

MANAGING INCOME IN THE NEXT STAGE

Orchestrating a Common Sense Approach to Retirement Income

Retirement: A Whole New Chapter

Not Your Parent's Retirement

For many people nearing retirement today, a significant portion of their parents' retirement income needs were met through the combination of pensions and Social Security, allowing them to depend less on their personal assets for their monthly income. With the replacement of pensions with 401k plans and the uncertainty of Social Security's ability to maintain future benefits, the responsibility to provide retirement income has been placed more and more on individuals. Retirees are now having to deal with longevity, inflation and investment risks that were not as significant issues for their parents.

What can these risks mean to your retirement?



Longevity Risk

With advances in health and medical services, many people are living longer lives. As a result, you will need to plan for more sustainable income throughout your retirement.



Inflation Risk

As you live longer, you'll be more exposed rising prices. Applying even modest rates of inflation to everyday expenses over long periods of time, purchasing power can be seriously eroded.



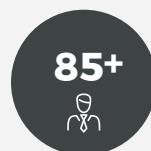
Investment Risk

While you're in your prime earning years, you can typically replenish savings if you incur investment losses. In retirement, that may be difficult or not possible.

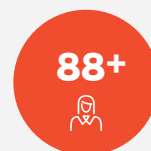
How Long Will You Live?

A 65 yr. old married couple has a 50% probability of at least one partner living beyond 91 yrs. old.

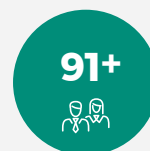
Retirements lasting **20, 30 and even 40 yrs.** are becoming commonplace, and these longer time spans must be considered when planning for income.



50% of men will live to 85+



50% of women will live to 88+



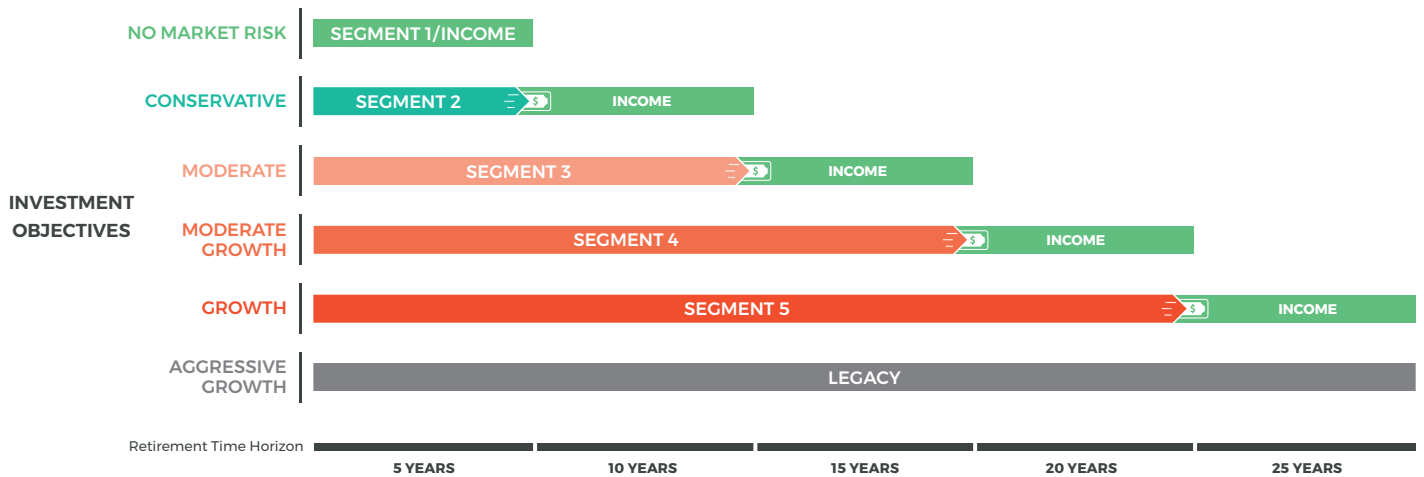
50% probability one spouse will live to 91+

Strategies to Help Manage the Risk

Risk Alignment

As you transition from wealth accumulation to income distribution, your strategies should also change. During accumulation, goals are focused on achieving the highest returns consistent with the risk you were willing to take. In distribution, the primary focus is increasing the reliability of your income while taking only the risk necessary, similar to the way a pension is managed.

