

UWI Presentation – Q&A Retirement Financial & Lifestyle Planning
Date: Wednesday 24 April 2024; Time: 10:00am to 10:20am; Place: UWI

Empowering Your Future:
A Guide to Navigating
your
Retirement Financial & Lifestyle Planning



Retirement Financial & Lifestyle Planning Guide Q&A Handout



WEDNESDAY APRIL 24, 2024

UWI WIGUT FSSU PENSION PLAN MEMBERS

Face-to-face - Hosted by: UWI, Jamaica

Presenter

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"You know that retirement is coming. It isn't as though it just shows up one day and takes you by surprise, so you need to get ready for it."

Batya Shevich,

*Warren Buffett: **To Be Rich And Successful Is Easy!***

Note: The information stated in this handout is provided as a **Guide**. It is not intended to guarantee any employment-related retirement income from your current or previous employment relationship(s).

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Q&A

- Navigating YOUR Earmarked Retirement Savings which will Empower YOU to achieve your desired Retirement Guaranteed Lifetime Indexed Income which will fund your Lifestyle Goals



**Empowering Your Future:
Navigating the Accumulation Phase of Retirement Financial & Lifestyle
Planning**

1. At what age did you start to empower yourself to establish earmarked savings for each retirement life event – **Old Age, Disability and Death**? Select your answer from the following options:
 Age 18
 Over Age 18: *please state the actual age at which you started your earmarked retirement savings*
2. Do you know the Rules which empower you to achieve the maximum **Old Age, Disability and Death** benefits from the following employment-related retirement savings plans?
 - I. NIS – do you have a copy of the NIS Act, 1966: Yes No
 - II. NHT – do you have a copy of the NHT Act, 1976 : Yes No
 - III. FSSU UWI Pension Plan for WIGUT appointed Employees: Do you have a copy of the WIGUT Pension Plan Trust Deed and Rules (TD&R) and the Members' Explanatory Handbook? Yes No
3. Do you know the retirement age(s) for each of the following Old Age retirement categories in the FSSU WIGUT Pension Plan? Please state your answer next to each category.
 - I. Early Retirement Ages (ERA):
 - II. Normal Retirement Age (NRA):
4. Select from the following Options your retirement CAPITAL goal to fund your retirement guaranteed lifetime indexed income goal for your desired retirement lifestyle.
 - (a) 100% of net pay and indexed at 5% or 10%
 - (b) 80% of net pay and indexed at 5% or 10%
 - (c) 100% of remuneration and indexed at 5% or 10%
 - (d) 80% of remuneration and indexed at 5% or 10%
 - (e) None of the above as my CAPITAL Goal is

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5. If you are married do you know your spouse's retirement income and benefits?
[] Yes [] No

Empowering Your Future: Navigating the Distribution Phase of YOUR Retirement Financial & Lifestyle Plan

6. What activities do you plan to pursue during your **Old Age** retirement years?
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7. What is your definition of an annuity or pension?
.....
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8. Your Estate Plan should include both **earmarked** retirement savings which are directly related to your UWI employment relationship AND your Personal Savings and Investments AND any Inheritance. Due to the foregoing mix of your Estate, do you currently have in place one (1) or more of the following valid documents for your Generational Wealth Estate Plan?

- [] A Valid Will: [] Yes [] No
[] A Valid Testamentary Trust: [] Yes [] No
[] I have both a Valid Will and Testamentary Trust based on my diversified investment portfolio of my Estate: [] Yes [] No
[] Power of Attorney in the event of Disability: [] Yes [] No
.....
.....

