



# Live your dream

Making the most of your retirement accounts

January 2026

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# Being ready for retirement



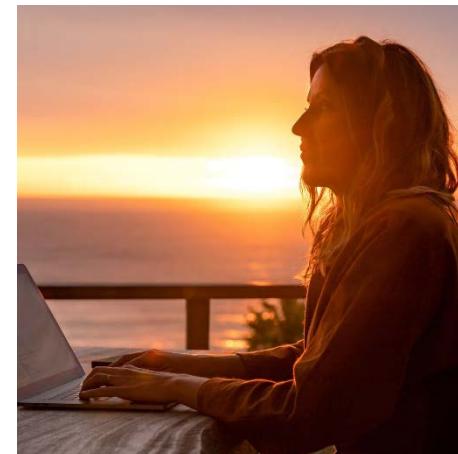


# The four phases of retirement planning

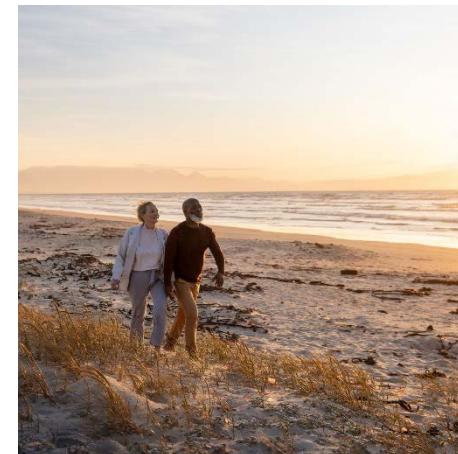
What phase are you in?



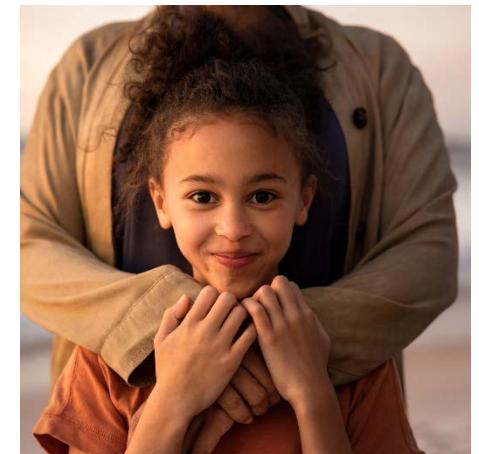
Saving



Transitioning



Managing

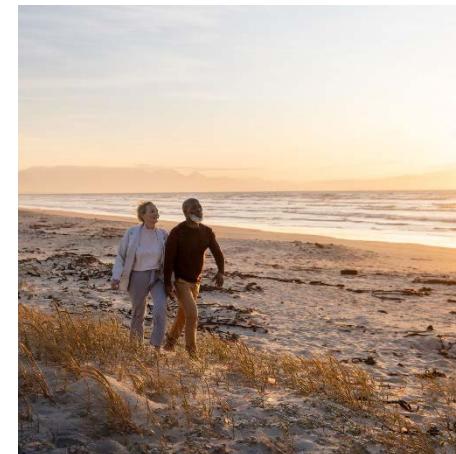


Transferring



# The four phases of retirement planning

What phase are you in?



## Saving

- How much can I save?
- Am I saving enough?
- Will I have enough to retire?

## Transitioning

- Do I have enough to retire?
- What are my options with my 401(k)\*—take it or leave it?
- Will I outlive my assets?

## Managing

- How much income can I take?
- How will health care costs impact me?
- What are the withdrawal rules and penalties?

## Transferring

- What will I be leaving my heirs?
- Who will be my beneficiaries?
- How will estate taxes impact them?

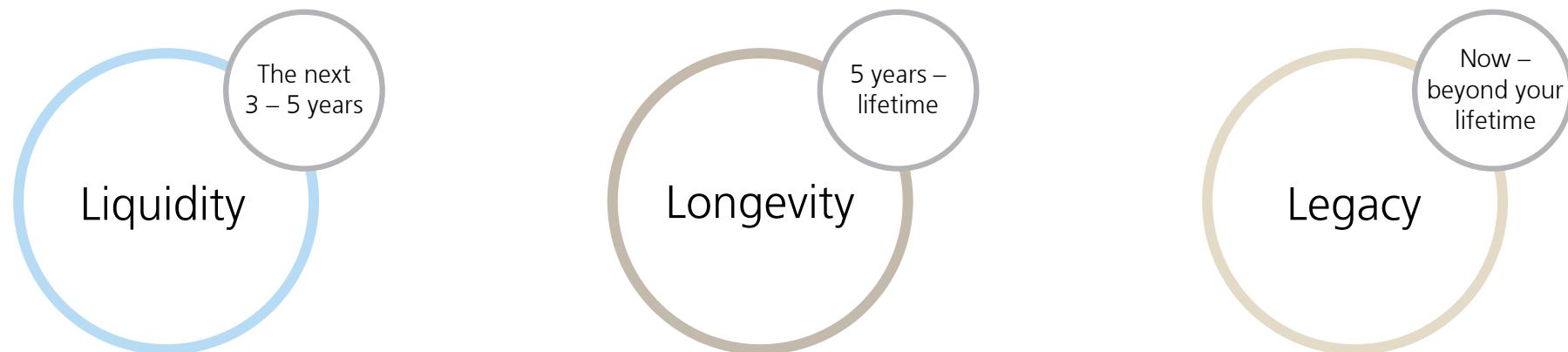
\* For simplicity, references to 401(k) include all other types of employer-sponsored retirement plans unless otherwise noted.



