

Retirement

Building a Comfortable Lifestyle for Tomorrow



When You Imagine Your Retirement, What Do You See?



With So Many Financial Challenges, How Do You Make Retirement a Priority?





Three Keys to Funding a Comfortable Retirement

- 1. Evaluate Your Needs and Set a Goal**
2. Develop a Strategy
3. Protect Your Nest Egg

Factors That Influence Your Retirement Income Needs: The “Whys”

- Retirement age
- Length of retirement
- Health-care needs
- Inflation
- Lifestyle



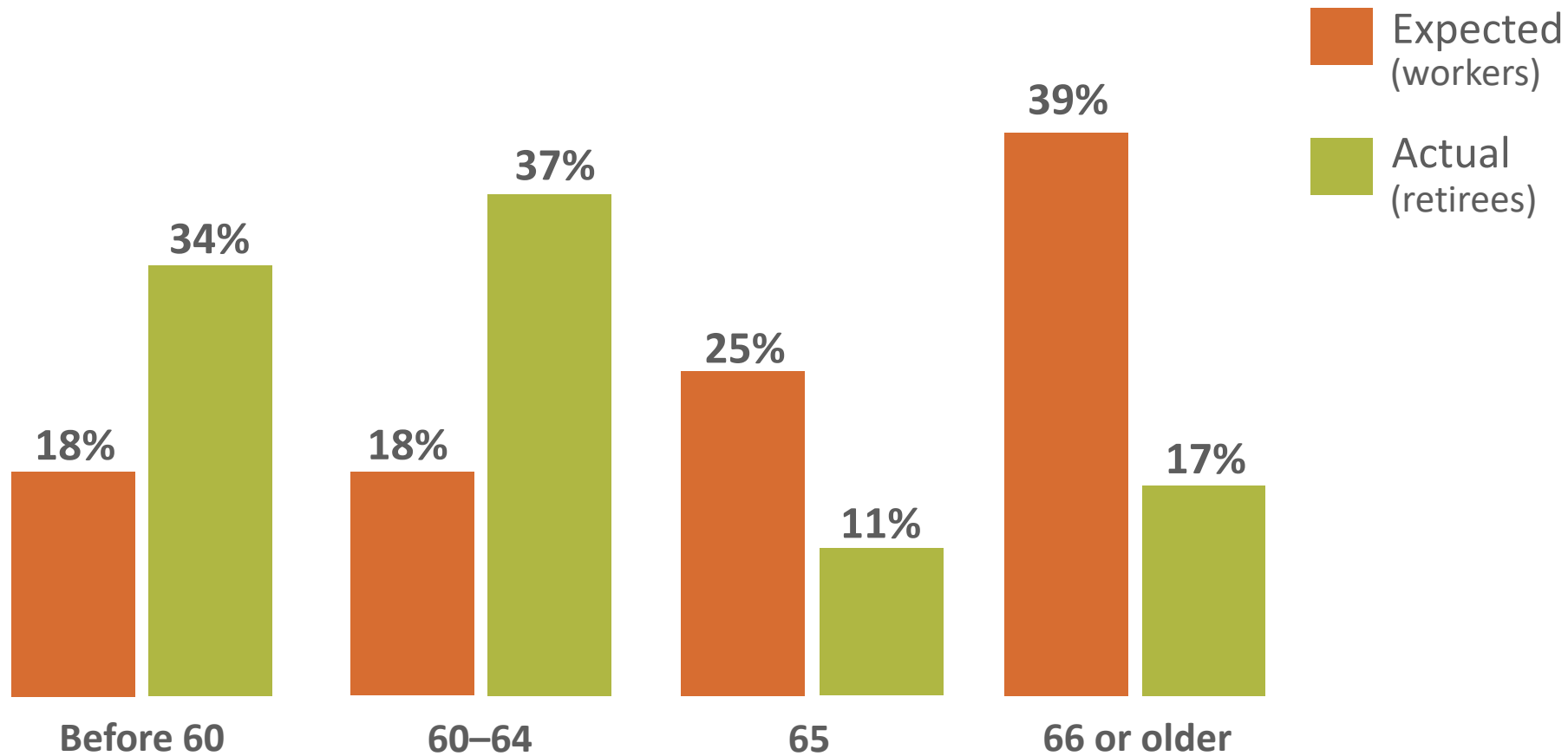
Retirement Age

- The earlier you retire, the shorter the period of time you have to accumulate funds, and the longer those dollars will need to last
- Social Security isn't available until age 62*
- Medicare eligibility begins at age 65

*Claiming Social Security at age 62 results in a permanently reduced benefit amount.



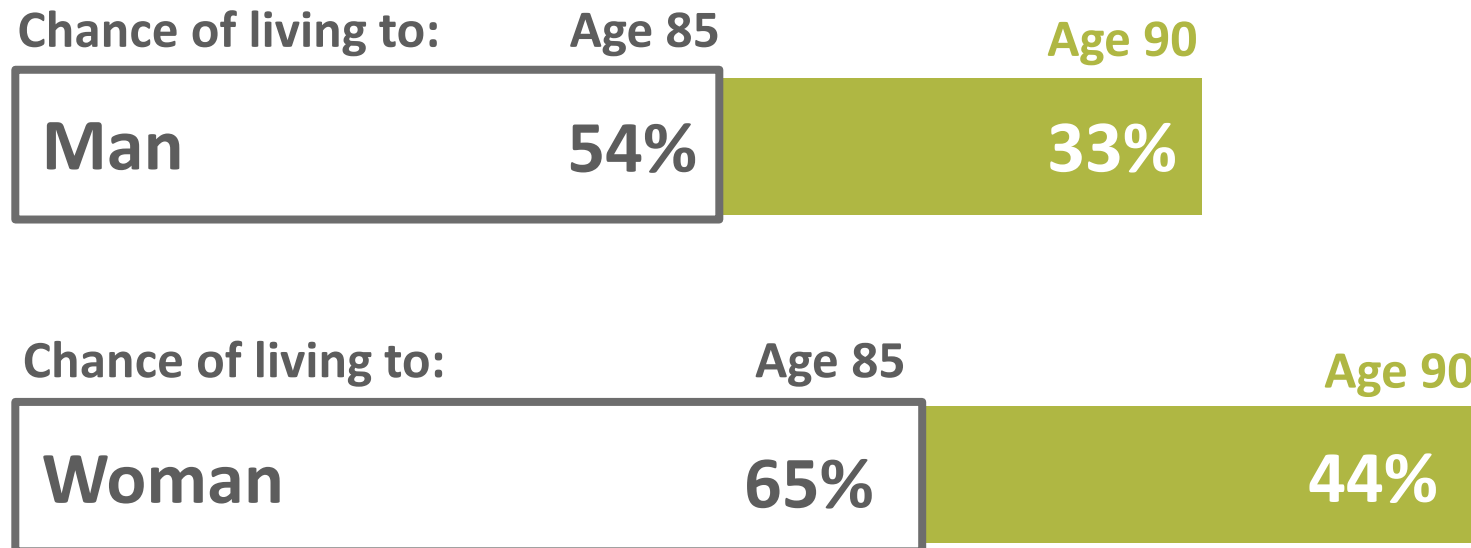
Planned and Actual Retirement Age



Source: Employee Benefit Research Institute, 2021 *(numbers don't add up to 100 due to rounding)*

