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UBS Financial Services Inc.

UBS GWM CIO Global Investment Management – UBS Wealth Way Solutions

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A guide to workplace benefits

Retirement planning

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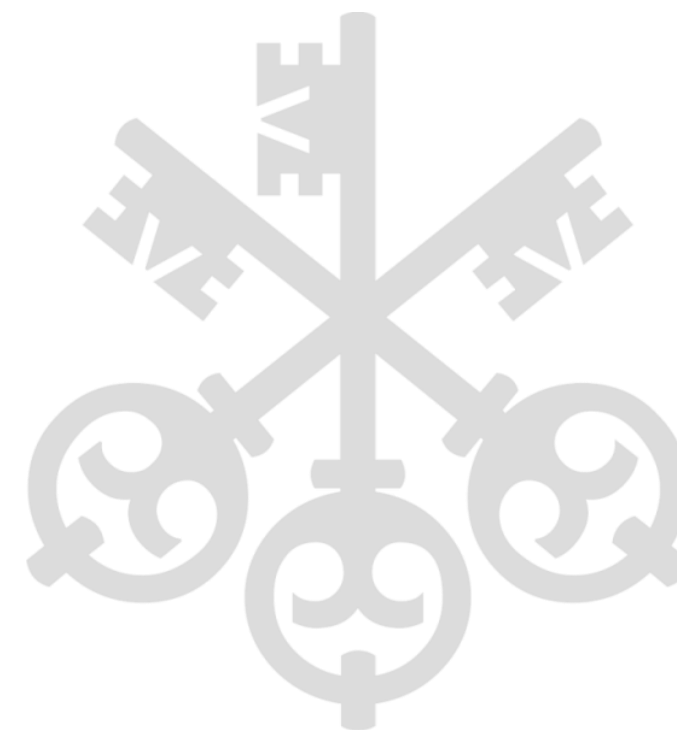
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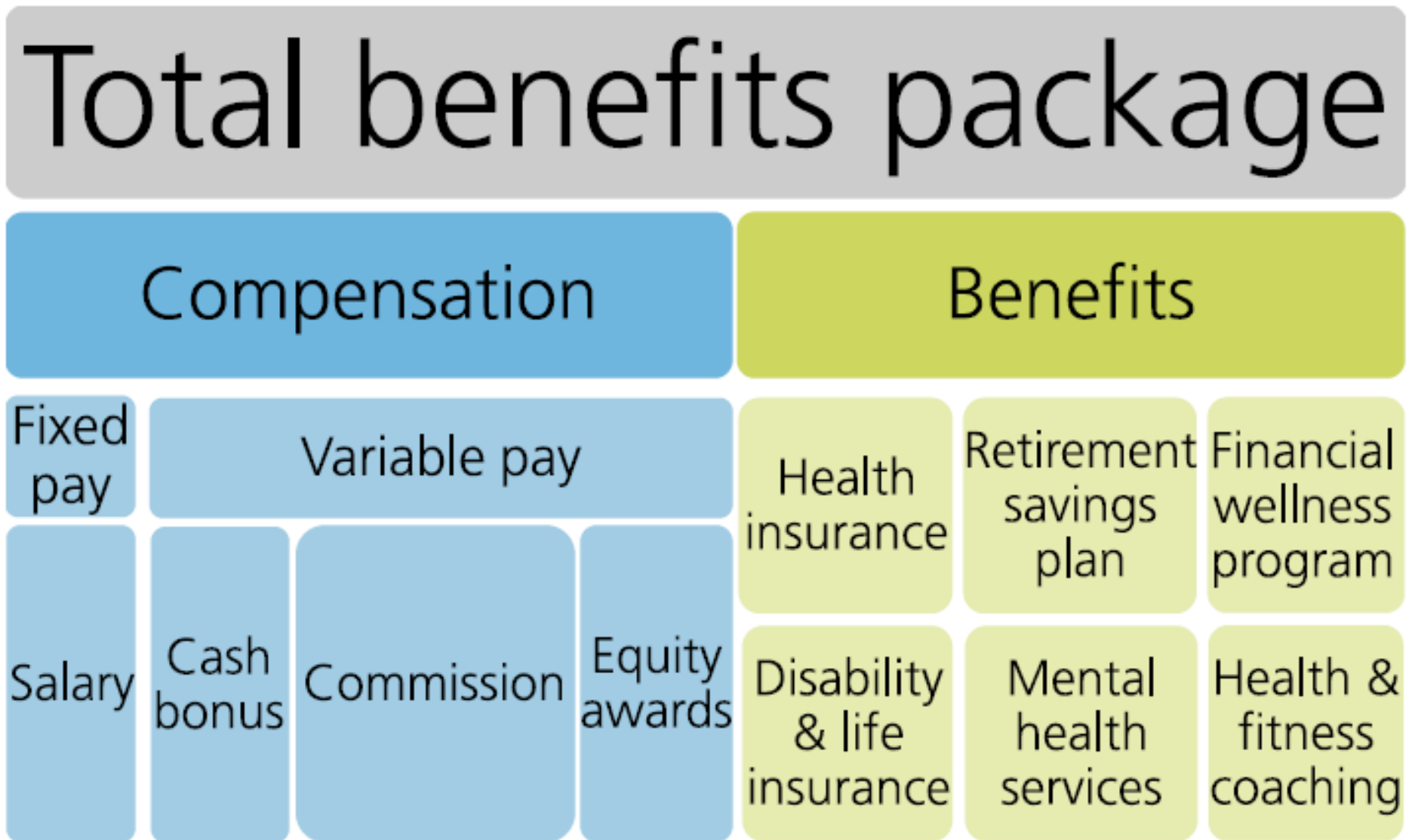
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Each benefit is important on a family's path to financial freedom



A guide to workplace benefits

To get the most out of employer benefits, it's important to understand how each benefit works, and the long-term effect of each choice.

In this presentation, we will focus on four key areas:

1. Choose a health insurance plan
2. Protect human capital
3. Save for retirement
4. Make the most of equity awards

To learn more, please check out our videos and four-point checklist, available at ubs.com/benefitsinsights:

The screenshot displays the UBS Wealth Management USA website. The header includes the UBS logo, navigation links (Home, Our approach, Our solutions, Who we serve, Specialized advice, Insights), and utility links (Locations, View FINRA BrokerCheck information, Contact, UBS login). Below the header, a row of links (Investment research, Market news, UBS Studios, UBS On-Air podcasts, Investor mindset) is visible. The main content area features four video thumbnails arranged in a 2x2 grid:

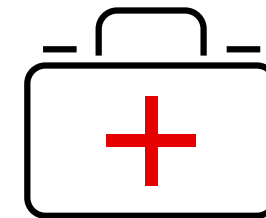
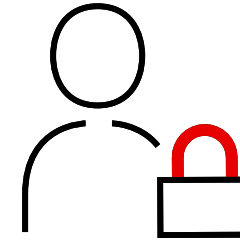
- Life insurance:** A woman speaking. Text overlay: "Three reasons why your group life coverage might not be enough for you." Video title: "UBS TRENDING GROUP COVERAGE - FAMILY, PERSONAL, AND INCOME NEEDS".
- Disability insurance:** A woman speaking. Text overlay: "Three reasons why your group disability coverage might not be enough for you." Video title: "UBS TRENDING PROTECTION - FAMILY, PERSONAL, AND INCOME NEEDS". A subtitle at the bottom reads: "Many Americans think they are not going to get a".
- Retirement savings plans:** Two people sitting at a table. Text overlay: "Ideas on different options, various 401(k) plans, and steps to start saving."
- Health insurance:** Three people in a video call. Text overlay: "Ideas on selecting health coverage and funding out-of-pocket expenses."

