YOUR FINANCIAL FUTURE

Your Guide to Life Planning

January 2018

Michael Majhanovich & Doran James
Wyoming Wealth Management
2620 Commercial Way Ste 100
Rock Springs, WY 82901
307-382-1177
Fax: 307-382-1133
kathy.hickman@lpl.com
wyomingwealthmanagement.
org

In This Issue

A Net Worth Statement Helps Keep Retirees on Track

Taking stock of your assets and liabilities may require a bit of research at first, but the process will get easier each time you do it.

A number of planning tools can help retirees monitor their cash flow and make appropriate adjustments in response to changes in income and expenses. Not the least of these is a net worth statement.

By calculating your net worth, you are essentially taking a snapshot of your current financial status. That snapshot can then provide you with the information you need to make important financial decisions.

What is net worth? It is more than just your income -- it's your overall wealth. To determine your net worth, just add up your assets and subtract your liabilities. Your assets are everything you own, including the money in your bank accounts, retirement plans, and investments accounts as well as real estate and even possessions such as your car(s) or a boat. Your liabilities are what you owe. This may include the balance on your home mortgage, credit card debt, car payments, and even unpaid taxes.

Taking stock of your assets and liabilities may require a bit of research at first, but the process will get easier each time you do it. It's a good idea to review the calculation each year to make sure you stay on the right track.

Whether your net worth is higher or lower than you expected really should not be of concern. The main purpose of identifying your net worth is to give you a reference point for assessing your overall financial health.

The following worksheet will help you break down your assets and liabilities so you can reach your bottom line.

YOUR ASSETS	
Cash/bank accounts, CDs, etc.[1]	$
Vested share of retirement accounts (employer plans, pensions, profit-sharing plans, etc.)	$
Market value of investments (stocks, bonds, mutual funds, IRAs, annuities, etc.)[2]	$
Market value of real estate (home, other property)	$
Market value of vehicles (car, boat)	$
Cash value of insurance policies	$
Other (valuables, furnishings, etc.)	$
TOTAL ASSETS	$
YOUR LIABILITIES	
Balance due on home or real estate mortgage(s)	$
Balance due on loans (car, student, real estate)	$
Balance due on rental properties	$
Balance due on credit cards	$
Fixed monthly payments	$
Unpaid taxes	$
Other	$
TOTAL LIABILITIES	$
YOUR NET WORTH (Subtract liabilities from assets)	$

[1]*CDs are FDIC insured and offer a fixed rate of return if held to maturity.*

[2]*Investing in stocks involves risks, including loss of principal. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and are subject to availability and change in price. Investing in mutual funds involves risk, including loss of principal. Mutual funds are offered and sold by prospectus only. You should carefully consider the investment objectives, risks, expenses and charges of the investment company before you invest. For more complete information about any mutual fund, including risks, charges and expenses, please contact your financial professional to obtain a prospectus. The prospectus contains this and other information. Read it carefully before you invest.*

An annuity is a long-term, tax-deferred investment vehicle designed for investment purposes and contains both an investment and an insurance component. They are sold only by prospectus. Guarantees are based on the claims-paying ability of the issuer and do not apply to an annuity's separate account or its underlying investments. The investment returns and principal value of the available subportfolios will fluctuate so that the value of an investor's unit, when redeemed, may be worth more or less than their original value. Gains from tax-deferred investments are taxable as ordinary income upon withdrawal.

1-331501

Bond Market Perspectives | Week of January 8, 2018

Key Takeaways

- High-quality fixed income may remain under pressure in 2018.
- The yield curve flattened considerably in 2017, which could continue in 2018, but may not be the ominous indicator it has been in previous cycles.
- Though our return forecast for broad high-quality fixed income is muted, it remains an important component of diversified, balanced portfolios.

Fixed Income in 2018: Still Under Pressure

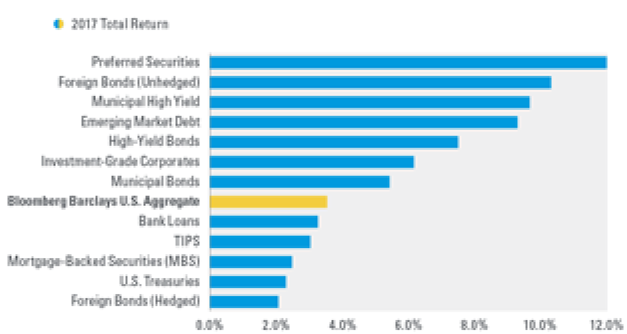
We look back at U.S. fixed income performance in 2017, while exploring what themes may persist in 2018. Today's *Bond Market Perspectives* will provide a high-level performance recap for 2017 that we hope will be helpful for year-end client conversations, in addition to a summary of our fixed income market views for 2018 following passage of the new tax law.

