PLANNING AND SAVING FOR THE RETIREMENT YOU WANT

J.P.Morgan

No one said it would be easy to plan for a retirement that could last two, three or even four decades. But the truth is, with earnest planning and discipline, there are many factors you can control and ways to prepare for those you can't.

Before you can map out where you're going, you need to know where you are right now. Whether you're nearing or already retired, or years away, speak with your Advisor and go over your current portfolio, savings rate and future goals. The conversation will be different, depending on your stage of life.

Save earnestly

Michael Cembalest, Chairman of Market and Investment Strategy for J.P. Morgan, says the single most important step you can take is to save earnestly. That means putting aside at least 15% of your income every year. "A good way to do this is by 'paying yourself first,' by having money automatically taken from your paycheck as early in your work life as possible," says S. Katherine Roy, Chief Retirement Strategist for J.P. Morgan. Doing so makes saving easier and helps you benefit from compounding and avoid "undersaving," which can happen when you aren't keeping track of your spending. "You can't count on unrealistic investment returns to make up for saving too little," says Katherine. "A disciplined, balanced saving and investment strategy is needed."

What this means to you

Starting early and putting aside at least 15% of your income every year is probably the most important thing you can do to take advantage of compounding and maximize the amount you save over the long term. But it's also important where you save: Higher contribution limits of employer-sponsored retirement plans, such as 401(k), 403(b) and 457 plans, make them very effective for building retirement savings. And with increasingly longer life expectancies, you may want to delay taking Social Security and work as long as possible. Your Advisor can show you how to bring all these strategies together to determine the right solution for you.

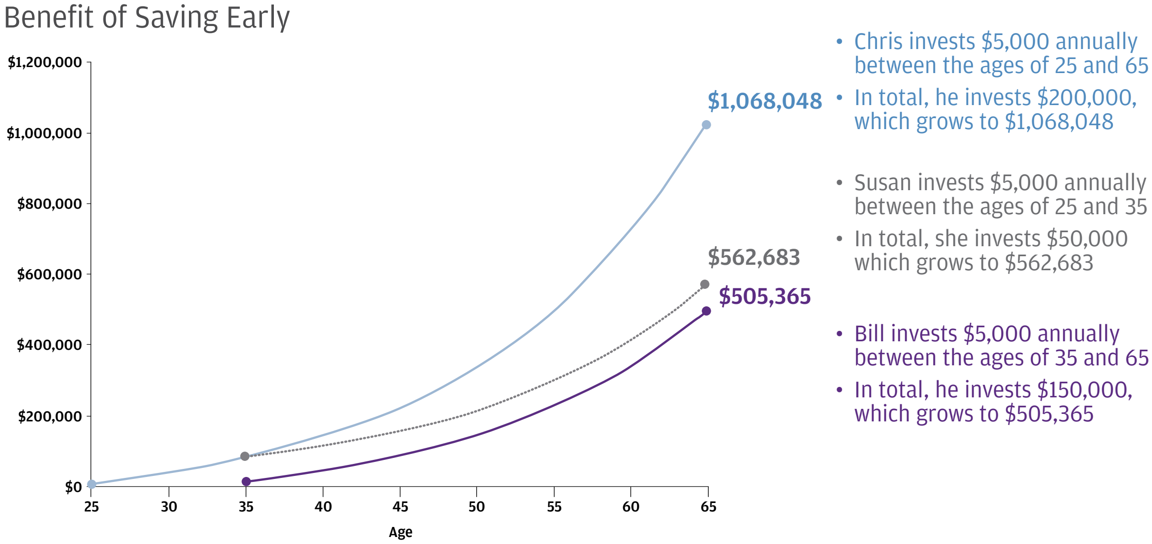
INSIGHTS FROM S. KATHERINE ROY, CFP®

Chief Retirement Strategist, J.P. Morgan

"A good way to do this is by 'paying yourself first,' with automatic payroll deductions early in your work life that are invested with a disciplined, balance strategy. It makes saving easier, helps you benefit from compounding and avoid 'undersaving,' reducing the likelihood that you will need to try to make up for lost ground with unrealistic investment returns later in life."

The chart below illustrates the power of saving early and compounding. Susan starts saving $5,000 a year at age 25 and stops at 35. Bill starts investing $5,000 annually at age 35 and continues to age 65. Even though Bill invests a total of three times more than Susan, he ends up with less in his account at age 65. While we wouldn't recommend stopping a savings plan after only a few years, this illustration shows the power of starting early. By comparison, Chris contributes $5,000 a year consistently from age 25 through age 65 and, by starting to save 10 years earlier than Bill, Chris retired with more than twice the amount of Bill, despite investing only one-third more.

Benefit of Saving Early



Source: J.P. Morgan Asset Management, *Guide to Retirement*, 2015 edition.
Notes: (1) The above example is for illustrative purposes only and not indicative of any investment. Account value in this example assumes a 7% annual return. (2) Compounding refers to the process of earning return on principal plus the return that was earned earlier.

