



PASSPORT

to

RETIREMENT[®]

WELCOME



HOW TO RETIRE

It doesn't just happen.



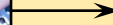


YOUR PASSPORT TO A SUCCESSFUL RETIREMENT

HOW-TO'S:

- Define and Create Your Retirement
- Assess the Costs
- Evaluate Your Sources of Income
- Invest for the Future
- Protect Your Health and Wealth
- Receive Funds from Retirement Plans
- Manage Your Estate Distribution





THE “INCONVENIENT TRUTH” ABOUT RETIREMENT TODAY





CHANGING RETIREMENT PICTURE

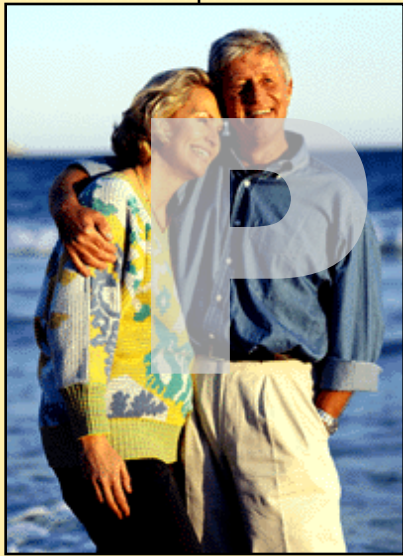
- **37%** of workers are not currently putting money into their 401(k)s, IRAs, or other retirement accounts¹
- **17%** of 401(k) plan participants have outstanding loans²
- **38%** have cut back on household spending³
- **13%** have postponed plans to retire⁴
- **52%** haven't calculated how much they will need to live comfortably in retirement⁵

Sources: 1, 4–5) Employee Benefit Research Institute, 2016;
2) Investment Company Institute, 2016; 3) Gallup, 2016



ASSESS

the Costs



ESTIMATING THE COST OF RETIREMENT



<i>Current Annual Income</i>				<i>Annual Retirement Income Needed</i>
<u>\$70,000</u>	X	0.80	=	<u>\$56,000</u>
<i>Annual Retirement Income Needed</i>		<i>Estimated Social Security Benefit</i>		<i>Income Needed After Social Security</i>
<u>\$56,000</u>	-	<u>\$24,000</u>	=	<u>\$32,000</u>
<i>Income Needed After Social Security</i>		<i>Inflation Factor</i>		<i>Future Additional Income Required</i>
<u>\$32,000</u>	X	<u>1.5580</u>	=	<u>\$49,856</u>
<i>Future Additional Income Required</i>		<i>Income Generation Factor</i>		<i>Estimated Future Retirement Cost</i>
<u>\$49,856</u>	X	<u>14.0939</u>	=	<u>\$702,665</u>

Inflation factor assumes a 3% inflation rate. Income generation factor assumes a 5% return and a 25-year expected life span in retirement.

ESTIMATING THE COST OF RETIREMENT



<i>Current Savings Amount</i>		<i>Investment Growth Factor</i>		<i>Future Value of Current Savings</i>
<u>\$150,000</u>	X	<u>2.7590</u>	=	<u>\$413,850</u>
<i>Estimated Future Retirement Cost</i>		<i>Future Value of Current Savings</i>		<i>Savings Amount Still Required</i>
<u>\$702,665</u>	-	<u>\$413,850</u>	=	<u>\$288,815</u>
<i>Savings Amount Still Required</i>		<i>Savings Factor</i>		<i>Annual Savings Required</i>
<u>\$288,815</u>	X	<u>0.0398</u>	=	<u>\$11,495</u>

Investment growth factor based on a 7% annual rate of return over the next 15 years. Savings factor assumes a 7% annual return on their savings for 15 years (until retirement).