Section I

Choose a health insurance plan

Three main types of health insurance

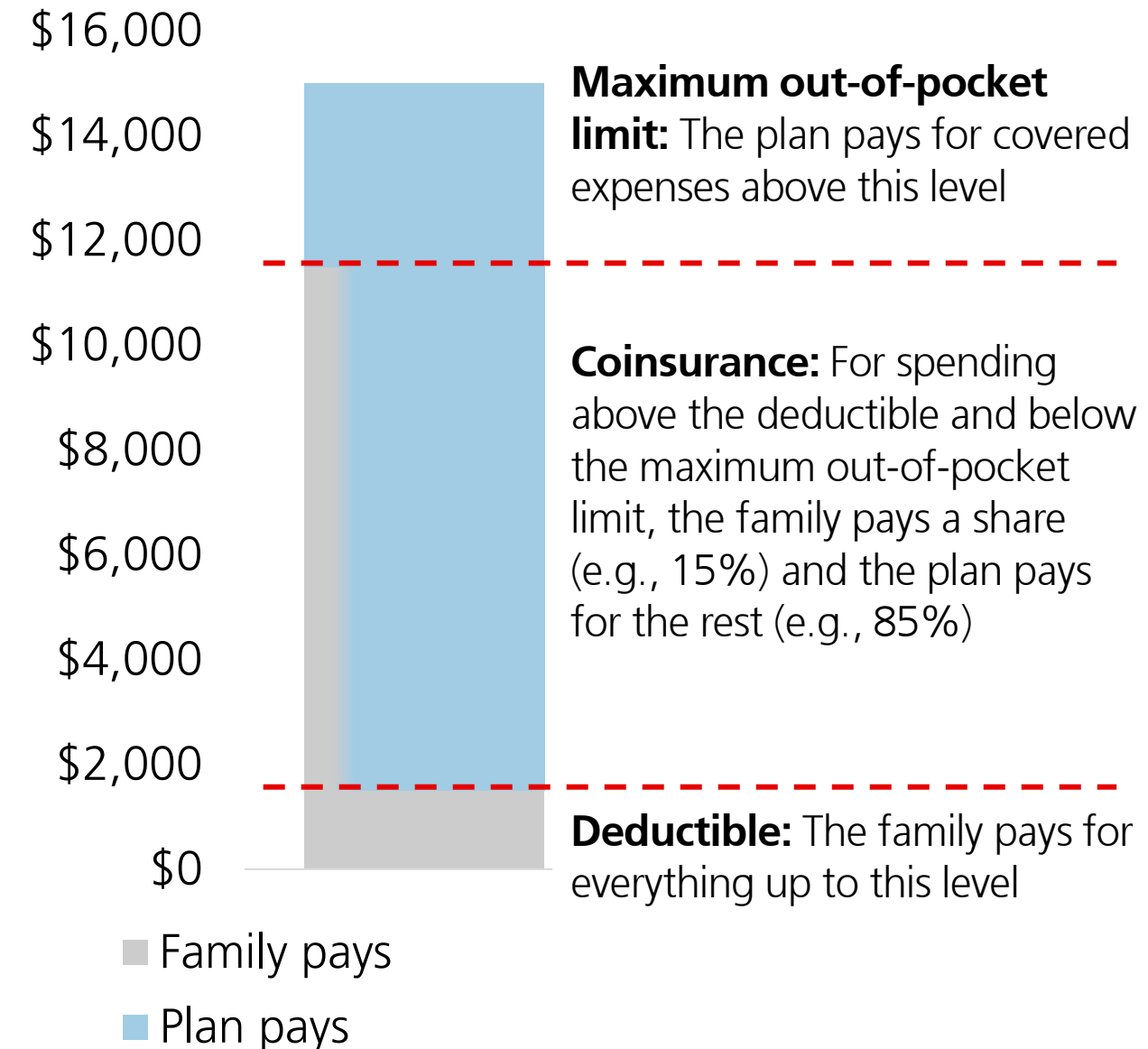
1. **Health maintenance organizations (HMOs)** offer the most restrictive medical care, usually requiring patients to go through a “gatekeeper” that will decide whether you need to see a specialist.
2. **Preferred provider organizations (PPOs)** generally don't require patients to be referred to specialists, and patients can get health care from out-of-network providers, but they will likely incur higher costs for doing so.
3. **Point of service (POS) plans** provide some additional flexibility, allowing patients to choose which service (HMO or PPO) to use each time they see a doctor. There is generally no deductible for visits to an in-network primary care physician, and they may refer patients to specialists or out-of-network providers, which can help reduce out-of-pocket costs.



Five main types of health insurance costs

1. The **premium** is the amount that the family pays for insurance each month (or pay period). This is generally deducted from the employee's paycheck.
2. The **deductible** is the amount of covered expenses that the family must pay out-of-pocket before the plan begins to share the costs. Once the family has met their deductible for the year, they will share the burden of covered costs with the plan.
3. The **coinsurance percentage** is the portion of covered expenses that the family will be responsible for once the deductible is met.
4. A **copay** is a fixed amount that the plan may require the family to pay for a covered medical service.
5. The **out-of-pocket limit** is the cap on how much a family must pay for covered health care services during the coverage period. Once this amount is exceeded, the plan will pay for 100% of covered costs for the remainder of the year.

