Essential Retirement Strategies

We all know that planning for the long term is essential. Identifying your financial goals and creating a savings and investment strategy can help you address your financial priorities, such as paying for a child’s college education and having enough set aside to live the life you want in retirement.

AS YOU THINK ABOUT PLANNING FOR THE FUTURE, HERE ARE FIVE KEY STRATEGIES TO KEEP IN MIND:

1. Plan for a Longer Retirement

Many people tend to underestimate how long they’ll live after retiring and overestimate how long they’ll be able to work. For the average 65-year-old couple, there is a 49% chance that one spouse will live to age 90.¹ Many people also tend to have unrealistic views of how long they can actually work in order to save for retirement.

Living longer means that you’ll need to create a lasting plan to pay expenses and enjoy your retirement. Consider your retirement goals and prepare for the various factors that may impact your plan—both those that you can control, such as savings and spending, and those that you can’t, such as market conditions and inflation.

2. Build a Strategy to Save for Both Short- and Long-Term Goals

Often people need to juggle several savings priorities at once, such as retirement, paying for college and taking care of aging parents. While some goals may be more short-term (like paying for college), make sure you’re putting enough aside for your own long-term needs. Develop a strategy, balancing your financial priorities and goals. Planning tools can analyze your current income, investments, Social Security, projected income and everyday expenses during retirement, including health care—and evaluate different savings, spending and investment scenarios to help you as you work toward your retirement goals.

¹Source: Social Security Administration, Period Life Table, 2014 (published in 2017), J.P. Morgan Asset Management

INVESTMENT AND INSURANCE PRODUCTS ARE:

• NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY
• NOT A DEPOSIT OR OTHER OBLIGATION OF, OR GUARANTEED BY, JPMORGAN CHASE BANK, N.A. OR ANY OF ITS AFFILIATES • SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED
3. Be Thoughtful About Making Withdrawals

Consider adjusting your spending during declining markets to preserve your capital and build flexibility into your plan. This can help you avoid tapping into your principal too soon. Most individuals will actually spend less as they age, but you may want to be conservative and plan to maintain your current purchasing power over time by maintaining principal. A retirement income strategy that you can adjust for various market changes may help keep you on track for the duration of your post-work years.

4. “Catch Up” to Help You Stay Ahead

You may be able to take advantage of catch-up contributions to a 401(k) or IRA starting in the calendar year in which you turn age 50. This can really help you increase your retirement savings. Some employer-sponsored plans allow for catch-up contributions, as much as $6,000, and IRAs allow catch-up contributions as much as $1,000.²

²These amounts are subject to increase based on IRS cost-of-living adjustments.
5. Stay Invested for the Long Haul

When markets become volatile, having a long-term strategy and sticking with it is important when saving for retirement. Many investors react to volatility by pulling out of the market. In fact, a recent study showed that the average return of an average investor—2.6%—barely outpaced inflation, which was 2.1% over the latest 20-year time period, due to investors getting in and out of the market at the wrong time.\(^3\) Investors who sell out of their investments and accumulate cash to avoid the volatility of markets hurt their portfolios over the long run. For example in the chart below, if you invested $10,000 into the S&P 500 in the beginning of 1998 and stayed fully invested through 2017, you would have an 7.20% annual return, or $40,135. But if you had missed just the 10 best days of market returns, you would have ended up with $20,030. If you had missed the best 30 best days, you would have been left with $8,331. Consider holding steady towards your long-term strategy as markets become volatile to potentially benefit from recovering markets.

---

**Returns of S&P 500**

Performance of a $10,000 investment between January 1, 1998 and December 29, 2017\(^4\)

<table>
<thead>
<tr>
<th>Fully invested</th>
<th>Missed 10 best days</th>
<th>Missed 20 best days</th>
<th>Missed 30 best days</th>
<th>Missed 40 best days</th>
<th>Missed 50 best days</th>
<th>Missed 60 best days</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.20% return</td>
<td>$40,135</td>
<td>$20,030</td>
<td>$12,569</td>
<td>$8,331</td>
<td>$5,669</td>
<td>$3,965</td>
</tr>
</tbody>
</table>


This chart is for illustrative purposes only and does not represent the performance of any investment or group of investments.

---

\(^3\)Source: J.P. Morgan Asset Management, *Guide to the Markets* 2018. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior and represents the 20-year period ending 12/31/17.

WHAT’S NEXT?

Whether you invest independently, or work with a J.P. Morgan Financial Advisor, start planning early, and check in on your retirement planning and assumptions periodically to help ensure that you are on track. Whether you are in your forties or in retirement, check ins allow adjustments to be made and ensure that changing markets and your evolving life and priorities are reflected.

Investing involves market risk, including possible loss of principal, and there is no guarantee that investment objectives will be achieved.

Asset allocation/ diversification does not guarantee a profit or protect against a loss.

JPMORGAN CHASE AND ITS AFFILIATES DO NOT PROVIDE TAX, LEGAL OR ACCOUNTING ADVICE. THIS MATERIAL HAS BEEN PREPARED FOR INFORMATIONAL PURPOSES ONLY, AND IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED ON FOR, TAX, LEGAL OR ACCOUNTING ADVICE. YOU SHOULD CONSULT YOUR OWN TAX, LEGAL AND ACCOUNTING ADVISORS BEFORE ENGAGING IN ANY TRANSACTION.

JPMorgan Chase Bank, N.A. and its affiliates (collectively “JPMCB”) offer investment products, which may include bank managed accounts and custody, as part of its trust and fiduciary services. Other investment products and services, such as brokerage and advisory accounts, are offered through J.P. Morgan Securities LLC (JPM), a member of FINRA and SIPC. Annuities are made available through Chase Insurance Agency, Inc. (CIA), a licensed insurance agency, doing business as Chase Insurance Agency Services, Inc. in Florida. JPMCB, JPM and CIA are affiliated companies under the common control of JPMorgan Chase & Co. Products not available in all states.