# UBS Wealth Way

Design a strategy to **meet your goals**

UBS Wealth Way starts with questions and a discussion that helps us focus on what's really important to you. Then, we can help you organize your financial life into three key strategies.



To help **maintain** your lifestyle

- Entertainment and travel
- Taxes
- Purchasing a home

To help **improve** your lifestyle

- Retirement
- Health care and long-term care expenses
- Second home

To help **improve** the lives of others

- Giving to family
- Philanthropy
- Wealth transfer over generations

UBS Wealth Way is an approach incorporating Liquidity, Longevity, Legacy, strategies that UBS Financial Services Inc. and our Financial Advisors can use to assist clients in exploring and pursuing their wealth management needs and goals over different time frames. This approach is not a promise or guarantee that wealth, or any financial results, can or will be achieved. All investments involve the risk of loss, including the risk of loss of the entire investment.



# Saving for retirement



Strategies are subject to individual client goals, objectives and suitability.



# Ways to fund your retirement



## Retirement accounts

- IRA
- 401(k)
- 403(b)
- 457



## Retirement benefit plans

- Social Security
- Pensions
- Profit sharing



## Other assets

- Investments
- Real estate



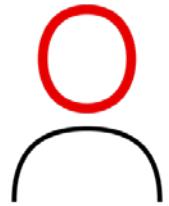
## Other

- Trusts
- Annuities
- Inheritances

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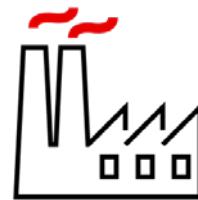


# The two types of retirement accounts you can fund



## Personal retirement accounts

- Traditional IRA
- Roth IRA



## Employer retirement accounts\*

- 401(k)
- Roth 401(k)

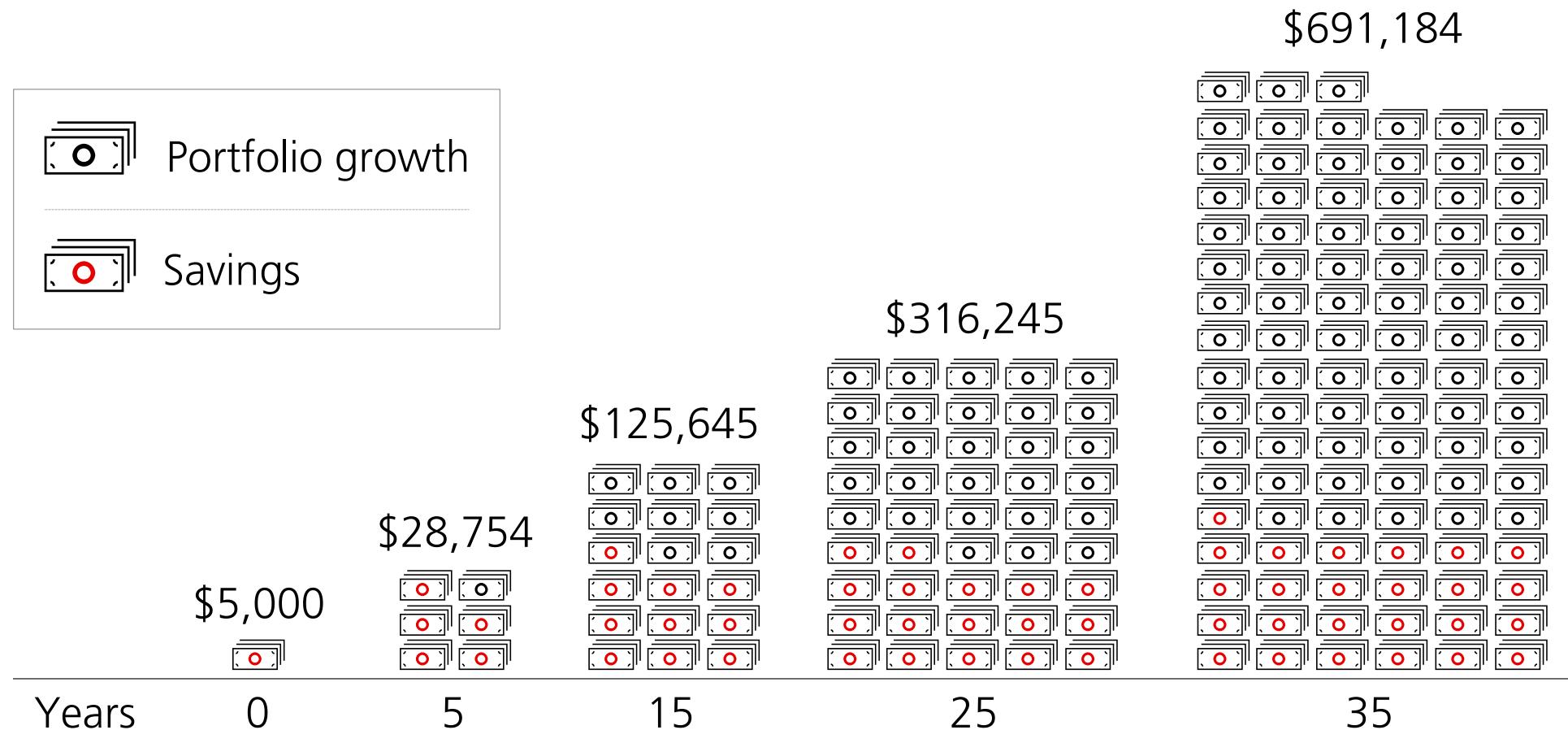
\* For simplicity, references to 401(k) include all other types of employer-sponsored retirement plans you can fund such as 403(b)s or 457s.