Illustration of costs

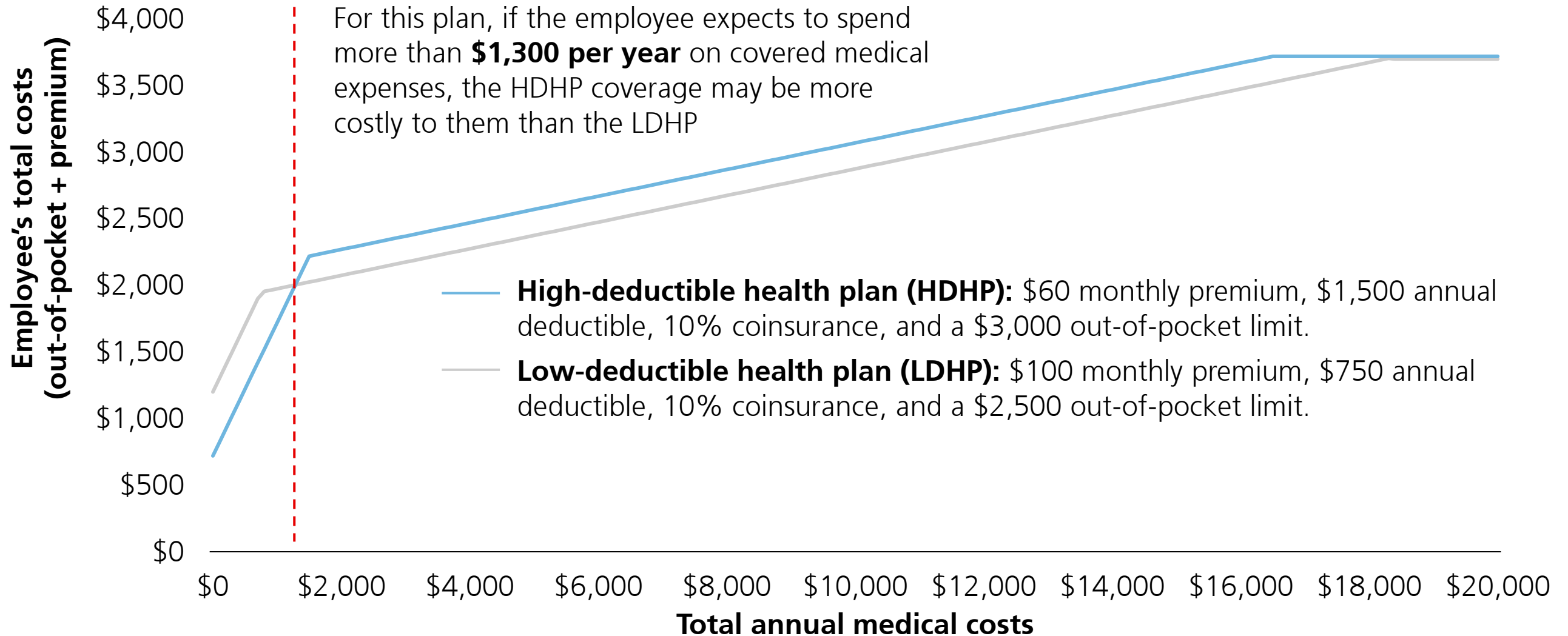


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Source: UBS. For illustration purposes only.

Choosing between a high-deductible and a low-deductible plan

Total annual cost (including monthly premiums and out-of-pocket [OOP] expenses) paid by the employee for a high-deductible health plan (HDHP) or a low-deductible health plan (LDHP) and various total annual medical expenses



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Source: UBS. For illustration purposes only.

Health insurance plans may provide access to an **HSA** or **FSA**

	Health Savings Account (HSA)	Flexible Spending Account (FSA)
Qualified High Deductible Health Plan (HDHP) coverage required?	Yes	No
Tax advantages	Tax-free contributions, Tax-free growth, and Tax-free withdrawals for qualified medical expenses	Tax-free contributions and tax-free withdrawals for qualified medical expenses
Investment capability	Yes (earnings grow tax-free)	No
Carryover	Unused funds never expire	Use-it-or-lose-it. Some plans allow some unused funds to be carried over to the next year, up to an IRS limit of \$660 (for tax year 2025)
Portability	You can take the funds with you when you leave that employer	Funds are forfeited if you leave your employer
Ownership	Employee	Employer

A checklist for choosing health insurance

1. **Compare plan costs.** Review the premiums, deductible, coinsurance, copays, and out-of-pocket maximum terms for each plan, and use these to evaluate the potential out-of-pocket costs over the coverage period.
2. **Select a plan** that makes sense based on expected healthcare needs and budget.
3. **Set aside funds for out-of-pocket costs.** Fund a Liquidity strategy (a portfolio of cash and safe, highly-liquid investment assets) to cover potential out-of-pocket costs.
4. **For those choosing a low-deductible health plan** with a Flexible Spending Account (FSA): set automatic contributions reflecting an estimate of that year's out-of-pocket healthcare costs.
5. **For those choosing a high-deductible health plan** with access to a Health Savings Account (HSA): contribute as much as the family can afford to save (up to the annual contribution limit) and invest these funds based on the objectives and time horizon for these funds.

Timeframes may vary. Strategies are subject to individual client goals, objectives, and suitability. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved.

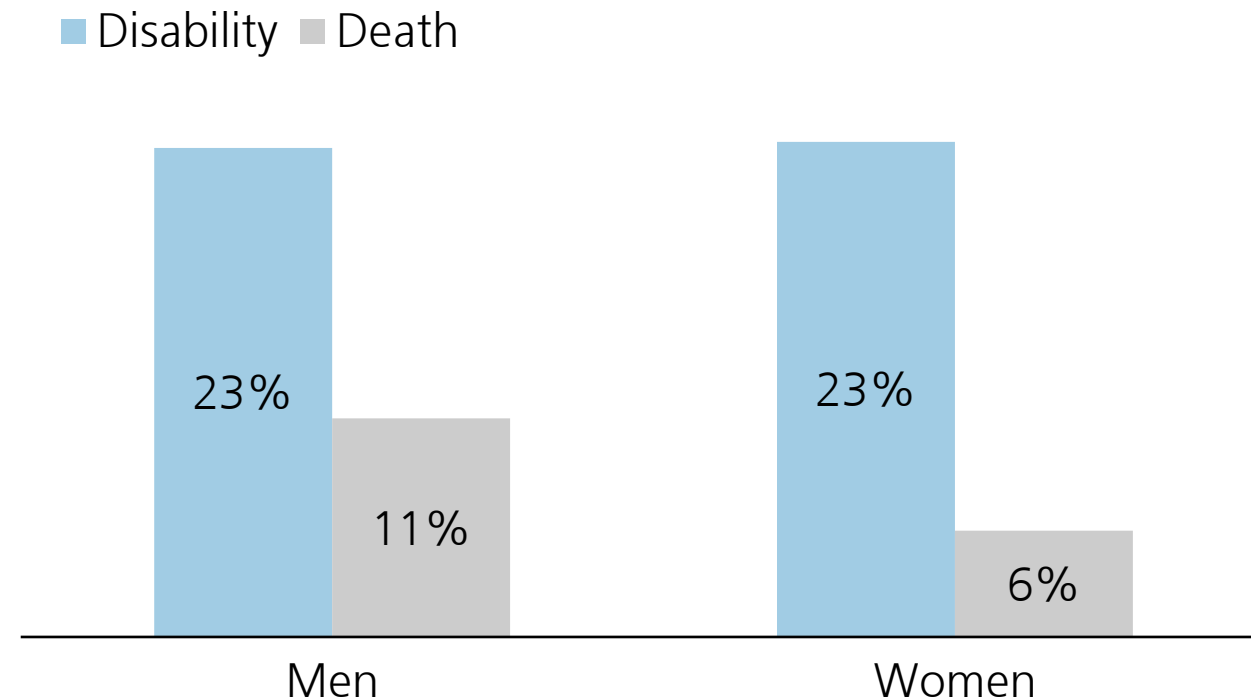
Section II

Protect human capital

What if **income loss** occurs for reasons other than unemployment?