CLOSING THOUGHTS ON 2017

As we entered 2017, we expected that steady growth and up to three Federal Reserve (Fed) rate hikes would drive low- to mid-single-digit returns in the broad high-quality bond market. In the end, with three Fed rate hikes in 2017 and a total return of 3.7% for the Bloomberg Barclays U.S. Aggregate Bond Index, these forecasts aligned with reality. Our expectation that the 10-year Treasury yield would end 2017 in the 2.25%-2.75% range was also met, with the 10-year yield ending the year at 2.41%.

Our favored high-quality sectors were relative winners for the year as well. Corporate bonds, as measured by the Bloomberg Barclays Aggregate Credit Index, gained 6.2% for the year. Though mortgage-backed securities (MBS) saw comparatively smaller gains of 2.5% (as measured by the Bloomberg Barclays U.S. MBS Index), they did manage to outperform Treasuries which gained just 2.3% (per the Bloomberg Barclays U.S. Treasury Index). Economically sensitive, lower-quality segments of fixed income were winners broadly amid sharply higher equity markets during the year [Figure 1].

1 CREDIT RISK WAS GENERALLY REWARDED IN 2017



Source: LPL Research, Bloomberg 01/08/18

Indexes referenced are: BofA Merrill Lynch Hybrid Preferred Securities Index, Citigroup World Government Bond Index Unhedged, Bloomberg Barclays High Yield Municipal Bond Index, JPMorgan EMBI Global Index, Bloomberg Barclays US High Yield Index, Bloomberg Barclays US Aggregate Credit Index, Bloomberg Barclays Municipal Bond Index, Bloomberg Barclays US Aggregate Bond Index, S&P/LSTA Leveraged Loan Index, Bloomberg Barclays US Treasury Inflation Protected Notes Index, Bloomberg Barclays US Aggregate Securitized MBS, Bloomberg Barclays US Aggregate Government Treasury Index, Citigroup World Government Bond Index Hedged.

TIPS – Treasury Inflation-Protected Securities

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

THE YEAR AHEAD

We expect high-quality fixed income to remain under moderate pressure in 2018, amid gradually increasing interest rates across the yield curve as the economy returns to the dynamics of a more normalized business cycle. The transition from an emphasis on monetary policy to fiscal policy will dominate the discussion, and is reflected throughout our views:

- Two to three additional Fed rate hikes may pressure short-term interest rates higher, while increasing levels of growth and inflation may push long-term interest rates higher. Given the continued, albeit modest, pickup in growth and inflation, we expect the 10-year Treasury to end 2018 in the 2.75-3.25% range.

- The Fed's efforts to reduce its balance sheet will add to this rising rates dynamic during 2018, but it may become a more important factor later in the year, depending on whether other global central banks become more aggressive in reducing their monetary stimulus as well. U.S. Treasury yields are still higher than those in other developed nations, so any jump in domestic interest rates may be met by increased demand from foreign investors, potentially limiting upward moves in Treasury yields.
- The new tax law adds to our concerns when considering the overall environment for bond investors, due to its potential to drive growth and inflation rates higher. The U.S. Treasury will need to increase issuance of debt in order to make up for the potential initial loss in tax revenues as the economy adjusts to the new dynamic. Though only time will tell relative to the anticipated supply-side benefits of the legislation, the immediate need to fund U.S. government activities and programs should result in further deficit spending, which typically results in bond investors demanding higher yields (by paying lower prices) for the extra risk of increased Treasury issuance. Additionally, while the limitation on deductibility of interest expense is a negative for corporate debt, some of that is offset by the positives of lower overall corporate tax rates, the full expensing of capital expenditures, and other provisions within the bill.

The yield curve flattening that was prevalent throughout 2017 may continue in 2018 [Figure 2]. This phenomenon usually worries investors, as historically an inverted yield curve has been an effective leading indicator of recessions. One contributor to this is the fact that longer-term yields in the U.S. are above those of Germany, Japan, and almost all other developed nations, and strong global demand may be restraining domestic rates. Additionally, global central bank action over the last decade could also be changing the efficacy of yield curve flattening as a recession predictor. Lower yield levels have forced investors to longer maturities, thus pushing those longer-term rates even lower, due to increased demand.

