RETIREMENT™ ROADBLOCKS

7 Financial Risks to Avoid

LONGEVITY

LONGER LIFE, BIGGER RISK. What if you live longer than planned? This could result in greater than anticipated retirement income needs. Longevity is the "risk multiplier" for other retirement income risks.

INFLATION

SAME MONEY, LESS POWER. Over time, your ability to maintain purchasing power can be impacted by increases in the cost of goods and services. As a result, your retirement income may need to increase each year to maintain your standard of living.

SEQUENCE OF RETURNS

TIMING IS EVERYTHING. Market volatility may pose major challenges when withdrawing money from retirement assets. Withdrawals during market downturns in retirement could create a domino effect with no time to recoup those losses.

WITHDRAWAL RATE

MAKING MONEY LAST. When you take money out of your savings for retirement, you want to be sure you aren't emptying your tank too quickly. Aggressive withdrawal rates can compromise your retirement assets' ability to generate retirement income throughout your retirement.

SOCIAL SECURITY

CHOOSE WISELY. With a multitude of options to choose from on when and how to file for Social Security benefits, it is only logical to take a closer look at which choice may guide your retirement income journey in the direction you want to go.

HEALTHCARE

EXPECT THE UNEXPECTED. Healthcare costs are one of the largest expenses in retirement. These unpredictable costs can catch you off guard and derail your retirement with expenses that can affect your financial well-being.

TAXATION

PAY NOW OR PAY LATER. With the national debt rapidly rising, tax rates and rules could change at any point. Diversifying your retirement savings into different tax vehicles can limit your exposure to these changes.

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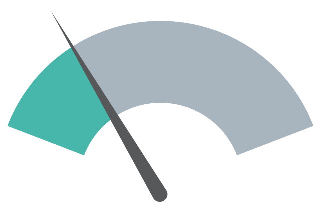
LONGEVITY RISK
LONGER LIFE. BIGGER RISK.

LONGEVITY REQUIRES A LONG-TERM VIEW. How long will you live? The more years spent in retirement, the greater the chance that other financial detours could come into play. Explore how many years the average 65-year-old can live.

of men live to age
89

50%

of women live to age
90



of men live to age
94

25%

of women live to age
96

of men live to age
100

5%

of women live to age
102

Life Expectancies are based upon 2012 IAM Basic Mortality Table

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INFLATION RISK

SAME MONEY, LESS POWER.

WHAT IS INFLATION? Inflation is simply the increase in the cost of goods and services over time. Even modest inflation levels like we have experienced over the past 20 years can deflate a retiree's ability to cruise through retirement while maintaining purchasing power.

INFLATION RATES FROM 1960 – 2020

Bureau of Labor Statistics: CPI for All Urban Consumers, 2020

WHAT IMPACT CAN INFLATION HAVE ON YOUR INCOME? Based on different inflation rates, how frequently will your income need to double to maintain your standard of living? How long until $50,000 will need to be $100,000?

6% Inflation Rate	4% Inflation Rate	3% Inflation Rate	2% Inflation Rate
12 Years	18 Years	24 Years	36 Years