Disability is more common than you might think.

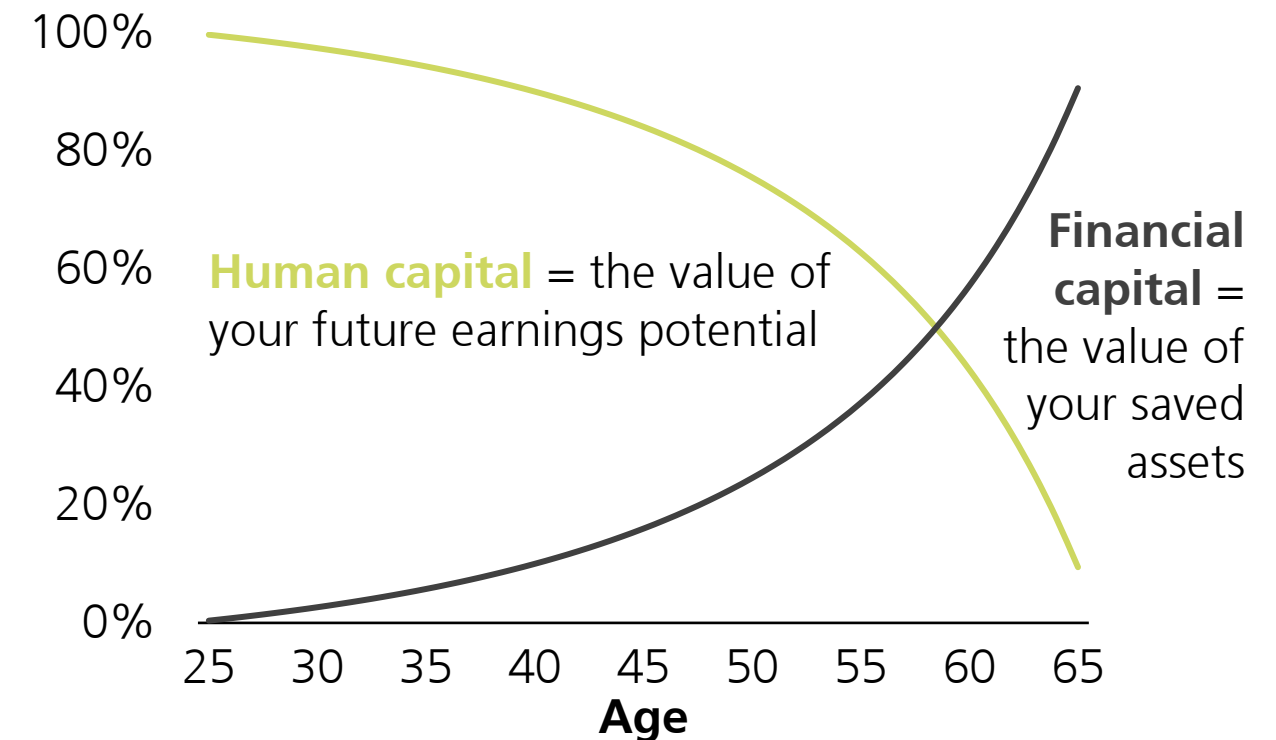
Probability of disability and death before retirement (at age 67) for workers who reached age 20 in 2024



Source: Social Security Administration. (2024). Disability facts.
<https://www.ssa.gov/disabilityfacts/facts.html>.

Human capital will be the bulk of total wealth for younger investors.

Human capital and financial capital as a percentage of total wealth for a hypothetical investor by age



Source: UBS. For illustration purposes only.

Do I need disability insurance?

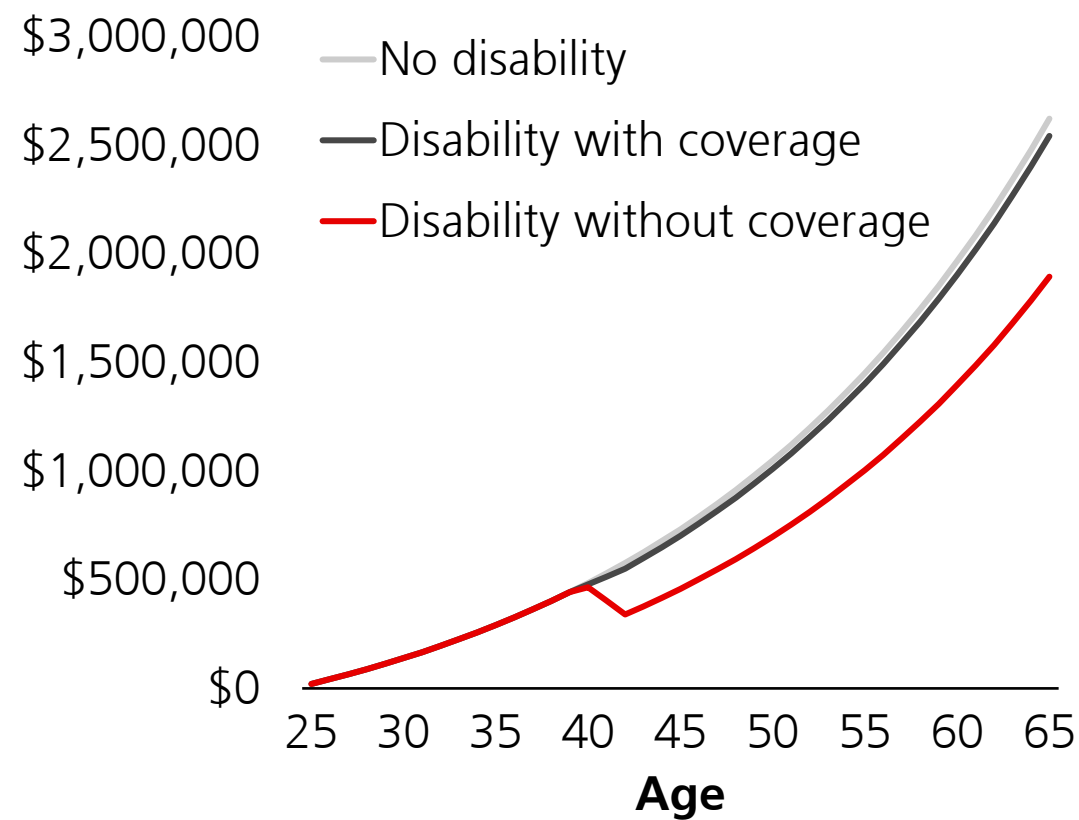
- Consider what would happen if a family member were no longer able to earn an income due to an illness or injury. Who would pay the bills? Would the family find another way to fund their living expenses?
- It's important to understand what a disability insurance policy actually provides. For example:
 - The policy's **definition of disability** will detail the circumstances that would qualify a family to receive benefits, and the **benefit amount** of the policy is the share of the insured individual's income that the insurance company would replace.
 - The **elimination period** determines how long the family will need to wait from the point when the disability occurs until the first benefit is paid.
 - The **benefit period** indicates how long the family can claim payments if the insured individual is unable to work.
- Short-term disability policies are intended for temporary illnesses or injuries—they cover lost income for several weeks, or up to two years.
- Long-term disability coverage may help to replace a portion of the insured individual's income for several years, or up to a certain age, depending on the policy's terms.