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# The power of compounding

Hypothetical growth of what you could accumulate after 5, 15, 25 and 35 years if you save and invest \$5,000 each year assuming an annual growth rate of 7%.



Source: UBS. This hypothetical illustration is not a guarantee of future performance. An assumed annual growth rate is used for illustrative purposes only; this is not indicative of actual results or the performance of any particular security or investment. Investing involves risks, including the potential of losing money or the decline in value of the investment.

# Financial planning can help you meet your goals

Components of building and implementing a financial plan.



Strategies are subject to individual client goals, objectives and suitability.

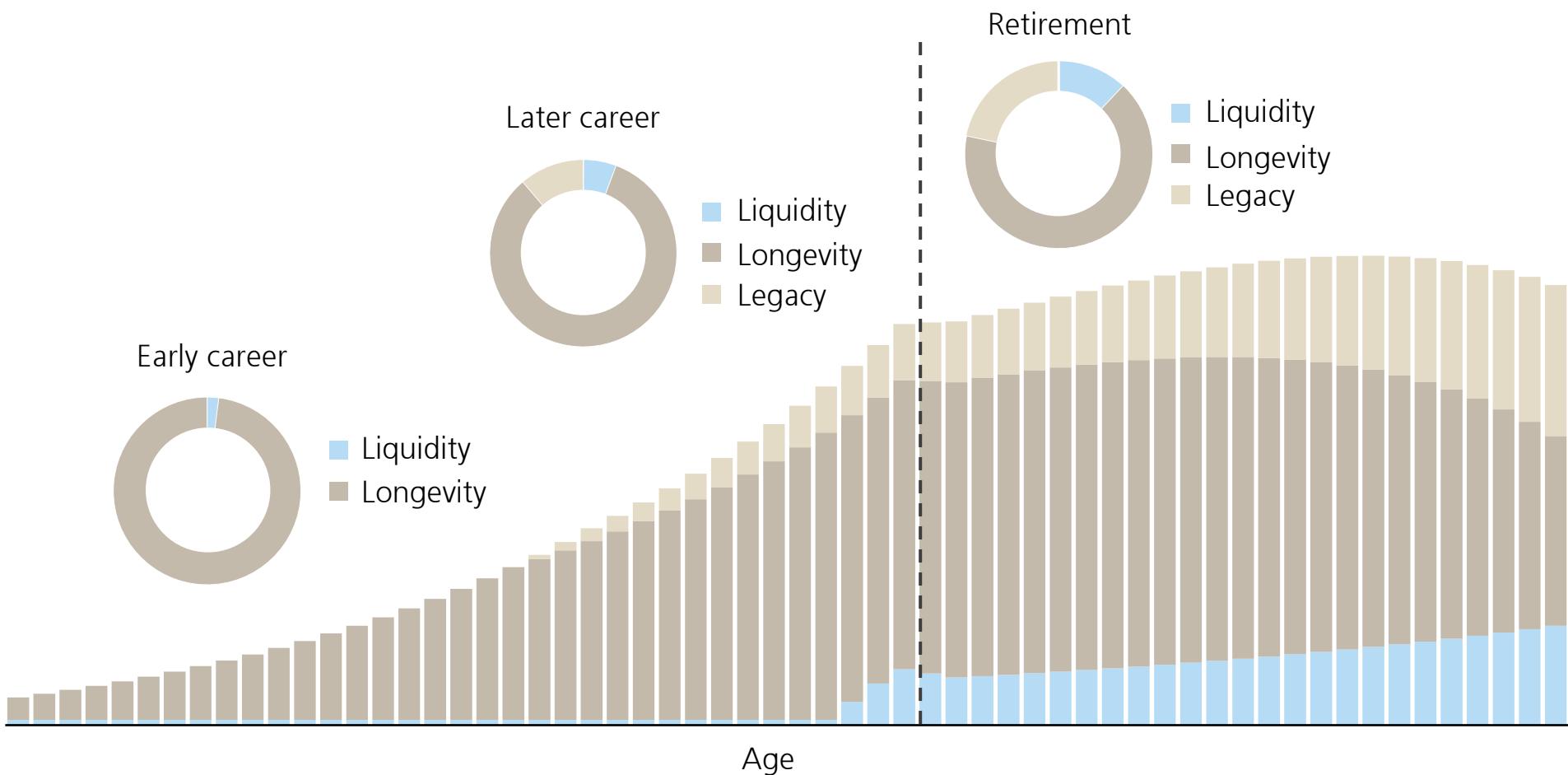
# Transitioning to retirement



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# The Liquidity strategy is more vital as you near retirement

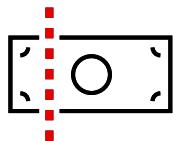
Example of a hypothetical investor during three distinct life stages.



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# Congratulations, you're almost retired!

What do you do with the funds in your employer's retirement plan?



## Option 1

Withdraw the  
money as a lump sum

- Generally taxable as ordinary income<sup>1</sup> and may be subject to a 10% early withdrawal penalty<sup>2</sup>
- Roth<sup>3</sup> and after-tax<sup>4</sup> contributions not taxable
- Employer stock may be eligible for special tax treatment<sup>5</sup>



## Option 2

Leave the money  
in your plan<sup>6</sup>

Get regular  
payments<sup>6</sup>

Set lifelong  
payments      Scheduled  
payments

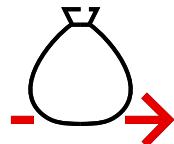
Or take money  
as needed<sup>6</sup>

1. If you do not do a direct rollover, your employer will withhold 20% of the distribution as a pre-payment of federal income taxes due, for which a refund may be due to you if you complete the rollover within 60 days. 2. Generally, the amounts an individual withdraws from a 401(k) before reaching age 59½ are called "early" or "premature" distributions and are subject to a 10% early withdrawal penalty. If an individual separates from service during or after the calendar year in which they attain age 55, distributions from the employer's plan (but not from IRAs) are exempt from the 10% early distribution penalty. For other exceptions to the 10% penalty, please visit the IRS's website [here](#). 3. Earnings on your Roth contributions may be taxable and subject to penalties if you remove them too early. 