THE IntegrITS DIGEST

SEPTEMBER 21, 2023

ON TARGET WITH CCG

On Target with CCG

Greetings, IntegrITS Family! This week we have another special Digest from the team at Cooper Capital Group. Read along as they share helpful information on our retirement savings offerings in "On Target with CCG."

When saving for retirement, we recommend you take advantage of everything your 401k plan has to offer. We have worked with IntegrITS to make sure great tools are at your disposal – some of these tools include **target-date funds**. Before we dive into the benefits of target-date funds, we want to highlight a recent article we read in *The Wall Street Journal*. The following excerpt highlights the story of Connie Gores to demonstrate what a $1 million retirement looks like. Connie is a great example of someone who has built her wealth over time and who continues to live within her means. Sometimes, it can be challenging to clearly envision your own retirement, so hopefully this story can help illustrate the value of building your investment savings now.

Wall Street Journal Excerpt

"Here's What a $1 Million Retirement Looks Like in America"

https://www.wsj.com/articles/heres-what-a-1-million-retirement-looks-like-in-america-11671890735

Once a symbol of extravagant wealth, $1 million is now the retirement-savings goal for millions of Americans.

For retirees able to accumulate $1 million in savings, the funds translate into inflation-adjusted income of $40,000 in the first year of a three-decade retirement using the 4% spending rule. With the addition of the average annual Social Security payment for retirees of about $20,000, a $1 million nest egg can replace about 85% of a $70,000 median household income.

Many people approaching retirement don't have $1 million, given households headed by people ages 65 to 74 have retirement-account savings of $426,000, on average, according to the Federal Reserve. Still, "$1 million is a reasonable target for a lot of people," said David Blanchett, head of retirement research at PGIM, the asset-management arm of Prudential Financial Inc.

For those striving to hit the $1 million mark, questions and doubts linger. Is $1 million enough and what does $1 million actually buy in retirement? How far that money goes often comes down to health, location, luck and timing.

To get some insight into what retiring on $1 million looks like today, we spoke to four retirees with nest eggs in that ballpark. They shared insights about how they spend their time and money, what has given them joy or anxiety, and how their expectations of life in retirement have measured up to reality.

Wall Street Journal Excerpt (cont.)