2 TREASURY YIELD CURVE FLATTENED MEANINGFULLY IN 2017

Source: LPL Research, Bloomberg 01/08/18

Performance is historical and no guarantee of future results.

Yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year, and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates. The curve is also used to predict changes in economic output and growth.

Similar to 2017, we favor intermediate-duration fixed income, as we don't believe long maturity can offer enough compensation for the interest rate risk assumed. Another pattern that may continue in 2018 is lower-quality fixed income outperforming high quality. In line with our view of a strong year for equities, asset classes like high yield may enjoy another year of healthy returns. This return may be driven primarily by the yield component of returns, because high-yield spreads over comparable Treasuries are already at their tightest levels in over 10 years. Tight spreads indicate confidence in corporations' creditworthiness, but also limit future return potential.

CONCLUSION

Moving forward into 2018 and given our outlook for the economy, Fed policy, and fiscal stimulus, we expect the fixed income market to be under pressure given gradually higher interest rates, with a total return of flat to low-single-digits expected for the broad Barclays Aggregate. That said, we believe bonds remain an important element of a well-balanced, diversified portfolio, that could provide protection should we experience equity market pullbacks.

Please see our Outlook 2018: Return of the Business Cycle *publication for additional descriptions and disclosures.*

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance reference is historical and is no guarantee of future results. All indexes are unmanaged and cannot be invested into directly.

The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise, and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

International debt securities involve special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards. These risks are often heightened for investments in emerging markets.

High yield/junk bonds (grade BB or below) are not investment-grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors. The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Mortgage-backed securities are subject to credit, default, prepayment, extension, market and interest rate risk.

INDEX DESCRIPTIONS

The BofA Merrill Lynch Preferred Stock Hybrid Securities Index is an unmanaged index consisting of a set of investment-grade, exchange-traded preferred stocks with outstanding market values of at least $50 million that are covered by Merrill Lynch Fixed Income Research.

The Bloomberg Barclays High Yield Bond Index covers the universe of publicly issued debt obligations rated below investment grade. Bonds must be rated below investment grade or high yield (Ba1/BB+ or lower), by at least two of the following ratings agencies: Moody's, S&P, and Fitch. Bonds must also have at least one year to maturity, have at least $150 million in par value outstanding, and must be U.S. dollar denominated and nonconvertible. Bonds issued by countries designated as emerging markets are excluded.

The Bloomberg Barclays U.S. High Yield Loan Index tracks the market for dollar-denominated floating-rate leveraged loans. Instead of individual securities, the U.S. High-Yield Loan Index is composed of loan tranches that may contain multiple contracts at the borrower level.

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS (agency and non-agency).

The Bloomberg Barclays U.S. Corporate Index is a broad-based benchmark that measures the investment-grade, U.S. dollar-denominated, fixed-rate, taxable corporate bond market.

The Bloomberg Barclays U.S. Treasury Index is an unmanaged index of public debt obligations of the U.S. Treasury with a remaining maturity of one year or more. The index does not include T-bills (due to the maturity constraint), zero coupon bonds (strips), or Treasury Inflation-Protected Securities (TIPS).

The Bloomberg Barclays U.S. Mortgage Backed Securities (MBS) Index tracks agency mortgage backed pass-through securities (both fixed rate and hybrid ARM) guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

The Bloomberg Barclays U.S. Treasury TIPS Index is a rules-based, market value-weighted index that tracks inflation-protected securities issued by the U.S. Treasury.

The Bloomberg Barclays Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

The Bloomberg Barclays High Yield Municipal Bond Index measures the performance of the high yield municipal bond market. To be included in the index, bonds must be rated non-investment-grade (Ba1/BB- or lower) by at least two of the following ratings agencies: Moody's, S&P, Fitch. If only two of the three agencies rate the security, the lower rating is used to determine index eligibility. If only one of the three agencies rates a security, the rating must be non-investment-grade. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. Remarketed issues, taxable municipal bonds, bonds with floating rates, and *derivatives, are excluded from the benchmark. On August 24, 2016, Bloomberg acquired the Barclays fixed income benchmark indices from Barclays. Barclays and Bloomberg have agreed to co-brand the indices as the Bloomberg Barclays Indices for an initial term of five years.*

The JPMorgan Emerging Markets Bond Index Global ("EMBI Global") tracks total returns for traded external debt instruments in the emerging markets, and is an expanded version of the JPMorgan EMBI+. As with the EMBI+, the EMBI Global includes U.S. dollar-denominated Brady bonds, loans, and Eurobonds with an outstanding face value of at least $500 million. It covers more of the eligible instruments than the EMBI+ by relaxing somewhat the strict EMBI+ limits on secondary market trading liquidity.