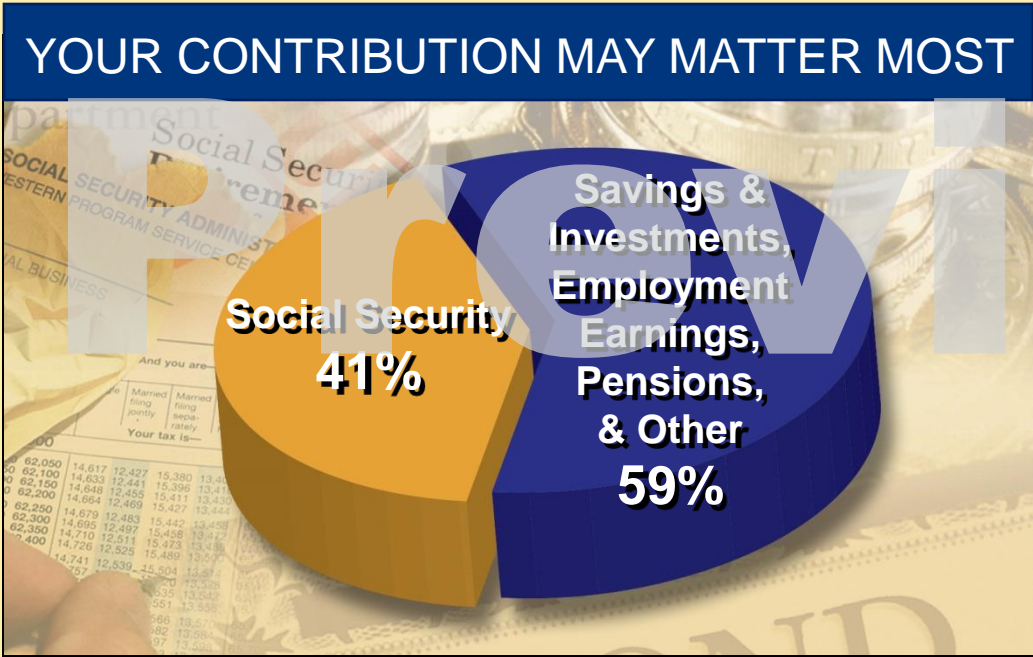
EVALUATE YOUR

Sources of Income





SOURCES OF RETIREMENT INCOME



Social Security provides about 41% of income for those age 65 and older with incomes of \$47,731 or more.

Source: Social Security Administration, 2016





WHAT CAN YOU EXPECT FROM SOCIAL SECURITY?

- ▶ **At age 62:**

Monthly benefit will be permanently reduced by **25% to 30%**, depending on year of birth

- ▶ **At “full retirement” age (66 to 67):**

Entitled to **100%** of full benefit

- ▶ **At age 70:**

Monthly benefit would be **132%** of the full benefit, depending on year of birth



INVEST

for the Future



Preview





FIND YOUR STARTING POINT



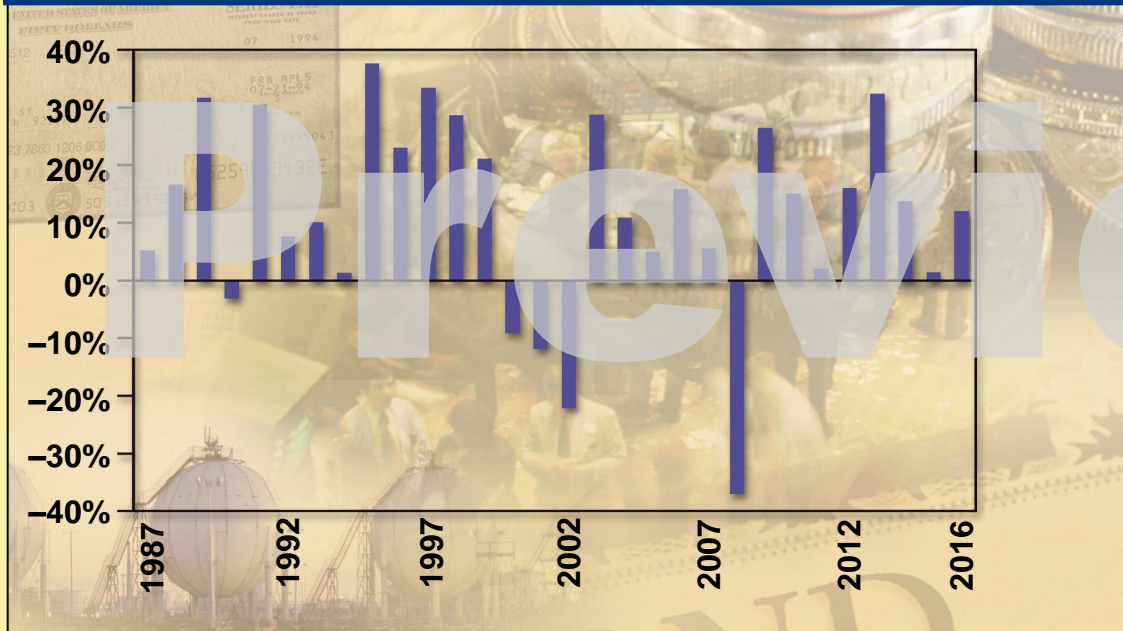
- Where is your money today?
- What investments do you own?
- What is your investment strategy?