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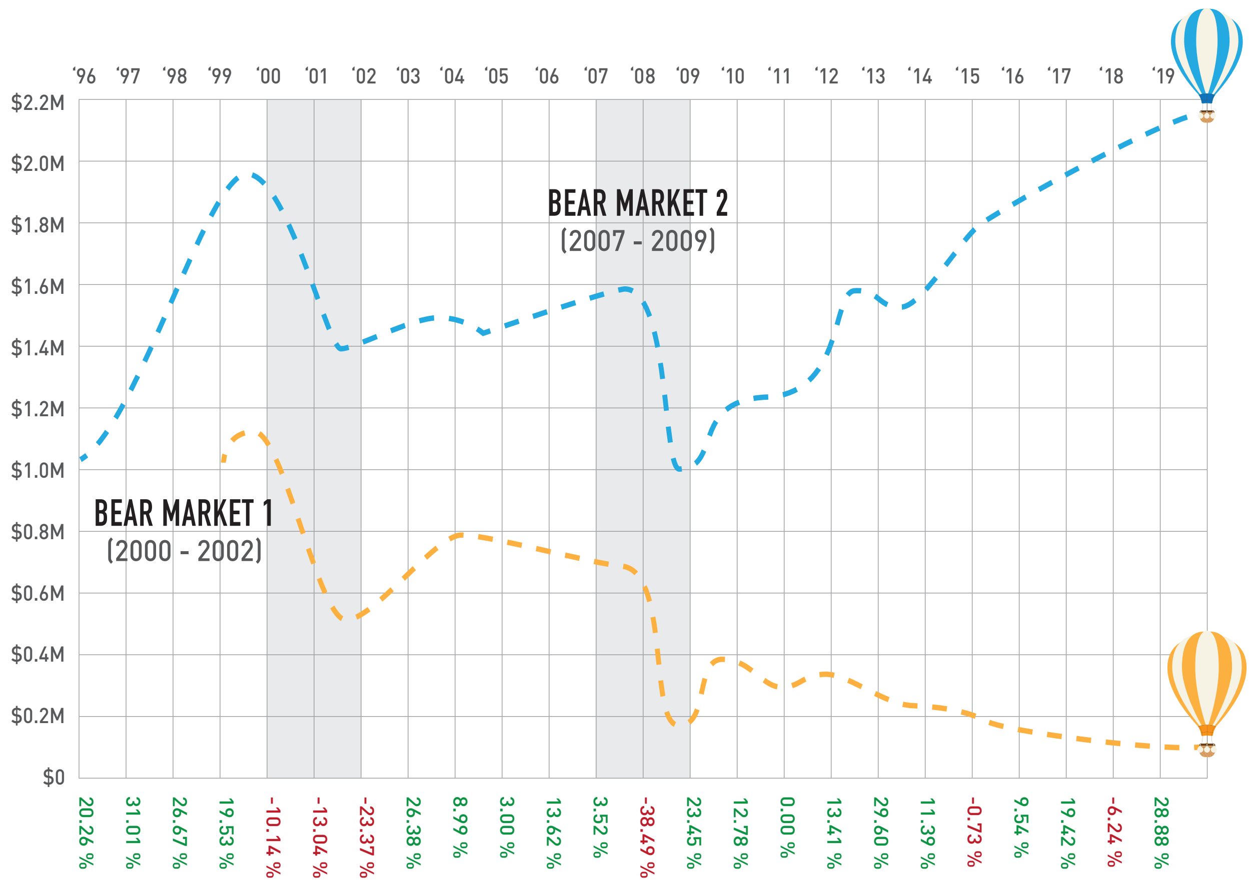
SEQUENCE OF RETURNS RISK
TIMING IS EVERYTHING.

POTENTIAL IMPACT OF MARKET CYCLES. Bill and Jill have both saved $1 million for retirement. Bill elects to retire in 1996. Jill retires three years later in 1999. Both will withdraw $40,000 a year, increasing it by 3% each year to account for inflation.

With Bill retiring in 1996, he had four years of market growth prior to Bear Market 1. Jill only had one year of retirement prior to the first Bear Market. Although they had both saved $1 million and had a common strategy, their different sequence of returns had a dramatic impact on their retirement savings.



Annual returns are based on the S&P 500 index.

Bill	
Total Withdrawals:	Ending Account Balance:
$1,377,065	**$2,111,556**

Jill	
Total Withdrawals:	Ending Account Balance:
$1,147,066	**$148,000**

This is a hypothetical example for illustrative purposes only. The hypothetical returns are not indicative of actual market performance. Actual market returns will vary. This is not intended to project the performance of any specific investment or index. If this were an actual product, the returns may be reduced by certain fees and expenses.

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WITHDRAWAL RATE RISK

MAKING MONEY LAST.

