

Woodmont Properties LLC., 401(k) Plan Education

PRESENTED BY:

EAGLE ROCK WEALTH MANAGEMENT, INC.



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Plan Highlights

Eligibility

- 21 Years of Age
- 2 months of service requirement
- Immediate Entry

Employee Contributions

- Employees under the age of 50 can contribute up to \$24,500 for 2026
- Employees over the age of 50 can contribute an additional \$8,000 for \$32,500 total between regular contributions and catch-up
- Employees who are between 60 and 63, inclusive, can contribute \$11,250 for a total of \$35,750. This is not in addition to the \$8000 above.
- **NEW RULE for 2026:** Any employee who made over \$150,000 in FICA wages in 2025, who is over the age of 50 and doing catch-up contributions, must have those catch-up contributions directed to the Roth catch-up source.
- Can contribute Roth or Pre-tax or combo of both
- Participants must choose a percentage between 0-90%

Employer Contributions

- The company will match 50% up to 4% of employee deferrals (2% max)
- Any employer contribution has a 4-year vesting schedule.
- Employer contributions are tax-deferred to the participant

Loans and Distributions

- Employees can take up to **1** loan at a time
- The loan limit cannot exceed 50% of your account value or \$50,000.
- Loan must be paid back within 5 years.

401(k) Plans : General Rules of Employer Sponsored Plans

Pre-tax contributions – Money comes out of your paycheck, gets invested into the plan, grows tax deferred, and then when you withdraw the money you are taxed. Pre-tax contributions also lower your annual taxable income.

Roth contributions – Money comes out of your paycheck, gets taxed at your current tax rate, gets invested into the plan, and is not taxed upon withdrawal. Roth contributions do not lower your annual taxable income.

Rollovers – The plan accepts rollovers from other qualified retirement plans.

Beneficiary – If you are married, your spouse is the automatic beneficiary unless he or she signs a waiver relinquishing that right. If you have children, you can name them as contingent beneficiaries. If you are single, you can name anyone to be your beneficiary. **IMPORTANT:** A signed beneficiary form will supersede a will.

Participants have 4 options with what to do with their balances if separated from service:

- **1)** Leave money in the plan if over \$7000
- 2)** Roll to new employer plan
- 3)** Roll to an IRA
- 4)** Take a distribution

Employee withdrawals prior to **59 ½** may be subject to a **10%** penalty, unless covered under a qualified reason (Death, Disability, Rollover, Separation from service after age 55, QDRO, etc.)

Accessing your Principal 401(k) Account

Online

First-time users

Go to principal.com/Welcome

- › Select **Get Started**
- › Enter your first name, last name, date of birth, mobile phone number (this is the quickest way to verify your identity), and your ID number (this is either your Social Security number or a specific ID provided by your employer) or ZIP code
- › Agree to do business electronically and click **Continue**
- › If you don't provide your mobile phone number, you'll need to answer a few personal questions as an alternative way to confirm it's really you
- › Create a **unique username**, set a secure **password** and add your **email address**
- › Select and answer **three security questions** to use if you need to call us
- › You now have access to your online account, and you'll get a confirmation email within a few minutes
- › The first time you log in, you'll need to choose where we send you **verification codes** (text message, voice call, or authentication app) and how often you want to use them

Ongoing account access

Go to principal.com

- › Click **Log In**
- › Enter your **username** and **password** (click **Forgot Username** or **Forgot Password** if you need to reset) and click **Log In**
- › If you're logging in from a new device, resetting your username or password, or you've opted to use verification codes every time you log in, you'll receive a security code via text message, voice call, or authentication app
- › Enter the security code and click **Verify**



Questions?

Having trouble setting up your login? Give us a call at **800-986-3343**.

Stay up to date!

Keeping your email address current helps you stay in the know with communications tailored to you.

Mobile

Check your account balance and rate of return on the go.

› Principal® Mobile — Available for iPhone® and Android™* › Text message › Email

Phone

First-time users

Call **800.547.7754**

- › Enter your **Social Security number** when prompted
- › Listen to the menu and select an option
- › When prompted, establish your **personal identification number (PIN)** using your **Account/Contract Number**

Follow the prompts to:

Not all options are available for certain plans. Check with your human resources contact to find out what is available.

- › Check your account balance
- › Check investment performance
- › Request or review loan information
- › Review investment options
- › Manage your rollover funds
- › Transfer retirement funds between available investment options
- › Hear information regarding an expected Form 1099-R

Ongoing account access

Call **800.547.7754**

- › Enter your **Social Security number** when prompted
- › Listen to the menu and select an option
- › If prompted, enter your **(PIN)**
(Note: some options do not require you to enter your PIN.)

* The mobile application offered by Principal to view account information is currently supported on iPhone® (all operating systems) and Android™ (operating systems 1.6 or higher).

[Principal Demo](#)

DC Plan

John Customer - Effect 401(k) Defined Contribution Plan

[Overview ▾](#)[Contributions ▾](#)[Investments ▾](#)[Loans & Withdrawals ▾](#)[Rollovers](#)[Planning Resources ▾](#)[? Guided tour](#)[Q Search](#)

Your account

December 6, 2021

\$40,915.98

Vested balance [?](#) \$23,529.41 [>](#)

Loan balance [?](#) \$6,285.00 [>](#)

Personalized rate of return [?](#) 8.11% [>](#)
since 1/1/2021

Gain/loss [?](#) \$3,071.00 [>](#)
since 1/1/2021

Most recent deposit on December 5, 2021 \$157.61 [>](#)

Your current salary \$39,900.00 [✎](#)

Desired retirement age Age 65 [✎](#)

Need investment help?

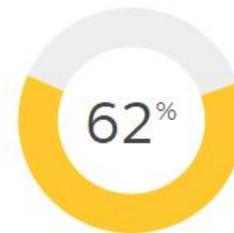
We know not everyone is an investment pro, and that's why your plan has wide range of options. See what kind of help you can get when it comes to your investment options.

[Check out your options now >](#)

[My progress](#)[Performance](#)[Compare me](#)

Am I saving enough to replace my income?

Your Retirement Wellness Score shows your progress towards your goal of replacing 80% of your income in retirement. See everything that goes into calculating your score and make adjustments in the [Retirement Wellness Planner](#).