WHAT DOES HISTORY SAY?

S&P 500 INDEX, 1987–2016



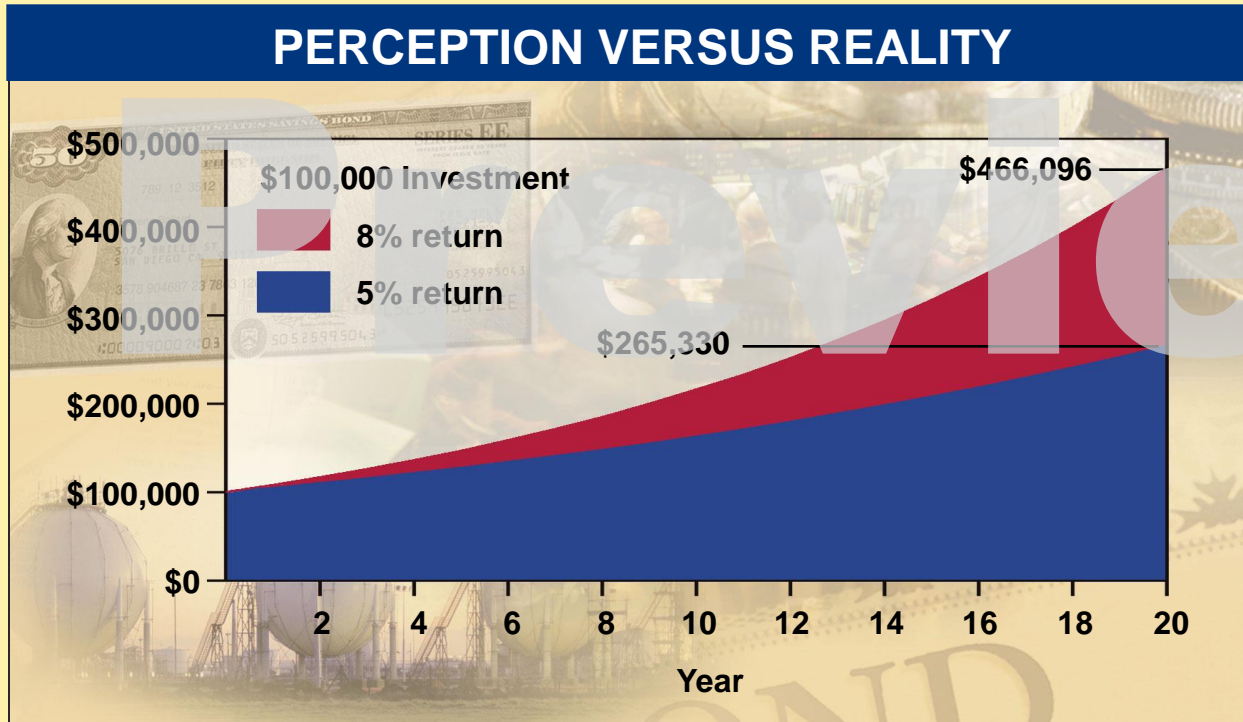
Average annual return:
10.16%

Source: Thomson Reuters, 2017, based on the Standard & Poor's 500 Composite Index total return. Past performance is no guarantee of future results.





DOWNSIDE OF HIGH EXPECTATIONS: INSUFFICIENT FUNDS



*May need
to adjust
lifestyle or
work longer.*

This hypothetical example is used for comparison purposes only and does not represent the performance of any specific investment. Actual results will vary.