4. If you have after-tax contributions in your account, the pro-rata rule may apply. For more details, please see the slide in the Appendix section titled "Applying the 'pro-rata' rule." 5. For further details about the special tax treatment if your plan holds appreciated employer stock, please refer to UBS's "Understanding your employer retirement plan distribution options" guide available [here](#) or ask a UBS Financial Advisor for a copy of UBS's 'Have a 401(k) with company stock?' factsheet. 6. Plan rules may vary. Check your plan's rules for details about what options are permitted. Employers can only cash out balances under \$7,000, without your consent. Strategies are subject to individual client goals, objectives and suitability.



# Congratulations, you're almost retired!

What do you do with the funds in your employer's retirement plan?



## Option 3

Rollover to a new employer's plan



## Option 4

Roll over to a Traditional IRA or Roth IRA

- Direct rollovers to the new employer's plan generally won't trigger income taxes or penalties
- Employers are not required to accept retirement accounts as rollovers into their plans

- Direct rollovers from a Traditional 401(k) to Traditional IRA or from a Roth 401(k) to a Roth IRA generally won't trigger income taxes or penalties
- You may also have the option to roll your Traditional 401(k) into a Roth IRA – however, this is considered a Roth conversion and is a taxable event<sup>1</sup>

1. If you roll over a Traditional 401(k) into a Roth IRA, this is considered a "Roth conversion," so you'd owe income taxes on all or a portion of the money. Any distributions taken from the Roth IRA are tax free if the account was held for at least five years and you are age 59½ or older, are making a first-time home purchase (lifetime limit of \$10,000 per taxpayer), are disabled or pass away. Plan rules may vary. Check your plan's rules for details about what options are permitted.



# Deciding what to do with your assets

Some things for you to consider.



## Investment considerations

- Maximizing your choice
- Managing your investment costs
- Availability of advice



## Non-investment considerations

- Accessing your assets
- Managing your administrative fees
- Simplifying your accounts
- Planning for wealth transfer (estate planning)
- Protecting your assets from creditors

Strategies are subject to individual client goals, objectives and suitability.



# Consider unique features of your employer's plan

It may offer a feature that you appreciate.



Plan fiduciary responsible for selecting and monitoring investment options and plan service providers



Potentially greater creditor protection



Penalty-free withdrawals starting at age 55



Delayed Required Minimum Distributions (RMD), if still working



Optional guaranteed lifetime payments

Strategies are subject to individual client goals, objectives and suitability.