Length of Retirement

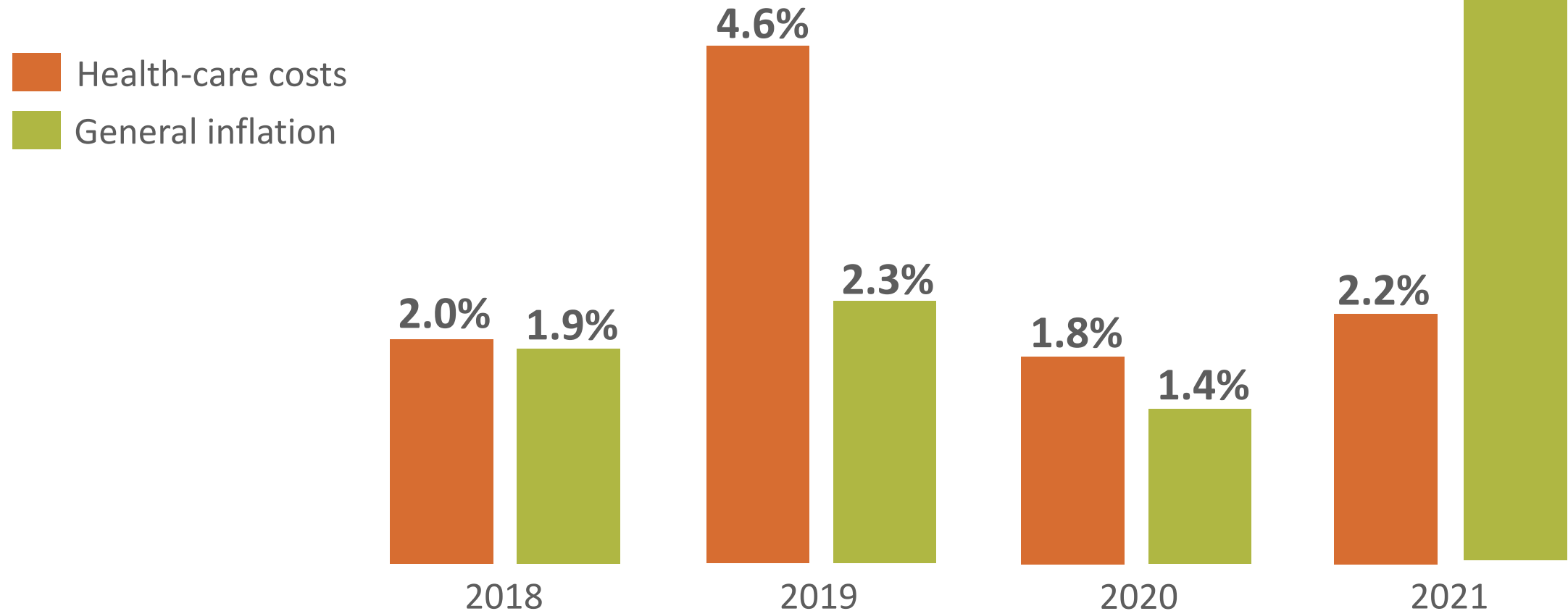
At **age 65**, a healthy individual may expect to spend **20 years** or longer in retirement.







Source: Society of Actuaries, 2022

Health-Care Needs

A 65-year-old retired couple may need **\$296,000** to cover their health-care expenses in retirement.



Inflation

| | Item | Cost Today | Future Cost in 20 Years |
|---|----------------|------------|-------------------------|
|  | Gallon of milk | \$4.00 | \$7.22 |
|  | Haircut | \$45.00 | \$81.28 |
|  | Running shoes | \$100.00 | \$180.61 |
|  | New car | \$47,000 | \$84,887 |

Assumes a 3% inflation rate

Future costs in this hypothetical example are based on mathematical principles and used for illustrative purposes only. A 3% annual inflation rate cannot be guaranteed. Actual results will vary.

Lifestyle

You may need anywhere from **70% to 100%** of your pre-retirement income to **live comfortably** in retirement.