ASSET ALLOCATION



Reduce your risk by diversifying your portfolio



CASE STUDY



The Millers

Ages: 52

Goal: \$40,000 annual
income from investments

Time Frame: 15 years
until retirement

Investment Portfolio: \$175,000

Risk Tolerance: Above average

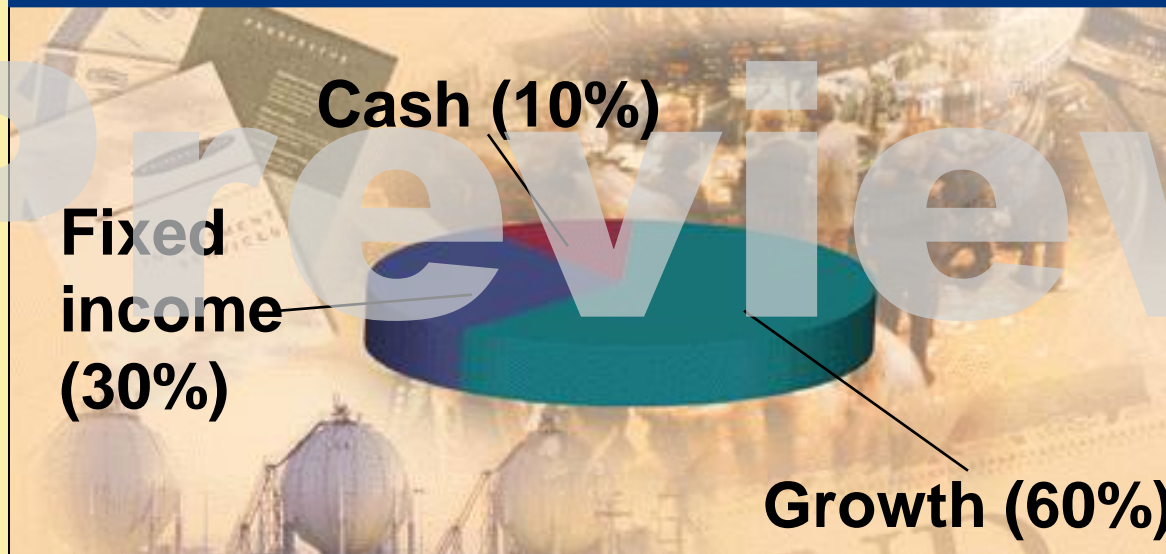
This hypothetical example is used for illustrative purposes only.



CASE STUDY

The Millers

ASSET ALLOCATION



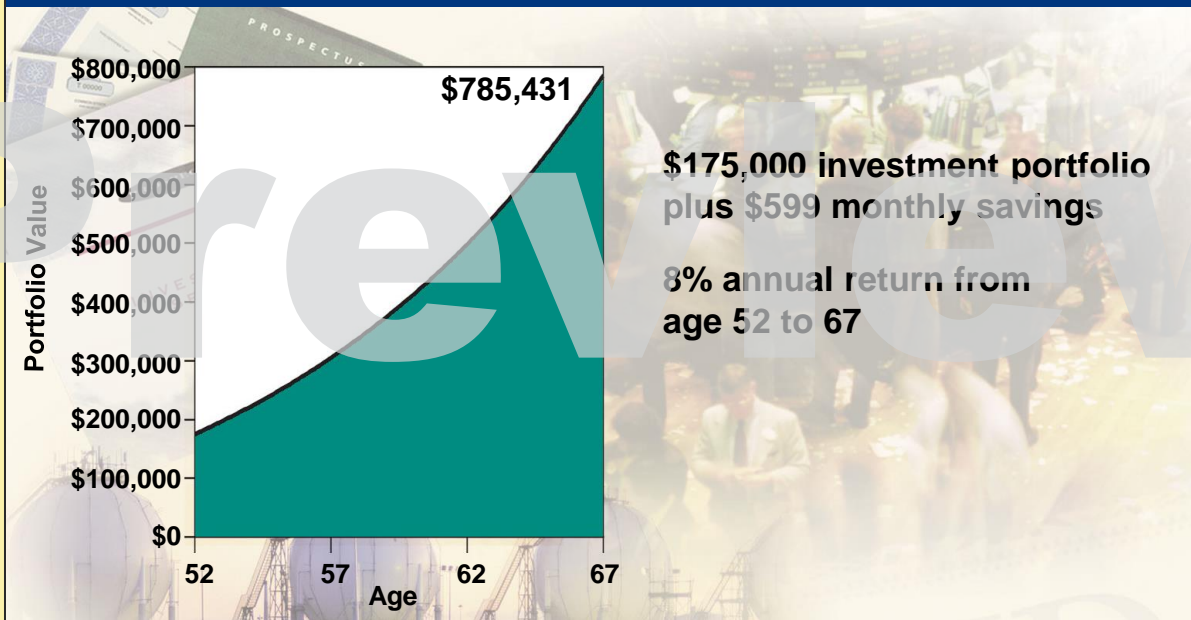
This hypothetical example is used for illustrative purposes only and does not represent the performance of any specific investment. Actual results will vary.