# Consider unique features of an IRA

It may offer a feature that your employer's plan doesn't.



Personalized advice from a Financial Advisor on asset allocation and investment of the assets

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Ability to have a Registered Investment Advisor make investment decisions on a discretionary basis



Flexible distribution options



Availability of investment options and services not offered in your employer's plan

Consolidation of assets for a holistic view

Strategies are subject to individual client goals, objectives and suitability.



# Do you own company stock in your employer's 401(k) plan?

There are important additional tax considerations.

Current market value of company stock	Moved into a non-retirement brokerage account	Rolled to an IRA
Cost basis	Immediate ordinary income tax on the original cost basis (in year of distribution)	Ordinary income tax rates when distributed from the IRA
Net Unrealized Appreciation (NUA)	Long-term capital gains tax rates paid only when shares are sold*	

\* Post-distribution appreciation taxed as short- or long-term capital gains depending on holding period.

Strategies are subject to individual client goals, objectives and suitability.



# Do you own company stock in your employer's 401(k) plan?

You could reduce your tax hit by nearly 50%.

\$100,000 in company stock held in a 401(k) account with a \$10,000 cost basis.



Assume a 32% ordinary income tax rate and 15% long-term capital gains tax rate. Tax rates reflect federal taxes; state taxes may also apply.

This is a hypothetical illustration, not meant to be indicative of any particular product and/or investment.

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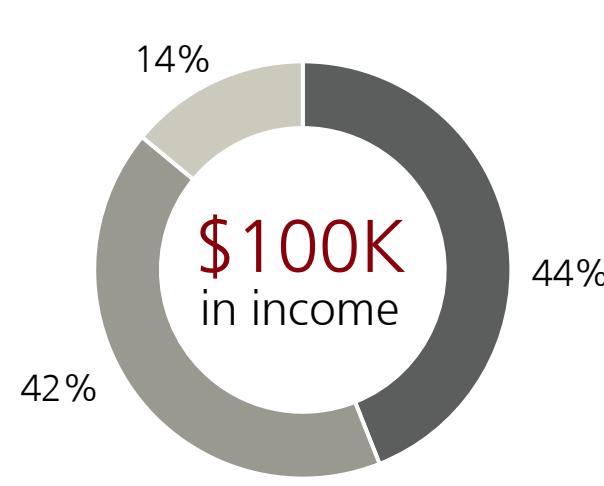
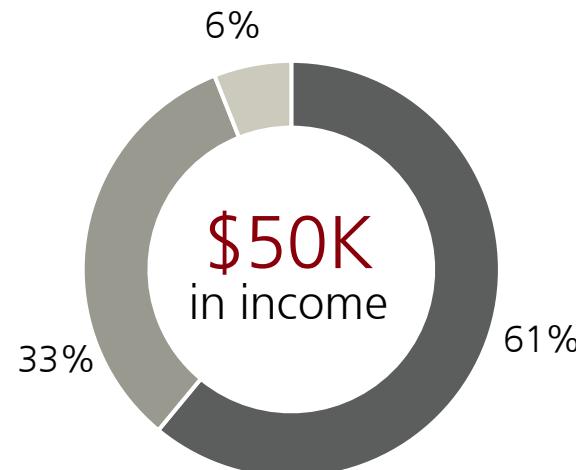
# Managing your retirement



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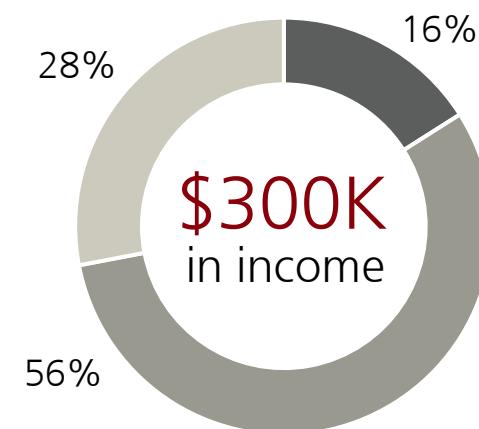
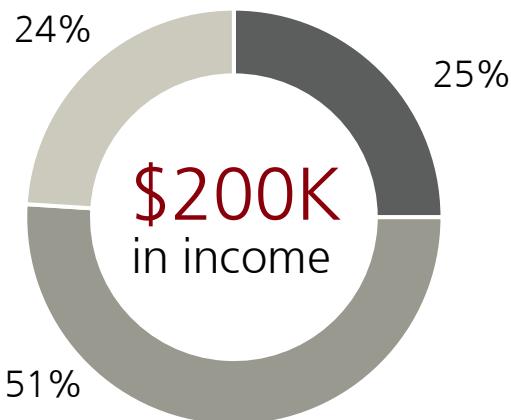
# Where will your retirement income come from?



