For Robert and Marian Richards

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Important Information about this Report

This analysis provides only broad, general guidelines, which may be helpful in shaping your thinking about your retirement needs. It can serve as a guide for discussions with your professional advisors. This report reflects the provisions and restrictions included in the Bipartisan Budget Act of 2015.

Each scenario shown illustrates your current situation or an alternative strategy and its possible effects on the financial situation you provided. Inclusion of one or more of these strategies does not constitute a recommendation of that strategy over any other strategy.

Calculations contained in this analysis are estimates only based on the information you provided, such as the value of your assets today, and the rate at which the assets appreciate. The actual values, rates of growth, and tax rates may be significantly different from those illustrated. These assumptions are only a "best guess."

Strategies may be proposed to support the purchase of various products such as insurance and annuities. When this occurs, additional information about the specific product (including a prospectus, if required, or an insurer provided policy illustration) will be provided for your review.

IMPORTANT: The projections or other information generated in this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

This tool and support materials are designed to provide general information on the subjects covered. It is not intended to provide specific legal or tax advice. You should discuss all strategies with your legal, tax, and financial advisors.

For Retirement Peace of Mind, You Need a Retirement Road Map

When retirement concerns shift

FROM

"How long will my retirement last?"

TO

"Will my funds last through my retirement?"

YOU NEED

Clear Directions!

WARNING!

Some decisions made as you approach and begin retirement must last a lifetime!

DIRECTIONS NEEDED

Shifting Retirement Concerns

Investing **for** retirement requires different strategies than investing **during** retirement.

	Investing **for** Retirement	Investing **during** Retirement
Investment Objectives	Accumulation	Preserve Principal
Appreciation and Earnings	Seek Growth	Seek Income
Risk	Risk Based on Time Horizons	Seek Lower Risk
Taxes	Defer Taxes	Save or Reduce Taxes

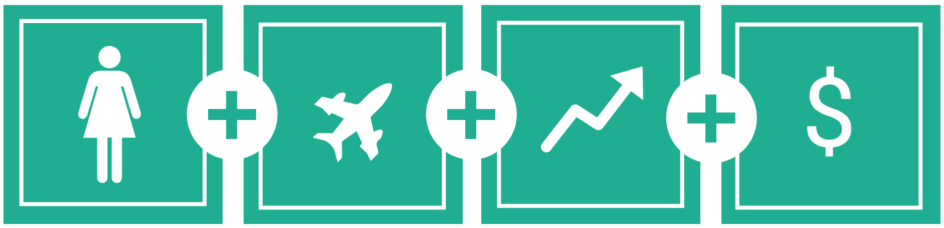
Some investment strategies that work prior to retirement do not necessarily work during retirement.

Retirement brings a shift in concerns that are best considered in several phases.

How Much Will You Need?

If your "nest egg" grows at a rate greater than inflation, twice as many years of retirement do not cost twice as much, but costs do increase for each year of retirement. For determining retirement needs, how long is just as important as how much.

A sufficient retirement "nest egg" is based on



How long you will live + Your lifestyle expenses + Inflation during your retirement + Earnings and growth of your "nest egg"

"Nest Egg" Needed at Retirement

For $1,000 per month (Adjusted for Inflation)

YEARS OF RETIREMENT	AMOUNT NEEDED AT RETIREMENT
5	$55,007
10	$104,971
15	$150,355
20	$191,577
25	$220,021
30	$263,032

Assumes inflation at 3% annually. "Nest Egg" is assumed to grow at 5% annually.

The longer you live, the more you will need.

The Family Tree

How long will your retirement last?

Everyone wants a long, worry-free retirement! One of the greatest fears of retirement is running out of money! Living longer than anticipated could result in outliving your assets! A common mistake in preparing for retirement is not considering enough years.

Family Tree

Your family tree is often a good indication of how long you will live.