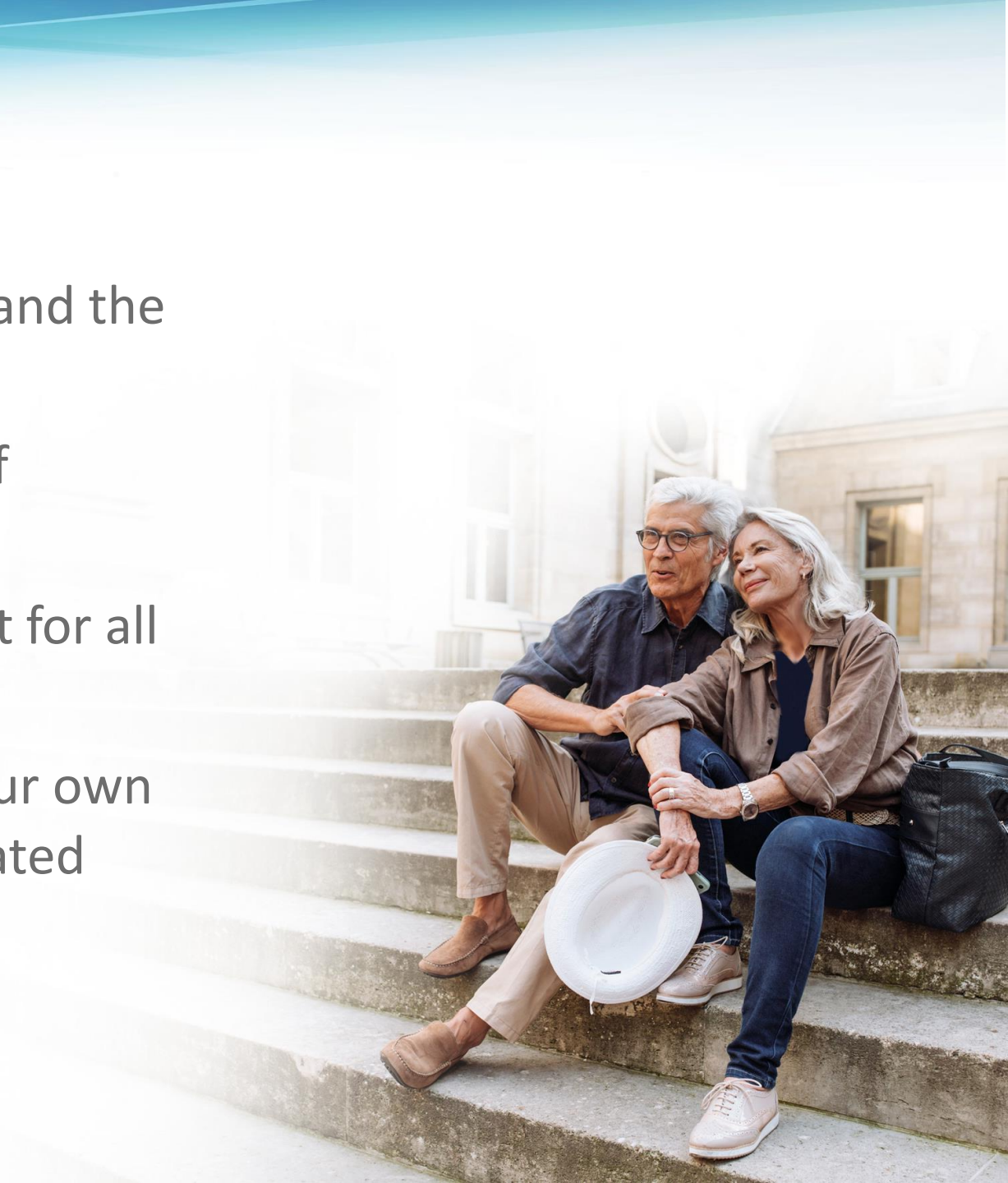
Possible Sources of Income

- Social Security
- Continued employment earnings
- Personal savings and investments
 - Tax deferred
 - Taxable



Social Security

- Benefits are based on career earnings and the age when you claim Social Security
- Social Security replaces about **40%** of pre-retirement income
- The estimated average monthly benefit for all retired workers in 2022 is **\$1,657**
- Visit ssa.gov/myaccount to create your own personal account and view your estimated Social Security benefits online

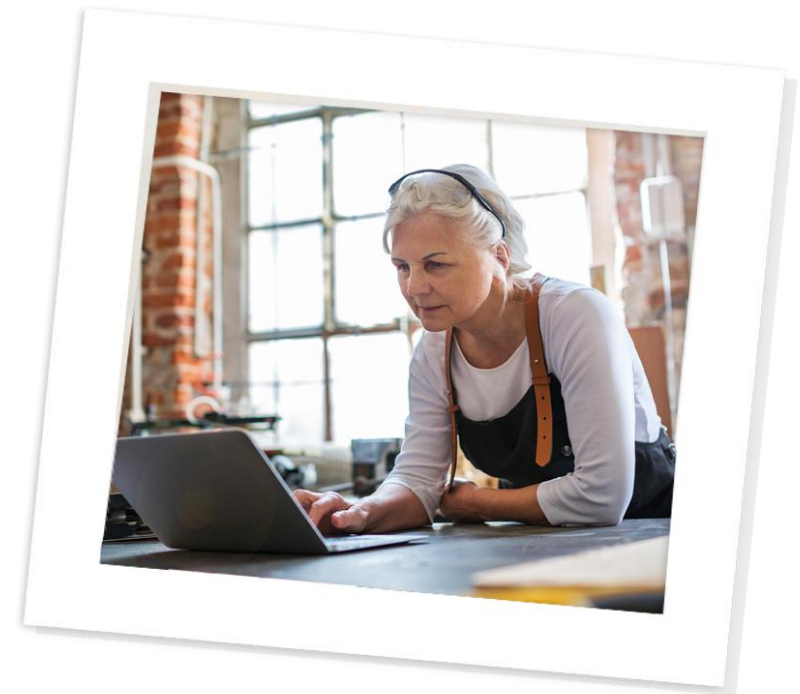


Continued Employment Earnings

72% of workers expect to continue working for pay after reaching retirement age



30% of retirees say they have worked for pay in retirement

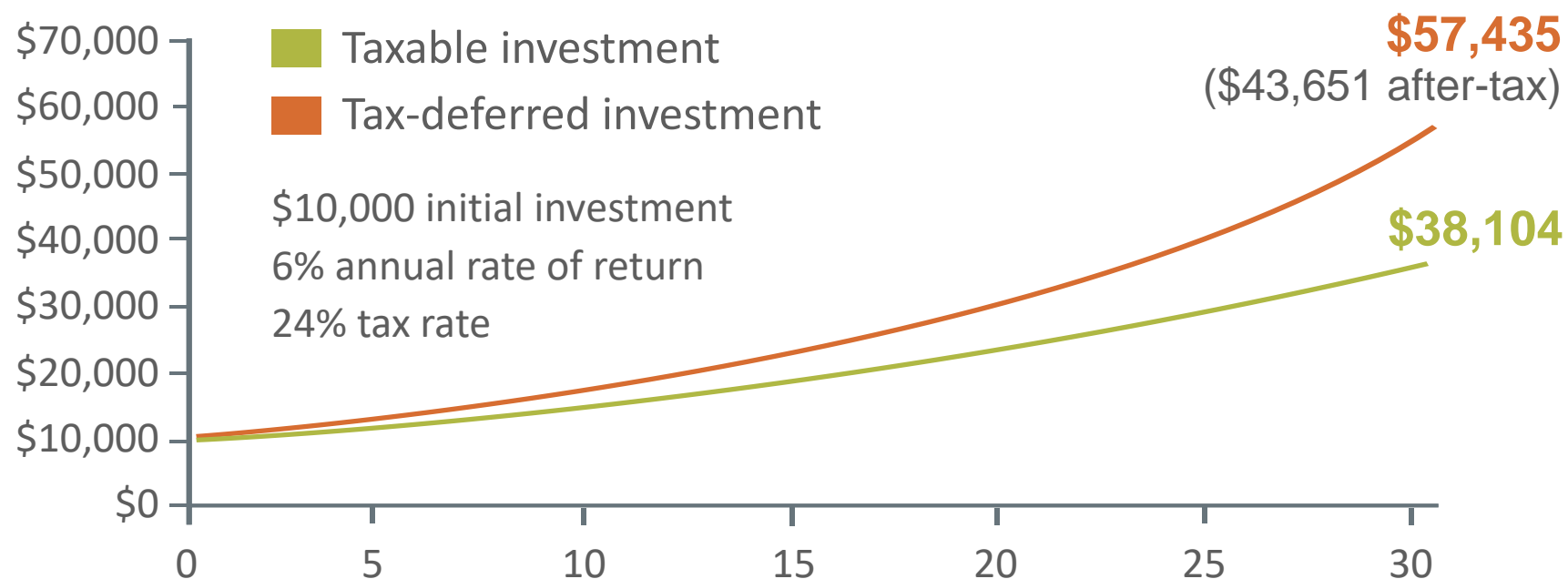


Personal Savings and Investments

- Tax-deferred vehicles
 - Work-based retirement savings plans
 - IRAs
 - Annuities
- Taxable vehicles
 - Stocks, bonds, cash alternatives
 - Mutual funds, ETFs



The Value of Tax Deferral



This hypothetical example is used for comparison purposes only and does not reflect the actual performance of any specific investments. The taxable account assumes that a portion of assets is used to pay taxes (24%) attributable to the account's earnings. Rates of return will vary over time, especially for long-term investments. Actual results will vary. Investment fees and expenses are not considered and would reduce the results shown if they were included. Lower maximum tax rates for capital gains and qualifying dividends, as well as the tax treatment of investment losses, could make the taxable investment return more favorable, reducing the difference in performance between the two accounts.