Human capital: Why and how to protect yourself from income loss

Without enough protection, a disability event will hinder your ability to save and invest for retirement

Growth of retirement savings for a hypothetical investor with no disability or with a three-year disability occurring at age 40 (with and without coverage). Assumes an annual growth rate of 5%.



Source: UBS. For illustration purposes only. Note: Assumes \$100,000 annual after-tax income and \$80,000 annual spending. In the scenario with disability coverage, we assume that the short-term policy replaces 100% of pay for the first 12 weeks, and 60% of pay for the next 14 weeks. The long-term disability coverage kicks in during week 27 and covers 50% of pay. Any other funds needed for spending are withdrawn from retirement savings. In the scenario with no disability coverage, we assume that the individual has enough cash in their emergency fund to meet one year's worth of spending, but needs to withdraw funds from their retirement savings to fund all spending in Years 2 and 3.



Enough protection can help a family:

- Feel confident that they'll be able to meet spending needs in the event of an illness, injury, or premature death
- Stay invested and manage the risk of forced selling from long-term investments
- Continue saving for retirement and other financial objectives
- Continue providing for the family's future well-being

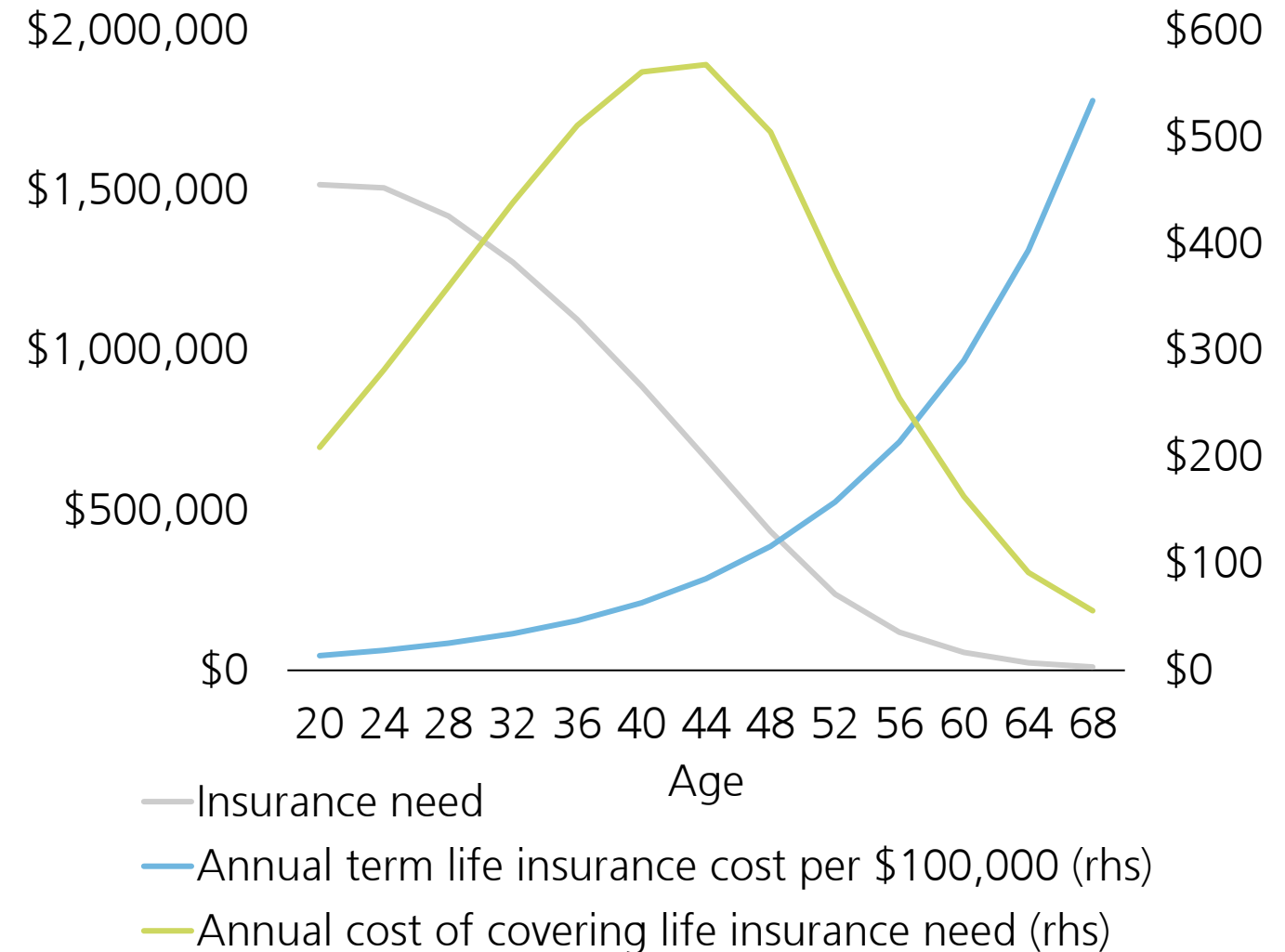
Protection strategy based on type of income shock

	Emergency savings	Insurance strategies	Skills training
Job loss	✓		✓
Disability	✓	✓	
Death	✓	✓	

How much life insurance do I need?

- The purpose of life insurance is to provide funds to survivors in the event of a premature death.
- Fortunately, life insurance is cheapest when for younger employees whose human capital (future earnings potential) is at its highest value.
- Although the cost to purchase life insurance (per dollar of benefits) rises over time, the need for life insurance may decline over time because there is less future income that needs to be protected.
- As a result, the cost of covering life insurance needs will tend to grow each year, until the insured individual is in their late 40s; after this point, a declining insurance need will offset the rising cost of insurance, and the total cost of coverage will tend to decline.