CASE STUDY

The Millers

GROWTH OF CAPITAL AND ADDITIONAL SAVINGS

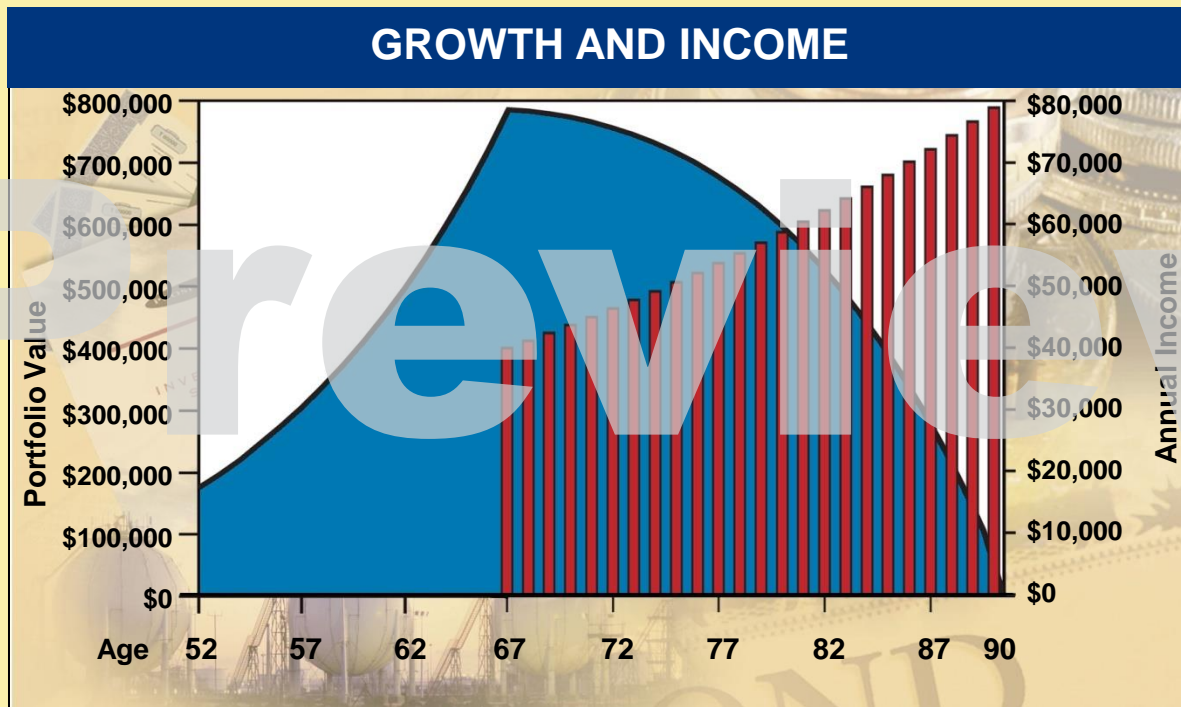


This hypothetical example is used for illustrative purposes only and does not represent the performance of any specific investment. Actual results will vary.



CASE STUDY

The Millers



Payouts:
\$40,000/year
at age 67,
increasing 3%
annually to
reach \$78,943
at age 90

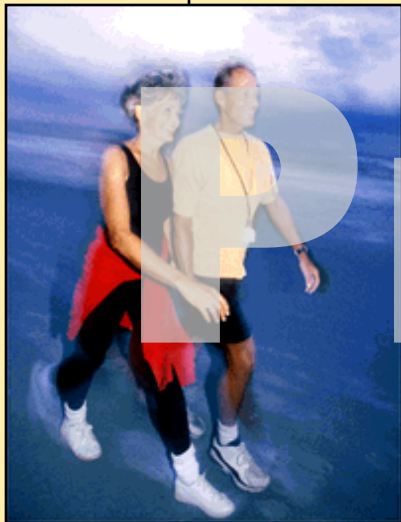
**Total income
received:
\$1,377,059**

This hypothetical example is used for illustrative purposes only and does not represent the performance of any specific investment. Actual results will vary.



