



WE ASPIRE TO INSPIRE.
GUIDANCE YOU DESERVE.

KEY MILESTONES

MICHAEL JAY BORZA

Senior Vice President, Wealth Management

AUSTIN L. STORCK, CEPA®, CIMA®

Financial Advisor

Jenn K. Cox

Registered Client Service Associate

THE LONE CYPRESS

This magnificent tree, standing proudly on a granite outcrop, symbolizes the enduring strength needed to navigate key milestones in our financial journey. Much like the Lone Cypress's ability to withstand the elements, our financial foundation must endure the challenges of retirement planning, managing retirement income, and utilizing resources such as Social Security and Medicare.

Just as the tree adapts to environmental changes while preserving its beauty, we must remain flexible in our financial strategies. As we reach milestones like retirement, it's crucial to reassess and adjust our plans accordingly. Like the Lone Cypress, our financial plan should be built for the long term, requiring patience and discipline as we pursue our goals.

Perched atop the Pebble Beach coastline, this tree reminds us that the pursuit of financial security should be balanced with happiness and fulfillment. By embracing the lessons of resilience and adaptability, we can navigate our financial journey with confidence, overcoming challenges and reaching milestones with grace and perseverance.

Mike, Austin & Jenn





Milestones

1

Nearing Retirement

- Assess financial readiness for retirement, including savings, investments, and debt.
- Determine desired retirement lifestyle and estimated expenses.
- Consider options for transitioning out of the workforce, such as phased retirement or consulting work.
- Review employer-sponsored retirement plans and pension options.

2

Retirement

- Officially exit the workforce and transition into retirement.
- Implement retirement income plan
- Pursue hobbies, interests, and travel plans.
- Stay physically and mentally active through volunteering, continuing education, or part-time work if desired.
- Monitor investments and adjust asset allocation as needed.
- Review estate planning documents and beneficiary designations.

"Often when you think you're at the end of something, you're at the beginning of something else." –Fred Rogers



Milestones cont.

3

Social Security

- Understand eligibility requirements for Social Security benefits based on age and work history.
- Evaluate options for claiming Social Security benefits, considering factors such as timing, spousal benefits, and longevity.
- Calculate estimated benefits based on different claiming ages.
- File for Social Security benefits online, by phone, or in person.
- Consider strategies to maximize Social Security benefits, such as delaying claiming or utilizing spousal benefits.
- Understand the potential impact of working while receiving Social Security benefits, including the earnings limit.

4

Medicare

- Learn about Medicare eligibility and enrollment periods, including initial enrollment, special enrollment, and open enrollment.
- Understand the different parts of Medicare (Part A, Part B, Part C, Part D) and coverage options.
- Enroll in Medicare during the initial enrollment period to avoid late penalties.
- Stay informed about changes to Medicare coverage and benefits through annual notices and updates from the Centers for Medicare & Medicaid Services (CMS).



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Milestone Ages



50

Catch-up contributions for IRA, 401(k), 403(b) and other Employer-sponsored retirement plans
Penalty-free withdrawals from governmental retirement plans for public safety employees who are separated from service
Disabled spouses eligible for Social Security survivor benefits



55

Penalty-free withdrawals from 401(k) if separated from service
Additional contributions for Health Savings Accounts



59^{1/2}

Penalty-free withdrawals from IRA and retirement plans
In-service distribution if plan permits



62

Minimum Social Security retirement benefits
Minimum Social Security spousal benefits



60-63

Under SECURE 2.0, employees are eligible for the Enhanced Catch-Up Contribution for Employer-sponsored retirement plans, which increases the annual catch-up limit during these four peak earning years.



Milestone Ages cont.



Medicare begins
HSA penalty-free withdrawals for nonqualified medical expenses* (qualified medical expenses are tax free)

*Please contact a tax advisor for information on qualified medical expenses.



FRA for retirees born 1943-1954
Maximum spousal benefits for spouses born 1943-1954
Maximum survivors benefits for survivors born 1945-1956



FRA for retirees born 1960 or later
Maximum spousal benefits for spouses born 1960 or later
Maximum survivors benefits for survivors born 1962 or later



Maximum Social Security retirement benefit



Required minimum distributions for traditional IRAs and some retirement plans. Starting in 2033, the age will increase to 75. This means individuals born in 1960 or later will start taking RMDs at age 75



Purpose Filled Journey

Defining your "**why**" prior to retirement is indeed crucial; it's the compass that guides your actions and decisions, shaping the trajectory of your life. It's the culmination of your **passions**, **values**, and **aspirations**, distilled into a singular **purpose** that gives meaning to your existence. Throughout your years of hard work and dedication, you've invested not only in your financial security but also in nurturing this intrinsic motivation, knowing that it would ultimately drive you toward a fulfilling life beyond the confines of the workplace.

However, as you embark on the journey of retirement, it's equally essential to live out that **purpose** to embody it in every aspect of your daily life. The years of dedication and sacrifice were not just about reaching the retirement milestone; they were about creating the freedom and opportunity to fully engage with your **passions**, to embark on new adventures, and make a meaningful impact in the world around you.