Calculate Your Goal

Evaluate Your Needs

Calculate Your Goal

You can use the following worksheet to determine how much money you will need to fund the retirement lifestyle you have envisioned. The factors on the facing page will help you complete the calculations.

Ahead of the Game
Only 50% of U.S. workers have tried to calculate how much money they will need to retire comfortably.
Source: Employee Benefit Research Institute, 2021

| | Example | You |
|---|--------------|-----|
| 1. Expected retirement age | 67 | |
| 2. Estimated length of retirement | 25 | |
| 3. Current annual income | \$ 75,000 | \$ |
| 4. Percentage of income desired in retirement | 80 % | % |
| 5. Annual income desired in current dollars (line 3 times line 4) | \$ 60,000 | \$ |
| 6. Estimated annual Social Security income in current dollars | \$ 30,000 | \$ |
| 7. Expected annual pension income in current dollars | \$ 0 | \$ |
| 8. Income needed from savings and investments in current dollars (line 5 minus lines 6 and 7) | \$ 30,000 | \$ |
| 9. Income needed from savings and investments in future dollars (line 8 times Factor A) | \$ 112,005 | \$ |
| 10. Estimated amount you should strive to save by retirement, in future dollars (line 9 times Factor B) | \$ 1,950,354 | \$ |
| 11. Amount you have saved already | \$ 150,000 | \$ |
| 12. What your savings might grow to by the time you retire (line 11 times Factor C) | \$ 1,198,215 | \$ |
| 13. Amount you still need to save by the time you retire (line 10 minus line 12) | \$ 752,139 | \$ |
| 14. Amount you need to save each year (line 13 times Factor D) | \$ 8,574 | \$ |

The hypothetical example shown assumes a 40-year-old who plans to retire at 67 and spend 25 years in retirement. It is used for illustrative purposes only and does not represent any specific investment. Even though this example uses a hypothetical 8% rate of return, remember that rates of return will vary over time, particularly for long-term investments. Actual results will vary. You should bear in mind that roughly calculating the cost of retirement is only a beginning. We recommend a more thorough cash-flow analysis considering all sources of income and expenses.

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Only **50%** of U.S. workers have tried to calculate how much they need to save for a comfortable retirement

49% have estimated how much income they'll need each month in retirement

Source: Employee Benefit Research Institute, 2021



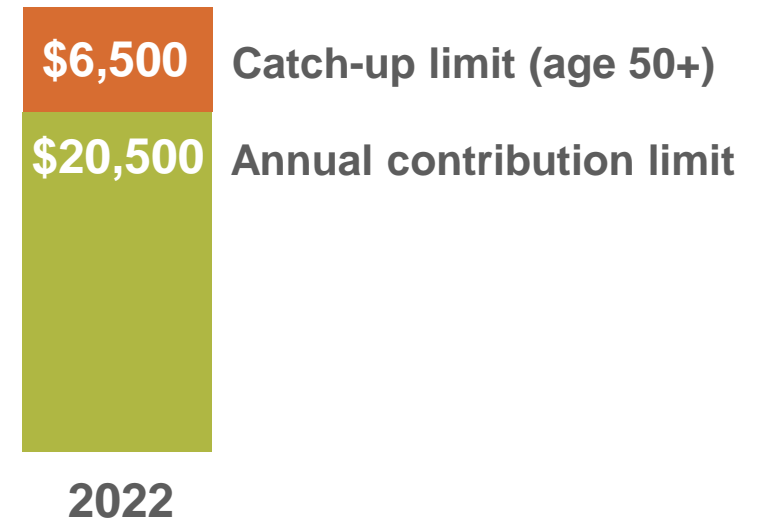
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Work-Based Retirement Savings Plans

- Pre-tax contributions
- Tax-deferred accumulation
- Possible employer match
- Annual contribution limits

Retirement Savings Plan Contribution Limits



Roth Contributions

- After-tax contributions
- Funds grow tax deferred until withdrawn
- Qualified distributions are free of federal income tax
- Must meet 5-year holding requirement AND have reached age 59½ or be disabled
- Nonqualified distributions are taxable



Traditional IRA

- Broad eligibility
- Tax-deductible contributions
- Tax-deferred accumulation
- Typically, more investment options
- Annual contribution limits
- Subject to required minimum distributions



Roth IRA

- After-tax contributions
- Tax-deferred accumulation
- Tax-free qualified withdrawals
- No required minimum distributions (if you're the original owner)
- Annual contribution limits
- Income eligibility phaseouts



Annuities



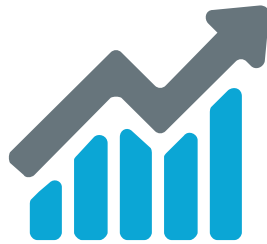
- After-tax contributions
- Tax-deferred accumulation
- No federal contribution limits
- No mandatory distributions
- Guaranteed returns*

*The guarantees of fixed annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company.