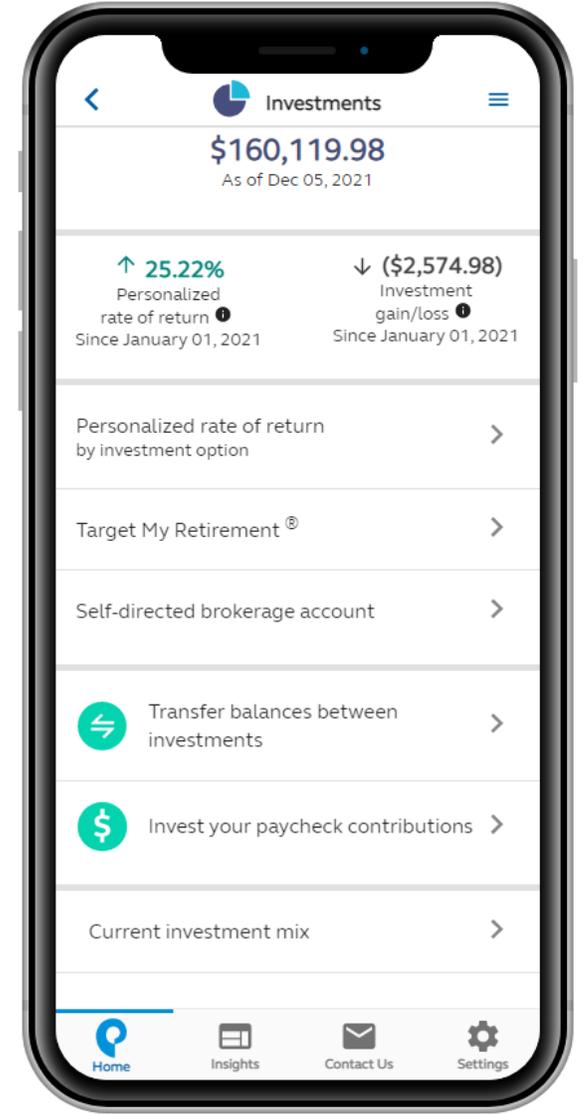
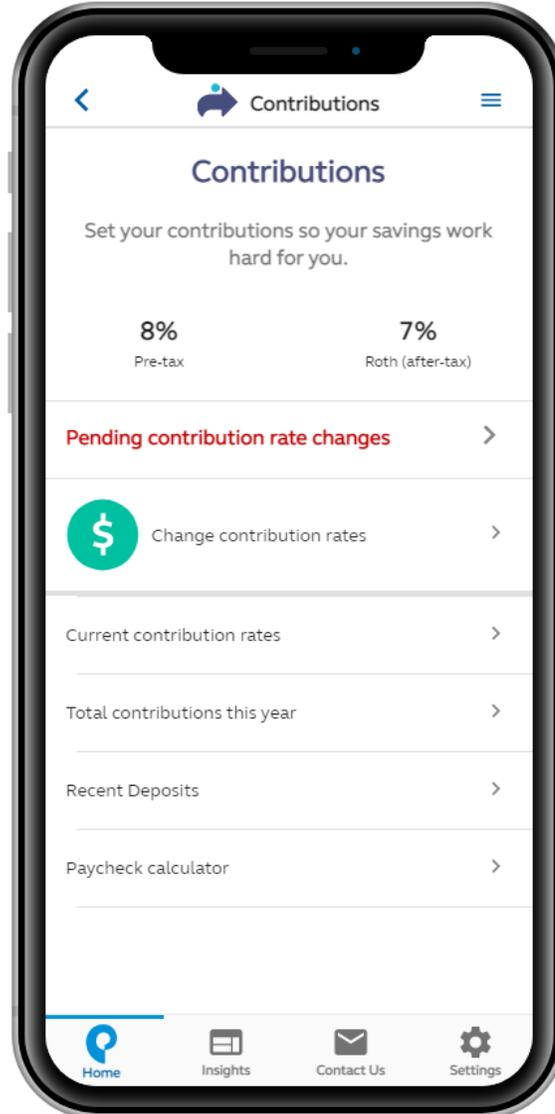
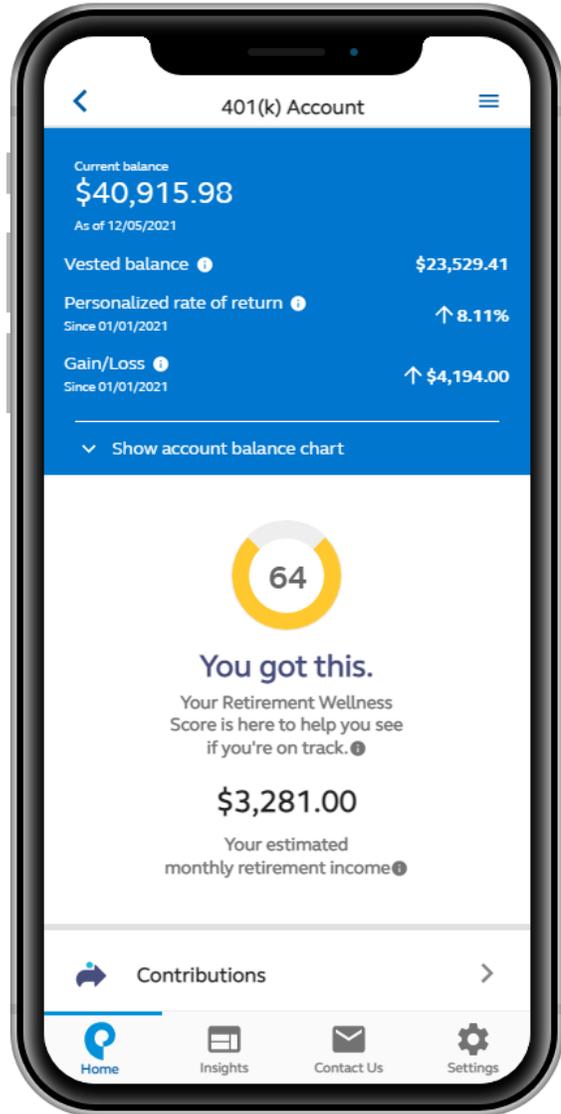
You're projected to replace 62% of your income in retirement.

You'll need
\$3,758 / month

You'll have
\$2,538 / month

You may be short
\$1,220 / month

Mobile App



Why Save?

Retirement Myths

- Social Security will be enough for me
- I won't need much money when I retire
- I'll be retired for only a short time
- I have plenty of time to save for retirement

People are living longer and healthier lives

- You could spend 20, 25 or 30 years or more in retirement
- Most experts suggest 70% - 90% of working income*

Accumulated Account Value Comparison

The chart below shows the correlation between a person's desired monthly income and how much accumulated wealth she would need in order to sustain it.