Your "**why**" serves as a constant reminder of what truly matters to you, anchoring you in moments of uncertainty and guiding you towards unparalleled heights of fulfillment. Whether it's dedicating your time to a cause you're **passionate** about, pursuing a hobby you've always loved, or simply cherishing moments with loved ones, your **purpose** infuses every experience with profound meaning.

In essence, retirement isn't just a destination; it's the beginning of a new chapter where you have the privilege to fully embody your "**why**". It's a testament to the years of hard work and dedication, culminating in the freedom to live **authentically** and **passionately**. So, as you step into this new phase of life, let your **purpose** be the driving force behind every endeavor, illuminating the path to a life filled with joy, fulfillment, and profound meaning.



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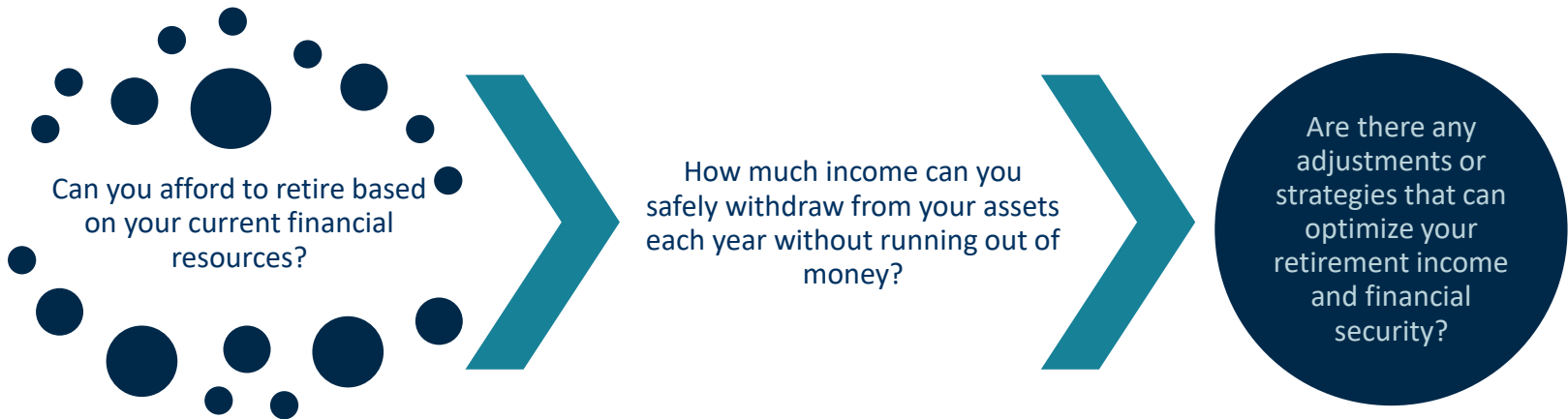
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Can I Retire?

We run a Retirement Income Plan for you to assess your readiness for retirement and determine how much retirement income you are able to sustainably withdraw from your assets. This comprehensive plan takes into account various factors such as your current savings, expected expenses, investment returns, and inflation rates.

Through the Retirement Income Plan, we aim to answer crucial questions such as:





4% Rule

The 4% rule is a widely recognized guideline used for determining how much income retirees can safely withdraw from their investment portfolio each year without depleting their savings too quickly.

HOW IT WORKS

- **Initial Withdrawal Rate:** The rule suggests that retirees can initially withdraw 4% of their investment portfolio's value in the first year of retirement.
- **Adjusting for Inflation:** After the first year, subsequent withdrawals are adjusted for inflation. This means that in subsequent years, retirees increase their withdrawal amount to keep up with rising costs of living.
- **Probability of Success:** The 4% withdrawal rate is considered to be a conservative estimate that provides a high probability of not outliving one's savings. Subsequent research suggested that historically, a portfolio invested in a balanced mix of stocks and bonds could sustain a 4% withdrawal rate for at least 30 years, even during periods of market volatility.
- **Portfolio Monitoring:** It's important to regularly monitor the portfolio's performance and adjust its withdrawal rate if necessary. Factors such as investment returns, inflation rates, and changes in spending needs may warrant adjustments to the withdrawal rate over time.

It's essential to note that while the 4% rule provides a useful starting point for retirement income planning, it is not a one-size-fits-all solution. Individual circumstances, such as risk tolerance, longevity expectations, healthcare costs, and market conditions, can significantly impact the appropriateness of the 4% withdrawal rate for a particular retiree.



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Monte Carlo

Monte Carlo simulation is a statistical method that uses randomness to model the probability of different outcomes in a process. It works by generating thousands of different scenarios, each with its own set of random variables. The variables used in our retirement income plan typically include investment returns, inflation, and expenses. For each scenario, the simulation calculates your financial situation at the end of the planning period.

But why does it rely on randomness? Well, life is full of uncertainties, and the future is especially tricky to predict. So, instead of focusing on a single scenario, the Monte Carlo simulation takes into account a wide range of possibilities. By doing this, it helps us understand the likelihood of various outcomes and the potential risks and rewards associated with your financial decisions.