Types of Annuities



Fixed

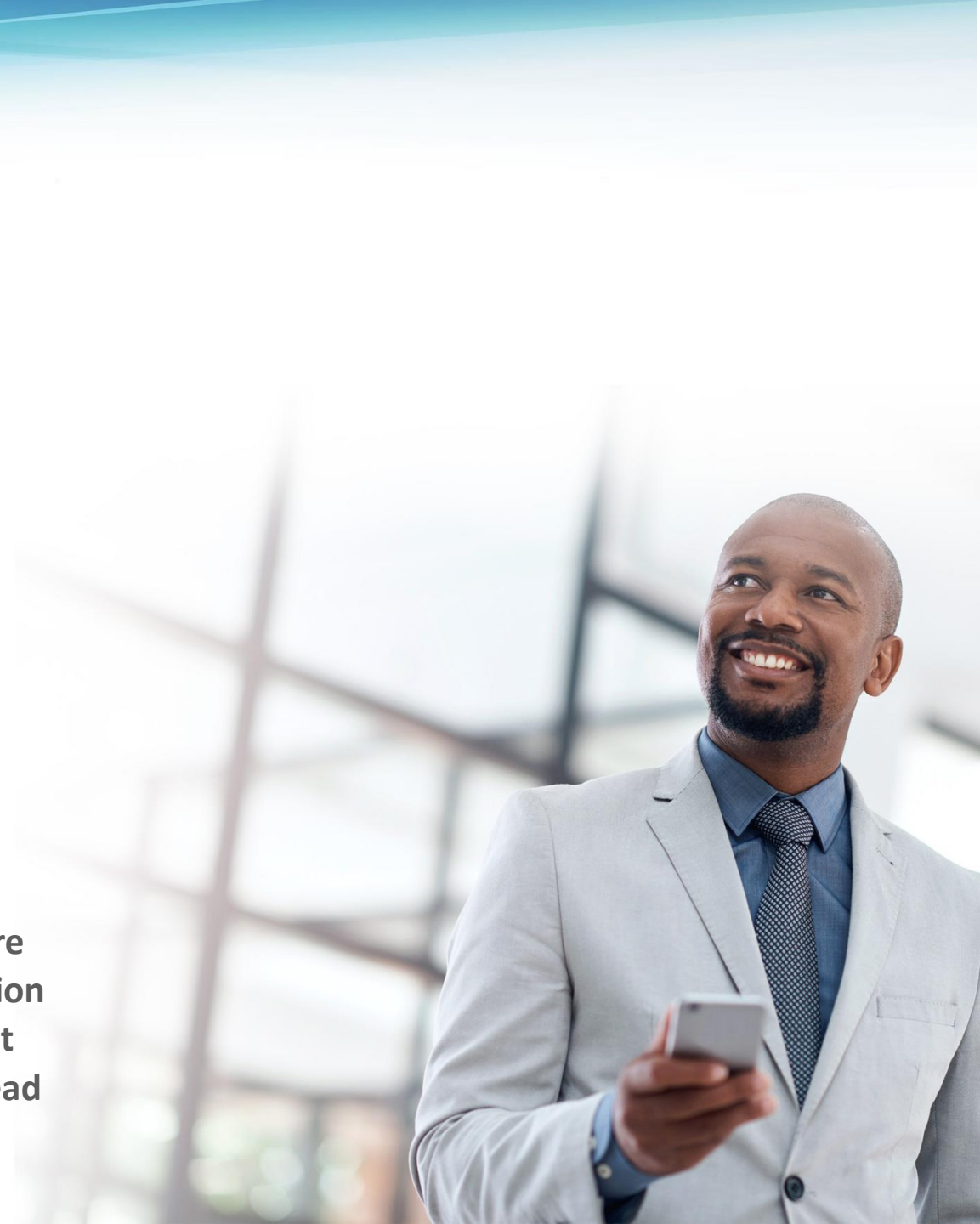


Variable



Indexed

Variable annuities are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the variable annuity contract and the underlying investment options, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.



Taxable Investments



Stocks



Bonds



Cash alternatives

Mutual funds and ETFs

Mutual funds and exchange-traded funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Invest Wisely

Three Fundamental Principles

Diversification

Asset allocation

Dollar-cost averaging



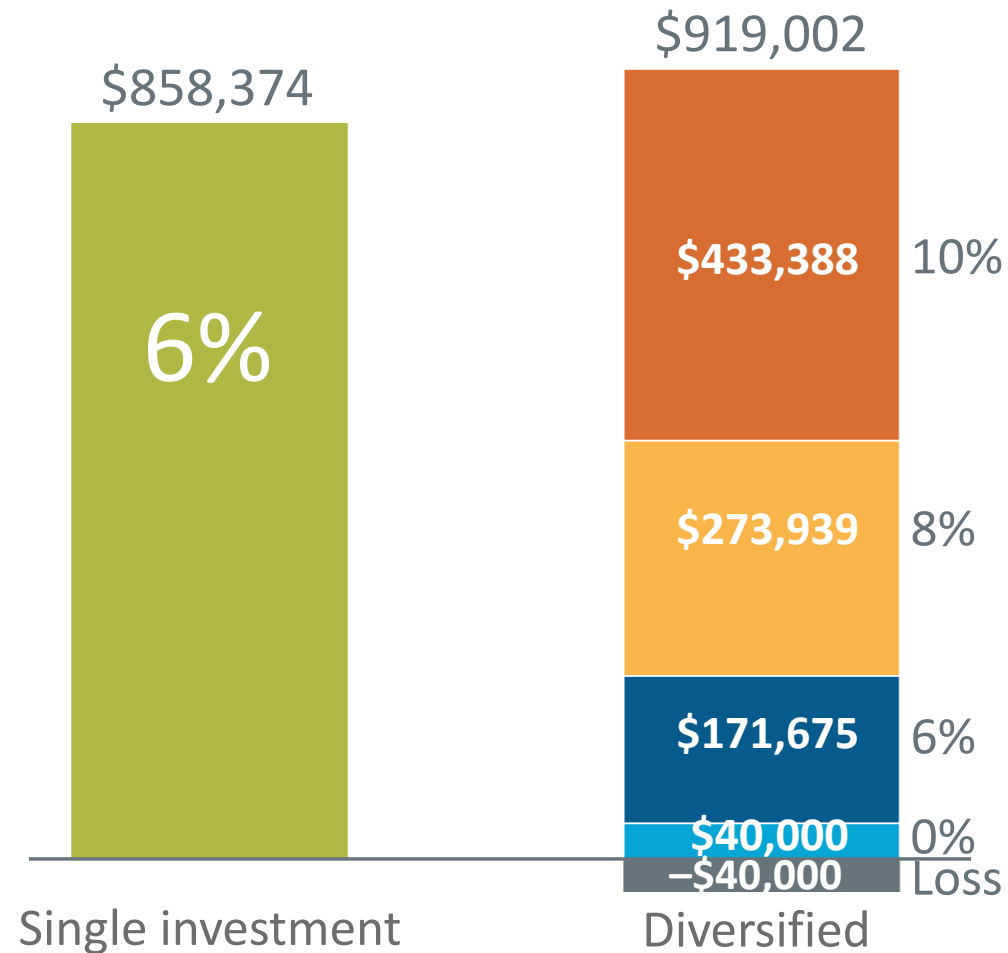
Diversification

Investing in different investment vehicles in an attempt to **limit exposure to losses** in any one sector of the market



Diversification

Original \$200,000 investment portfolios after 25 years



This hypothetical example is used for illustrative purposes only. Taxes, fees, and other expenses are not included. Actual results will vary.