How you invest matters

An overly conservative investment approach or early withdrawal of retirement assets can hurt you over time. Both can seriously erode your portfolio's long-term growth and its ability to generate income for you.

One of the best ways to accumulate retirement savings is by taking advantage of employer-sponsored retirement savings plans, such as a 401(k), 403(b) or 457 plan. Their higher contribution limits make them very effective for building retirement savings. Many employers also match a percentage of employee contributions to these plans, so be sure to take advantage of the maximum allowance to boost your retirement savings.

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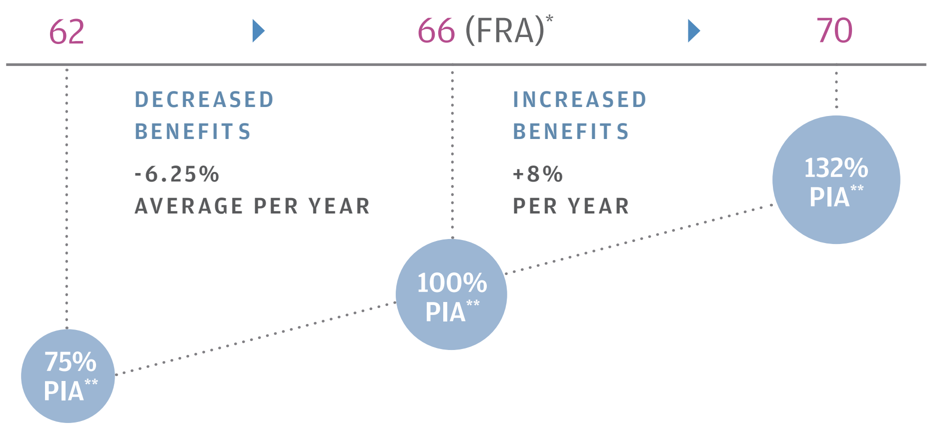
You'll also want to discuss with your Advisor whether other tax-advantaged plans, such as IRAs, or small business retirement plans can benefit you. By adding a review of your taxable portfolio to the conversation, you can begin to ensure your total investable assets align with your long-term savings and spending goals.

When to claim Social Security benefits

As the chart below shows, you may get your greatest benefit if you wait until you're 70 to start taking benefits. If you don't want to wait that long, you should at least hold off until your full retirement age, which varies based on your birth year. If you start taking benefits earlier than full retirement age, you'll not only lock in reduced benefits for your lifetime, but benefits to your survivors could also be significantly decreased.

These considerations and various other strategies that can help you and your spouse maximize your lifetime benefits should be part of the discussion you have with your Advisor.

Claiming Social Security Early vs. Later

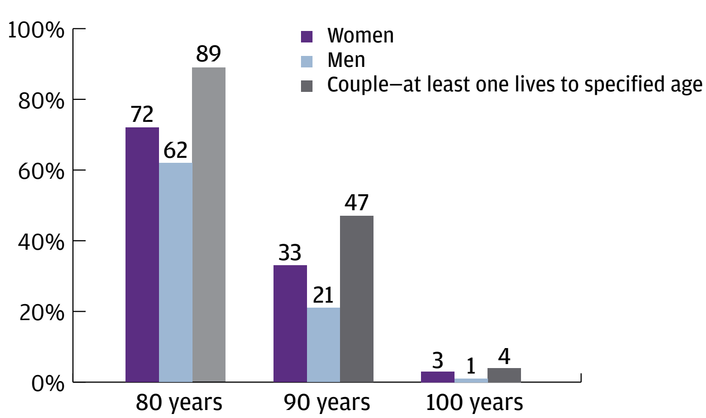


Source: J.P. Morgan Asset Management; Social Security Administration, www.ssa.gov, as of February 2015.
*Full retirement age (FRA) of 66 is for those born 1943-1954.
**Primary Insurance Amount: The benefit amount at full retirement age.

How long will you live?

While no one knows how long they'll live, people tend to underestimate their life expectancy, especially after reaching retirement age. But if you're in good health, have longevity in your family and live a healthy lifestyle, there's an excellent chance that you or your spouse could live to 90 or beyond. By planning for these extra years, you'll not only have the income to support your lifestyle longer, but also what you need for medical care and possibly long-term care expenses.

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



Source: J.P. Morgan Asset Management, *Guide to Retirement*, 2015 edition; Social Security Administration.

Other considerations

A lot of the deficit-reduction debate in Washington centers on questions about how affluent families earning more than $250,000 per year should be taxed, if they should receive the same deductions for retirement savings as lower earners and if a means test should be in place for medical benefits.

While you can't directly control these factors and their effect on your retirement, preparing for them by taking charge of the factors you can control can make a huge difference for your future.

What's next?

Meet with your Advisor to discuss ways to earnestly increase your saving and investing to ensure you have the type of retirement you really want.

IMPORTANT INFORMATION

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