

Jump Start Your Retirement

Saving for Retirement: What You Need to Know

June 2018



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US Retirement Glossary



US Retirement Glossary

Defined Benefit

- **Benefit is defined** by formal plan based on a formula
 - (e.g.,) $2\% \times \text{pay} \times \text{service}$ paid as monthly annuity for life
- Traditional Pension Plans
- Funding is responsibility of Employer
- Employer bears all investment risk



US Retirement Glossary

Defined Contribution

- **Contribution is defined** by formal plan
 - (e.g.,) 5% per year deposited into your account
- 401(k) Plan
- Funding is responsibility of Employee and Employer
- Employee bears investment risk



US Retirement Landscape



US Retirement Landscape



Prior generation of retirees:

- ✓ Company pension plan
- ✓ Social Security
- ? Might have saved for retirement, maybe didn't



Today's generation of retirees:

- ✓ Social security exists but less valuable
- ✓ Personal savings are crucial for retirement success
- ? Unlikely to have a company pension plan

Shift from **Traditional Pensions** to **401(k) Plans** means it's more important than ever that each individual take personal responsibility for their own retirement

US Retirement Landscape

Mortality Risk

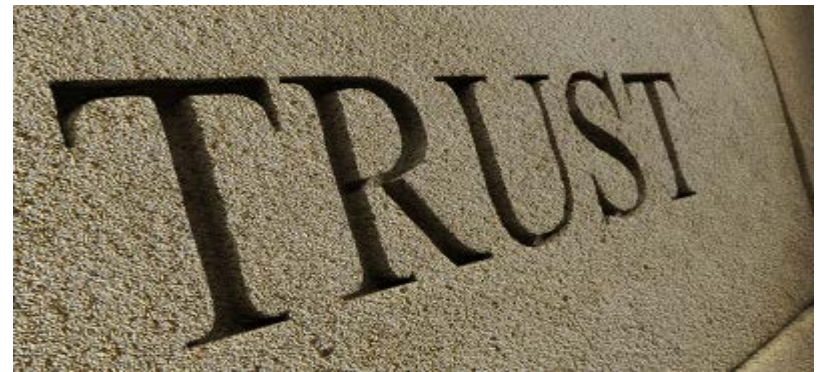
- Risk that you will outlive your retirement savings
- Most projection tools will give you a lump sum savings target that will let you reach the *AVERAGE* age of death
- If your retirement income is not guaranteed, you run the risk of a shortfall
- Translation of balance into *RETIREMENT INCOME* is critical



US Retirement Landscape

Lots of Help – Not all of it Good!

- Beware of ‘Help’ – that is really a sales pitch by a salesperson
- Generally, unless the retirement planner is accepting **FIDUCIARY RESPONSIBILITY** then likelihood is they just want to sell you a product
- IRS rules released in 2016 would have required advice providers to act solely in the best interest of the consumer have been scrapped by today’s administration



Citi's Retirement Program



Citi's Retirement Program



Citi Retirement Savings Plan

- Only tax-qualified retirement plan all active employees are eligible to participate in

Health Savings Accounts

- Available to employees enrolled in a High Deductible Health Plan
- Funds can be used today or saved for future health care expenses

Education and Advice

- Many services available
- Most available with no additional fees

Citigroup Pension Plan

- Only available if hired before 2007

Citi's Retirement Program

Retirement Savings Plan



Citi's Retirement Program

Citi Retirement Savings Plan

- Save early, save often
- 401(k) design
- Citi helps you save with:
 - 6% matching contribution
 - Up to 2% fixed contribution (if eligible)
- Your own savings make the difference



It is estimated that a 30 year old needs to save **20%** per year (total) to replace 70% of their pre-retirement income at age 65*.

* Actual amount at retirement depends on a number of factors, including investment earnings over time.