9. Which of the following UWI employment-related retirement savings plans require a valid Will or Testamentary Trust in order to have your full accumulated contributions paid at Death to your eligible beneficiary? Select from the following:

- [] NIS: [] Yes [] No
[] NHT: [] Yes [] No
[] UWI FSSU WIGUT Pension Plan, Defined Contribution type plan: [] Yes [] No

10. Your WIGUT Defined Contribution Pension Plan provides for the accumulation of CAPITAL to be distributed at actual retirement life event as stated in the Rules. Name 4 Jamaican Annuity options from which you could use your Accumulated CAPITAL from the Plan to purchase your retirement guaranteed lifetime indexed income which will meet your lifestyle expenses in the event of **Old Age** (*Early and Normal Retirement Age*) **Termination of employment** and upon **Death** to your named beneficiary(ies) /survivor(s)?

- I.
II.
III.
IV.

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Personal Notes:

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During retirement your lifestyle expenses are not reduced. They are increased by inflation and Jamaican currency devaluation and revaluation, if any. Hence, plan to accumulate a CAPITAL sum which will provide 100% of your at-retirement date remuneration and indexed by 5% or 10%.



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I learned that courage was not the absence of fear, but the triumph over it. The brave man is not he who does not feel afraid, but he who conquers that fear.

(Nelson Mandela)

izquotes.com

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Risk Profile Assessment:



By answering the following questions it should provide you with guidance on how you should approach and select from a menu of investment offerings. Every investment is based on low, medium or high risk. This means that for low risk there are low returns and low losses, medium risk means medium returns and medium losses and high risk pays the best returns but the losses are the highest. In the questionnaire below, all financial figures are in Jamaican dollars (J\$).

1. Age	<u>YOU</u>	<u>SPOUSE</u>
● 25 to 50 (3 points)	_____	_____
● 50 to 65 (2 points)	_____	_____
● Older than 65 (1 point)	_____	_____
2. Assets (excluding emergency fund and personal property)		
● More than JA\$5,400,000.00 (3 points)	_____	_____
● \$3,000,000 to \$5,400,000.00 (2 points)	_____	_____
● Less than \$3,000,000 (1 point)	_____	_____
3. Attitude		
How would you feel if a stock of your dropped 50 points in a day?		
● I'd take it in stride (3 points)	_____	_____
● I'd be upset but I'd invest again (2 points)	_____	_____
● I'd never want to invest again (1 point)	_____	_____
4. Debts (excluding home mortgage)		
● Less than 10% of take-home pay (3 points)	_____	_____
● 10% to 15% of take-home pay (2 points)	_____	_____
● More than 15% of take-home pay (1 point)	_____	_____
5. Emergency Fund		
● More than two years' expenses (3 points)	_____	_____
● Twelve months' and up to two years expenses (2 points)	_____	_____
● Less than twelve months' expenses (1 point)	_____	_____
6. Feelings about the Future of the Local and Global economy		
● Optimistic (3 points)	_____	_____
● Unsure (2 points)	_____	_____
● Pessimistic (1 point)	_____	_____
7. Annual household income		
● More than \$5,280,000 (3 points)	_____	_____
● Between \$2,640,000 and \$5,279,999 (2 points)	_____	_____
● Less than \$2,640,000 (1 point)	_____	_____
8. Investment Knowledge and experience level		
● Knowledgeable, calm and self-assured (3 points)	_____	_____
● Some knowledge and experience (2 points)	_____	_____
● Little knowledge or experience (1 point)	_____	_____
9. Present investment portfolio		
● Mostly real estate, stock, growth funds (3 points)	_____	_____
● Mostly bonds, annuities, treasuries (2 points)	_____	_____
● Mostly CDs, money market accounts (1 point)	_____	_____
10. Retirement Date		
● Ten years or more away (3 points)	_____	_____
● Three to ten years away (2 points)	_____	_____
● Less than three years away (1 point)	_____	_____
Total Score:	=====	=====