Asset Allocation

A systematic approach to diversification that determines an **efficient mix of assets** for a given investor



Personalizing Your Asset Allocation Model

1 Investment Goal(s)

2 Time Frame

3 Risk Tolerance



Conservative Asset Allocation Model

Time frame

20 years

Primary goal

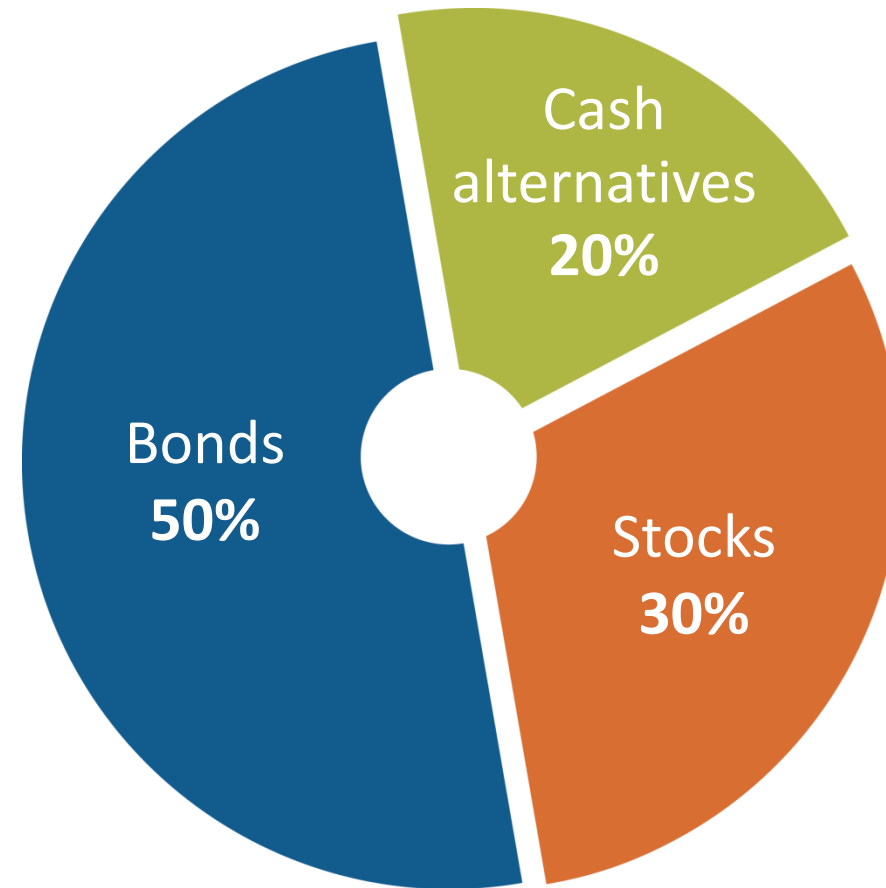
minimize volatility

2002–2021 performance

Best year 19.69%

Worst year -13.43%

Avg. annual 6.61%



Source: Refinitiv, 2022. This hypothetical example is used for illustrative purposes only. Past performance is not a guarantee of future results. The returns shown do not include taxes, fees, and other expenses. Actual results will vary.

Aggressive Asset Allocation Model

Time frame

20 years

Primary goal

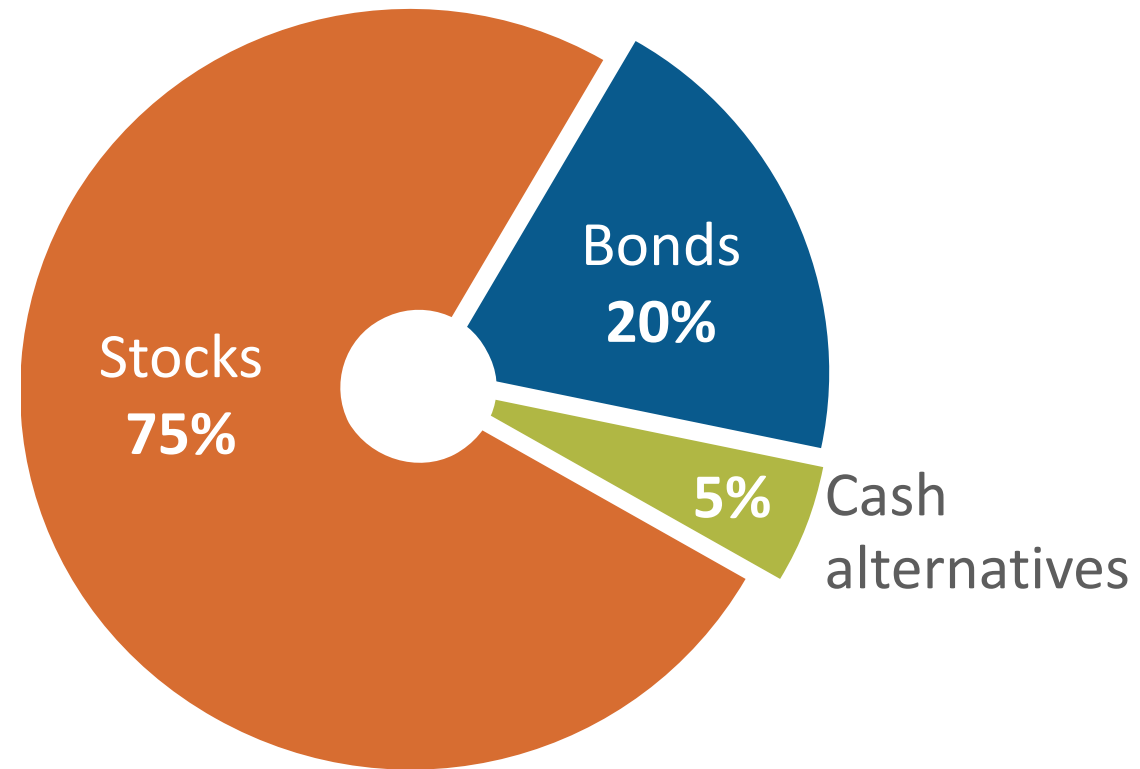
pursue growth

2002–2021 performance

Best year 27.94%

Worst year -28.82%

Avg. annual 8.68%



Source: Refinitiv, 2022. This hypothetical example is used for illustrative purposes only. Past performance is not a guarantee of future results. The returns shown do not include taxes, fees, and other expenses. Actual results will vary.

How Much Risk Can You Stand?

Develop a Strategy

How Much Risk Can You Stand?

Market performance over the past decade has tested many investors' risk tolerance and driven home the fact that this is an essential consideration of a sound investment strategy.

This quiz will help you assess your own ability to withstand risk. It might help you make more informed decisions regarding which investments may be appropriate for your portfolio.

Risk Tolerance Quiz

Which of the following investments do you feel most comfortable with?

- a. Certificate of deposit
- b. High-grade corporate bond
- c. Growth stock

Of the following stocks, which do you feel would most suit your needs?

- a. A conservative utility stock that pays high dividends but offers little chance for long-term growth
- b. A "blue chip" stock that offers the potential for modest dividends and growth
- c. An aggressive small-company stock that pays no dividends but offers great potential for long-term growth

What have you traditionally considered most important from your investments?

- a. Safety
- b. Conservative growth
- c. Maximum growth

You just made a \$100,000 investment. The following amounts represent the estimated best-case and worst-case scenarios after one year. Which range of possible outcomes would you prefer?

| | best case | worst case | possible gain/loss |
|----|-----------|------------|--------------------|
| a. | \$104,000 | \$96,000 | \$ 4,000 |
| b. | \$108,000 | \$92,000 | \$ 8,000 |
| c. | \$112,000 | \$88,000 | \$12,000 |

Which statement most closely resembles your feelings about risk?

