

How This John Deere™ Trades Employee Views Retirement¹

This is a story. Confidentiality is paramount when dealing with personal finances so the facts, names, and details mentioned in this article are changed. We formed this composite employee from decades of experience with John Deere™ clients who use Financial Resource Advisors (FRA) as their financial advisor. This intentional blurring is meant to teach and inform as you navigate your own retirement path.

This article was written with information from Jay Bullerman, President and Investment Advisor Representative, and Ryan Shaw, Investment Advisor Representative at FRA of Waterloo, Iowa. We hope you will enjoy this ‘conversation’ with our fictional John Deere™ wage earner (his perspective written in black italics) with FRA’s questions in blue.

Please provide a little background or context.

I’m a 50-something, skilled tradesman with about 20 years seniority at John Deere™ Engine Works in Waterloo. I won’t tell you my pay level, but I probably earn more in a year than my father did in a decade. I’m a UAW member.²

How did you first hear about Financial Resource Advisors (FRA)?

My buddy Dean mentioned them. He said FRA had a guy who used to do a workshop at the plant for union members on pension stuff. Of course, pensions have largely been replaced by 401ks. He’s retired now, but FRA came up in a conversation. Dean uses and recommended them. I appreciate recommendations from people I trust.

I called them up when this contract came through.³ That last agreement stipulated a 60-cent TDSP match and I wanted to be smart about using it.⁴

¹ This hypothetical person is presented as a story and case study to educate and illustrate. The actions and examples reflect a composite of Financial Resource Advisors’ (FRA) experiences over many years serving clients’ needs and objectives. The advisory processes and strategies demonstrate solutions to common issues many people encounter along their financial journey. The objectives for this article are two-fold; to help the reader learn from the stories shared and to know that FRA welcomes the opportunity to discuss their needs and the benefits of professional advice.

We have chosen to write this article partially in story form. Stories teach lessons in an interesting and engaging way. They hold attention while conveying ideas. This person does not exist. Paragraphs involving our fictional John Deere™ employee have been set off in italics. Any resemblance to the financial journey of real people is purely coincidental.

² United Auto Worker (UAW)

³ UAW-Deere & Company Agreement 2015-21 was signed in October 2015.

⁴ TDSP stands for Tax-Deferred Savings Plan. Wage earners can contribute up to 6% and Deere will match .6 of it for a total of 3.6%. This differs from the Savings Incentive Plan (SIP) for salaried employees.

Tell us why you are a union member.

I think the union gives all of us better pay in the end, especially those who don't get much representation. I like that a collective bargaining agreement is binding on the employer. There's an established grievance process with management and improving benefits like the 401k plan make it a 'no-brainer' decision for me.

What do you hope will be in the next agreement?

Of course healthcare is the biggest part. But paid holidays, time off, and funeral time make this work/life balance thing go. That matters more to me the older I get. Love the week off between Christmas and New Years!

I gotta hand it to the bargaining team. I think they did great on wage protections, insurance, and dental, hearing, and eye coverage. We all want to be paid well, but there is so much more to a total compensation package. I have faith they'll do well again. I can't imagine that anyone wants to talk about plant closings.

What have you liked about your experiences with FRA so far?

I expect FRA to work in my best interest, just like the union team. I love that the FRA advisors put my interests above their own. They showed me the value in getting on-going professional advice and the importance of considering all investment options.

Deeres goes through Fidelity for their 401ks. FRA has this BEYOND401k program where I can access even more investment options.⁵ I appreciate the second set of eyes that FRA gives when looking at financial stuff. I trust them to understand my situation and to help me create a financial plan for me.

Plus, we take a look at my account every so often to make sure I'm on track. FRA also monitors my portfolio and 'rebalances it', which means my investments may have shifted in relation to each other and adjustments are needed. And each year I move a step closer to retirement so they make it clear that my risk tolerance and investment horizon are worth reevaluating regularly.

What have been some of the smartest financial moves you've made?

Last time, when I got my ratification bonus, I upped my 401k percentage. I'm saving close to 10% now. That's good.

Maybe a second smart thing I have done is taken a larger role in my own financial future. Over these past years, I have changed how much I save, clarified my risk tolerance, added a Roth IRA to avoid paying taxes on the earnings in my retirement and tried to think about my pension, 401k, and Social Security working together to create income in retirement.

⁵ FRA's exclusive BEYOND401k program with a self-directed option strives to provide greater diversification, execute more effective risk management and enhance investor returns.



I would count working with FRA as a smart move. From day one, they didn't talk down to me. I didn't have a big pile of cash to start, but that didn't matter. I've learned a little money saved and earned over a long time makes a BIG difference.

Have you thought about early retirement?

Every single day! Actually, we all guess at when the next round of packages will come out. From what I have heard, voluntary separation can contain some good educational perks so that might be interesting. If I get a deal, I'll probably take it in to FRA to review it.

What do you see for the future?

I've heard that change is the only constant. Over the years, some things with Deere used to be this way and now they are that way. It seems like FRA is a constant. There is a benefit to FRA's team approach that will be here when we get a new agreement or if my financial situation changes in the future.

Thank you for spending time with us. At FRA, we believe an informed investor can make wise financial decisions.

Read more John Deere™ Case Studies from the FRA files.

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Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty. A Roth retirement account offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal of earnings, a Roth account must be in place for at least five tax years, and the distribution must take place after age 59½, or due to death or disability. Depending on state law, Roth accounts distributions may be subject to state taxes.

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