		\$2,000	\$2,500	\$3,000	\$4,000
Age at Retirement	Life Expectancy	Amount needed to fund the desired monthly income			
60	25 years	\$310,414	\$388,017	\$465,621	\$620,827
65	20 years	\$279,162	\$348,952	\$418,742	\$558,323
67	18 years	\$263,796	\$329,745	\$395,694	\$527,592
70	15 years	\$237,007	\$296,259	\$355,511	\$474,014

***For illustrative purposes only. This is a hypothetical illustration intended to show possible retirement income. It is not intended as a projection or prediction of future investment results, nor is it intended as a financial planning or investment advice. It assumes a 6% annual rate of return on the accumulated account value, reinvestment of earnings, and no additional contributions or withdrawals other than the monthly income amount during retirement. Rates of return may vary. Distributions from a tax-deferred retirement plan may be taxable as ordinary income.

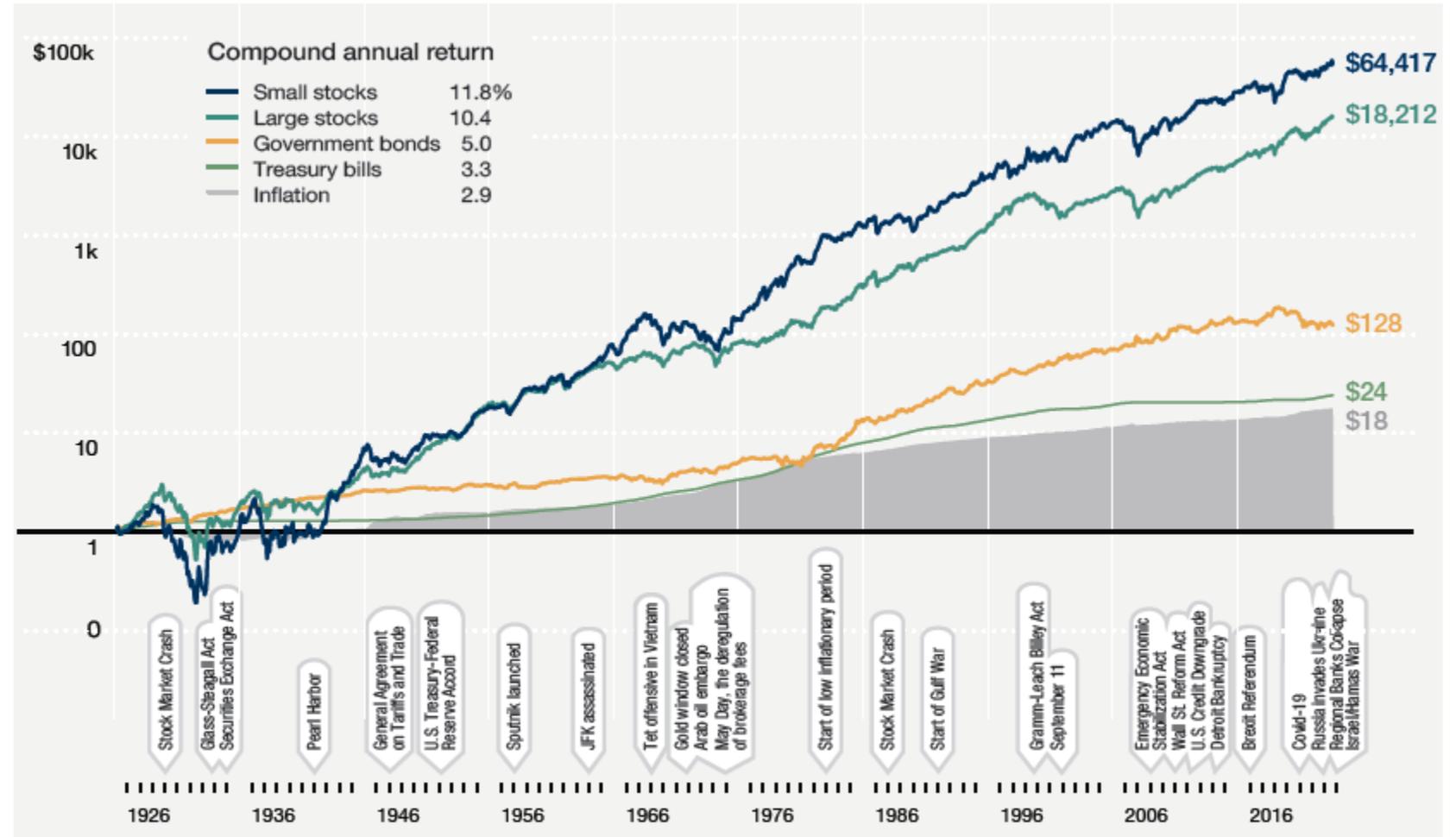
Contribution Account Comparison									
Monthly Contribution									
Years	\$150 bi-weekly (\$3,900/year)			\$385 bi-weekly (\$10,000/year)			\$885 bi-weekly (\$23,000/year)		
	4%	6%	8%	4%	6%	8%	4%	6%	8%
10	\$ 47,908	\$ 53,356	\$ 59,612	\$ 122,964	\$ 136,947	\$ 153,004	\$ 239,541	\$ 266,779	\$ 298,060
20	\$ 119,357	\$ 150,509	\$ 192,118	\$ 306,349	\$ 386,308	\$ 493,103	\$ 596,784	\$ 752,547	\$ 960,590
25	\$ 167,329	\$ 225,807	\$ 310,362	\$ 429,477	\$ 579,571	\$ 796,596	\$ 836,644	\$ 1,129,034	\$ 1,551,810
30	\$ 225,913	\$ 327,412	\$ 486,653	\$ 579,843	\$ 840,359	\$ 1,249,077	\$ 1,129,565	\$ 1,637,062	\$ 2,433,267
35	\$ 297,457	\$ 464,518	\$ 749,488	\$ 763,473	\$ 1,192,264	\$ 1,923,685	\$ 1,487,284	\$ 2,322,592	\$ 3,747,438
40	\$ 384,827	\$ 649,528	\$ 1,141,349	\$ 987,723	\$ 1,667,122	\$ 2,929,464	\$ 1,924,136	\$ 3,247,640	\$ 5,706,747



Stocks, Bonds, Bills, and Inflation 1926–2024

Why invest?

If you have financial goals, such as a secure retirement or paying for a college education, investing makes sense. As you can see here in the growth of \$1 over the past 99 years, small-cap stocks, large-cap stocks, government bonds, and Treasury bills should all have a place in a properly allocated long-term investment strategy.