Estimated insurance need (lhs) and annual cost of covering life insurance needs (rhs) by age

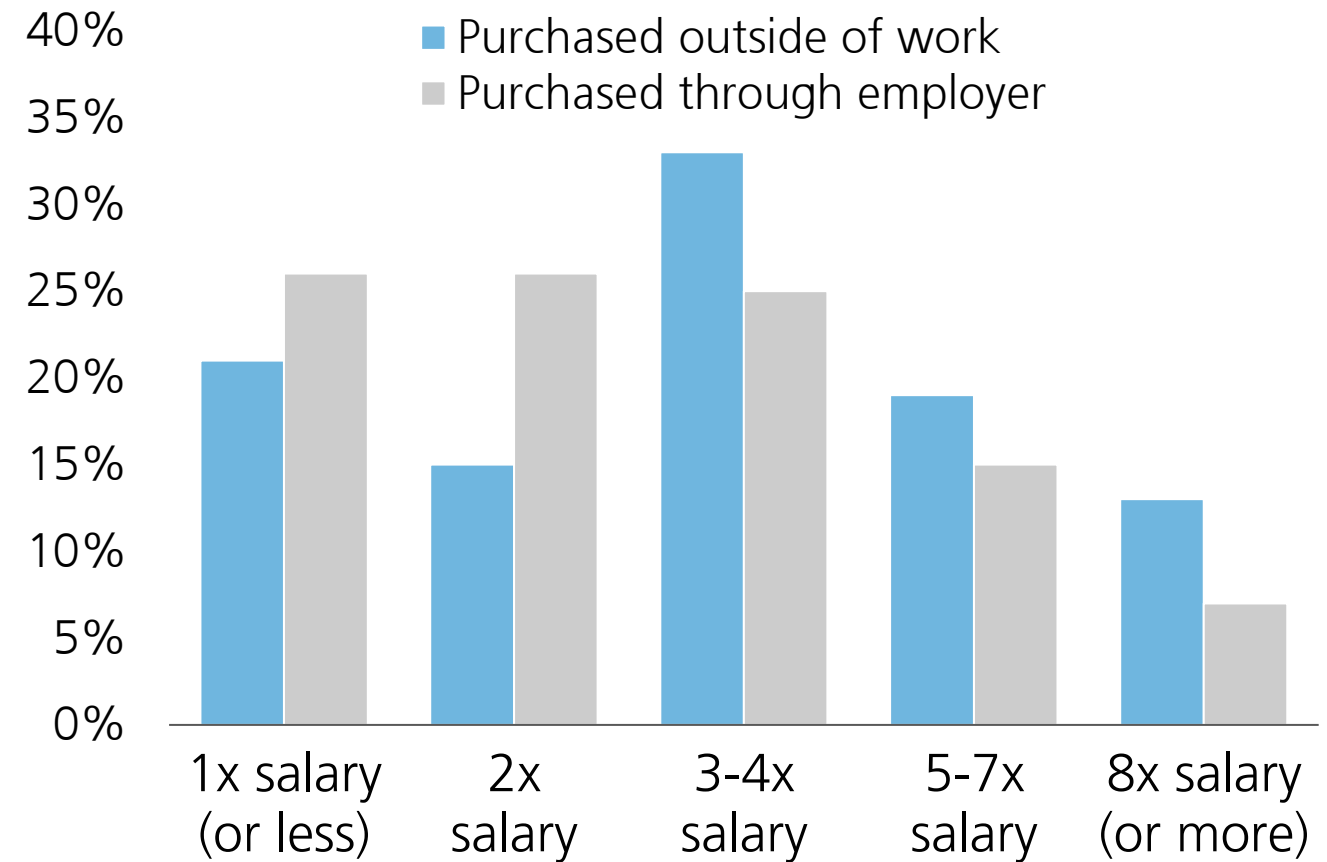


A checklist for protecting human capital

- 1. Calculate the family's disability and life insurance need.**
- 2. Assess current disability and life insurance coverage.**
- 3. Determine if there is an insurance gap** (the difference between insurance need and current coverage).
- 4. Consider options for closing the gap.** If the family's current coverage falls short of the insurance need, options include purchasing supplemental disability and/or life insurance coverage either through the employer (if available) or through an insurance provider.

Those with individual life insurance policies have more coverage, on average, than those only with employer-sponsored coverage

Percentage of policies purchased through work and outside of work by level of coverage



Source: UBS.

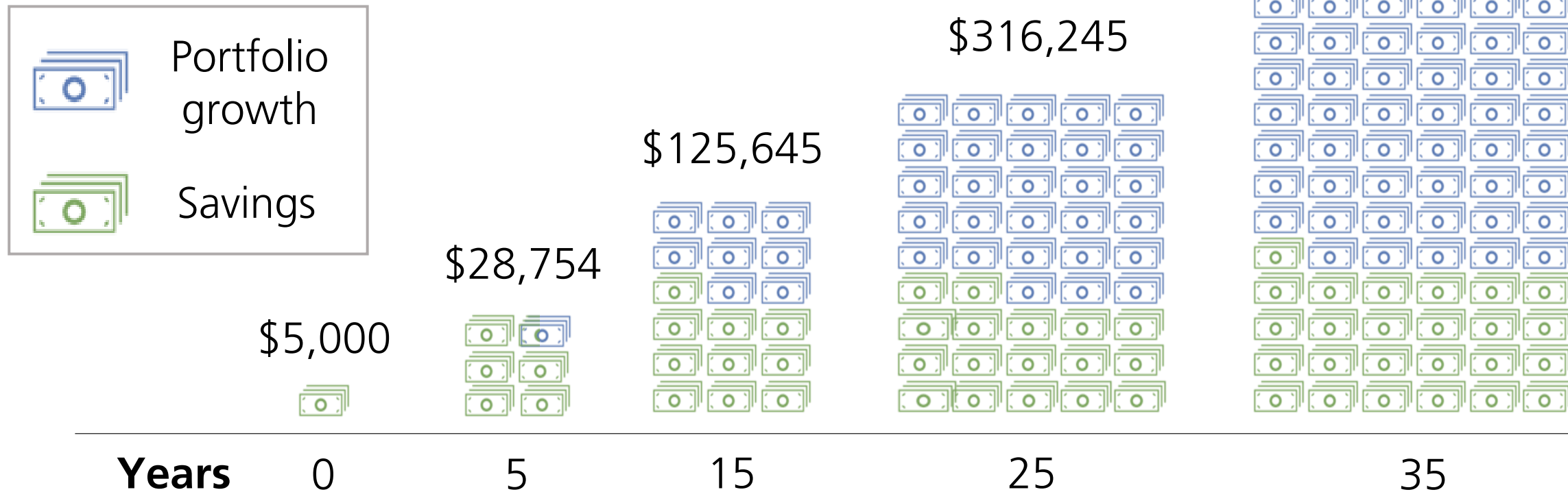
Source: [Guardian Workplace Benefits Study](#), UBS. Results are based on a survey conducted among 2,000 employees age 22 or older who work full time or part time for a company with at least five employees.