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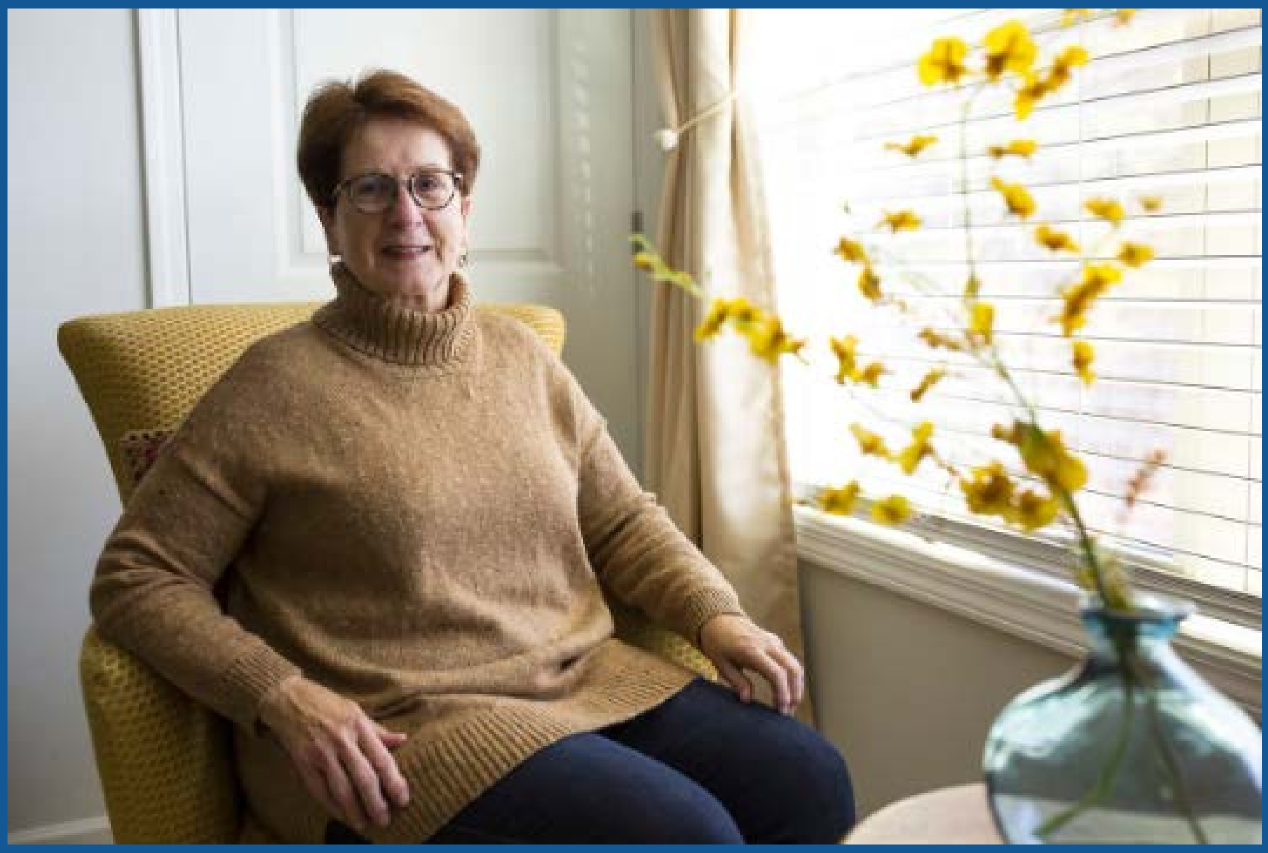


Connie Gores
Savings and investments: $1.1 million
Annual spending: $50,000-$60,000

When she was in her mid 50s, Connie Gores got a wake-up call from a financial adviser.

At the time, Ms. Gores had saved about $250,000. The adviser told her that unless she started saving more, she would likely have to live on Social Security alone when she retired.

The conversation shook her into action. By the time she did retire as a university president, she was socking away about 26% of her roughly $250,000 salary.

While the recent stock-market pullback has dented her portfolio, Ms. Gores, now 68, still has the roughly $1 million she retired with about three years ago. The majority of her funds is invested in 403(b)s in a 60/40 portfolio of stocks and bonds.

Ms. Gores, a divorced mother of two adult daughters and grandmother of three, continues to save. She works 15 to 20 hours a week as an executive coach and consultant making about $2,500 a month. She receives about $2,500 a month from Social Security. She lives on most of the income from those two sources and saves everything left over after paying bills.

Inflation and a reduced income have spurred changes. She has held off on buying a new bedroom set, sofa and coffee table which she estimates would cost about $10,000 in total.

Wall Street Journal Excerpt (cont.)

“Here’s What a $1 Million Retirement Looks Like in America”

https://www.wsj.com/articles/heres-what-a-1-million-retirement-looks-like-in-america-11671890735

She baby-sits her grandchildren about 10 hours a week and volunteers in her granddaughter’s second-grade classroom. She belongs to two book clubs and serves on various charitable boards. She took up the piano again, and recently enrolled in salsa and belly-dancing classes.

“You have to challenge yourself and not let the fear of the unknown paralyze you,” she said.

Ms. Gores has no credit-card debt and about $50,000 left on the mortgage of her Wake Forest, N.C., home. She is in no rush to pay off the loan, which has a 15-year fixed mortgage with a roughly 3.2% interest rate.

She has about $100,000 saved in a health-savings account and pays supplemental insurance premiums of about $355 a month out of her income. She might start tapping into her HSA in another five years or so, though she would ideally like that money used for long-term care.