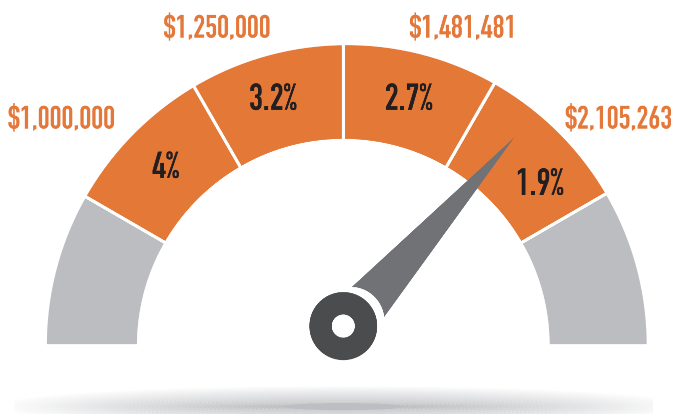
WHAT'S A "SAFE" ANNUAL WITHDRAWAL RATE? A 4% withdrawal rate was once considered a "safe" amount that can be taken from your nest egg each year, based on research done in the 1990s. However, market conditions over the past decade have called the "4% rule" into question. When determining a safe withdrawal rate, it is important to factor in how retirement savings are divided between equities and bonds.

% PROBABILITY OF SUCCESS*	20% Equities/ 80% Bonds	40% Equities/ 60% Bonds	60% Equities/ 40% Bonds	80% Equities/ 20% Bonds
99%	2.2%	2.1%	1.9%	1.4%
90%	2.7%	2.8%	2.7%	2.6%
80%	3.0%	3.2%	3.2%	3.2%
50%	3.4%	3.9%	4.3%	4.6%

**Assuming a 30-year retirement*

Morning Star Investment Management - Low Bond Yields and Safe Portfolio Withdrawal Rates, January 2013.

Lower withdrawal rates require retirement nest eggs to be much larger to generate the same level of retirement income. Consider the assets required to generate $40,000 a year in income:



2.1 x more savings required

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SOCIAL SECURITY RISK

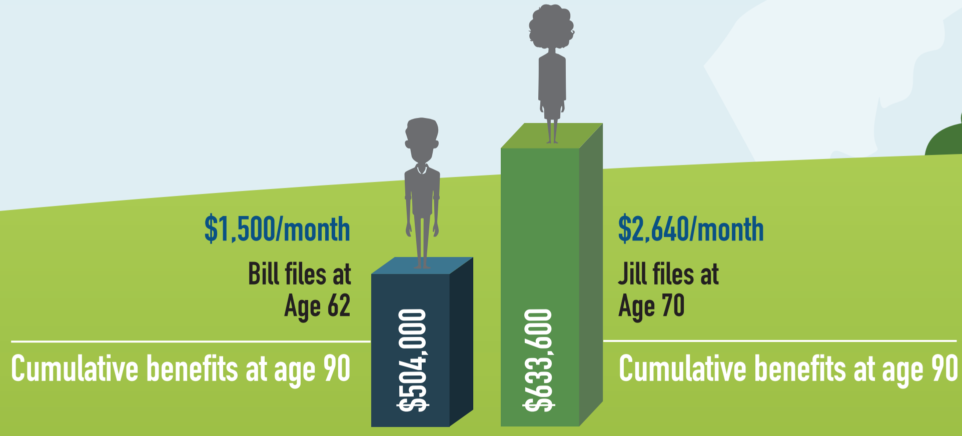
CHOOSE WISELY.

WHAT'S MY FULL RETIREMENT AGE (FRA)? Often, people start their benefits before reaching full retirement age, which may not be the best option. FRA is the age at which a retiree is entitled to their full monthly benefit. The FRA benefit amount is based on the retiree's year of birth. The decision to begin benefits prior to or after FRA can decrease or increase benefits dramatically.