PROTECT

Your Health and Wealth





MAKING INFORMED INSURANCE DECISIONS

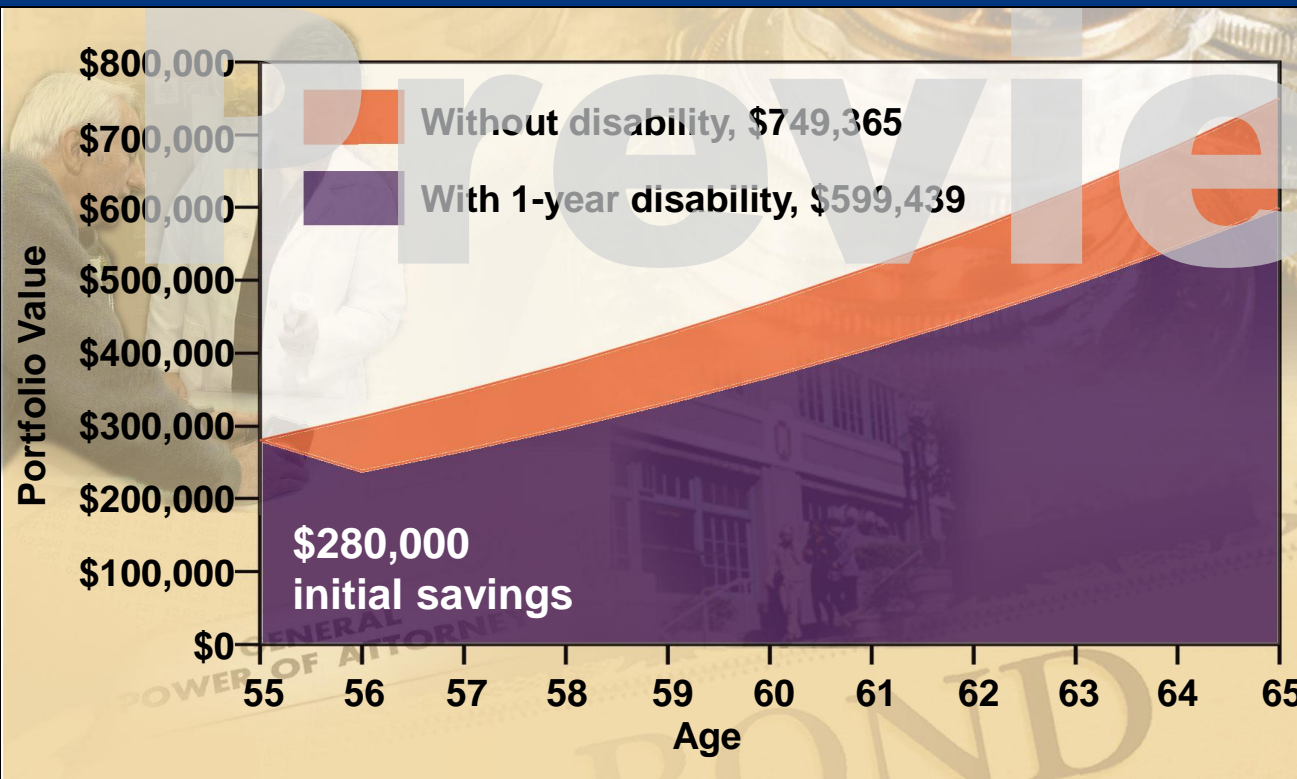
- Protect against loss
- Boost sense of security
- Provide source of funds in time of need

Preview



HOW A DISABILITY COULD AFFECT YOUR RETIREMENT

EFFECT OF 1-YEAR DISABILITY OVER 10 YEARS



Assumptions

- \$280,000 initial savings/investments
- \$10,000 annual savings from age 55 to 65
- 1-year disability vs. no disability
- 8% annual return

This hypothetical example is used for comparison purposes only. For disability, \$75,000 is subtracted from savings to reflect lost income. Actual results will vary.

HOW LIKELY ARE YOU TO NEED LONG-TERM CARE?