Living near family and having some quiet time to discern what would bring joy to her later years were helpful. She decided that continuing a life based on service would help her make the biggest contribution.

“Try to make a small difference in someone else’s life every day,” said Ms. Gores.

Target-Date Funds

Target-date funds are designed to achieve growth early in your working years and then automatically shift to a more conservative allocation as you age closer to your retirement goal. At a younger age, you are usually better equipped to handle the risk that may accompany growth equities, given you will have more time to recover if there are any potential short-term losses. As you age toward your retirement goal, capital preservation becomes more important than growth, so the target-date funds reallocate the assets to be weighted more toward fixed income securities. Basically, target-date funds allow participants to “set and forget” their investment decisions knowing that funds will be automatically reallocated throughout the years.

We’ve added American Century “One Choice” Target Date funds due to their low expense ratios and solid historical returns. These funds are a well-diversified mix of professionally managed portfolios, so they provide a great opportunity to save for retirement. Please see the following graphics for a deeper illustration about our chosen American Century target-date funds.

Is a target-date fund right for you?

If you answered "Yes" to these questions, a target-date fund may be right for your retirement savings. A financial professional can also help determine which one may be right for you.

The bottom line

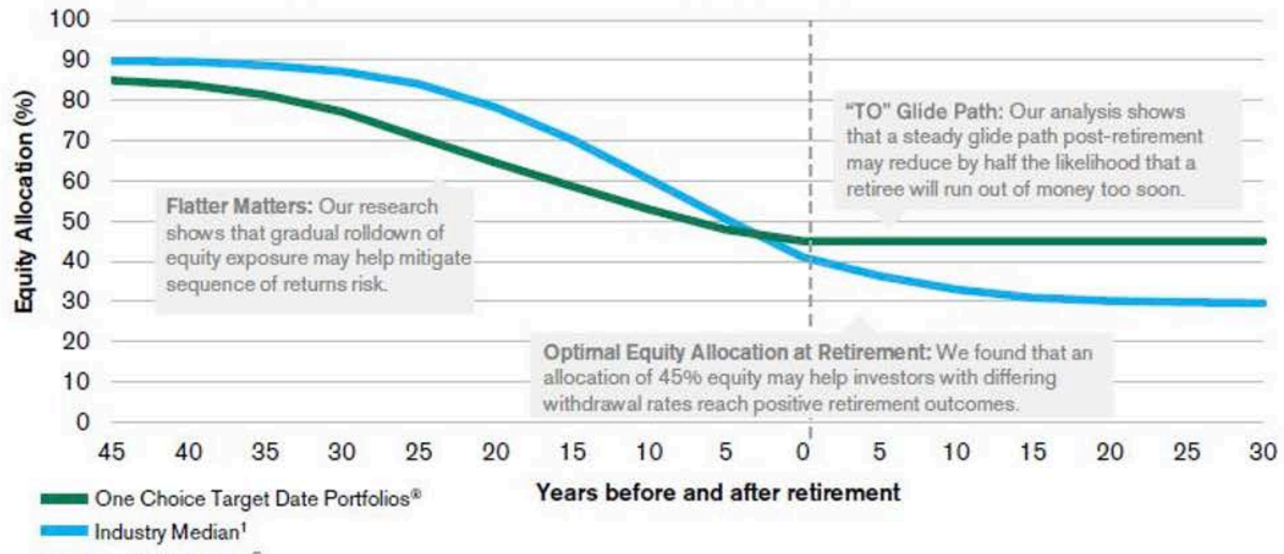
A target-date fund helps break down the complicated task of choosing and monitoring your retirement savings by letting you choose one fund that's designed to help you balance market swings and reach your goal.

Target-Date Funds (cont.)