■ Social Security benefit

■ Private and employer sources

■ Income not needed due to lower expenses and taxes



Source: J.P. Morgan Asset Management Retirement Insights—Guide to Retirement 2024. Percentages and values may not equal sum due to rounding.

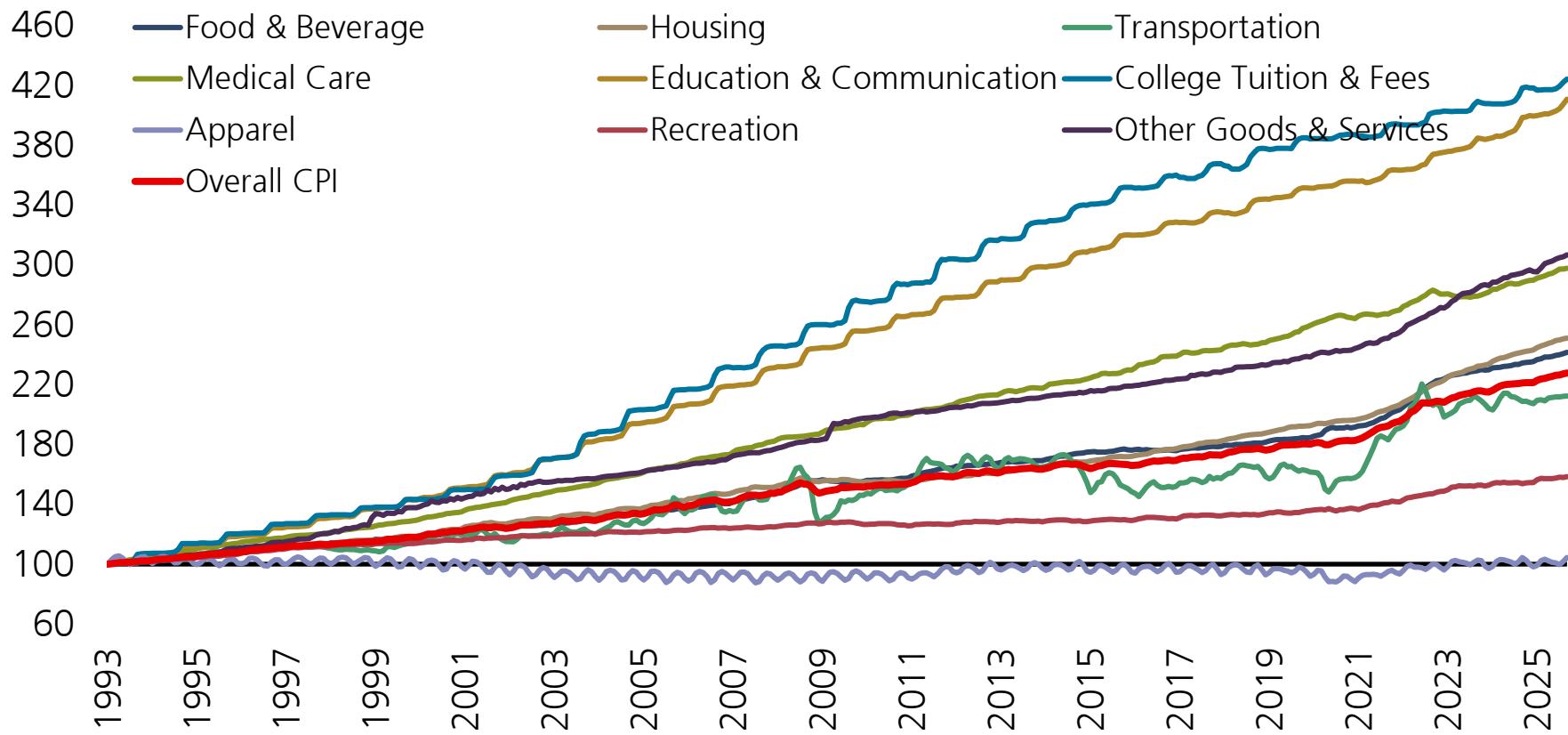
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# How will your spending change throughout retirement?

Economy-wide inflation has some influence on retirees' spending but won't be the most important factor for most families.