RES 5050 0118 | For Client Use | Tracking #1-685635 (Exp. 01/19)

Weekly Economic Commentary | Week of January 8, 2018

2017 WAS GOOD FOR THE ECONOMY; 2018 COULD BE EVEN BETTER

KEY TAKEAWAYS

- This week, we provide an overview of a solid 2017 for the economy.
- Although manufacturing could be near a peak, history suggests that this isn't a major near-term recession warning.
- With the new tax law signed, we have upgraded our economic views for 2018.

Similar to this week's *Weekly Market Commentary*, this *Weekly Economic Commentary* will look back at 2017. In addition, it will discuss why a potential peak in manufacturing surveys isn't a major concern, and provide an overview of our economic views for 2018 following passage of the new tax law.

WRAPPING UP 2017

2017 was an impressive year for equities, as many countries closed out the year at new all-time highs. The fixed income markets also responded favorably, as demand for both sovereign and corporate bonds remained strong with inflationary pressures still benign. Driving much of the impressive gains in financial markets were strong economic growth and a synchronized increase in global earnings.

In the United States, some of the most meaningful economic developments included:

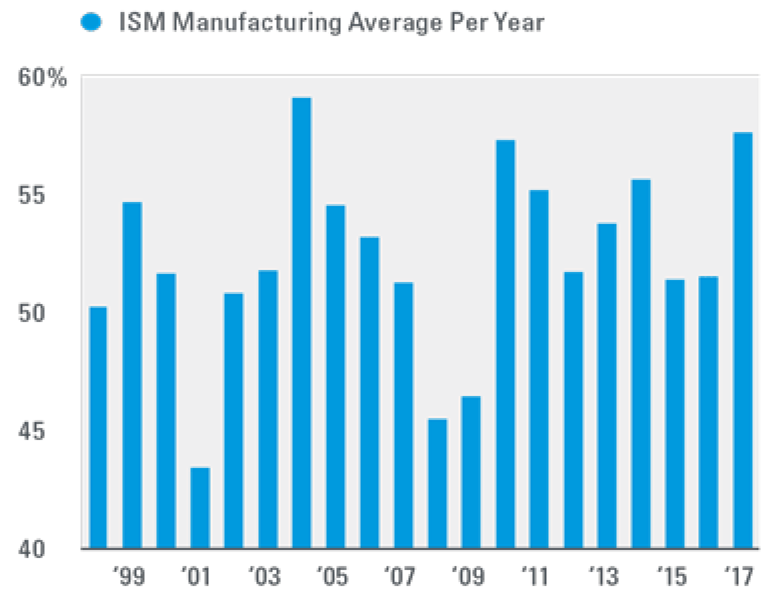
- **GDP growth.** Gross domestic product (GDP) growth saw the usual first quarter weakness, coming in at only 1.4%. Things turned around in the second and third quarters though, as growth rose above 3.0%. The fourth quarter number is scheduled for release in January, and there is potential for yet another 3.0% number. Should we see growth over 3.0%, it would be the first stretch of three consecutive quarters over 3.0% since before the financial crisis.
- **Employment picture.** Although the December employment report was below expectations (148K versus 190K Bloomberg consensus), it still showed a record 87 consecutive months of jobs growth. Additionally, more than 2 million jobs were created in 2017, the seventh consecutive year to crack this level.
- **Earnings.** The increase in S&P 500 Index earnings is expected to come in over 10% for the full year, which would be the first double-digit annual increase since 2011. Corporate profit growth was not simply a domestic phenomenon, though, and earnings in both developed and emerging markets were similarly strong. We will take a closer look at global economies and earnings in next week's *Weekly Economic Commentary*.

Other positive domestic economic developments include strong holiday spending, consumer confidence readings near 17-year highs, small business confidence levels at multi-decade highs, record construction spending, and the strongest manufacturing data in 13 years.

WHAT COULD A PEAK IN MANUFACTURING MEAN?