Citi's Retirement Program

Citi Retirement Savings Plan Example

Employee
Contribution
6%



Citi's Matching
Contribution
6%



Fixed Contribution
2%



Total Contribution
14%

Citi's Retirement Program

Health Savings Account



Citi's Retirement Program

Health Savings Account

- For Active Employees who choose **High Deductible Health Plan** only
- Can be used for current medical expenses or ***saved for medical expenses during retirement***
- Triple tax advantaged program
 - Employee payroll deductions are not taxed
 - Earnings in savings account are not taxed
 - Distributions are not taxed



Citi's Retirement Program

Health Savings Account – fully portable and funds never expire

Coverage Type	Total HSA Account Limit	Citi's Contributions	Employee's May Contribute*	Additional Catch-Up Contribution (55 or older)
Employee only	\$3,400 max	\$500	\$2,900 max	\$1,000
Family (other coverage categories)	\$6,750 max	\$1,000	\$5,750 max	\$1,000



* 2017 limits reflecting contributions from Citi

Citi's Retirement Program

Retirement Planning



Citi's Retirement Program

Don't be your own worst enemy

Loans and early withdrawals erode the impact of retirement savings

Make sure you've considered that whatever you're using the loan or withdrawal to purchase will mean lower retirement income or working longer before you can retire

A loan of \$50,000 at age 50 could translate into \$7,600 less in retirement income **annually***

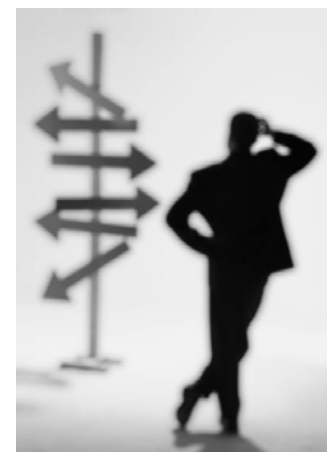
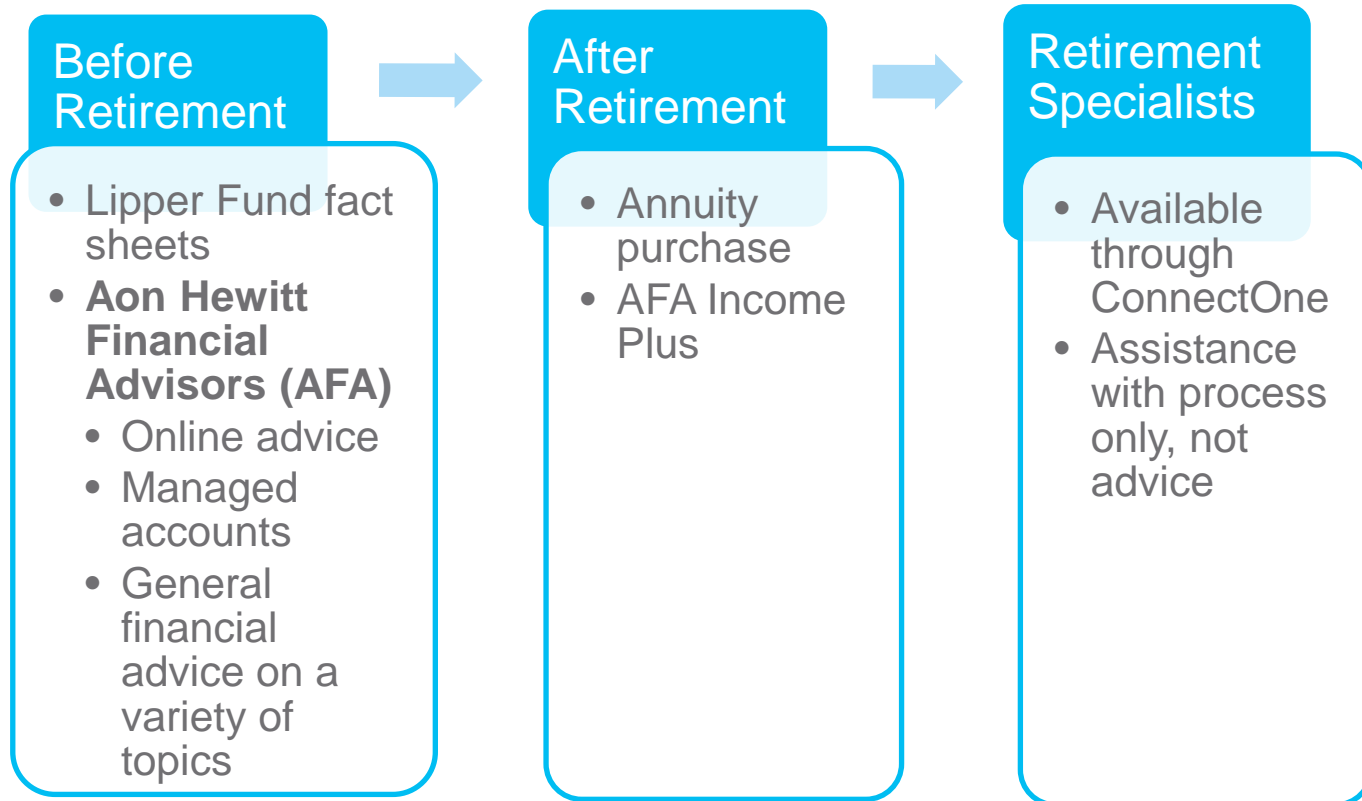
A loan of 10% of your balance at age 50 could translate into **4%** lower pre-retirement income replacement (e.g., 66% instead of 70% replacement)*