Outcome-Oriented Investing | *Time-Segmented Methodology*



Customized

The Time-Segmented strategy divides your retirement into separate segments, each with a different investment objective and time horizon. The number and length of segments are customized to your cashflow needs.



Diversified

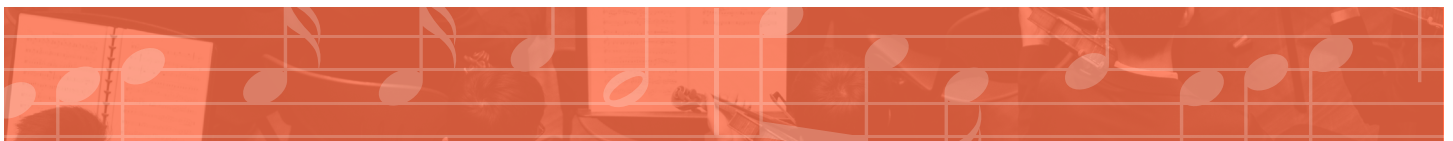
The goal of the first segment is to produce income immediately through the use of products with little to no stock market risk. The later segments can be invested more aggressively with a higher target rate of return than the last.



Systematized

After each segment is spent, the next segment will then be converted to a similar product as was used in the first segment. This allows your long-term money to stay invested in the market for potential growth.

¹ "No Market Risk" refers to the use of an income vehicle such as an immediate annuity, CD's, a money market or other vehicle that is not invested in the Stock Market.



Your Advisor as the **Conductor**

Managing the Plan

Creating a properly designed and personalized retirement income plan is a key first step. It also just as important to have someone to manage the overall plan. Your financial advisor can work with you to manage your plan and help to ensure it meets your needs moving forward. Periodic adjustments will be made along the way to due to life events, changes in need, or opportunities to reduce investment risk.

What goes into orchestrating your retirement performance?



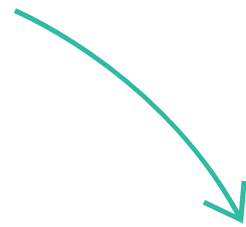
Your Personalized Plan

First, your advisor designs and initiates a personalized lifetime income plan. Your personal income plan for retirement is not based on a single asset or account but rather is based on the financial capital of your whole household.



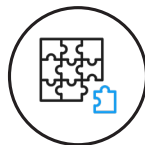
Continuous Review and Adjustment

Your income needs and market conditions may vary during retirement. You will meet with your advisor periodically to review the progress of your plan and discuss possible changes to the plan.



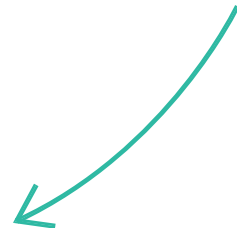
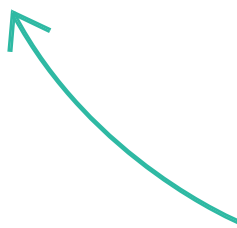
Our Disciplined Long-Term Approach

It is natural to experience emotions like fear and greed in response to changes in the markets. The time-segmented structure of your income planning strategy will help you manage those emotions.



Investments Aligned to Your Plan

Your assets will be allocated across the various plan segments which will allow us to get an accurate picture of your plan at any time. Your investments may need to be adjusted to fit the risk profile appropriate for each segment.



Your **Next Steps**

Start on the path to get your personalized income plan proposal via the steps below.



1. Schedule a meeting with your advisor to discuss your retirement income planning needs



2. Gather all your financial information to help your advisor complete the fact gathering process



3. Work with your advisor to build the retirement income plan that is right for you



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