Why One Choice Target Date Portfolios

Our risk-aware glide path focuses on helping investors pursue their retirement goals

A target-date fund's glide path defines the gradual change in its investment mix. Generally, glide paths start out more heavily weighted to stocks to emphasize growth. As the retirement date approaches, they gradually shift to allocate more of the portfolio to bonds to emphasize stability.



Source: American Century Investments®

[1] The industry median glide path represents the 50th percentile equity allocation among funds in the Morningstar Target-Date universe

Effective diversification is key

There's more to diversification than counting the number of asset classes. A target- date fund provider needs to:

- Look beyond traditional stocks and bonds
- Understand the risk/return potential of extended asset classes
- Appropriately adjust the asset mix over time

The pie chart shows the allocations in One Choice® 2035 Portfolio as of 12/01/2022. Subject to change. Diversification does not assure a profit nor does it protect against loss of principal. Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. **Past performance is no guarantee of future results.**

Understanding Target-Date Portfolios

A target-date portfolio is a single investment in a broadly diversified portfolio that automatically adjusts to help build capital in early years and preserve savings as the target date approaches. The "target date" is the approximate year when you plan to retire or start withdrawing your money. The principal value is not guaranteed at any time, including at the target date.

Some of the underlying asset classes may be familiar to many investors, such as U.S. Equity. Others may be new, such as emerging markets debt. Some pursue relatively steady, but somewhat lower, returns. Others offer greater return potential but come with greater volatility.

Following is an overview of the wide range of investments included in One Choice Target Date Portfolios:

U.S. Equities consist of the stocks of U.S. companies that may be of any size.

Non-U.S. Equities consist of stocks of companies located outside the U.S.

Emerging Markets Equities include securities of companies from countries with economies that are undergoing economic transition -- generally from less to more developed.

REITs (Real Estate Investment Trusts) own, operate, or finance income-generating real estate, pooling the capital of numerous investors so they may earn dividends.

Core Fixed Income investments consist of debt securities that are generally rated investment grade. They may include debt issued by companies or by governments, such as U.S. Treasuries.

Non-U.S. Fixed Income includes debt securities issued by foreign entities, including corporate and government debt.

High Yield Fixed Income refers to bonds with low ratings. Their issuers generally pay higher interest rates because the companies that issue them have lower credit ratings than investment-grade bonds.

Inflation-Adjusted Bonds are indexed to an inflationary gauge to protect investors from the decline in the purchasing power of their money.

Emerging Markets Debt includes bonds that are issued by countries with developing economies as well as corporations within those nations.

If you have further questions, please feel free to contact us. We are here to help.

Clinton Cooper, CEO: ccooper@coopercapgroup.com
Cooper Capital Group Office: 760-452-6114

The entire team monitors this email address and phone number, so Clinton Cooper, Nate Miles, Kyle Stits, or Parker Johnson will respond to your inquiry.

***Important Note: through our partnership with CCG, you have access to their retirement planning advising at no additional cost to the employee.**

Tip of the Week

Did you know that fiber is a key nutrient that many Americans are lacking in their diets? If you're looking for ways to incorporate more fiber, NPR's Life Kit put together a shopping list based on recommendations from the U.S. Department of Agriculture.

Employee Referral Bonus Program

At the end of each quarter, everyone who refers a prospective employee *who makes it to the interview process* will be entered into a raffle for a $500 gift card. We will select two winners from this pool of contestants—meaning two people have the chance to win a $500 gift card each quarter! Furthermore, we will enter all employees who refer a job applicant into another raffle (regardless of the stage they make it to in the hiring process), with the winner receiving a $250 gift card.

We have a number of job openings across multiple IntegrITS locations (*IntegrITS Opportunity Central*). Let's work together to find the best candidates for these open positions!

COMING SOON

Join us on the first Thursday of October for a message from Mr. Carter in *The CEO's Corner*.

COMMENTS/QUESTIONS

If you have any comments or questions about this week's newsletter, email us at news@integrits.com.

We have also created a website where we are storing the archives of all our newsletters to date: https://integrits.com/digest-archives/.

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