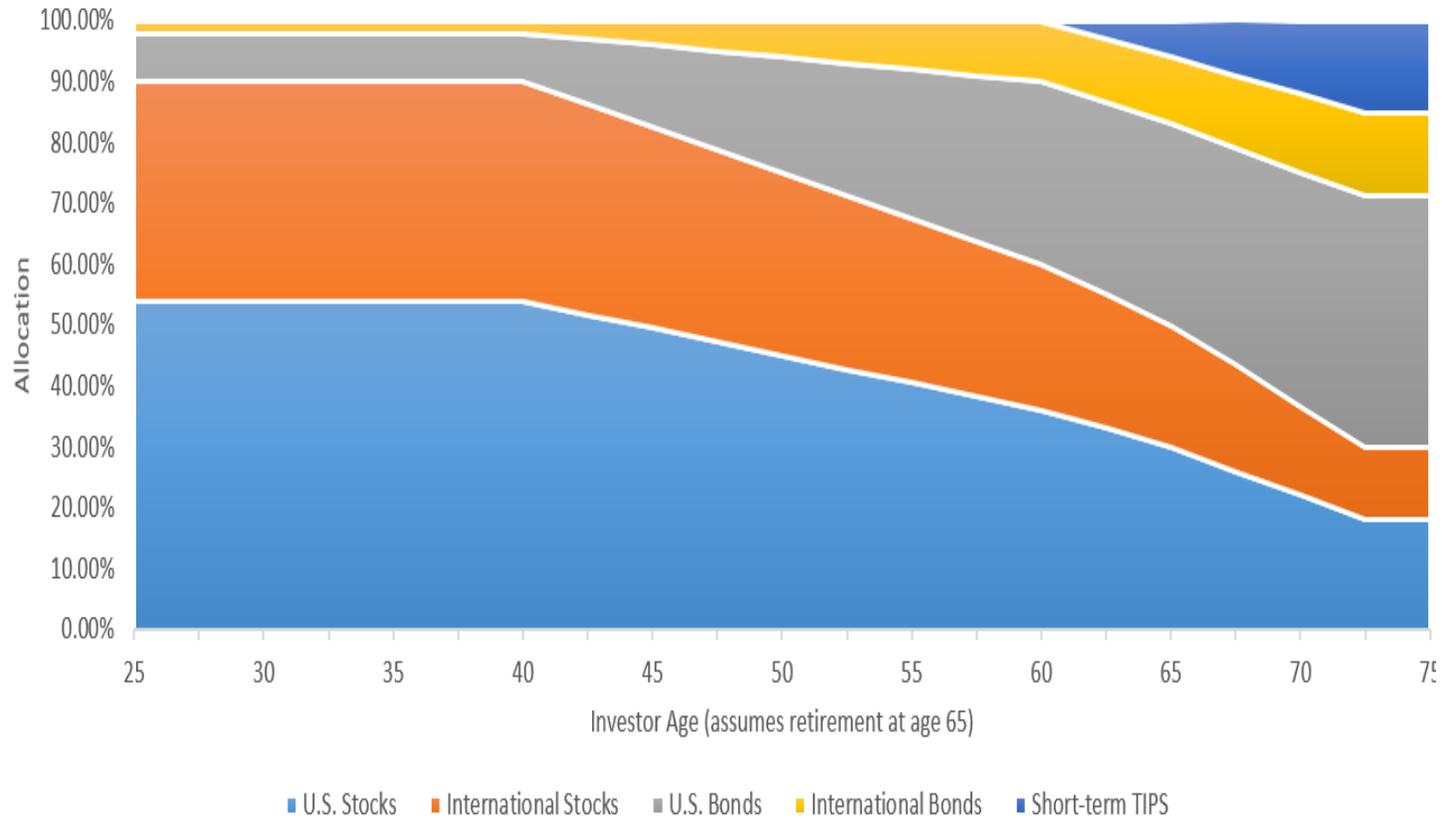


Past performance is no guarantee of future results.

Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2025 iGrad, LLC. All Rights Reserved.

401(k) Investment Lineup

Target-Date Funds
Managed "To & Through" Retirement



Eagle Rock Wealth Management's Financial Planning Process

PRESENTED BY:

EAGLE ROCK WEALTH MANAGEMENT, INC.



The Value an ERWM Financial Advisor can Provide to You

- An advisor can apply a 360-degree view of your financial situation to develop and implement a personalized plan that puts your lifetime goals within reach.
- Customized approach for wealth accumulation, asset protection, and multigenerational wealth transfer.
- Develop a well-constructed asset allocation strategy to help manage volatility, generate more consistent returns, and offer the flexibility to adapt to longer term market trends.
- Minimize the impact of taxes on returns using tax efficient funds, tax-aware trading techniques, tax loss harvesting, and other advanced strategies.
- Provide appropriate access to alternative investments like private equity, private credit, and real estate for investors looking to diversify beyond traditional asset categories like stocks and bonds.



Cash Management: Overview

Budgeting: The process of creating a plan for managing your income and expenses.

Investing: Grow wealth over time by investing surplus funds in diversified assets.

Savings: Building financial security for planned expenses, unexpected expenses, and emergencies.

Planning for the future: Establish financial goals, like buying a home, funding educations or retiring comfortably, and dedicate a process to achieve them.

Cash Management: Budgeting

Create a plan for managing your income and expenses. (spend less than you make)

Identify your financial goals and develop a plan to save for them.

Create a list of your monthly expenses.

- Enlist bills in autopay when applicable.

Automate Savings

Define your short- and long-term goals:

In the short term (1-3 Years), I'd like to: (e.g., new car, home improvement, travel, emergency savings, childcare expenses) **By when (mo/yr)?** **\$ amount (if any)**

Goal 1: _____

Goal 2: _____

Goal 3: _____

Goal 4: _____

In the intermediate term (3-7 Years), I'd like to: (e.g., Pay off debt, family gifting, child education, refinance home, marriage reception) **By when (mo/yr)?** **\$ amount (if any)**

Goal 1: _____

Goal 2: _____

Goal 3: _____

Goal 4: _____

In the long term (7+ Years), I'd like to: (e.g., fully fund my retirement, downsize home, more to condo near beach, support grandchildren) **By when (mo/yr)?** **\$ amount (if any)**

Goal 1: _____

Goal 2: _____

Goal 3: _____

Goal 4: _____

Goal 5: _____

HOUSING	Projected Cost	Actual Cost	Difference
Mortgage or rent	\$0	\$0	\$0
Phone	\$0	\$0	\$0
Electricity	\$0	\$0	\$0
Gas	\$0	\$0	\$0
Water and sewer	\$0	\$0	\$0
Cable	\$0	\$0	\$0
Waste removal	\$0	\$0	\$0
Maintenance or repairs	\$0	\$0	\$0
Supplies	\$0	\$0	\$0
Other	\$0	\$0	\$0
Subtotals	\$0	\$0	\$0

SAVINGS OR	Projected Cost	Actual Cost	Difference
Emergency Savings			\$0
Retirement account			\$0
Investment account			\$0
Subtotals	\$0	\$0	\$0

Cash Management: Savings Options

The type of savings account you use is important.