BIRTH YEAR	FULL RETIREMENT AGE	BENEFIT REDUCTION AT AGE 62	BENEFIT INCREASE AT AGE 70
1943-1954	66	-25.0%	+32.0%
1955	66 and 2 months	-25.8%	+30.7%
1956	66 and 4 months	-26.6%	+29.3%
1957	66 and 6 months	-27.5%	+28.0%
1958	66 and 8 months	-28.3%	+26.7%
1959	66 and 10 months	-29.1%	+25.3%
1960 and later	67	-30.0%	+24.0%

Social Security Administration: Starting Your Retirement Benefits Early, October 2020
Social Security Administration: Delayed Retirement Credits, October 2020

Both Bill and Jill's FRA is age 66 with an FRA benefit of $2,000/month



Jill will receive almost $130,000 MORE in total benefits!

Please note that as a financial professional, we can provide information but not give tax, legal, or Social Security advice. You should seek guidance from your tax advisor, attorney, or the Social Security Administration regarding your particular situation. As a financial professional, we may be able to identify potential retirement income gaps and may introduce insurance products such as a fixed annuity as a potential solution. Not approved, endorsed, or authorized by the Social Security Administration, or any other U.S. governmental agency. Social Security rules are subject to change.

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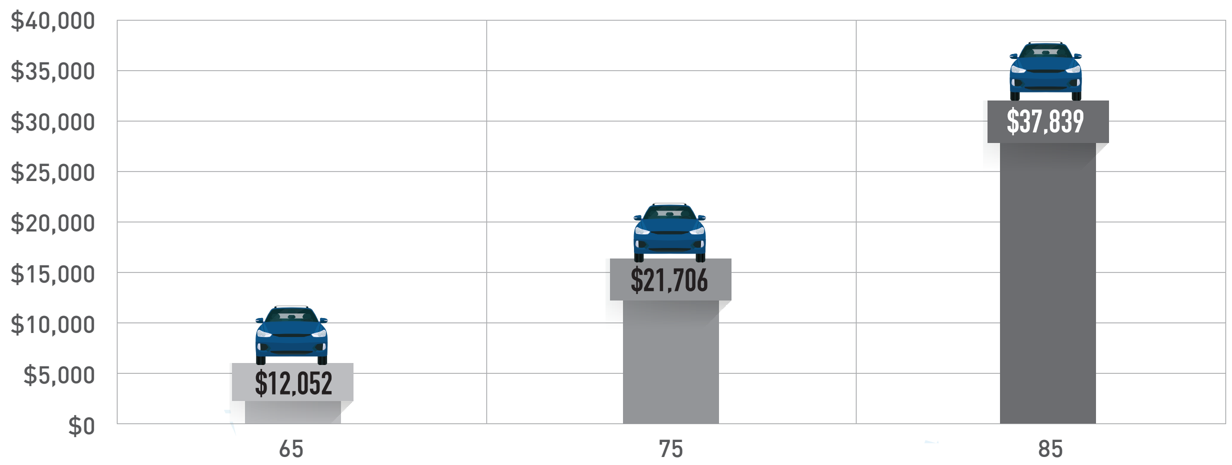
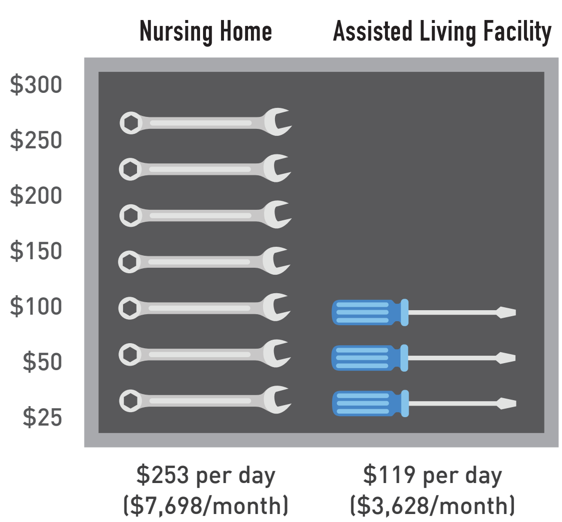
HEALTHCARE RISK
EXPECT THE UNEXPECTED.