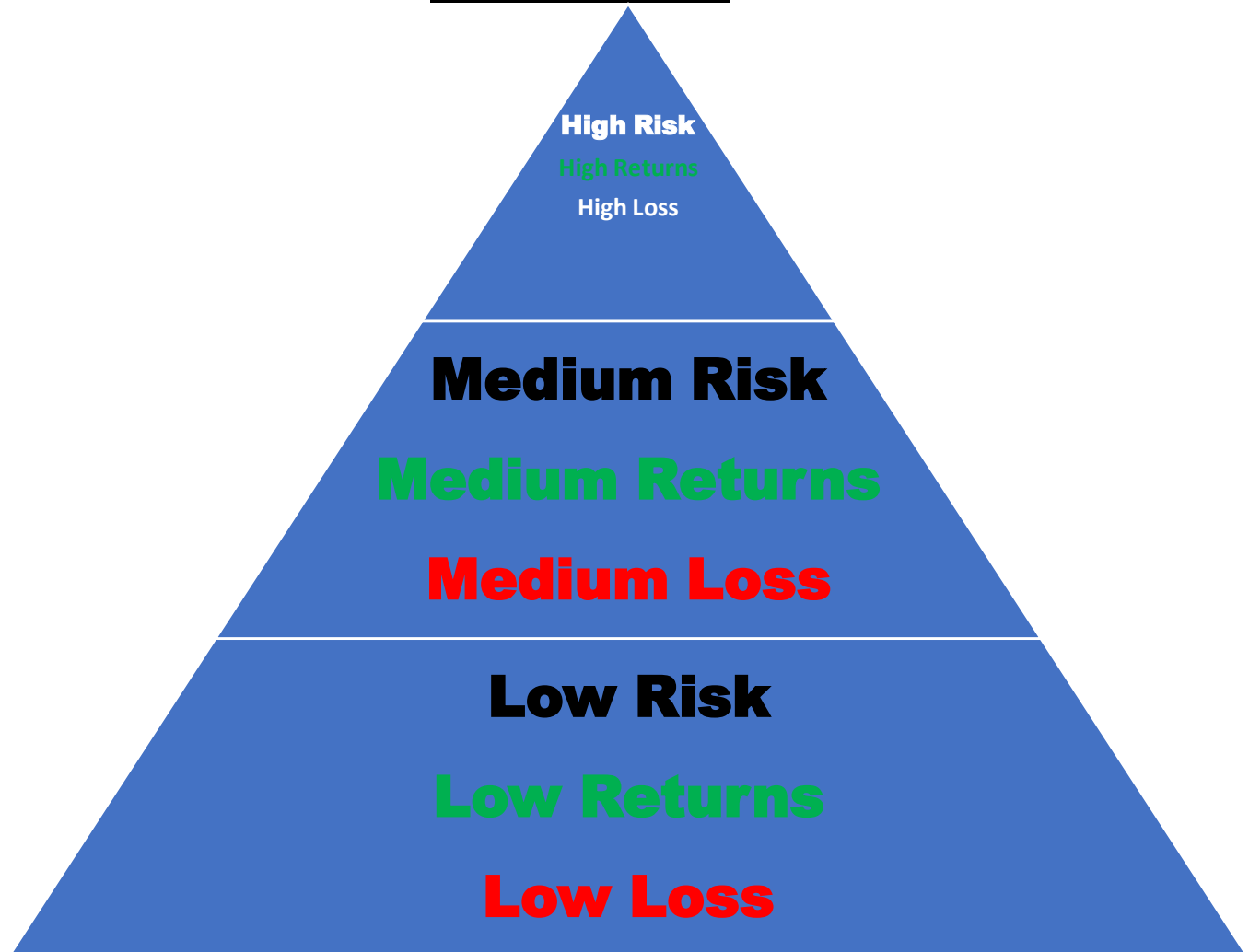
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Interpreting your Total Score

- Score of **23 or more**: you are in a good position to increase your tolerance for risk
- Score of **15 to 23 points**: indicates a moderate risk tolerance level
- Score of **less than 15 points**: low risk tolerance level

The Investment Pyramid



High Risk Assets	Medium Risk Assets	Low Risk Assets
✓ Futures/options	⚡ Blue chip stocks	✓ Bank Savings accounts
✓ Speculative stocks	⚡ High-grade corporate /government bonds	✓ CDs
✓ Lower grade bonds	⚡ Real estate	✓ Money Market accounts /funds
✓ Collectibles	⚡ Mutual funds	✓ Life insurance cash values
✓ Ponzi Scheme	⚡ Annuities (variable)	✓ Annuities (fixed)
		✓ T-Bills
		✓ Home equity
		✓ Pension Plan funds

Disclaimer: The result of the Analysis may be used as a guide. It is not intended to provide any guarantee for any investment risk undertaken.