- **Interest Rates & Inflation:** Each year the cost of goods increase leaving the money you save able to afford less when the interest rate you are gaining is low.
- **Access to Funds:** Some accounts may place limits on withdrawals or require you to commit your funds to specific term.
- **Compounding Interest:** Utilizing accounts that offer competitive interest rates allow your savings to grow faster.

Different Types of Savings Accounts

Basic Savings

- Pros: Generally connected to checking, low fees.
- Cons: Minimal yield, limits on withdrawals.

Certificate of Deposit

- Pros: Fixed interest rate, higher rate than basic savings.
- Cons: Commit to specific term, funds not accessible.

High Yield Savings

- Pros: Generally connected to checking, higher interest rate.
- Cons: Interest rate fluctuation.

Money Market Mutual Fund

- Pros: Stable Share Prices, Greater interest rate potential.
- Cons: Expense ratios, ACH to checking account only available on when the market is open.

Recommended strategy for managing your short-term savings.

- 1 month of expenses in your checking account
- 1 month of expenses in a basic savings with the same bank that your checking is held
- 4 months of expenses in a High Yield Savings Account or Money Market Mutual Fund.
 - Also, consider including additional savings for any short-term goals with a 1–3-year time horizon.

Cash Management: Investing & Planning for the future.

Investing for Intermediate-Term Goals:

- Define your intermediate-term goals with a 3–7-year time horizon
- Assess your individual risk tolerance to determine an appropriate investment strategy and asset allocation.
- First fully fund your short-term savings account.
- Designate an account for intermediate-term goals and decide how much you can fund the account each month.
- Pick an investment strategy that aligns with your risk tolerance and your goal's time horizon.

Investing for Long-Term Goals:

- Define your long-term goals, including retirement, with a 7+ year time horizon.
- Utilize money that they won't need for several years, or even decades.
- Generally, assets for long-term goals will be invested in 401(k)s, IRA, & Roth IRAs.
- Once your short- & intermediate-term accounts are funded, aim to save at a minimum 15% of your income for retirement.
- When investing long-term, you want to invest with growth in mind, not the day-to-day fluctuations in the market.

Retirement Projections

Year	Age	Income Flows	Planned Distributions	Total Inflows	Total Expenses	Planned Savings	Total Outflows	Net Cash Flow
2023	56/56	\$350,000	\$0	\$350,000	\$410,760	\$33,500	\$444,260	(\$94,260)
2024	57/57	\$359,030	\$0	\$359,030	\$364,865	\$34,090	\$398,955	(\$39,925)
2025	58/58	\$368,293	\$0	\$368,293	\$372,739	\$35,183	\$407,922	(\$39,629)
2026	59/59	\$377,795	\$0	\$377,795	\$349,517	\$28,278	\$377,795	\$0
2027	60/60	\$387,542	\$0	\$387,542	\$358,667	\$28,875	\$387,542	\$0
2028	61/61	\$397,540	\$0	\$397,540	\$368,065	\$29,475	\$397,540	\$0
2029	62/62	\$407,796	\$0	\$407,796	\$586,784	\$30,578	\$617,362	(\$209,566)
2030	63/63	\$418,317	\$0	\$418,317	\$387,134	\$31,183	\$418,317	\$0
2031	64/64	\$429,110	\$0	\$429,110	\$397,319	\$31,791	\$429,110	\$0
2032	65/65	\$39,397	\$0	\$39,397	\$190,386	\$0	\$190,386	(\$150,989)
2033	66/66	\$60,488	\$0	\$60,488	\$187,534	\$0	\$187,534	(\$127,046)
2034	67/67	\$78,682	\$0	\$78,682	\$227,432	\$0	\$227,432	(\$148,750)
2035	68/68	\$92,900	\$0	\$92,900	\$230,853	\$0	\$230,853	(\$137,953)
2036	69/69	\$95,296	\$0	\$95,296	\$236,390	\$0	\$236,390	(\$141,094)
2037	70/70	\$97,755	\$0	\$97,755	\$242,034	\$0	\$242,034	(\$144,279)
2038	71/71	\$100,277	\$0	\$100,277	\$247,792	\$0	\$247,792	(\$147,515)
2039	72/72	\$102,865	\$0	\$102,865	\$253,750	\$0	\$253,750	(\$150,885)
2040	73/73	\$105,518	\$0	\$105,518	\$259,830	\$0	\$259,830	(\$154,312)
2041	74/74	\$108,241	\$0	\$108,241	\$266,096	\$0	\$266,096	(\$157,855)
2042	75/75	\$111,033	\$59,809	\$170,842	\$272,523	\$0	\$272,523	(\$101,681)
2043	76/76	\$113,897	\$58,383	\$172,280	\$279,044	\$0	\$279,044	(\$106,764)
2044	77/77	\$116,836	\$56,244	\$173,080	\$285,827	\$0	\$285,827	(\$112,747)
2045	78/78	\$119,850	\$53,802	\$173,652	\$292,768	\$0	\$292,768	(\$119,116)
2046	79/79	\$122,942	\$50,717	\$173,659	\$299,877	\$0	\$299,877	(\$126,218)
2047	80/80	\$126,113	\$46,877	\$172,990	\$307,156	\$0	\$307,156	(\$134,166)

Monte Carlo Summary

Base Facts

This *Monte Carlo Analysis* runs multiple simulations of your financial plan against future market conditions. The result of introducing random investment volatility to the analysis produces a range of values that demonstrates how changing investment markets may impact your future plans.

The table below shows an upside case, the median case, and a downside case from the 1000 trials.

Case	Percentile	Total Portfolio Assets
Upside (Outperform)	97.5	\$42,819,292
Median (Moderate)	50.0	\$4,984,578
Downside (Underperform)	2.5	(\$9,395,590)

This Monte Carlo simulation is successful in **62%** of the trials.

SUMMARY

Upside Case
\$42,819,292

Median Case
\$4,984,578

Downside Case
(\$9,395,590)

Probability of Success
62%

This is a hypothetical example for illustration purpose only and does not represent an actual investment.

Retirement Planning

Retirement Saving Accounts

- Employer Sponsored Plans
- Individual Retirement Accounts

Contribution Types

- Pre-Tax Contributions
- After-Tax Contributions

Social Security

- Will social security be there when you retire?
- How are my benefits determined?
- How do I decide when to collect?
- How do I use spousal benefits?
- How do survivor benefits work?

Medicare

- What is Medicare?
- Who does Medicare cover?
- How do I select the best coverage?
- How much does Medicare cost?
- When should you enroll?