For instance, let's say you want to retire at age 65. The Monte Carlo simulation can estimate the odds of you achieving that goal based on factors like your current income, savings, investment returns, and expenses. It can tell us if there's a high chance of retiring comfortably, a moderate possibility of reaching your goal, or a lower probability of success.

By simulating thousands of "what if" scenarios, the Monte Carlo simulation helps us get a comprehensive picture of your financial future. It allows us to see how different factors interact and affect your long-term financial well-being.

However, it's important to understand that the simulation doesn't provide a 100% accurate prediction. It's like weather forecasting - we can't guarantee it will rain exactly at 2:00 PM, but we can assess the likelihood based on historical data and patterns. Similarly, the Monte Carlo simulation provides probabilities and helps us make better-informed decisions.



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Retirement Income Plan

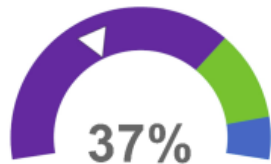
Calculate 4% of cumulative assets to determine initial annual income

Utilize Monte Carlo Simulation to estimate the probability of success in meeting income goals.

Review results showing the percentage of successful scenarios out of 1,000 trials, highlighting the level of confidence.

Analyze combined details using average returns to demonstrate the growth of the portfolio even while taking income.

Assess ending portfolio value, funds used, and investment return to visualize the hypothetical performance of the retirement plan over time.



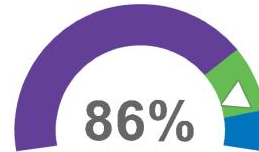
37%

Probability of Success

Below Confidence Zone

Purple Zone (<75%)

Indicates potential risk of not meeting income expectations; adjustments may be necessary.



86%

Probability of Success

In Confidence Zone

Green Zone (75% - 90%)

Indicates a balanced approach, on track to meet retirement goals.



97%

Probability of Success

Above Confidence Zone

Blue Zone (>90%)

Suggests potential for a more abundant retirement lifestyle with room for increased income.



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Gathering Social Security Data

<https://www.ssa.gov/myaccount/>

Your Social Security Statement
WANDA HOPPER October 3, 2021

Retirement Benefits
You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn credits through your work — up to 4 for each year. Your full retirement age is 67 based on your date of birth. April 15, 2025. As shown in the chart, you can start your benefits as early as age 62 and as late as 70. For each month you wait to start your benefits, your monthly benefit will be higher — for the rest of your life.

Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)

Age You Start	Estimated Monthly Benefit
62	\$1,108
63	\$1,128
64	\$1,148
65	\$1,168
66	\$1,188
67	\$1,208
68	\$1,228
69	\$1,248
70	\$1,268

Disability Benefits
You have earned enough credits to qualify for disability benefits. If you become disabled before your monthly payment would be about \$1,858 a month.

Medicare
You have earned enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for:
• people age 65 and older,
• under 65 with certain disabilities, and
• people of any age with End-Stage Renal Disease (ESRD), permanent blindness, hearing, or vision or a hearing impairment.

Spouse's Benefits
You have earned enough credits for your eligible spouse. If you have a spouse's benefits, if you do this year, members of your family who may qualify for monthly benefits include:
• your child \$2,129
• child covered through age 18 \$2,129
• spouse, if benefits start at \$4,968
• Total family benefits cannot be more than \$4,968
• Your spouse or other child may be eligible for an additional one-time death benefit of \$255