* Actual amount at retirement depends on a number of factors, including investment earnings over time.



Citi's Retirement Program

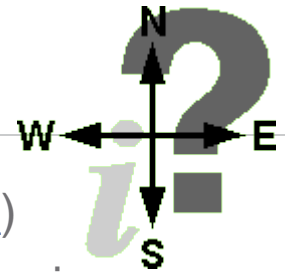
Citi's Retirement Planning Tools



Retirement Resources



Contact Information



- **My Total Compensation and Benefits** (www.totalcomponline.com)
 - You can link to benefits websites and tools without an additional login; available from the Citi intranet and the Internet

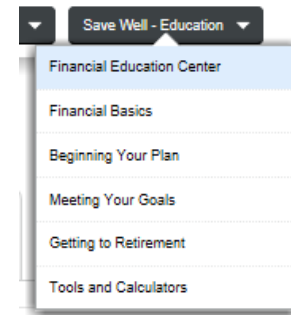
- **ConnectOne** (1-800-881-3938)
 - From the ConnectOne “Benefits” menu, choose the “**401(k) Plans**” option
 - Representatives are available from 8 AM to 8 PM eastern time on weekdays, excluding holidays

- **Aon Hewitt Financial Advisors**
 - Via ConnectOne
 - Website available:
 - My Total Compensation and Benefits → Contacts → Your Benefits Resources → Home Page → Retirement Income Tile

Where To Go From Here

Visit the Your Benefits Resources website

- **Enroll TODAY** if you are not participating
- **Contribute at LEAST 6%** to ensure you maximize Matching contributions
- Get Advice at No Cost online
- **Know the Basics:**
 - Financial Education Center (online or via an advisor)



Financial Basics

You're living month-to-month. You want to have better control of your financial life and get a good foundation for a successful future.

Financial Wellness

[Emergency Savings](#) (video, 2:27 min)

How much should you set aside, so you don't struggle when you need money in an emergency?

[How Much Debt is OK?](#) (video, 2:40 min)

Is your debt too much debt? Calculate your debt-to-income ratio.

[Prioritizing Financial Goals](#) (video, 1:43 min)

The first thing to do when you have more than one financial goal is to set your priorities. Here are some tips to help you get started.

[Credit Counseling](#)

Need help identifying and resolving your financial issues?

[Taking Control of Your Finances](#) (PDF, 842KB)

Figure out your personal financial situation.

[Credit Cardstrophes](#)

Not everyone handles credit wisely. Here are a few pitfalls to avoid.

[Dealing with Debt](#)

Here are some strategies that may help you deal with your credit card debt.

[Give Your Credit Rating a Boost](#)

Here are four simple ways to improve your rating on the credit scoring system that most banks and mortgage lenders use.

A screenshot of the Citi Retirement Savings Plan website. The page is titled "Citi Retirement Savings Plan" and shows the account balance and performance information. The "Current Balance" is displayed as a series of dots. The "How Your Money Is Performing" section shows a chart for the year 2017, with tabs for "Last Quarter", "Last 12 Months", and "2016". A "Get Advice" button is visible in the bottom right corner of the performance section. The page also includes a navigation menu with options like "Home", "Savings & Retirement", "Health & Insurance", "Life Events", and "Other Benefits".