Contribution Limits

	2025	2026
Maximum Compensation	\$350,000.00	\$360,000.00
401(k) & 403(b) Elective Deferrals	\$23,500.00	\$24,500.00
Catch-Up Contributions	\$7,500.00	\$8,000.00
<i>Age 60, 61, 62, or 63 Catch-up Limit</i>	\$11,250.00	\$11,500.00
<i>If an employee is designated as a Highly Paid Individual for 2026, (earning over \$145,000 of FICA wages in 2025) their catch-up contributions must be made to the ROTH catch-up source.</i>		
Defined Contribution Annual Additions Limit	\$70,000.00	\$72,000.00
Defined Contribution Limit w/ Catchup	\$77,500.00	\$80,000.00
<i>Defined Contribution Limit w/ Catchup (Ages 60-63 only)</i>	\$81,250.00	\$83,500.00
Highly Compensated Employee	\$160,000.00	\$160,000.00
Defined Benefit Limits	\$280,000.00	\$290,000.00
Key Employee	\$230,000.00	\$240,000.00
IRA Contribution Limit	\$7,000.00	\$7,500.00
IRA Catch-Up Contribution	\$1,000.00	\$1,100.00
Deductibility Phaseout for Traditional IRA if covered by Employer Sponsored Plan - Single Filing Status	\$79,000-\$89,000	\$81,000-\$91,000
Deductibility Phaseout for Traditional IRA if covered by Employer Sponsored Plan - Married Filing Jointly Status	\$126,000-\$146,000	\$129,000-\$149,000
Roth IRA AGI Phase Out - Single	Greater than \$165,000	Greater than \$168,000
Roth IRA AGI Phase Out - Reduced Contribution (Single)	\$150,000-\$165,000	\$153,000-\$168,000
Roth IRA AGI Phase Out - Married Filing Joint	Greater than \$246,000	Greater than \$252,000
Roth IRA AGI Phase Out- Reduced Contribution (MFJ)	\$236,000-\$246,000	\$242,000-\$252,000
SEP Maximum Compensation (lesser of 25% of income or)	\$70,000.00	\$72,000
SIMPLE Maximum Contribution	\$16,500.00	\$16,500.00
Catch-Up Contributions	\$3,500.00	\$3,500.00
<i>Age 60, 61, 62, or 63 Catch-Up Contributions</i>	\$5,250.00	\$5,250.00
HSA Single Person Limit	\$4,300.00	\$4,400
HSA Family Limit	\$8,550.00	\$8,750
HSA Catch-up Limit (Age 55+)	\$1,000.00	\$1,000
FSA Contribution Limit	\$3,300.00	\$3,400.00

Required Minimum Distributions (RMDs)

- Your **required minimum distribution** is the minimum amount you must withdraw from your qualified account each year. RMDs apply to Pretax accounts - IRAs, SIMPLE IRAs, 401(k) Plans and SEP IRAs. Roth IRAs and Roth 401(k)s are **not** subject to RMD rules.
- In December 2022, the SECURE 2.0 Act increased the age for starting RMDs to 73, if you turn 73 between 2023 and 2032. The age is scheduled to increase to 75 in 2033.
- If you are actively employed and not a 5% owner of the company, you can delay your RMD until retirement from your 401(k) plan. You may have to pull from other tax deferred accounts, however like an IRA.
- The required beginning date for RMDs is April 1st of the calendar year following the year you turn 73. Each year thereafter, you must take your RMD for that year by 12/31.
- **How do you calculate your RMD?** – Every year, the RMD from a qualified account is calculated by dividing the IRA balance as of 12/31 of the preceding calendar year by the applicable life expectancy factor from the IRS tables.
- If you fail to take your RMD in time, the IRS may impose a 25% penalty tax.
- If you have multiple retirement accounts, you need to add them all up to calculate the proper RMD. However, you can select which account(s) you wish to take the money from as long as the total distributions equal or exceed the RMD.

Retirement Planning – Social Security

1. How do you become eligible to receive social security benefits?

- Workers qualify by earning Social Security credits through employment and paying Social Security taxes.
- You need 40 Social Security credits for full eligibility, and you can earn up to 4 credits each year. (about 10 years in the workforce)
- The amount of earnings it takes to earn a credit may change each year:
 - In 2025 you will receive 1 Social Security Credit & 1 Medicare credit for every \$1,810 in qualifying earnings. (\$7,240 for full year).
- Earning more credits than the minimum do not increase your benefit amount, however, the average of your highest 35 years of earnings determines how much your monthly payment will be when you apply to begin social security.

Age to receive full Social Security benefits	
<i>Year of birth</i>	<i>Full retirement age</i>
1943-1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

NOTE: People born on January 1 of any year, refer to the previous year.

Source: <https://www.ssa.gov/pubs/EN-05-10035.pdf>

Retirement Planning – Social Security (Cont'd)

2. How is the amount of my benefits determined?

- The average of your highest 35 years of earnings determines how much you monthly payment will be when you apply to begin social security.
- In 2025, the maximum Social Security monthly benefit for workers retiring at full retirement age is \$5,108
- Choice 1: Filing at full retirement age: This will allow you to receive 100% of your designated benefit amount.
- Choice 2: Filing early: Claiming Social Security Benefits as early as 62 but at a reduced rate.
- Choice 3: Filing after full retirement age: Social Security provides yearly increases for those who delay the start of benefits

Year of Birth*	12-Month Rate of Increase	Monthly Rate of Increase
1933-1934	5.5%	11/24 of 1%
1935-1936	6.0%	1/2 of 1%
1937-1938	6.5%	13/24 of 1%
1939-1940	7.0%	7/12 of 1%
1941-1942	7.5%	5/8 of 1%
1943 or later	8.0%	2/3 of 1%

<https://www.ssa.gov/benefits/retirement/planner/delayret.html>

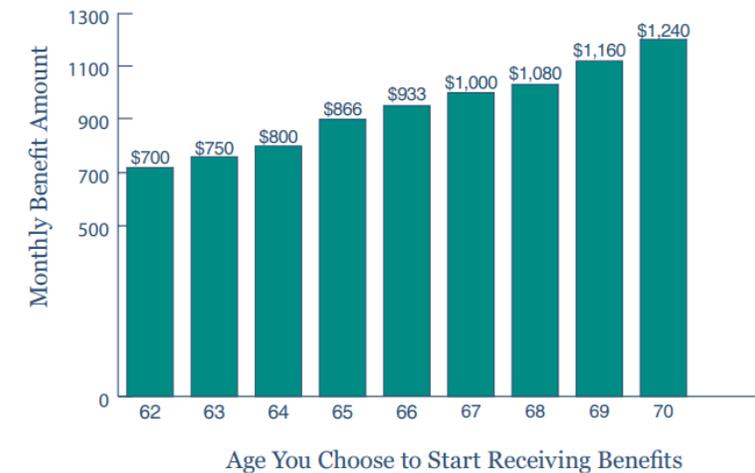
Retirement Planning – Social Security (Cont'd)

3. Should you start collecting your Social Security benefit early, at full retirement age, or delay it?

- It depends! There are several factors such as your cash needs, current health, and family history on longevity.
- Additional considerations:
 - What is your retirement age goal?
 - How much do you need each year to cover all your annual expenses?
 - Do you plan to work in retirement?
 - What other sources do you have for retirement income?
 - If you have a spouse: what is their social security benefit, retirement age goal, and other sources of retirement income?