Earnings Tased for Social Security

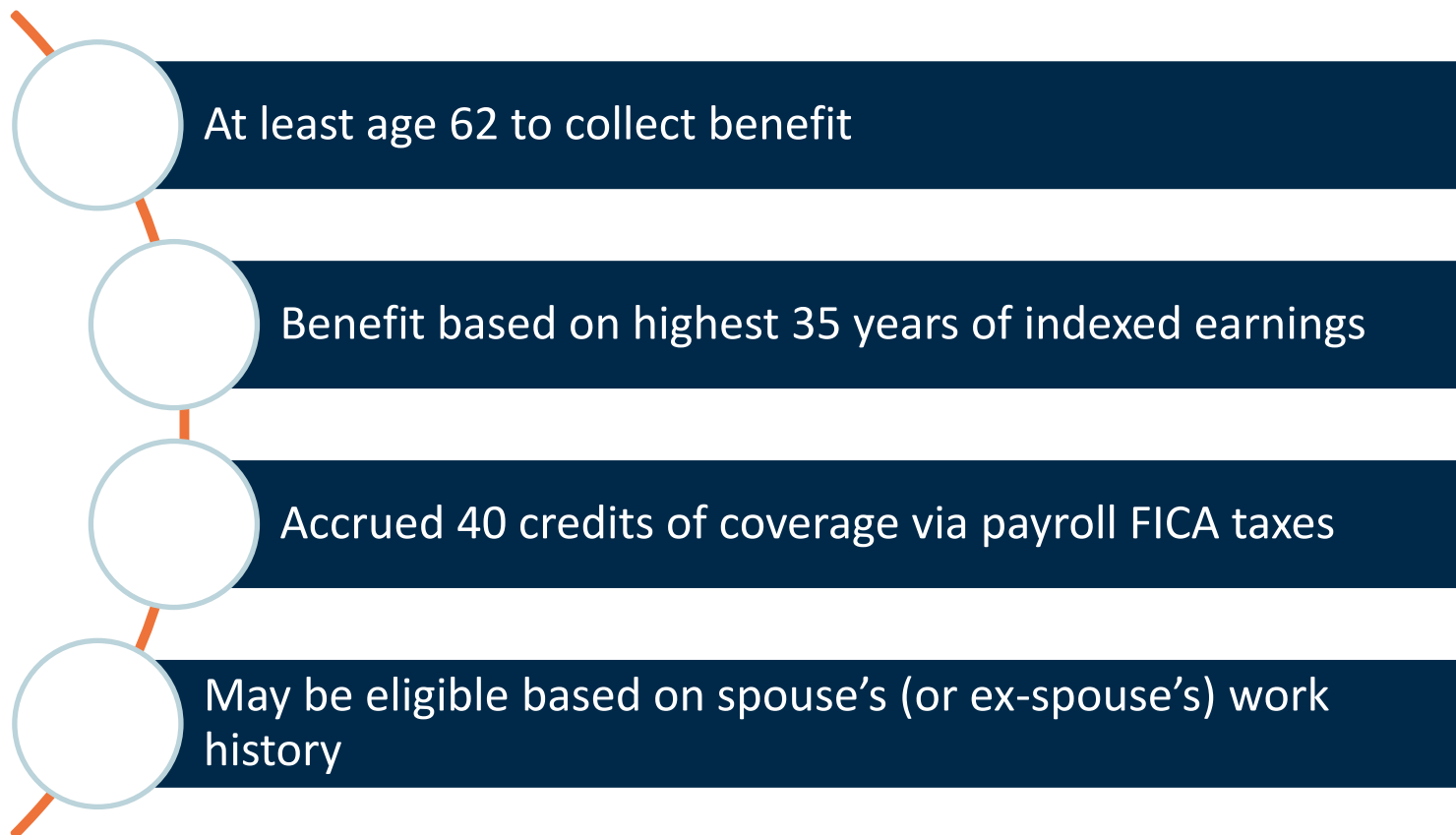
Year	Earnings Tased for Social Security	Earnings Tased for Medicare (Began 1950)
1990	\$1,138	\$1,138
1991	48,482	48,482
1992	18,294	18,294
1993	20,200	20,200
1994	41,262	41,262
1995	22,772	22,772
1996	34,915	34,915
1997	31,361	31,361
1998	36,717	36,717
1999	38,464	38,464
2000	40,325	40,325
2001	42,319	42,319
2002	44,346	44,346
2003	42,319	42,319
2004	44,347	44,347
2005	47,145	47,145
2006	48,349	48,349
2007	48,806	48,806
2008	49,862	49,862
2009	50,850	50,850
2010	50,768	50,768
2011	50,440	50,440
2012	50,652	50,652
2013	Not yet reported	Not yet reported

Total estimated Social Security and Medicare taxes paid over your working career based on your Earnings Record:
Social Security taxes: \$28,000
Medicare taxes: \$19,398
Total: \$47,398

The Social Security website is where you can run estimates for your future benefits. Gathering these numbers can help develop a strategy for when to take benefits.

