Protective

Building confidence in retirement with income planning

The importance of recognizing and planning for income risks in retirement

Risk 1: Market volatility impacts income planning

Here's a hypothetical: a retiree that withdraws **$30,000** annually for flexible expenses experiences a **25% fall** in their investments. They'll need to decrease flexible spending to **$22,000** a year to maintain the same expected longevity of their investments.

The Original Income Plan	The Challenge: Market Volatility	The Solution: Reduce Yearly Spending
Age 65, $600,000 portfolio $30,000/yr Up to Age 94	Market Down 25%	Age 66, $427,500 portfolio $22,000/yr Up to Age 94

Risk 2: The risk of unknown longevity

92 years old

Most of today's pre-retirees and retirees believe they will live to **age 85**. A healthy non-smoking couple can expect to have one member live **29 years** into retirement to **age 94** at the 50th percentile.[1]

Risk 3: Medical costs could be greater than you think

5.5%

Health care costs are soaring and are expected to **rise 5.5%** over the next decade.[2] Retirees need to be prepared to cover those inflexible healthcare costs later in life.

Create a goals-based income plan that builds confidence in your clients

3 steps for tailoring a strategy that helps turn your clients' investments into a satisfying lifestyle in retirement

First, understand where your clients are coming from

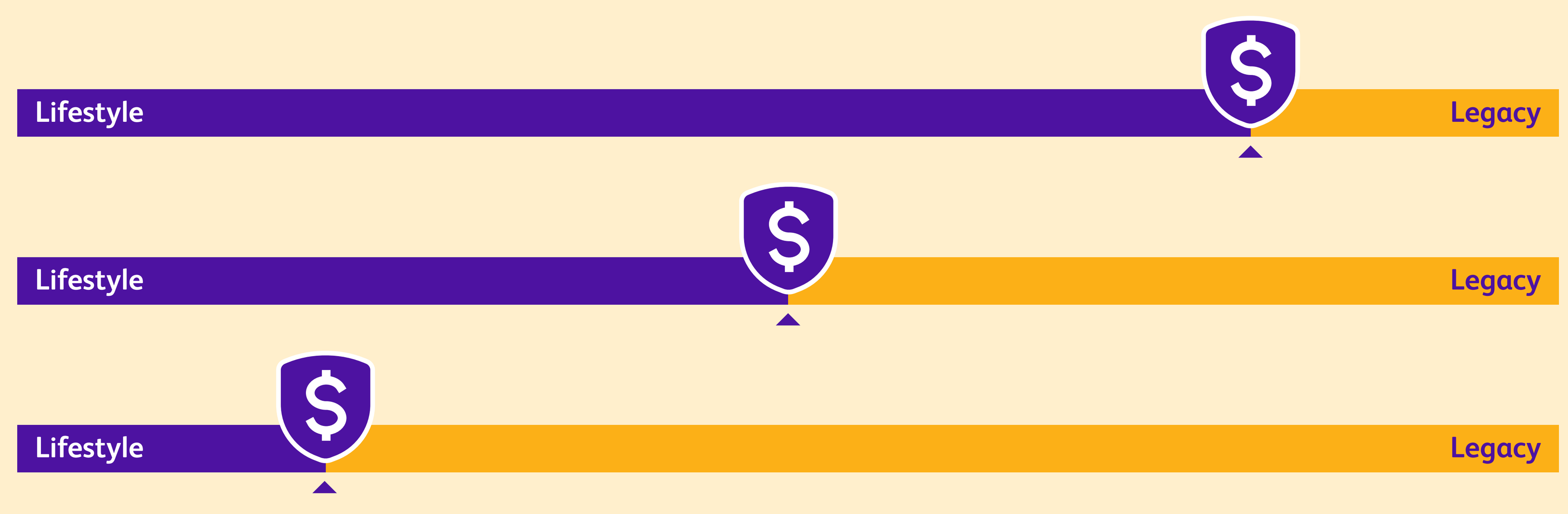
The most important service consumers seek from a financial professional is "Understanding how much I can safely spend in retirement."[3]

Only 17% of workers, **age 60-69**, will receive a retirement pension.[4]

The other **83%** save in retirement plans such as a 401(k) or IRA and face the complex task of turning their savings into income.

STEP 1. Set lifestyle and legacy priorities

Determine how much savings retirees want to devote to funding a lifestyle and how much they wish to leave as a legacy. This helps develop an income plan that aligns with their specific goals.