The chart below shows an example of how your monthly benefit increases if you delay when you start to receive benefits.

Monthly Benefit Amounts Differ Based on the Age You Decide to Start Receiving Benefits
This example assumes a benefit of \$1,000 at a full retirement age of 67



Source: <https://www.ssa.gov/pubs/EN-05-10147.pdf>

Retirement Planning – Social Security (Cont'd)

4. What are spousal benefits and how do I use them?

- Spouses are eligible for benefits based on their working spouse's work history.
 - To be eligible for spousal benefits, the spouse must be 62 and married for at least one year.
 - Filing early for spousal benefits reduces the benefit amount.
 - The primary worker must have filed for benefits.
 - Includes same-sex couples.

- Nonworking spouses can receive up to 50% of the worker's benefit amount.
 - If both are individually claiming and as a spouse, the spousal benefit will have the spousal adjustment applied. (Individual benefit minus 50% of spouse's benefit amount.)

- Divorced spouses may also be eligible for Social Security benefits based on your ex-spouse's work history.
 - You must have been married for at least 10 years.
 - You must be unmarried. (If your ex gets remarried it does not affect your potential spousal benefit)
 - You do not need their permission or cooperation to claim the benefit.
 - Benefits can begin as early as age 62 but you must know their SSN, DOB, and be able to prove you were married for 10 years.

Individual Benefits Calculator

<https://www.ssa.gov/benefits/retirement/planner/AnypiaApplet.html>

Spousal Benefits Calculator

<https://www.ssa.gov/OACT/quickcalc/spouse.html>

Retirement/Medicare Benefit Application:

<https://secure.ssa.gov/iClaim/rib>

Retirement Planning – Medicare

1. What is Medicare and what does it cover?

- Medicare is federal health insurance for people 65 or older.
- Medicare consists of different parts, each covering specific healthcare services:
 - **Medicare Part A** (Hospital Insurance) – Covers inpatient hospital stays, skilled nursing facility care, hospice care, & some home health care.
 - **Medicare Part B** (Medical Insurance) - Cover outpatient care, doctor visits, preventative services, and some home health care. Beneficiaries typically pay a monthly premium for Part B coverage.
 - **Medicare Part C** (Medicare Advantage) – A private insurance plan that combines the coverage of Parts A & B. Plans may include additional benefits such as vision and dental coverage. Often beneficiaries pay a monthly premium in addition to the Part B premium.
 - **Medicare Part D** (Prescription Drug Coverage) – Provides prescription drug coverage through private insurance plans that are approved by Medicare. Beneficiaries can choose a standalone Part D plan to supplement original Medicare OR opt for a Medicare Advantage plan that includes prescription drug coverage.
 - **Medigap** (Medicare Supplement Insurance) – Private insurance policies that help fill the gaps in coverage under original Medicare (Parts A & B). Medigap plans can help cover out-of-pocket costs like copayments, coinsurance, and deductibles.

Retirement Planning – Medicare (Cont'd)

2. What makes you eligible for Medicare and when can you enroll?

- An individual 65 or older is eligible for Medicare but only if they:
 - Collect (or qualify to collect as a fully insured individual) Social Security or
 - Are a current U.S. resident and either:
 - A U.S. citizen or
 - A permanent resident having lived in the U.S. for five years in a row prior to applying.

- An individual under 65 is eligible for Medicare if:
 - They have received Social Security Disability Insurance (SSDI) or Railroad Disability Annuity checks for total disability for at least 24 months.
 - They have (ALS) amyotrophic lateral sclerosis
 - Or they have end-stage kidney disease, and they (or a family member) have enough Medicare work history

- The initial enrollment for Medicare is a seven-month period that begins 3 months before the month an individual turns 65, includes the month they turn 65, and ends 3 months after they turn 65.

Medicare and Employer Group Health Coverage

- An individual 65 or over may be covered by a group health plan (employer sponsored) and Medicare. Which plan is primary depends on the size of the employer and whether the individual is still an employee or is retired.
- If the employer has less than 20 employees, Medicare is primary. If the employer has 20 or more employees and the individual is still an employee, the group health plan is primary, and Medicare is secondary.
- If the employer has 20 or more employees and the individual is retired, Medicare is primary, and the group plan is secondary.
- Regardless of employer size, a Medicare-eligible person could choose to reject the group health coverage, in which case Medicare becomes the primary payer for Medicare-covered health services.

Insurance Planning - Overview

What is Insurance Planning?

- Financially protecting your assets and family against unexpected loss.
- Insurance transfers the financial risk of unexpected loss from the insured to the insurer.

Why should you plan insurance?

- Ensures that goals and objectives are clearly defined
- Provides a level of certainty
- Determines how much coverage will be provided against unexpected loss.

Types of Insurance Contracts

- Life Insurance
- Short- & Long-term Disability
- Long-Term Care
- Medical/Health

Insurance Planning – Get a quote in 30 minutes!

Term Life Insurance

- Provides coverage for a specified period, or term, usually ranging from 10 to 30 years.
- If the insured person dies during the term, the death benefit is paid out to the beneficiaries.
- If the policyholder survives the term, no benefit is paid out, and the coverage typically expires.
- Premiums are lower compared to permanent life insurance policies & are fixed for the duration of the term.
- Suitable for individuals who want coverage for a specific period and may not need insurance for their entire life.

Per \$1,000,000 of Death Benefit

Age	Male		Female	
	Preferred Best	Standard	Preferred Best	Standard
30 Year Term				
35	\$ 753	\$ 1,528	\$ 640	\$ 1,203
45	\$ 1,799	\$ 3,464	\$ 1,410	\$ 2,428
55	\$ 5,450	\$ 8,848	\$ 3,967	\$ 7,086

Whole Life Insurance

- Permanent life insurance that provides coverage for the entire lifetime of the insured individual, as long as the premiums are paid.
- Policies also have a cash value component that grows over time.
- Premiums for whole life insurance are typically level and do not increase over time.
- May be suitable for certain individuals based on their financial goals, preferences, and circumstances.

Variable Life Insurance

- A type of permanent life insurance that combines a death benefit with an investment component.
- Allows policyholders to allocate their cash value among a variety of investment options, such as stocks, bonds, and mutual funds.
- Policyholders can adjust their premiums and death benefit amounts, within certain limits, based on their changing financial needs.
- Suitable for individuals who are comfortable taking on investment risk and want the potential for higher returns compared to traditional whole life insurance.