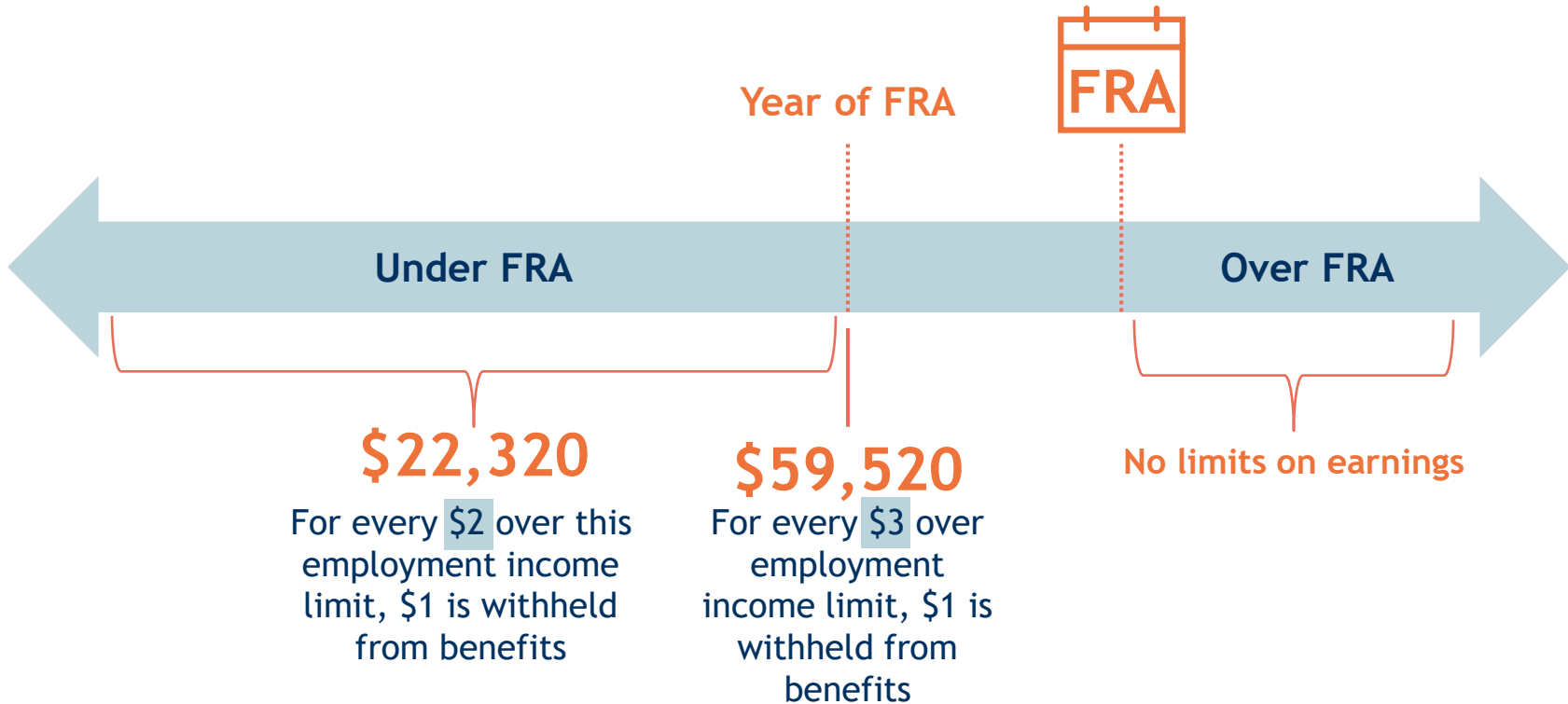


Social Security Eligibility Essentials





Effects of Collecting while Working





Taxation of Social Security

Single

Provisional Income	Benefits Subject to tax
Under \$25,000	0%
\$25,000-\$34,000	Up to 50%
Over \$34,000	Up to 85%

Married filing jointly

Provisional Income	Benefits Subject to tax
Under \$32,000	0%
\$32,000-\$44,000	Up to 50%
Over \$44,000	Up to 85%

WHAT COMBINED INCOME DOES NOT INCLUDE:

- ✓ Roth IRA and Roth 401(k)/403(b)
- ✓ Inheritance and gifts
- ✓ Life insurance proceeds
- ✓ Nontaxable portion of pensions and annuities
- ✓ Qualified charitable distributions
- ✓ HSA withdrawals for qualified medical expenses

Married couple filing separately and living together at any time during the year have zero income threshold. If not living together, they are considered as single tax filers. State and local taxes may differ



How is provisional income determined?

The Formula:

Your modified adjusted gross income (AGI)

+ 50% of total annual Social Security benefit

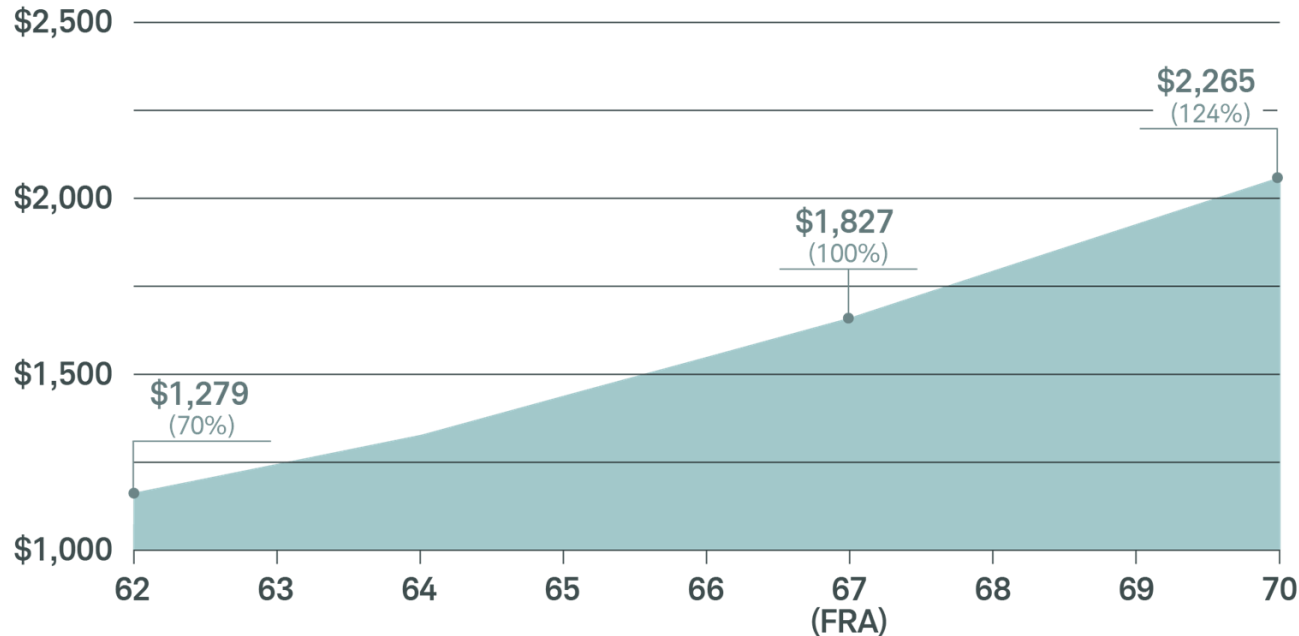
+ 100% of tax-exempt interest generated by your investments

= Provisional income

Tax-exempt interest for the purpose of this formula is generally limited to municipal bond interest.