Section III

Save for retirement

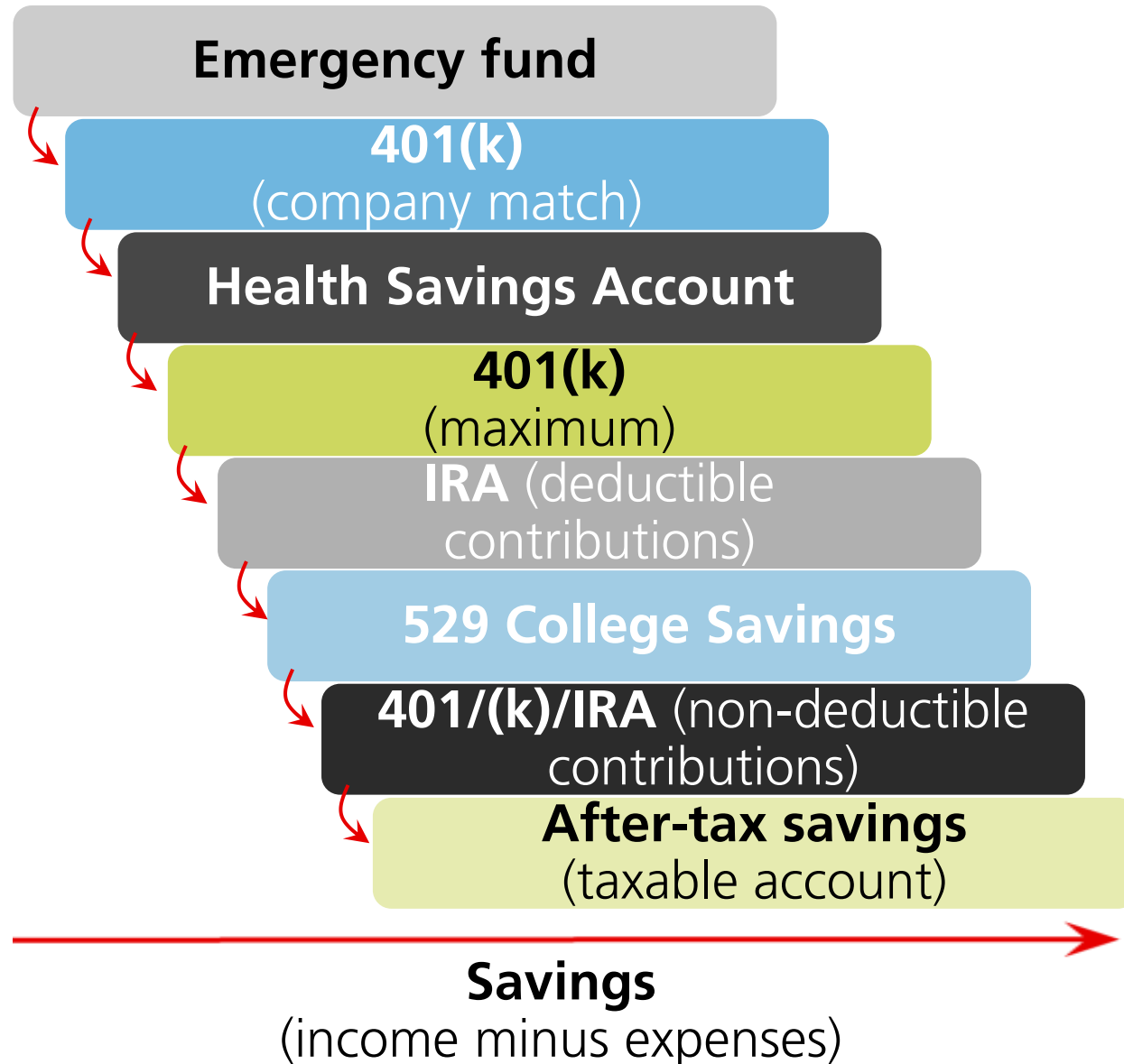
To maximize wealth at the point of retirement, it helps to **start saving early**

With compounding, \$5,000 invested every year could become nearly \$700,000 by the beginning of retirement



A “savings waterfall” can help to prioritize where to invest savings

Enhance flexibility by diversifying wealth across **taxable**, **tax-deferred**, and **tax-exempt** accounts



Work with a financial advisor to determine how much to contribute to each account to spread taxable income over time

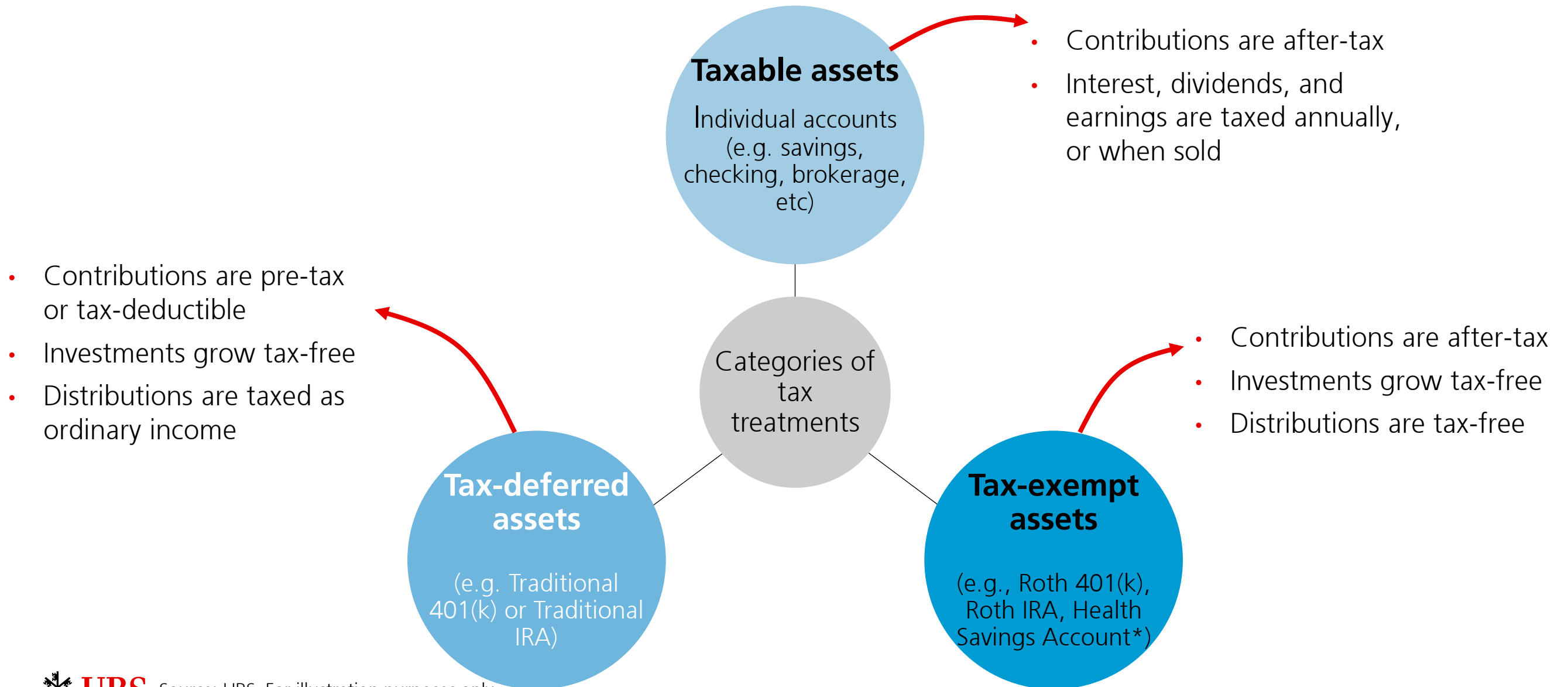


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Source: UBS. CIO research report, [Where should I put my savings?: The 2025 savings waterfall worksheet](#), published 7 November 2024.. For illustration purposes only.