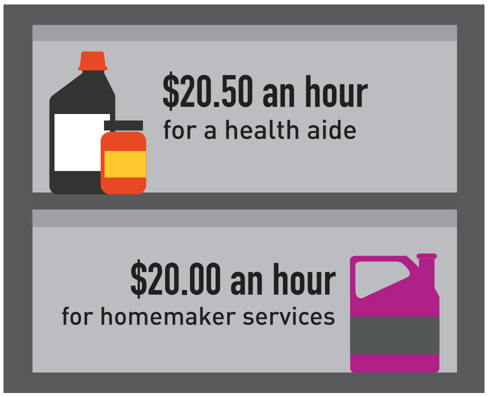
ANNUAL OUT-OF-POCKET HEALTHCARE COSTS. Healthcare costs continue to be one of the largest, most unpredictable expenses in retirement. As retirees age, out-of-pocket costs only increase. This ever-increasing expenditure can be detrimental to finances in retirement.



HealthView Services, 2019 Retirement Healthcare Costs Brief

NATIONAL AVERAGE FOR LONG-TERM CARE COSTS. One of the most challenging expenses to plan for relates to long-term care events. With a national annual median cost for a private room in a nursing home exceeding $92,000, many opt to explore in-home care options. And while Medicare can cover part-time in-home "intermittent" skilled nursing and short-term stays at a skilled nursing facility, Medicare will not pay for 24-hour-a-day care, homemaker services, or personal care services.





U.S. Department of Health and Human Services: LongTermCare.gov, Costs of Care, October 2020

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TAXATION RISK
PAY NOW OR PAY LATER?

