

# ERISA RETIRE READY



ERISA RetireReady is a complete retirement program with actionable steps toward the future you envision. It's your vision, it's your retirement, be RetireReady.

## Accumulation Phase

The accumulation phase begins when you enter the workforce and lasts up to the beginning of the Taper Phase. During this phase the investment strategy is focused on long-term growth of your retirement assets. If don't have funds set aside for emergencies then you can elect to designate a certain percentage or \$ amount to a "cushion / emergency" fund inside the plan. If needed and permitted by the plan, in-service distributions or proceeds for a loan will come from those designated funds and not from the growth account.

**The anchor point** of ERISA RetireReady is your desired retirement age. Everything pivots around this goal. Prior to this point is the accumulation and taper phases during which your investment strategy may be more aggressive. The tapering begins 7 to 10 years out. At the anchor point (retirement) and beyond are your years in retirement.

## Taper Phase

Depending on your preference and risk tolerance, the taper period is typically 5, 7, or 10 years immediately preceding retirement. During the taper phase more of your contributions and account balance will be moved to the fixed income account in anticipation of the first distribution to begin at retirement. This is a systematic and mathematical approach to arrive at the target asset allocation (fixed income vs growth) as you taper toward retirement.

## Distribution Phase

The distribution phase begins when you retire. This phase consists of three distribution cycles with each cycle being 5, 7 or 10 years in length. At the beginning of each distribution cycle you are expected to have enough funds in your fixed income account to sustain your monthly distributions for the duration of that cycle. At the end of the cycle the fixed income account is depleted and is replenished from the growth account for the next cycle. The objective here is that it segregates funds for income purposes from those that are earmarked for long-term growth (the length of the distribution cycle), allowing for a more focused investment strategy and mitigating behavioral reactions when markets correct.

## Fixed Income Account

Your fixed income account is conservatively invested with the primary objective being preservation of principal, and a target rate of return at least equal to inflation. This is the go-to account for short-term distributions, and monthly income during retirement.

Your growth account is expected to be 100% invested in the stock market. The primary objective is long term growth with an investment time horizon of no less than 5 years. During the distribution phases, as market conditions warrant, profits may be taken to replenish the fixed income account during a cycle.

## Growth Account