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4 Personal Questions to ponder and answer:



- 1. Apart from establishing your NIS and NHT savings, what 3 investments (Jamaican &/or Foreign Currency) what can you do TODAY to improve your retirement CAPITAL to provide a Guaranteed Lifetime 'indexed' Income to fund your retirement lifestyle plan?**
 - i.
 - ii.
 - iii.

- 2. What 3 EXPENSES would you give up TODAY to ensure that you improve your retirement savings and investments capital which will provide a guaranteed lifetime 'indexed' income to support your retirement lifestyle plan?**
 - (i)
 - (ii)
 - (iii)

- 3. What 3 liabilities would you want to be paid off by your desired retirement date in the event of old age?**
 - i.
 - ii.
 - iii.

- 4. Which of the following person(s) do you need to include in your life insurance and retirement financial and lifestyle plan because they rely on you for an income?**
 Spouse Child/children due to his/her own disability
 Parent: mother father
 Relative: Aunt Uncle Cousin Other, *please state*

- 5. Do you understand annuities and the options available? Yes No**
If not, build your knowledge on it and the various annuity options available in Jamaica which include a US\$ Annuity payable in US\$. An Annuity is the method of guaranteed lifetime indexed income from Approved Retirement Savings Plans which are governed by Jamaica's Income Tax Act, 1955 and the approach also used by National Insurance Scheme (NIS).

Personal Notes:

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A Good man leaves an inheritance for his children's children. Proverbs 13: 22, 1st part

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Your Retirement Income Need: Checklist for each Life Event

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Your answer to each of the following questions should provide you with a guide as to where you are today and what actions you need to take to plan for your retirement guaranteed lifetime 'indexed' income at your actual date of retirement (disability, old age and death).

QUESTION	Your Response		
	Old Age	Disability	Death
1. I have analysed my present financial situation (Income, Expenses, Assets and Liabilities) for each life event.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. I have determined which of my expenses are likely to be less after I retire and which are likely to be more.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. I have set my monthly and annual retirement <i>guaranteed lifetime 'indexed' income</i> goals.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. I have found out how much income I can expect to receive from NIS and NHT, and any other Retirement Savings Plan for which I was a Plan member in Jamaica or any other country.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. I have estimated how much <i>interest income</i> I should receive from my personal savings, investments (local and foreign currency), and real estate rentals, <i>if any</i> .	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. I have reviewed my personal life insurance, Critical Illness, Group Life and AD&D and post-retirement health insurance benefits portfolio to determine whether they meet my life, health insurance financial security and generational wealth needs. I am aware that one of the settlement options for my personal life insurance is an annuity.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. I know the amount I must set aside monthly and yearly to close the gap between my current accumulated retirement income and my desired retirement <i>guaranteed lifetime 'indexed' income</i> .	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. I have put in place a strategy to pay off my big bills (mortgage, credit cards, car loans, other personal loans) before my actual retirement date due to 'old age'.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. I have consulted with an attorney to prepare my valid Will, a Testamentary Trust and Power of Attorney, if required.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

NOTE: If you have answered NO to two (2) or more questions, please get advice on How to Plan for Your Retirement Financial and Lifestyle Security. ***You'll earn a fortune between your first and last paycheck!***

But will you have saved enough **CAPITAL** which is **EARMARKED** for your retirement to pay yourself and your survivors, if any, a guaranteed lifetime 'indexed' income which is based on 100% of your remuneration at your actual retirement date and INDEXED annually at say 5% or 10%?

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