Benefits of Waiting



Patience Pays Off: Just as drawing early can have its drawbacks, opting for a delayed retirement brings its own rewards. By postponing drawing benefits beyond your Full Retirement Age (FRA), you stand to gain additional credits of up to 8% annually, for a maximum of three years, depending on your birth year. For instance, an individual born in 1960 would receive 100% of their monthly benefit if they retired at age 67. However, if they chose to wait until age 70, their monthly benefit would increase to 124%.





Social Security Spousal Benefits

Spousal Benefits	
Minimum Benefit	32.5%-35% at age 62
Maximum Benefit	50% of your spouse's retirement benefit at his or her Full Retirement Age (FRA)
Your spouse claims their retirement benefit before Full Retirement Age	<ul style="list-style-type: none"> Does not reduce spousal benefit
Your spouse claims their retirement benefit after Full Retirement Age	<ul style="list-style-type: none"> Does not increase spousal benefit
You claim your retirement benefit before Full Retirement Age	<ul style="list-style-type: none"> Reduces spousal benefit
Option to start with spousal and switch	The option to start with the spousal benefit and switch to your retirement benefit was only available to people born on or before 1/1/1954

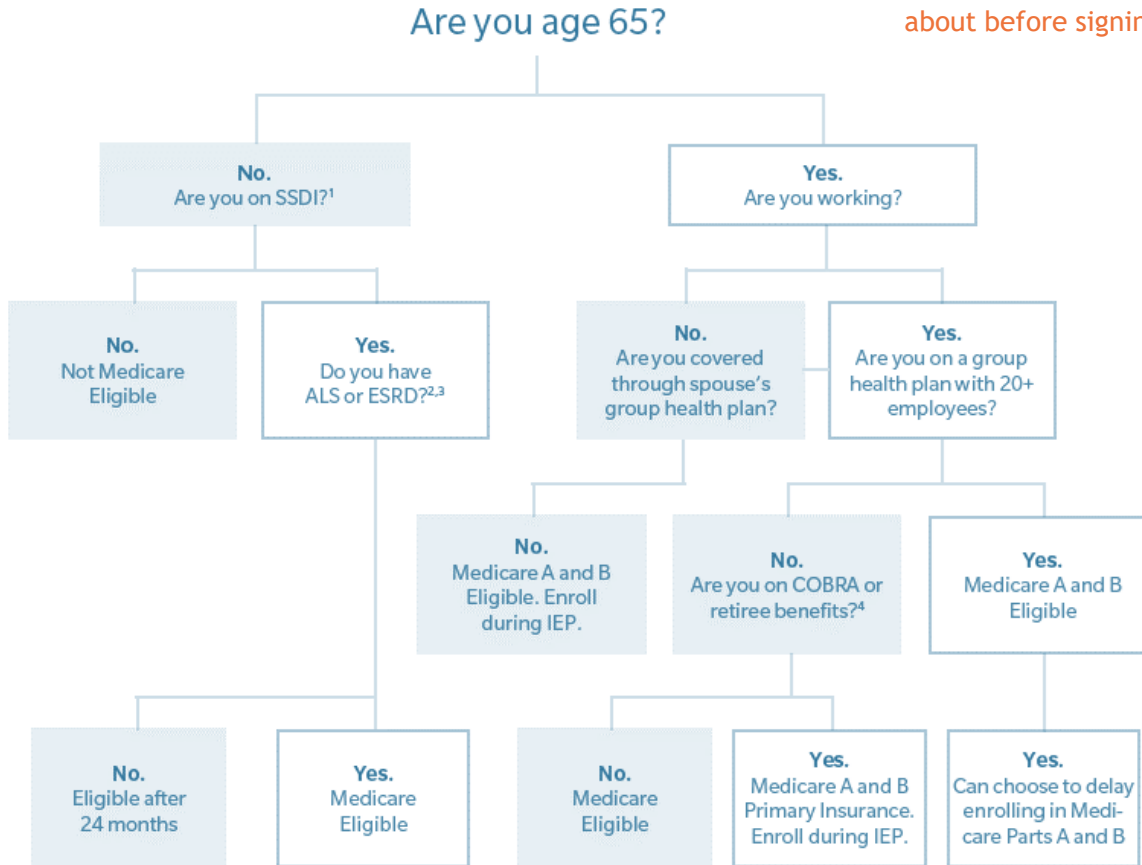
Who's Eligible:

- Age 62 or older
- Married for at least one year
- Spouse has filed for, and is receiving, their own benefits
- Under age 62 and caring for a child younger than age 16



Medicare Eligibility

As retirement approaches, understanding how Medicare works becomes crucial. If you're getting close to 65 or have already hit that milestone, there are a few things you should think about before signing up. Take a look at the chart to figure out when you can enroll.