- a. I am not willing to take risks with my investments.
- b. I am willing to take limited risks with my investments.
- c. I am willing to take substantial risks with my investments.

Scoring Give yourself: 10 points for every "a" answer
20 points for every "b" answer
30 points for every "c" answer

50–80: You are a relatively low-risk investor. You are mostly concerned with the preservation of your capital and the potential for current income. You are not willing to risk your capital for greater potential returns.

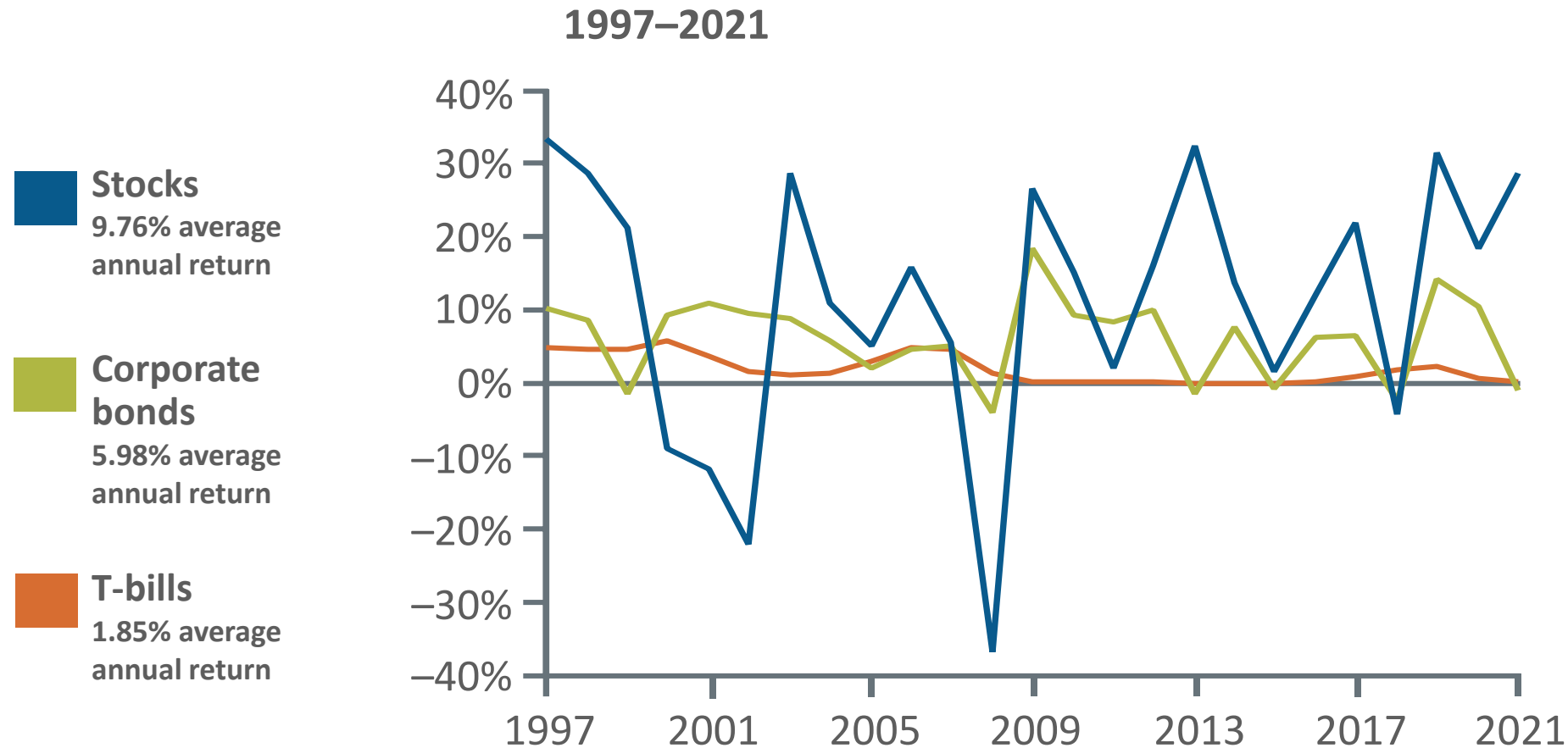
90–110: You are generally conservative, but you recognize the need to consider growth-oriented alternatives. You may be willing to take modest risk to earn above-average, long-term returns.

120–150: You may be a relatively high-risk investor. You are mostly concerned with long-term appreciation, and you may be willing to take on more risk to earn greater long-term potential returns.

On the Road to Retirement

Because the markets are unpredictable, it may be a good idea to invest more aggressively during the early accumulation years — when your portfolio would have time to recover from market fluctuations — and shift to a more conservative strategy as retirement approaches and your time frame shrinks.

Why Your Time Horizon and Risk Tolerance Matter



Source: Refinitiv, 2022. The returns shown do not include taxes, fees, and other expenses.
Past performance is not a guarantee of future results. Actual results will vary.

Dollar-Cost Averaging

A strategy that involves investing a
set amount of money at **regular**
intervals on an ongoing basis



Dollar-Cost Averaging Example

| | Regular Investment | Market Price/Share | Shares Acquired |
|---|--------------------|--------------------|-----------------|
| Month 1 | \$100 | \$ 6.00 | 16.7 |
| Month 2 | \$100 | 3.00 | 33.3 |
| Month 3 | \$100 | 4.00 | 25.0 |
| Month 4 | \$100 | 8.00 | 12.5 |
| Month 5 | \$100 | 5.00 | 20.0 |
| Total | \$500 | \$26.00 | 107.5 |
| Average price per share: \$5.20 ($\$26 \div 5$) | | | |
| Average cost per share: \$4.65 ($\$500 \div 107.5$) | | | |

This hypothetical example is used for illustrative purposes only. Actual results will vary.