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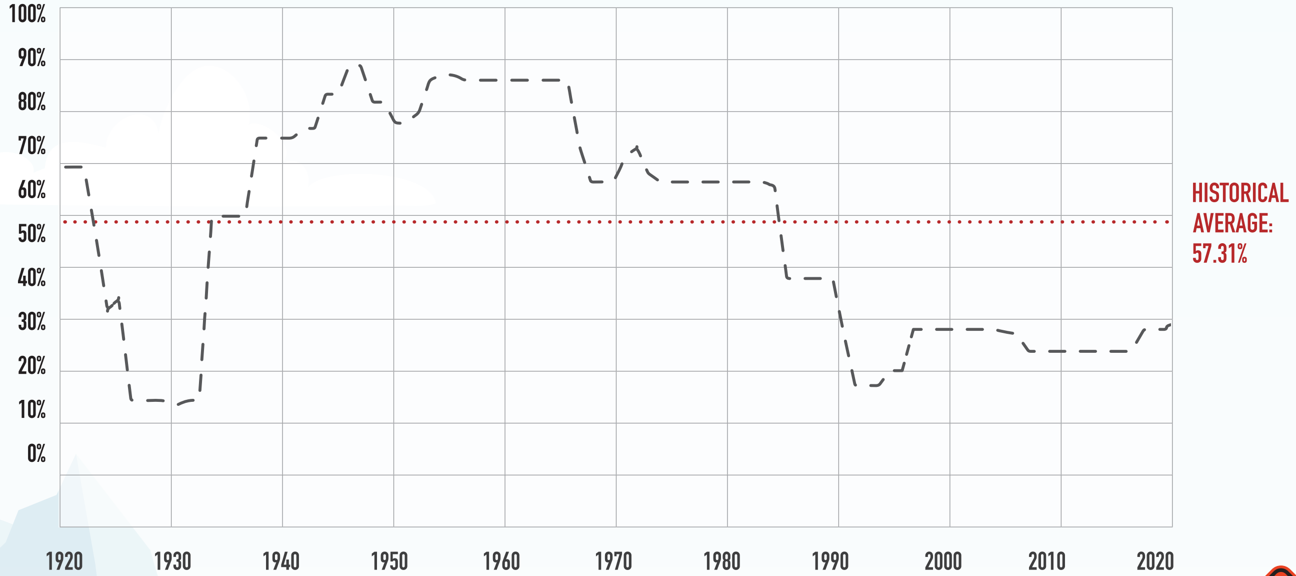
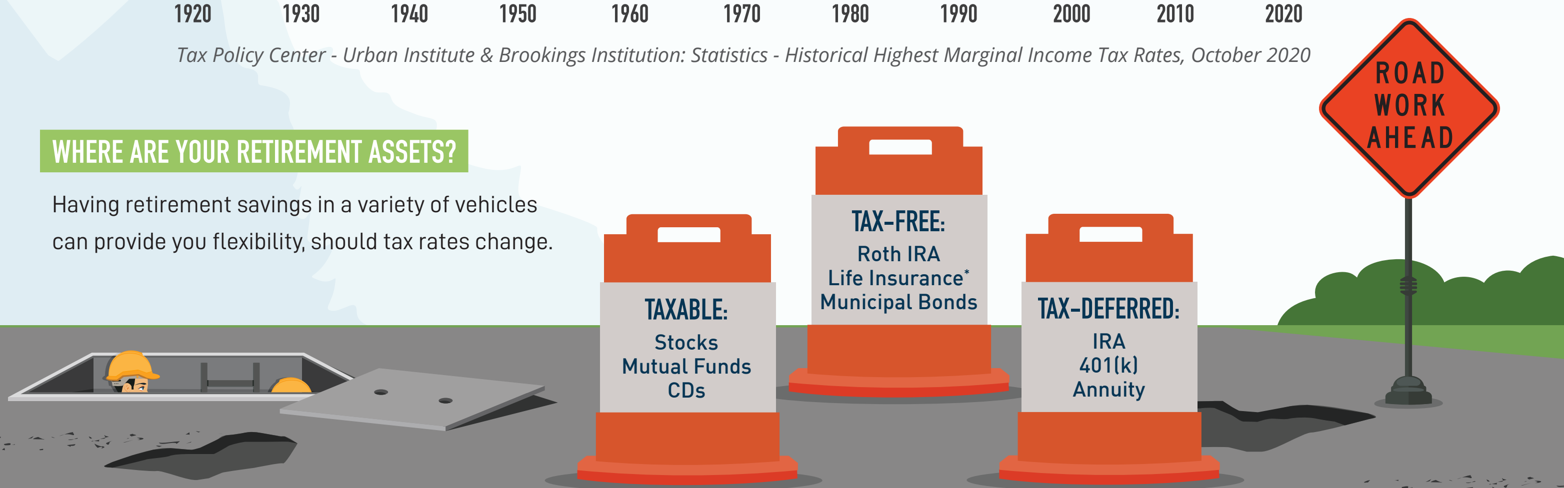
HISTORICAL TOP MARGINAL TAX RATES. Today, most retirement savings are in IRAs and 401(k)s. Those assets, when withdrawn, are subject to taxes. But since future tax rates may be higher than they are today, the after-tax value of those assets is uncertain. Tax uncertainty therefore translates into income uncertainty. Do you think future tax rates will be the same, lower, or higher than they are today?



Tax Policy Center - Urban Institute & Brookings Institution: Statistics - Historical Highest Marginal Income Tax Rates, October 2020

WHERE ARE YOUR RETIREMENT ASSETS?

Having retirement savings in a variety of vehicles can provide you flexibility, should tax rates change.



**The primary purpose of life insurance is the death benefit. Policy loans and withdrawals will reduce available cash values and death benefits, and may cause the policy to lapse or affect any guarantees against lapse. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax. Withdrawals are generally income tax-free, unless the withdrawal amount exceeds the amount of premium paid. Tax laws are subject to change. Clients should consult their tax professional. Please obtain and carefully review detailed product information for any insurance product you are considering. Any guarantees offered by insurance products are guaranteed by the issuer.*

Please note that as a financial professional, we can provide information but not give tax or legal advice. You should seek guidance from your tax advisor or attorney regarding your particular situation.

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