**"Inflation" isn't a single number ...**

Components of the Consumer Price Index (CPI), indexed to January 1993



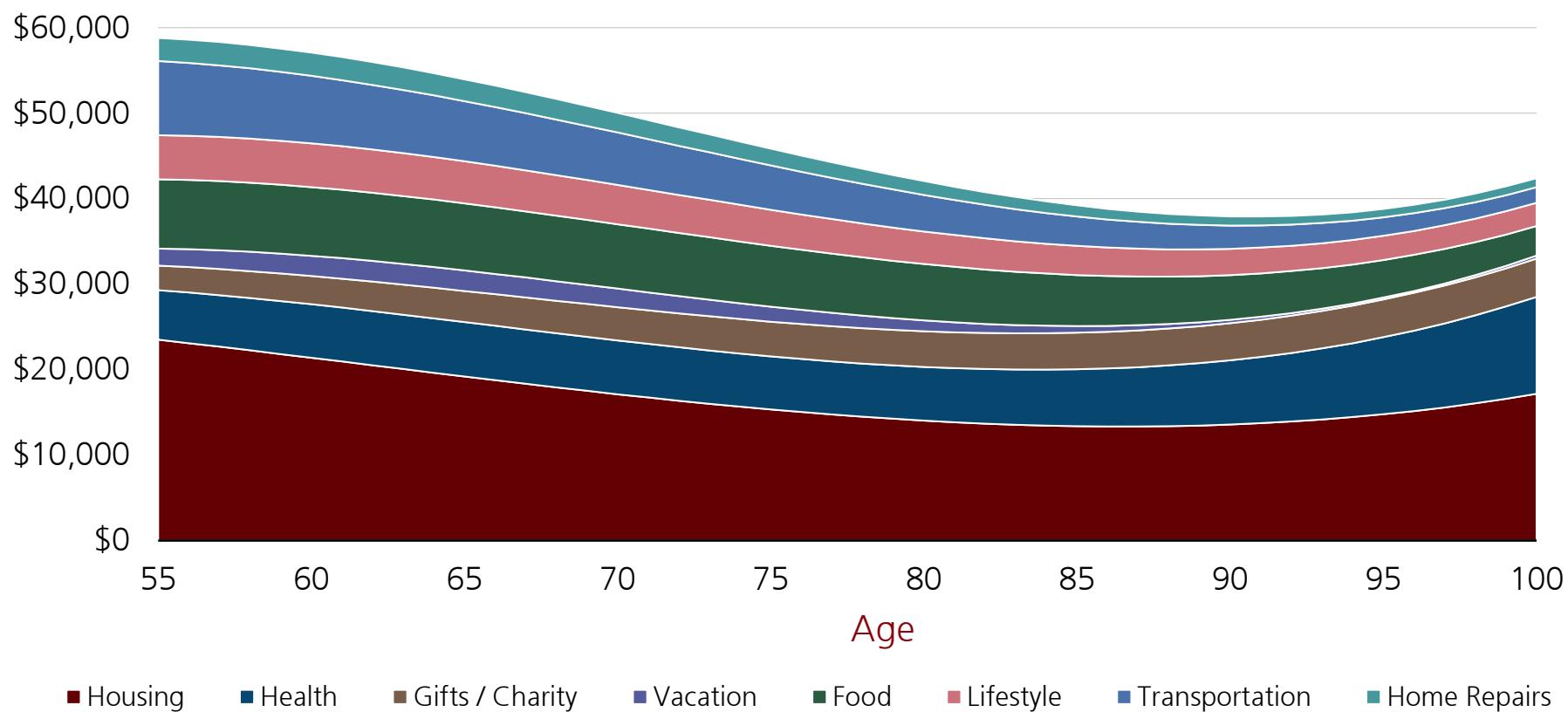
Source: Bureau of Labor Statistics, UBS, as of 17 December 2025. Strategies are subject to individual client goals, objectives and suitability.

# How will your spending change throughout retirement?

Economy-wide inflation has some influence on retirees' spending but won't be the most important factor for most families.

... and your spending "basket" will change over time

Annual expenditures by age (inflation-adjusted)



Source: RAND Center for the Study of Aging HRS CAMS, UBS.



# Ages that matter during retirement



\*25% penalty for under-withdrawal; reduced to 10% if timely corrected. Strategies are subject to individual client goals, objectives and suitability.

# Transferring your wealth



Strategies are subject to individual client goals, objectives and suitability.



# Estate planning is for everyone



Pass inheritance  
according to  
your wishes



May avoid  
probate



Protect assets  
for your spouse



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# Consider a trust to help you reach your goals

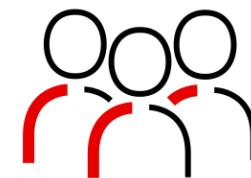
A Financial Advisor can help.



Avoid probate



Minimize taxes\*



Protect wealth  
for generations

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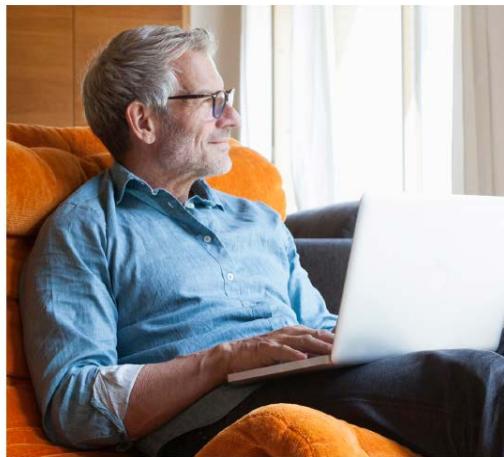
# Need more information?

We've got you covered.



## Understanding your employer retirement plan distribution options

Know the facts. Make informed decisions.



