



DISTRIBUTION PREPARATION

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WHY CREATING A DISTRIBUTION STRATEGY IS ESSENTIAL

One of the biggest challenges for clients/ customers transitioning towards, or currently in, retirement is switching their mindset from asset accumulation to distribution. Finding an all-encompassing income solution requires a maximum amount of preparing and profiling.

Two of the biggest risks clients/customers are faced with before retirement include building a sustainable income stream to last throughout retirement (LONGEVITY) and having the income stream adapt to the ongoing cost-of-living adjustments (INFLATION). Creating a comprehensive distribution strategy will better prepare retirees, and provide greater comfort in knowing that their present and future income needs should be covered through extensive planning.

MISCONCEPTIONS

Retirees would like to maximize the amount of income that they can receive from their investment portfolios, and they are interested in maintaining the level of spending that they had prior to retirement.

Financial research seems to illustrate that in order for a distribution approach to provide consistent income for 30+ years of retirement, the withdrawal rate should be somewhere in the 3-5% range. A larger percent distribution can lead to a greater risk of running out of retirement money.

The success of any distribution strategy is dependent on a thorough discovery process with any retiree. Goals - financial and personal, tax considerations, risk tolerances, cash-flow analysis, and individual and family issues all have to be discussed in the profiling process with a financial representative. Short cuts can lead to limited retirement success.

DID YOU KNOW?

An astonishing 46% of all American workers have less than \$10,000 saved for retirement, while 29% have less than \$1,000 saved for retirement, according to Employee Benefit Research Institute. According to the U.S. Census Bureau, one out of every six elderly Americans is currently living below the poverty line.

THE BASIC BENEFITS

- Distribution strategizing is for clients transitioning towards retirement (whether they're 1-10 years away), clients/customers in retirement, or clients/customers that have not created a distribution strategy with a financial representative.
- Identify clients' needs through the profiling process will determine a proper investment & distribution strategy.
- Key areas to focus on:
 - Life planning questions (i.e. - What's Important to You? What are the things you do now that make life enjoyable and worth living?)
 - Cash flow analysis
 - Understanding income & expenses now & in the future
 - Overall net worth statement - each account has different tax implications
 - Non-qualified (savings, annuities, stocks, bonds)
 - Qualified (retirement plans, IRAs)
 - Roth IRAs
 - Discussing taxes & how it affects that client once a distribution strategy is put into place



THE STRATEGY PROFILING PROCESS

- Profiling the client/customer to identify needs & objectives
- Discussion cash flow now and later
- Identifying income needs from investments
- Recommending a distribution action strategy
- Implementation

MOST LIKELY PROSPECTS

- Clients retiring within 1 to 10 Years
- Clients currently in retirement
- Business owners who will need succession planning
- Client in low-yielding investments looking for alternatives

POSITIONING STATEMENTS

- Have you met with anyone regarding your retirement strategy?
- Would you like to meet with someone to review your current portfolio?

PLEASE LIST THE NAMES OF 5 CLIENTS THAT COULD BENEFIT FROM THIS PROGRAM:

Name

Phone #

1) _____

2) _____

3) _____

4) _____

5) _____