1 SSDI stands for Social Security Disability Insurance.
 2 ALS stands for Amyotrophic Lateral Sclerosis or Lou Gehrig's Disease.
 3 ESRD stands for End Stage Renal Disease (Kidney Disease).
 4 COBRA stands for Consolidated Omnibus Budget Reconciliation Act.



Initial Enrollment Period (IEP)

When does it start?

The IEP is a seven-month window when you can enroll in Medicare. It starts three months before the month of your 65th birthday, includes your 65th birthday month and extends three months after.

During this period, you can enroll in

- Medicare Parts A and B (often called Original Medicare)
- Medicare Part D Prescription Drug Plan
- Medicare Advantage Plan (Part C)
- Medicare Supplement or Gap Plan

The date your Medicare coverage starts depends on the month when you enroll. If you enroll during the three months prior to the month of your 65th birthday, your coverage will become effective on the first day of the month of your 65th birthday. If you are applying during the month of your 65th birthday or the three following months, your coverage will start the first day of the month following the month you enroll.

Some things to know

- If you are working and covered by a group health plan or by a spouse's plan, you may delay filing for Medicare Part B if the employer has 20 or more employees.
- If you make contributions to a Health Savings Account (HSA) while enrolled in Medicare Part A, there could be tax penalties.
- If you are currently enrolled in Social Security, you will automatically be enrolled in Medicare Parts A and B.
- If you do not enroll when first eligible and don't have alternate creditable insurance, you can face penalties such as higher monthly premiums. COBRA and retiree benefits don't qualify as creditable insurance.
- If you are on Social Security Disability (SSDI) or Railroad Retirement Disability, you will automatically be enrolled in Medicare Parts A and B after 24 months.
- If you have creditable insurance through an employer with 20 or more employees and do not want to enroll in Medicare Part B, follow the instructions that come with your Medicare card.



Special Enrollment Period (SEP)

When does it start?

If you worked past age 65 and were covered by your group health plan or a spouse's while they were working, SEP begins when you lose work-based coverage or your employment ends, whichever comes first, and extends eight months after. You may also utilize the SEP prior to losing work-based coverage and choose to have your Medicare start once that ends.

During this period, you can enroll in

- Medicare Parts A and B, if delayed
- Medicare Part D Prescription Drug Plan
- Medicare Advantage Plan (Part C)
- Medicare Supplement or Gap Plan

The date your Medicare coverage starts depends on the month when you enroll. Generally, your coverage will begin the month after you sign up. If you enroll prior to losing coverage, your coverage will start on a chosen date up to three months in advance. If you enroll during the month you first lose coverage or the eight months following, it will start the first day of the month following the month of your enrollment.

Some things to know

- COBRA and retiree benefits don't qualify as creditable insurance.
- If you delayed filing for Medicare Part A because of contributions to an HSA, your application will be backdated to six months before the date you apply.
- If your SEP overlaps with your IEP, you must adhere to IEP rules.



General Enrollment Period (GEP) Annual Enrollment Period (AEP)

(GEP)

When does it start?

If you missed your IEP and are not eligible for an SEP for Medicare Parts A and B, the General Enrollment Period is January 1 through March 31 of each year. If you enroll during the GEP, your Medicare Part A coverage will start January 1 and your Medicare Part B coverage will start the month following.

Some things to know

- If you enroll during the GEP, you may have to pay late enrollment penalties.

(AEP)

When does it start?

This period runs from October 15 through December 7.

During this period, you can

- change from Medicare Parts A and B to a Medicare Advantage (Part C) Plan
- switch from a Medicare Advantage Plan with a prescription drug plan to one without such a plan
- join or switch Medicare Part D Prescription Drug Plans
- alter coverage by switching from one plan with your current insurer

Some things to know

- Change during this period will take effect January 1



Medicare Parts A and B

Medicare Part A Covers

In-Person Hospital Care

Skilled Nursing Facility

In-Patient Nursing Care (Not Long-Term or Custodial Care)*

Some Home Health Care and Hospice

Large Network

Medicare Part B Covers

Preventative Services

Emergency Room Visits/Urgent Care

Durable Medical Equipment

Mental Health (In-Patient/Out-Patient/Partial Hospitalization)**

Limited Out-Patient Prescription Drugs

Clinical Research

Source: Medicare.gov.

*Medicare may cover only some of the costs of skilled nursing care provided in a skilled nursing facility for up to 100 days provided you have days left in a benefit period, it follows a qualifying hospital stay and your doctor has decided you need daily skilled care.

**Mental Health care has both Part A and B components.



Medicare Parts C and D

Medicare Part C

Called Medicare Advantage Plans

This Replaces Original Medicare

Covers everything in Parts A and B

Usually has Rx coverage

Some have vision/dental and hearing

Additional benefits on top of Parts A & B

Medicare Part D

Prescription Drug Coverage

So you don't pay full price for medication

Original Medicare doesn't cover Rx

Covered through an insurance company



Prioritizing Healthspan

Lifespan, the duration of our existence, and healthspan, the time spent in good health, are crucial aspects that should be valued.