Although manufacturing only accounts for about 12% of total GDP today, we still think it is quite important to the overall health of the economy. As **Figure 1** shows, the average Institute for Supply Management (ISM) Purchasing Managers' Index (PMI) reading for 2017 came in at 57.6, which was the highest level for a full year since 2004.

1 A 13-YEAR HIGH IN MANUFACTURING



Source: LPL Research, Bloomberg 01/05/18

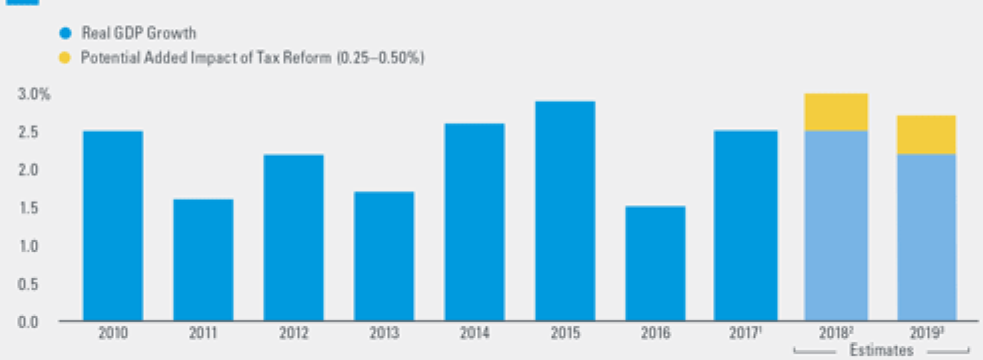
Indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

With the ISM PMI cracking 60 in September for only the seventh time going back the past 30 years, the question many are asking is whether we have seen a peak in manufacturing growth. Although we do not yet know if September was the peak, historically such peaks have usually occurred mid-cycle and have not been a warning sign for the end of that cycle. Looking at the previous five economic cycles going back to the late 1970s, it has taken the United States 45 months, on average, to enter a recession following a peak in the ISM. For example, the most recent cycle saw the ISM peak in May 2004, some 44 months before the recession began in January 2008. With flattening yield curve concerns growing and worries that manufacturing could be peaking, it is important to keep in mind that economic expansions could potentially continue for several years after a peak in manufacturing.

TAX LAW AND OUR 2018 FORECASTS

Given recent clarity on the new tax law, we upgraded our forecasts for economic growth, corporate earnings, and S&P 500 returns for 2018. In our *Outlook 2018*, we forecast annual U.S. economic growth to come in at 2.5% with steady consumer strength, a potential pickup in momentum thanks to fiscal support, with added support from improved business spending. The fiscal support came a little sooner than we expected, however, with the passing of the new tax law before the end of 2017. With businesses and individuals now able to plan ahead with greater certainty, we have raised our projections for annual U.S. economic growth to a range of 2.75% - 3.0% over the next year **[Figure 2]**.

2 SIGNING OF TAX BILL INTO LAW MAY ADD 0.25–0.50% TO 2018 AND 2019 GROWTH ESTIMATES



Source: LPL Research, Bureau of Economic Analysis, Bloomberg 12/26/17

[1]2017 uses actual data for the first three quarters combined with the Bloomberg-surveyed consensus estimate for the fourth quarter.

[2]2018 is LPL Research's Outlook 2018 estimate, with the added section representing the potential impact of the tax bill.

[3]2019 is the Bloomberg-surveyed consensus, with the added section representing the potential impact of the tax bill.

The 2018 & 2019 estimates may not develop as predicted.

We look for the benefits of the new tax law to further support gains in personal consumption and business investment, potentially providing a lift to the overall economy. Additionally, we continue to believe that interest rates may likely rise gradually considering moderate inflationary pressures, and we expect the 10-year Treasury to trade within a range of 2.75% - 3.25% in the coming year.*

CONCLUSION

Given how solid 2017 was for the economy, we think the economic expansion still has strong momentum behind it in 2018, which could further support the bull market. For more on our key themes for 2018, please refer to our *Outlook 2018: Return of the Business Cycle*. And, for more information on the potential economic, earnings, and market impact of the new tax law, please refer to our *Investment Implications of the New Tax Law* commentary.

