.

²Only considers the use of life insurance to cover your family's needs in case of untimely death of you or your partner (e.g., to replace lost income or pay off debts). Doesn't include using life insurance for legacy or wealth transfer purposes.

³The importance of a revocable living trust depends on your family situation. A revocable living trust is more relevant if you have larger or complex assets or special family concerns (e.g., minor child, dependent with special needs or blended or nontraditional family).

⁴The importance of umbrella liability insurance depends on your overall assets. The more assets you have, the more relevant this insurance is for you.

For those strategies, do you have gaps?

You may be missing a protection strategy, such as not having anything saved for an emergency fund. But it could also be that your strategy doesn't adequately meet your needs.

If you have multiple gaps, do you know which to prioritize?

Because there are multiple strategies, many people have more than one gap that they could work toward improving.

While most people prefer not to think about the things that can interrupt plans, preparing for the unexpected can help provide comfort that you've done everything you can in the event something goes wrong.



Emergency fund

A key part of your protection strategy is having an emergency fund to prepare you financially and emotionally for the unexpected and give you more confidence and flexibility to accomplish your goals.



How much should you have saved?

For most people, maintaining three to six months of total expenses in emergency savings is appropriate.

The specific amount to target depends on:

- Your risk of unexpected expenses.
- If you work, your risk of a temporary loss of income.
- How much security you want when it comes to weathering financial emergencies.

The greater your risks and the more confidence you want, the more money you should save for emergencies. That could mean maintaining more than six months in your emergency fund.

When should you use your emergency fund?

Your emergency fund is there to support you in the event of an unforeseen financial setback.

This can include:

- Job loss or other regular income loss
- Medical expenses
- Home costs or repairs
- Necessary and unexpected one-time purchases

Don't be afraid to dip into your emergency fund as needed, but always work to build it back to your target level whenever you do use the money.



How an Edward Jones financial advisor can help

Nobody can predict the future, but with the right guidance you can plan for it. Your Edward Jones financial advisor can help you navigate life's "what ifs," implement a protection strategy tailored to your needs, and help make adjustments, every step of the way.





Big goal #3: Estate planning

For many of us, relationships with family and friends bring the greatest satisfaction and joy to our lives, so it's important to create an estate plan to ensure they are taken care of in the future.

Do you have the core documents of an estate plan?



Regardless of your personal situation, completing core documents is an important first step to help ensure your estate plan maintains a healthy foundation should something unexpected happen.

Those documents are:

- Will (or will and revocable living trust)
- Durable power of attorney (financial and health care)
- Health care directives

Put your beneficiary designations in place

One of the easiest ways to make sure your assets go to the people you intend is to list them as beneficiaries in your retirement accounts, life insurance policies and annuities.

Note: Brokerage accounts don't automatically include beneficiary designations, but you can complete a Transfer on Death agreement to identify the person to whom the assets should go. You can also complete a "successor owner designation" on individual 529 plans.

Communicate your estate plan to your loved ones

Often, having a family meeting about your estate strategy can help achieve your legacy goals, generally preparing your beneficiaries for future inheritances and responsibilities. A general discussion of strategies and expectations is a personal decision; you're certainly not obligated to share your strategy, as every family situation is unique. However, it's important to consider whether and when to involve those affected by your estate strategy in broader discussions with your estate-planning attorney as well as your financial advisor and qualified tax professional.



When does your estate plan need updating?

Once you've completed your core documents, review them every three to five years to ensure they're aligned with your goals and adjusted for any recent or anticipated changes in tax law.

Common life events would also cause you to review or update your core estate documents:

- Getting married
- Becoming a parent
- Moving to a new state or buying property in a different state
- Divorcing your spouse
- Child(ren) turning 18 and/or starts college
- Inheriting assets from a loved one



How an Edward Jones financial advisor can help

The value of an estate plan goes beyond just drafting legal documents. An Edward Jones financial advisor will work to understand what's most important to you and your family, and collaborate with the rest of your team to help you shape your legacy.

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