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- 3. Protect Your Nest Egg**

Periodic Portfolio Reviews and Maintenance

- Typically, at least once a year
- After a major lifestyle change
- As the result of a change in your investing outlook



Prepare for the Unexpected

Insurance products can help you:

- Provide for loved ones
- Fund unexpected expenses
- Protect a business
- Preserve your estate



Long-Term Care Strategy

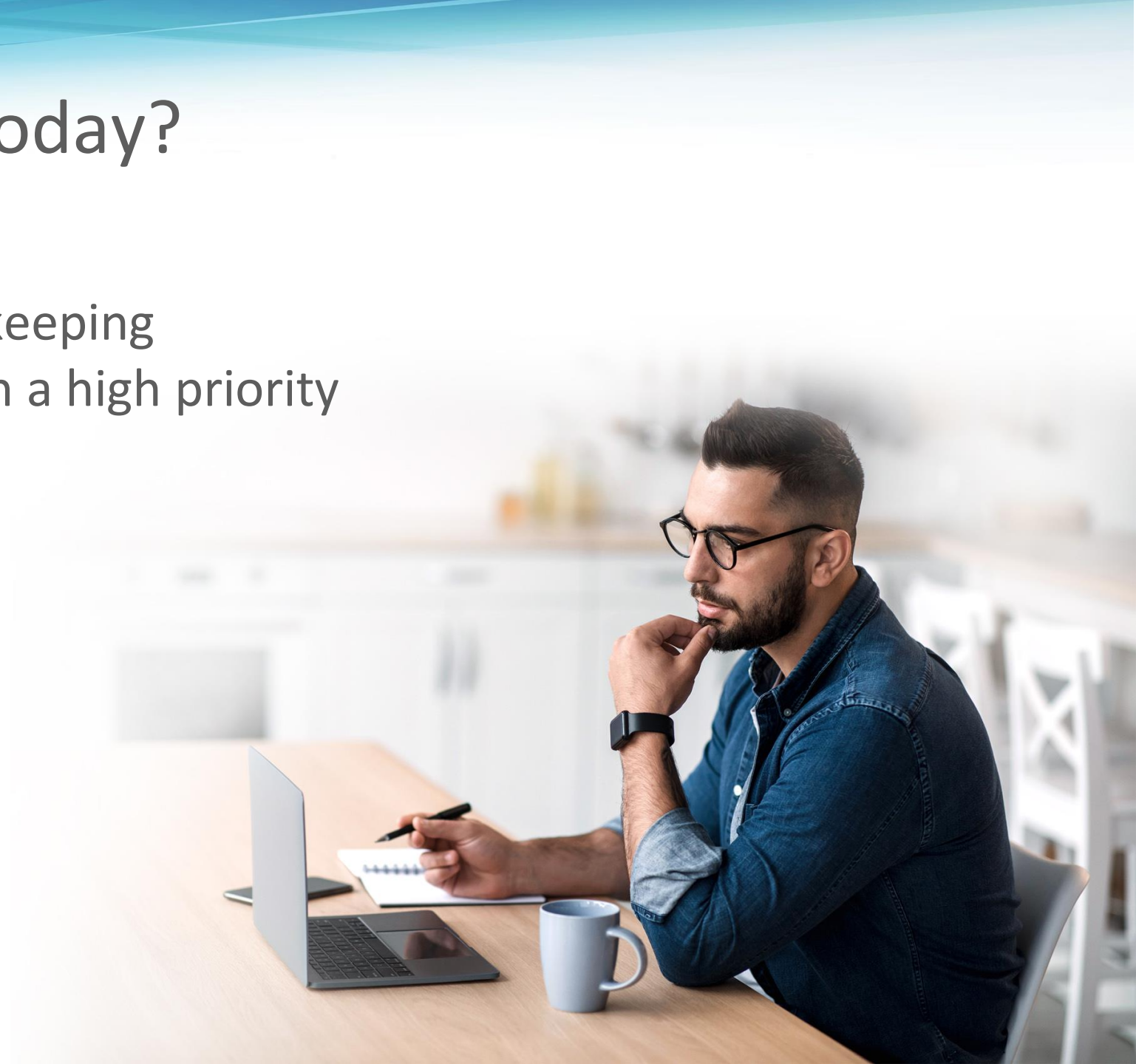
Today's 65-year-olds have a nearly **70%** chance of needing some form of long-term care services during their lifetimes.

Source: U.S. Department of Health and Human Services, 2022

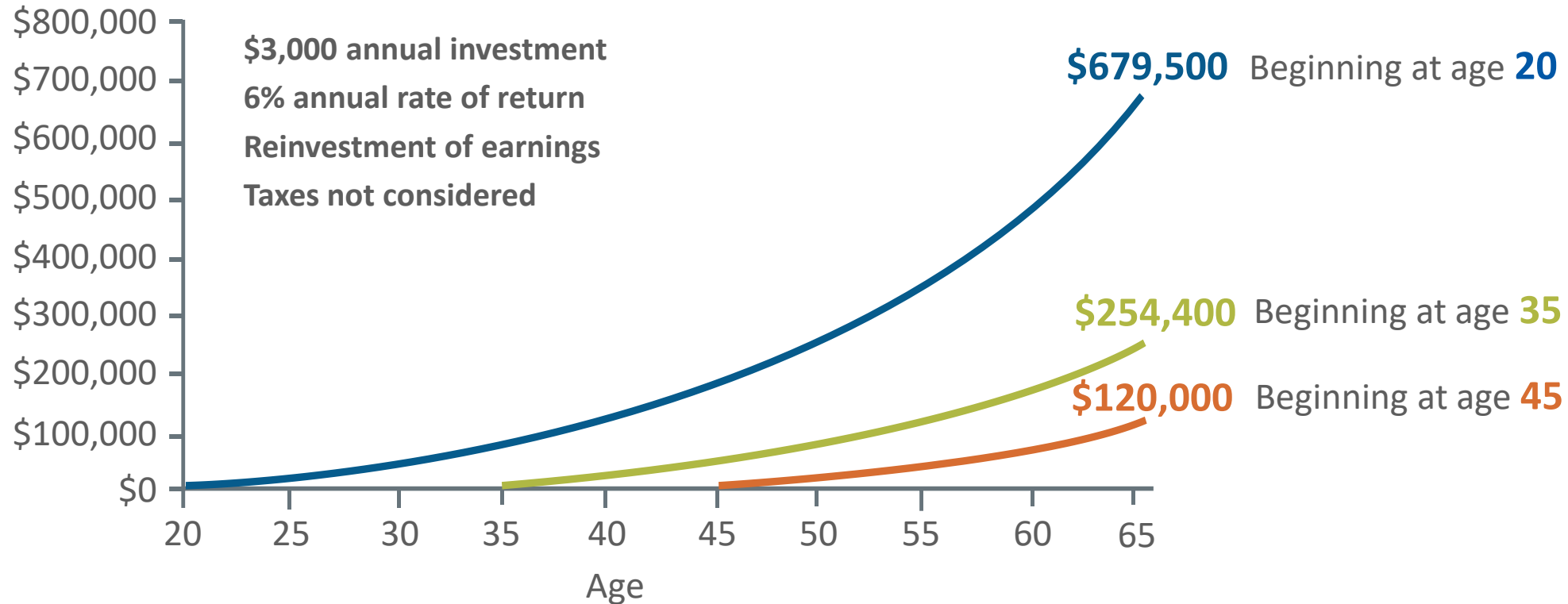


What Can You Do Today?

Commit to developing and keeping
your retirement savings plan a high priority



Start Saving Now



This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent the performance of any specific investments. Taxes are not considered. Rates of return will vary over time, particularly for long-term investments. Investments offering the potential for higher rates of return also involved a higher degree of investment risk. Actual results will vary.

Putting Your Knowledge to Work

- Do it yourself
- **Work with us**
- Procrastinate



Thank You



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