IMPORTANT DISCLOSURES

As noted in Outlook 2018: Return of the Business Cycle, LPL Research forecasts flat to low-single-digit returns for the Bloomberg Barclays U.S. Aggregate Bond Index, based on its expectations for a gradual pickup in interest rates across the yield curve. LPL Research also expects the 10-year Treasury yield to end 2018 in the 2.75-3.25% range, based on its expectations for a modest pickup in growth and inflation.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results.

Any economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments, and exports less imports that occur within a defined territory.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

Investing in stock includes numerous specific risks including: the fluctuation of dividend, loss of principal and potential illiquidity of the investment in a falling market.

Because of its narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

International debt securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards. These risks are often heightened for investments in emerging markets.

INDEX DESCRIPTIONS

Purchasing Managers Indexes are economic indicators derived from monthly surveys of private sector companies, and are intended to show the economic health of the manufacturing sector. A PMI of more than 50 indicates expansion in the manufacturing sector, a reading below 50 indicates contraction, and a reading of 50 indicates no change. The two principal producers of PMIs are Markit Group, which conducts PMIs for over 30 countries worldwide, and the Institute for Supply Management (ISM), which conducts PMIs for the United States.

The S&P 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

This research material has been prepared by LPL Financial LLC.

To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial LLC is not an affiliate of and makes no representation with respect to such entity.

How Well Do You Know Your 401(k)?

Understanding your investment options is essential when building a portfolio that matches your risk tolerance and time horizon.

The old saying "knowledge is power" applies to many situations in life, including retirement planning. The more you know about the benefits your plan offers, the more likely you'll be to make the most of them and come out ahead financially when it's time to retire. Here are some questions to test your knowledge about your plan.

How Much Can I Contribute?

The maximum contribution permitted by the IRS for 2018 is $18,500, although your plan may impose lower limits. Further, if you are age 50 or older, you may be able to make an additional $6,000 "catch-up" contribution as long as you first contribute the annual maximum. Check with your benefits representative to find out how much you can save.

What Investments Are Available To Me?

One survey indicated that about a third of retirement plan participants were "not at all familiar" or "not that familiar" with the investment options offered by their employer's plan.[1] The study went on to reveal that individuals who were familiar with their retirement plan investments were nearly twice as likely to save 10% or more of their annual income, compared with those who report having little-to-no knowledge about such investments.[1]

Understanding your investment options is essential when building a portfolio that matches your risk tolerance and time horizon. Generally speaking, the shorter your time horizon, the more conservative you may want your investments to be, while a longer time horizon may enable you to take on slightly more risk.

What Are the Tax Benefits?

Contributing to your employer's retirement plan offers two potentially significant benefits. First, since your contributions are taken out of your paycheck before taxes are withheld, you lower your current taxable income. Plus, since you don't pay taxes on the money you contribute or on any investment earnings until you make withdrawals, more money is made available to potentially produce investment earnings.[2]

Will My Employer Make Contributions to My Account on My Behalf?

Many companies try to encourage participation in their retirement plans by matching workers' contributions up to a certain percentage of each worker's salary. One defined contribution benchmarking study indicates that the average promised company matching contribution is 4.1% of pay.[3] For their part, employees interviewed recently cited "taking advantage of the company match" as the top reason for participating in their company's retirement plan.[4]

How Long Before the Money in the Plan Is Mine?

Any money you contribute to your retirement account is yours, period. However, any matching contributions made by your employer may be on a "vesting schedule," where your percentage of ownership increases based on years of service. Current research indicates that 43% of employers now offer immediate vesting of matching contributions.[4] Because vesting schedules vary from plan to plan, be sure you know the specifics of yours.

Your benefits representative can help you answer these and other questions about your employer-sponsored plan. Being "in the know" may help you avoid missteps and make as much progress as possible on the road to retirement.

[1]*Pensions & Investments, "TIAA-CREF: Participants with knowledge of investment options more likely to save," February 26, 2014.*

[2]Withdrawals from tax-deferred retirement accounts will be taxed at ordinary income tax rates. Withdrawals made prior to age 59½ may be subject to a 10% additional federal tax.

[3]The Vanguard Group, Inc. "How America Saves, 2017."

[4]Deloitte Development LLC, "Defined Contribution Benchmarking Survey," 2017 Edition.

1-375570

While most U.S. workers are facing a retirement savings deficit, for women, the effect is compounded: Lower pay translates into reduced Social Security benefits, smaller pensions, and less retirement savings.