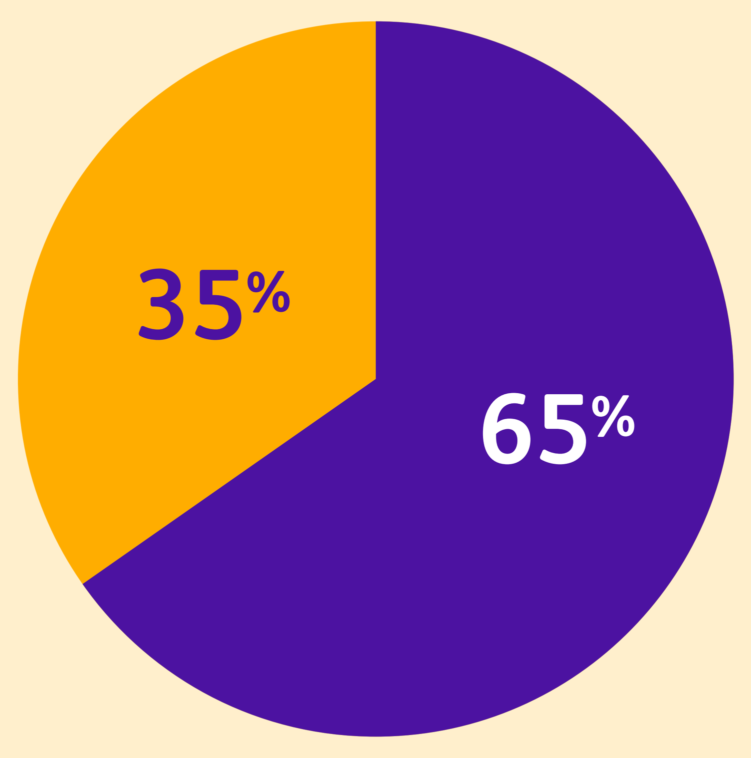
STEP 2. Estimate the retirement lifestyle

Most retirees only spend 2/3 of their pre-retirement salary

Before determining the cost of funding your clients' lifestyle and legacy priorities, first understand that retirees spend about the same as they did prior to retirement. However, after taxes and saving/investing, most workers spend only about **2/3** of their pre-retirement salary.[5]

STEP 3. Evaluate lifestyle flexibility

Once retirees' expenses have been established, determine how flexible their lifestyle expenses can be — especially in the face of risk.



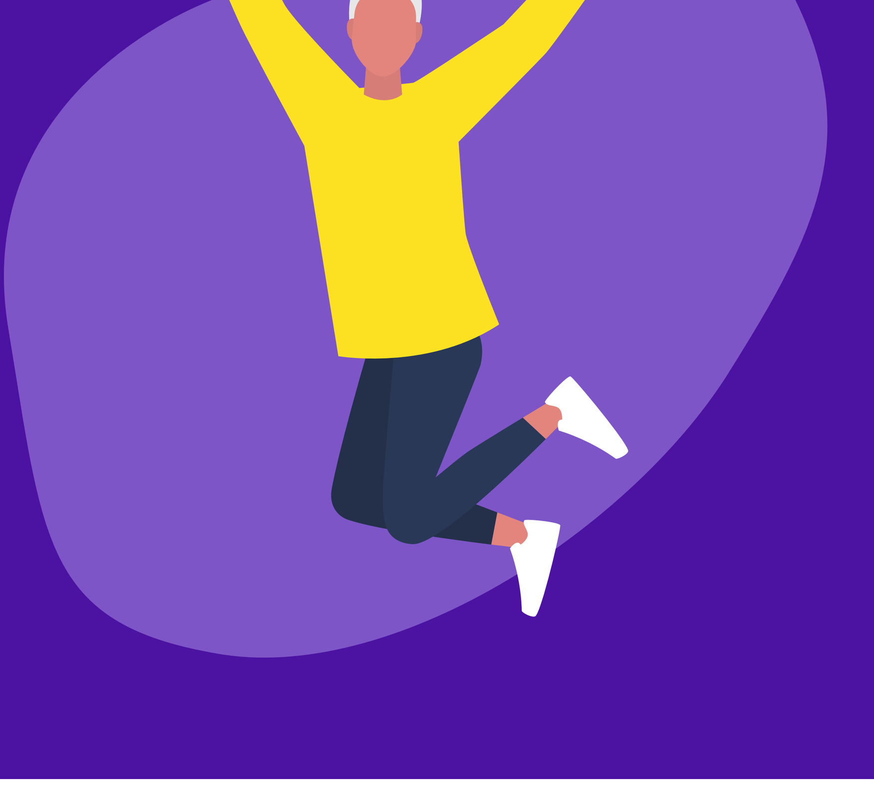
Get started — create a plan for funding expenses

Now that you understand your clients' income goals, lifestyle and legacy priorities and lifestyle flexibility, the next step is to create a plan for funding their expenses in retirement.

Did you know guaranteed income in retirement helps build clients' confidence?

Curious how you can help clients feel more confident in the long-term viability of their retirement plan? The answer often lies in guaranteed income solutions, like annuities, which are especially useful for funding inflexible expenses when the length of retirement is unknown.

To learn more about how annuities can help you protect your clients' retirement income, contact your wholesaler at 888-340-3428.



1. Blanchett, Ph.d, CFP, D. (2021, August). How to Estimate 'The End' of Retirement. Financial Planning Association. Retrieved May 23, 2022, from https://www.financialplanningassociation.org/article/journal/AUG21-how-estimate-end-retirement
2. Center for Medicare and Medicaid Services National Health Expenditures, February 2019 and Bureau of Economic Analysis, National Income and Product Accounts, April 2019. Compiled by the Peter G. Peterson Foundation.
3. 2022 Granum Center for Financial Security Survey of Consumer Attitudes toward Financial Advice. Sample of 1,157 consumers with investable assets greater than $25,000.
4. Calculated by author from the 2018 University of Michigan Health and Retirement Study. https://hrs.isr.umich.edu/about
5. Calculated from the 2017-2018 Consumer Expenditure Survey by author https://www.bls.gov/cex/

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