## Have a 401(k) with company stock?

Explore a little-known tax break for appreciated shares

If you have a 401(k) plan account with a former employer that holds appreciated company stock, you may be able to take advantage of special tax treatment. Instead of leaving the company stock in the plan or moving it over to an IRA, or new employer's plan, you may take it as a cash distribution if you could qualify for favorable treatment on the stock's net unrealized appreciation (NUA). The remainder of your lump-sum distribution (non-company stock) can be rolled over to an IRA.

### What is NUA?

Net unrealized appreciation is the difference between the price you originally paid for the stock (known as its cost basis) and its current market value. For example, say you bought a share of company stock for \$10 through your 401(k) plan. If the share price increases to \$15, the appreciation is \$15 per share. Since you have not yet sold the share, however, the appreciation has not been realized—that's net unrealized appreciation.\*

### How it works

With a "lump-sum" distribution of the employer stock in your 401(k) plan and put it in a taxable account, here's how the NUA strategy provides favorable tax treatment:

– **Differential income tax only on the cost basis of the stock**—Only the cost basis of the stock is taxable as ordinary income at the time of distribution, while the tax on the appreciation is deferred until you sell the stock.

– **Long-term capital gains versus ordinary income tax**—If you sell the stock before your retirement, you will pay capital gains tax on the appreciation. Since the long-term capital gain rates are lower than ordinary income tax rates, since the maximum federal capital gains tax rate is currently 20%, far lower than the 37% top income tax rate, your potential tax savings could be substantial.

– **Ability to deduct your losses**—If the value of your employer stock declines below your original cost basis while you hold it outside an IRA, you may be able to sell it and deduct the loss against realized gains you have that year. This is not possible inside an IRA or 401(k).

– **Preserving your estate**—Tax on the NUA portion of stock held outside an IRA is deferred until the stock is ultimately sold. Your beneficiaries would be responsible for capital gains tax on the stock if it is sold within 5 years of your death. Any further accumulation that occurs after distribution and up until the time of your death may receive a stepped-up cost basis, meaning it would pass to your beneficiaries free from federal income or capital gains tax.

### You may want to consider it if you:

- Have highly appreciated employer stock
- Are in a high tax bracket
- Can afford to pay current taxes
- Want to leave a legacy
- Will avoid the 10% penalty on the cost basis of the distribution (if you separate from service during the year you become age 59 ½ or later, and then receive a distribution from your former employer's retirement plan, you will not be subject to the 10% penalty.)

It's important to balance the advantages of this special tax treatment for employer stock with the risk of maintaining too concentrated a position in one stock, particularly with your retirement years that may be far from the market. If you are near retirement, you may want to consider diversifying your portfolio. The NUA strategy is not an all or nothing proposition—you can choose to only maintain some of the employer stock while diversifying the balance after rolling it over to an IRA or new employer's plan.

Advice. Beyond investing. plan access save borrow grow\* protect\* give



## Estate planning

Plan now to prepare for later



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ubs.com/fs

### Why is estate planning important?

• **Control:** With an estate plan, you can control who, what, when and where your assets go at the end of your lifetime. Having control helps ensure your intentions are fulfilled.

• **Privacy:** Through an estate plan, you have the ability to maintain privacy and help avoid the public proceedings of the probate court.

• **Protection:** An estate plan can help protect your assets from creditors around setting your estate and can give you confidence that your intentions will be properly executed. An estate plan also allows you to designate whewill carry out your wishes on your behalf.

### What are the benefits of estate planning?

- **Will**
  - Decide who will receive an inheritance: Having a will ensures you determine who receives your assets.
  - Decide who will process your assets: Name an executor, or person who will be responsible for distributing your estate to your beneficiaries.
  - Avoid possible legal challenges and disputes (challenges occurs when you don't have a valid will). Dying without a will allows the state to decide who will receive your assets. There are different rules per state that may direct the assets to parents, to children and may cap inheritance to a spouse. The important thing to remember is that the state decides where your assets go.
  - Decide who will take care of your minor children: You can appoint a guardian to legally care for your children in case both parents are unable to do so.

### • Revocable living trust

- **Protection in the case of incapacity:** When creating a revocable living trust, the grantor will name a successor trustee to manage your affairs if you are no longer able to do so. A revocable trust typically becomes irrevocable upon the death of the grantor.
- **Avoid probate and ancillary probate:** Assets owned by your revocable living trust avoid probate and ancillary probate (when you own assets in multiple states or when you have assets in a state that does not have probate or when you have assets in a state that may be costly and time consuming).
- **Provide asset protection for beneficiaries:** Your revocable living trust contains instructions on how your beneficiaries will receive assets. If assets are left in a trust versus left outright, you can provide control on how they will be able to access the funds. If structured properly, the assets in the trust can be protected from creditors and debtors.

1 of 2

Strategies are subject to individual client goals, objectives and suitability.



Explore  
more on  
[ubs.com/retire-planning](http://ubs.com/retire-planning)



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