Income Inequality and Its Impact on Women's Retirement

Here are the facts. Generally speaking, women earn less than men, live longer than men, and often take time out of the workforce to have children and/or to care for an aging parent or sick loved one. The potential consequence of these realities? While most U.S. workers are facing a retirement savings deficit, for women, the effect is compounded: Lower pay translates into reduced Social Security benefits, smaller pensions, and less retirement savings.

Just the Facts

You needn't look far to find evidence of the gender retirement gap. Consider the following facts:

Many women will need to make their retirement nest eggs last longer than men's. According to the latest data from the Society of Actuaries, among females age 65, overall longevity has risen 2.4 years from 86.4 in 2000 to 88.8 in 2014. Similarly, among 65-year-old men, longevity has risen two years during the same timeframe, from 84.6 to 86.6 in 2014.[1]

The gender wage gap has a ripple effect over a woman's entire career. The National Women's Law Center has found that a woman starting her career now will lose more than $430,480 over a 40-year career; for Latinas, this wage gap could total $1,007,080 over a career, and for an African American woman, the total wage deficit could reach $877,480.[2] Put another way, a woman would have to work 51 years to earn what a man earns in 40 years.[2]

Family caregiving causes career interruptions that can have significant monetary consequences over time. Research conducted by the AARP revealed that family caregivers who are at least 50 years old and leave the workforce to care for a parent forgo, on average, $304,000 in salary and benefits over their lifetime. These estimates range from $283,716 for men to $324,044 for women.[3]

The retirement income gap is very real. The average Social Security benefit for women older than 65 was $14,234 annually in 2014, compared with $18,113 for men, according to Social Security Administration data.[4] Research shows that women also receive about a third less income in retirement from defined benefit pension plans and have accumulated about a third fewer assets in defined contribution retirement accounts than their male counterparts.[5]

Progress: Slow but Steady

While the evidence is compelling and points out the continuing challenge women face in attaining a secure financial future, there are also signs of improvement for women and their outlook for retirement. For instance, according to the National Institute on Retirement Security's recent study, women are working for more years now than ever before, which helps to enhance their Social Security benefits, pension income, and retirement savings. Specifically, the study found that the workforce participation of women age 55 to 64 has climbed from 53.2% in 2000 to 59.2% in 2015.[5] And today as many women as men participate in workplace retirement plans.

More broad-based measures, such as legislative action to eliminate the gender pay gap would go far toward leveling the playing field for women when it comes to retirement readiness, yet such policy matters are complicated and outcomes are impossible to predict.

Beating the Odds

Despite these challenges, many women retire with enough money to relax and enjoy their later years. Here's how they do it:

- Saving as much as they can: This year you can save up to $18,000 in an employer-sponsored retirement plan, plus a $6,000 "catch-up" contribution if you are age 50 or older. Your contributions are made on pretax income, which means you're paying taxes on a lower amount.[6]
- Becoming educated about other sources of retirement income. No matter how committed you are to saving, chances are your employer-sponsored plan won't provide all of the money you'll need once you retire. Find out as much as you can about Social Security -- and strategies for optimizing your benefits -- as well as IRAs and other investments that can help fill in the gaps.[7]
- Make the connection between life expectancy and income needs. Even if you already have a healthy nest egg, it's important to continue saving because you could end up spending 20 or 30 years in retirement, which means you'll have to save that much more.

Regardless of your personal challenges, you can take charge of your financial future -- starting today.

[1]Society of Actuaries, "Society of Actuaries Releases New Mortality Tables and an Updated Mortality Improvement Scale to Improve Accuracy of Private Pension Plan Estimates," October 27, 2014.

[2]The National Women's Law Center, "Wage Gap Costs Women More Than $430,000 Over a Career, NWLC Analysis Shows," April 4, 2016.

[3]AARP: Understanding the Impact of Family Caregiving on Work, Fact Sheet 271, October, 2012 and MetLife Mature Market Institute, "The MetLife Study of Caregiving: Costs to Work Caregivers: Double Jeopardy for Baby Boomers Caring For Their Parents," 2011.

[4]Morningstar, "Retirement: The Other Economic Gender Gap," June 7, 2016.

[5]National Institute on Retirement Security, "Shortchanged in Retirement: Continuing Challenges to Women's Financial Future," March 2016.

[6]To make the catch-up contribution, you are first required to save the annual maximum of $18,000.

[7]Distributions from a traditional IRA will be subject to taxation upon withdrawal at then-current rates. Distributions taken prior to age 59½ may be subject to an additional 10% federal tax.

1-523926