Roth or Traditional? Tax diversification is helpful

Investors often save in accounts that fall into three categories of tax treatment



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Source: UBS. For illustration purposes only.

*HSA contributions are tax-free, and distributions are tax-free if used for qualified medical expenses

A checklist for saving for retirement

- 1. Determine the family's saving capacity.** Compare expected spending and after-tax income.
- 2. Review the employer retirement savings plan details** (annual contribution limits, contribution match, retirement contribution, etc.).
- 3. Prioritize savings.** Fill out the savings waterfall worksheet and determine which accounts will provide the most after-tax growth potential—starting with any employer 401(k) match, if available.
- 4. Set up an automatic saving and investment strategy.** Make payroll deduction and direct deposits—and set up automatic investment strategies—so that savings are put to work quickly.
- 5. Establish good savings habits.** If given the option, turn on the auto-increase feature to opt into a savings rate that will increase every year.

Section IV

Make the most of equity awards

Taxes can play an important role in managing your equity compensation

Types of taxes applied to various forms of equity compensation when sold

Equity compensation type	Tax type		
	Ordinary income	Supplemental income	Capital gains
Non-Qualified Stock Options		•	•
Qualified Stock Options			•
Restricted Stock	•	•	•
Restricted Stock Units	•		•
Stock Appreciation Rights	•	•	•
Performance Shares	•		•



Source: Segal, T. (2023, June 16). How stock options are taxed & reported. Investopedia. <https://www.investopedia.com/articles/active-trading/061615/how-stock-options-are-taxed-reported.asp>. For illustration purposes. Speak with a financial advisor and tax consultant about ways to manage potential tax implications.

A checklist for making the most of equity awards

- 1. Gather the equity compensation plan details and discuss them with a financial advisor.** Also ask the employer if they offer educational materials and advice.
- 2. Determine the role that equity awards will play in the family's financial plan,** revisiting this decision annually and whenever there's a life change.
- 3. Monitor the amount of wealth held in company's stock.** A financial advisor can help the family to assess and manage the risks associated with holding a concentrated stock position in a portfolio.

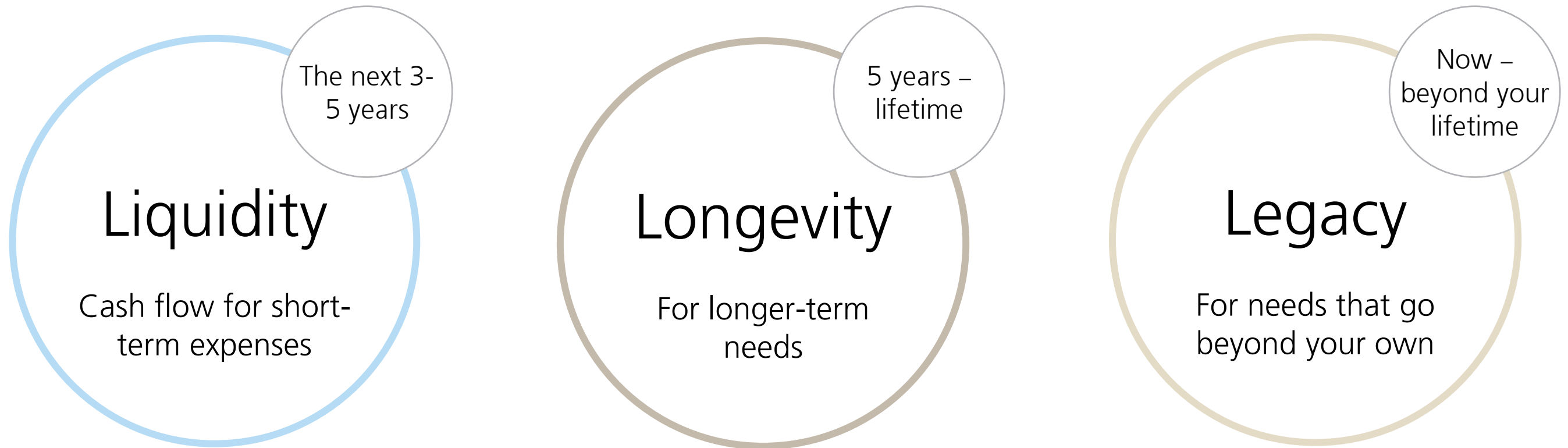


Section V

Conclusion

When making decisions, consider how they will impact your overall plan

The Liquidity. Longevity. Legacy. framework



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Timeframes may vary. Strategies are subject to individual client goals, objectives, and suitability. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved.

Make sure that you are taking advantage of **all your resources**

Liquidity

The next 3-5 years

Everyday cash & Savings cash

- Money market funds
- Bank deposits
- Savings account
- Credit and debit cards

Investment cash

- Fixed income ETFs, Mutual Funds, and SMAs
- CD and Bond ladders
- Structured CDs (e.g., Market-Linked CDs)
- Cash and cash alternatives (e.g., term deposits, money markets and T-bills)

Financing

- Securities-backed lending
- Tailored lending solutions
- Mortgage solutions
- Pre-IPO lending
- Specialized lending (e.g., business, luxury asset, agricultural and student loan financing)
- Commercial real estate financing

Longevity

5 years - lifetime

Investment strategy (seeks consistent growth)

- Balanced portfolios
- Dynamic allocation portfolios
- Structured investments (e.g., risk-adjusted yield and growth Strategies)
- Alternative investments (e.g., hedge funds, private equity, private credit and private real estate)
- Retirement accounts
- Concentrated stock strategies

Long-term care risk

- Long-term care insurance

Longevity risk & Income replacement

- Disability insurance
- Annuities

Legacy

Now – beyond your lifetime

Investment strategy (seeks growth maximization)

- Balanced portfolios
- Tax-optimized equity SMAs
- Structured investments (e.g., return-enhanced Yield and Growth Strategies)
- Private direct investments
- Private placement life insurance with alts
- Thematic investments
- Impact investment funds
- Alternative investments (e.g., hedge funds, private equity, private credit and private real estate)
- 529 Plans

Philanthropy

- Donor advised fund
- Private foundation

Wealth transfer

- Estate planning insights
- Trust solution capabilities

Mortality risk

- Life insurance



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