Long Term Care Insurance

Long Term Care insurance can help preserve the assets you've worked hard to save.

According to a 2022 survey conducted by Genworth, the national median cost of a private room in a nursing home in 2022 was \$9,034/month. In-home care on average cost \$5,148/month for a home health aide.

Costs of a stay in a long-term care facility may be partially covered by Medicare or health insurance under certain circumstances, but even then, only for a limited period. Medicaid requires recipients to have minimal income and assets before it will cover the costs of long-term care. As a result, many people are forced to deplete their savings and investments to pay for their own care or for that of a loved one.

Long Term Care insurance should be on the radar of anyone who wants to preserve long-term assets. The cost of the policy will depend on your age and health at time of purchase, the size of the daily benefit amount you select, and the waiting period before benefits begin.

Long Term Care policies can have provisions that include: guaranteed renewability; inflation protection; premium of waiver while you are receiving benefits; does not require hospitalization before benefits are paid; etc.

Some permanent insurance policies can also include LTC riders or Waiver of Premium riders, which can be less expensive than a straight LTC policy.

Types of Long-Term Care Insurance

GENERAL SUMMARY

LTC PRODUCT TYPE	LIFE INSURANCE BENEFIT	RETURN OF PREMIUM/ CASH VALUE	INFLATION OPTIONS	PREMIUM FUNDING	PREMIUMS/RATE GUARANTEES
Traditional LTC	No	No	Yes	Mostly lifetime premiums	Guaranteed renewable policies
Hybrid (Asset-based) Life/LTC	Yes	Yes	Yes	Mostly single-pay and 10-year payments, but other options available, including lifetime	Guaranteed premiums
Qualified LTC Rider on Life Insurance	Yes	Yes	No	Highly customizable	Premium may vary depending on underlying life policy

The facts and circumstances of an individual's situation will determine the most appropriate and suitable choice for LTC insurance. It is important to consider multiple alternatives and compare the advantages and disadvantages of each. For more information, please discuss with your financial advisor.

Health Savings Accounts (HSAs) & How to Effectively Pay Medical Expenses

HSAs are one of the most powerful tax-advantaged tools. They offer 3 distinct tax benefits:

1. Tax deductible contributions
2. Tax deferred growth on earnings
3. Tax free withdrawals for qualified medical expenses

Many people, contribute to their HSA, then use those funds immediately for current medical expenses. This behavior results elimination of tax-deferred growth, since the contributions are immediately spent from the account, rather than allowing the fund to grow.

According to the EBRI HSA Database:

- Over 50% of HSA contributors also take withdrawals in the same year
- As of 2021, only 12% of HSA owners were invested in anything other than cash

HSAs Are Unique: Timing Matters

Unlike other tax-advantaged accounts, HSAs allow unmatched flexibility in timing distributions:

- A client can incur a medical expense now and reimburse themselves years later
- There's no time limit for matching expenses to distributions

Example: A retiree has a \$10,000 qualified medical expense in this year. They can choose to:

- Reimburse themselves immediately, or Leave funds invested in the HSA to grow tax-deferred, and reimburse themselves in a future year.

This ability enables long-term investment strategies within HSAs, unlocking the full potential of tax-free growth and tax-free reimbursement.

Health Savings Accounts (HSAs) & How to Effectively Pay Medical Expenses

Why Strategic HSA Use Matters in Retirement

Healthcare expenses are a major retirement cost. The average retired couple is expected to spend hundreds of thousands of dollars on healthcare over their lifetimes.

Common HSA-eligible expenses in retirement include:

- Doctor visits, co-pays, and deductibles
- Durable medical equipment
- Medicare premiums
- Long-term care services
- Long-term care insurance premiums (within IRS limits)

These recurring and significant expenses make the HSA a perfect tool for long-term tax-free reimbursements.

Conclusion: Delay to Maximize

Using HSA funds immediately sacrifices long-term growth potential and reduces overall tax benefits.

Optimal strategy:

- Pay medical costs out-of-pocket when possible
- Leave HSA funds invested
- Accumulate receipts for reimbursement later, allowing the account to grow
- Maximize all three tax benefits—especially tax-free growth

HSAs are not just medical checking accounts. With the right timing, they're one of the most effective tax tools available in retirement planning.

Estate Planning Basics

Beneficiary Designations

- Allow you to transfer assets directly to individuals regardless of the terms in your will.
- Life Insurance Policies, Retirement Plans, Investment Accounts, Annuities.
- Person, Charity, or Trust

Wills and Trusts

- Directs the distribution of all your property and assets after your death
- A will can also name a guardian for any child under 18.

Healthcare Directive

- Appoints the person you want making all healthcare decisions in the event you are not able to.
- Allows appointed representative to accept or refuse any treatment, service or procedure.

Durable Power of Attorney

- Allows you to name a trusted person to handle financial and legal affairs whether you are temporarily or permanently unable to manage them yourself.
- Helps bills getting paid, deposits into accounts, sign documents on your behalf and other important tasks.

College Planning

College Savings Accounts

529 Plan : State-sponsored plan that allows you to save money for your child and pay for college expenses tax-free.

Pros:

- Contributions are typically tax deductible.
- Withdrawals for qualified college expenses exempt for state and federal taxes.
- Can be used at trade schools, community college, and universities.
- Gift tax benefits allow you to front-load 5 years of up to \$85,000 per person, per beneficiary.

Cons:

- Can impact financial aid and child's eligibility on college financial assistance.
- Limited Investment Options and account owner may not have much control over investment strategy.
- Earnings of non-qualified withdrawals subject to 10% penalty and to federal income taxes. (i.e., Child not attending college)
- May have restrictions on beneficiary changes.

◦ Alternatives can include Brokerage Accounts, UTMA's, or Roth IRAs

Tax Planning Coordination

- Our team will work with your Tax Advisor to coordinate tax savings strategies as we do not provide recommendations for taxes.
- Tax Planning Strategies: (Consult with your tax advisor)
 1. Maximizing tax-deferred retirement contributions.
 2. Using other tax-advantage accounts such as HSA, FSA, or Dependent FSA.
 3. Itemized deductions if they exceed standard deductions including mortgage interest and charitable donations.
 4. Timing of income and paying expenses may help minimize tax liability.
 5. Tax-loss harvesting may help minimize tax liability if you have investments that declined in value.
 6. Tax credits such as child tax credit, earned income tax credit and education credits.
 7. Tax effective investments such as municipal bonds may provide tax-free income.

Questions?

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Investments mentioned may not be suitable for all investors.