To embark on the journey towards better health, here are five essential tips that can easily be incorporated into your lifestyle

Regular Exercise: Even light physical activity can have a positive impact on your health. Incorporate activities like walking, cycling, or yoga into your routine.



Follow a Balanced Diet: A well-rounded eating plan that includes an abundance of fruits and vegetables is crucial for providing essential nutrients to support your overall health.



Quality Sleep: Aim for 7-9 hours of restful sleep each night, as it plays a vital role in rejuvenating your body and mind.



Manage Stress Through Relaxation Techniques: Incorporating practices such as meditation, deep breathing exercises, or engaging in hobbies that bring you joy can help alleviate stress and promote overall well-being.



Foster Social Connections: Building and maintaining strong relationships with others is essential for mental health and overall happiness. Engage in activities that encourage social interaction and contribute to your sense of community.



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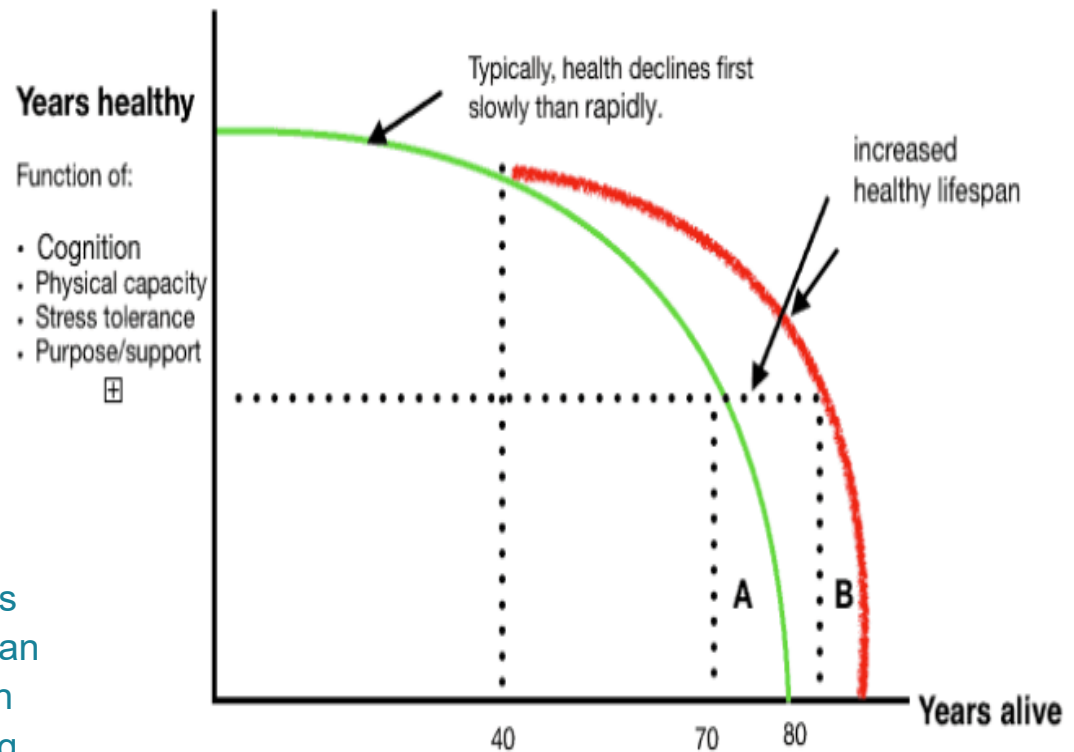
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The Longevity Curve

The objective is to enhance three aspects of the longevity curve

- 1 Extend our lifespan (depicted by the red line) by increasing the number of years we spend alive
- 2 Slow down the pace at which our health deteriorates (red line), delaying the decline associated with aging.
- 3 Shorten the duration of illness and frailty (area "B" is less than "A"). Increasing your Lifespan in good health and minimizing the impact of morbidity.





Fulfilling Future

It is paramount to prioritize the care of our bodies and minds. By adopting healthy habits such as nourishing our bodies with nutritious food, engaging in regular exercise, and effectively managing stress, we can maintain optimal healthspan. It's not solely about extending our lifespan, but rather embracing each moment with vitality and fulfillment



Embrace the notion that small changes can yield significant results. Simple adjustments in your daily routine, such as opting for stairs instead of elevators, or taking a daily walk, can have a remarkable impact on your healthspan and contribute to a more gratifying life. Remember, it is never too late to embark on a journey towards a healthier lifestyle and secure a prosperous future.





Borza Storck

WEALTH MANAGEMENT

of

RAYMOND JAMES

300 32nd Street, Suite 520
Virginia Beach, VA 23451
borzastorckwealthmanagement.com

(757) 417-1714

Michael.Borza@raymondjames.com

(757) 417-1722

Austin.Storck@raymondjames.com

(757) 417-1716

Jenn.Cox@raymondjames.com

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