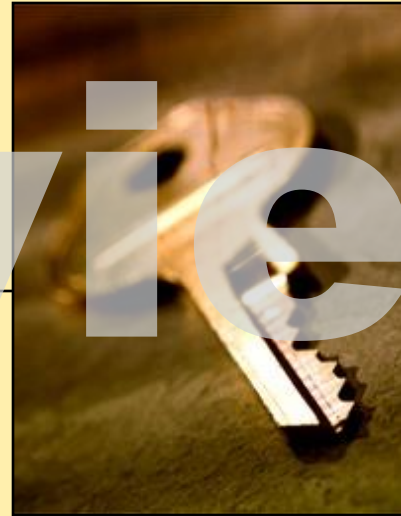


- **70%** of 65-year-olds will need some form of long-term care during their lifetimes
- **20%** of people who enter a nursing home will need care for 5 years or more

Source: U.S. Department of Health and Human Services, 2017

RECEIVE FUNDS

from Your Retirement Plans



Preview

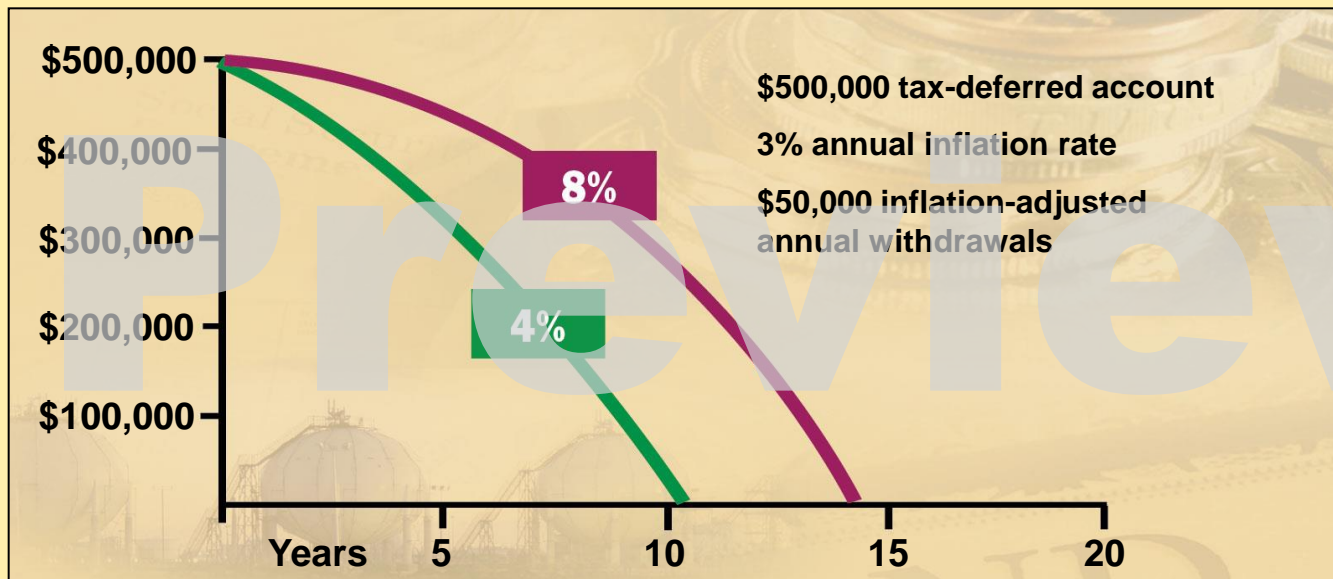


TAKING DISTRIBUTION AS A LUMP-SUM

- 
1. *Mandatory 20% withholding*
 2. *Penalty for early withdrawals*
 3. *Investment control*
 4. *Special tax alternatives*

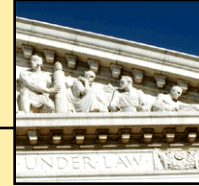


HOW LONG WOULD A RETIREMENT PORTFOLIO LAST?



This hypothetical example is used for illustrative purposes only and does not reflect the performance of any specific investments. It does not take into consideration any investment expenses or the effect of taxes on distributions. Rates of return will vary over time, particularly for long-term investments. Investments seeking to achieve higher rates of return involve greater risk. Actual results will vary.

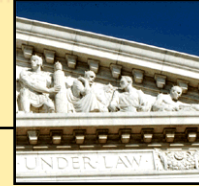




GOALS OF ESTATE CONSERVATION

- Manage wealth during your lifetime
- Distribute assets upon your death
- Maintain control of your assets





IMPORTANT ESTATE DOCUMENTS

- Power of attorney
- Durable power of attorney
- Medical durable power of attorney
- Living will
- Will
- Trust records

Preview



BUILDING A SUCCESSFUL

Retirement





Preview

THANK YOU