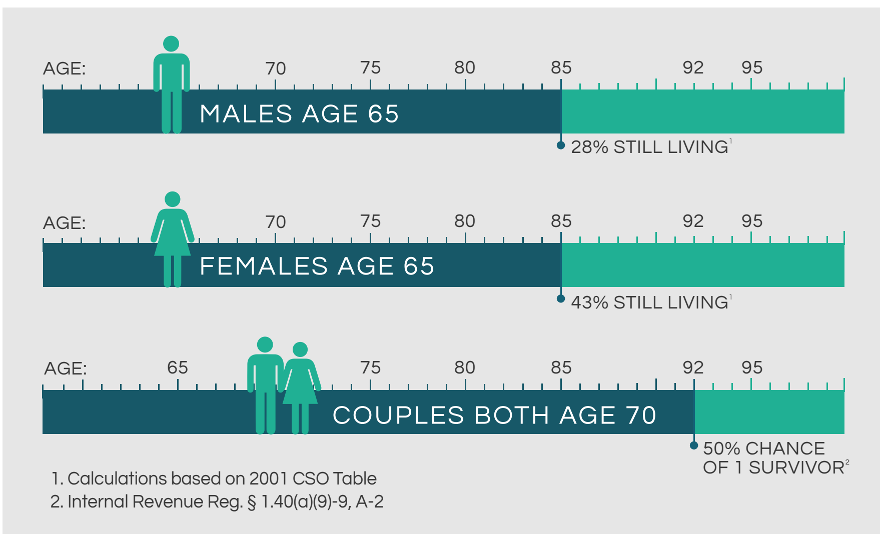
Relatives

Do many of your relatives live to an old age?

Life Span

How likely are you to live even longer?

Life Spans of Retirees



Will you run out of money?

Retirement Lifestyle Phases

Trying to consider all of your retirement years at one time is very difficult. Looking at retirement in phases, based on the common activities of that phase, makes it much easier to consider. The level of activities is one way to classify retirement into different phases. These are the typical lifestyle phases of retirement:

The amount of retirement income required for each phase, before adjustments for inflation, usually averages 70%[1] of pre-retirement income for basic needs. The needs vary with the level of activities. The greater your activities, the more income you need.

PRE-RETIREMENT
(Now) Decisions being made -- Social Security, Pension, Changes.

PERCENT OF INCOME NEEDED
100%

INITIAL RETIREMENT
Activity level is almost the same as before retirement: work is replaced with more travel, hobbies, activities, etc. Assume 70% for basic needs and 20% for extra activities.

PERCENT OF INCOME NEEDED
90%

SEASONED RETIREMENT
Activities decrease: less travel, hobbies and other activities. Assume 70% for your basic needs and 10% for extra activities

PERCENT OF INCOME NEEDED
80%

MATURED RETIREMENT
Activities decrease further, often due to health and other physical limitations. Assume 70% for your basic needs, and no extra activities.

PERCENT OF INCOME NEEDED
70%

SURVIVORSHIP YEARS
The lifestyle costs after losing your spouse are usually at least 60% of pre-retirement income.

PERCENT OF INCOME NEEDED
60%

These percentages of income are for total living expenses. Of course, they vary by individuals as well as from one year to another.

[1] Social Security Website, Retirement Planner, http://www.ssa.gov/retire2/index.htm

How Lifestyle Phases Affect Retirement Funding

You want predictable income, but you also want to increase the potential for returns on assets intended for a later phase. You want a retirement funding strategy that matches your retirement lifestyle phases.

Pre-Retirement—the "Decision Phase"

You make decisions about your pension and retirement plans that can affect your income for the rest of your life. Do you take your Social Security immediately when eligible, or get a little more by waiting a few years? Will you just stop working, or just slow down for a few years? These decisions determine your retirement lifestyle changes, and what changes should be considered.

Initial Retirement Years—When You Start Receiving Income

This phase of your retirement should have predictable income—income provided by very conservative assets. More risk, and the opportunity for greater returns, can be taken with assets set aside for later phases of your retirement. The longer the time horizon prior to that phase, the more aggressive you can be with those assets.

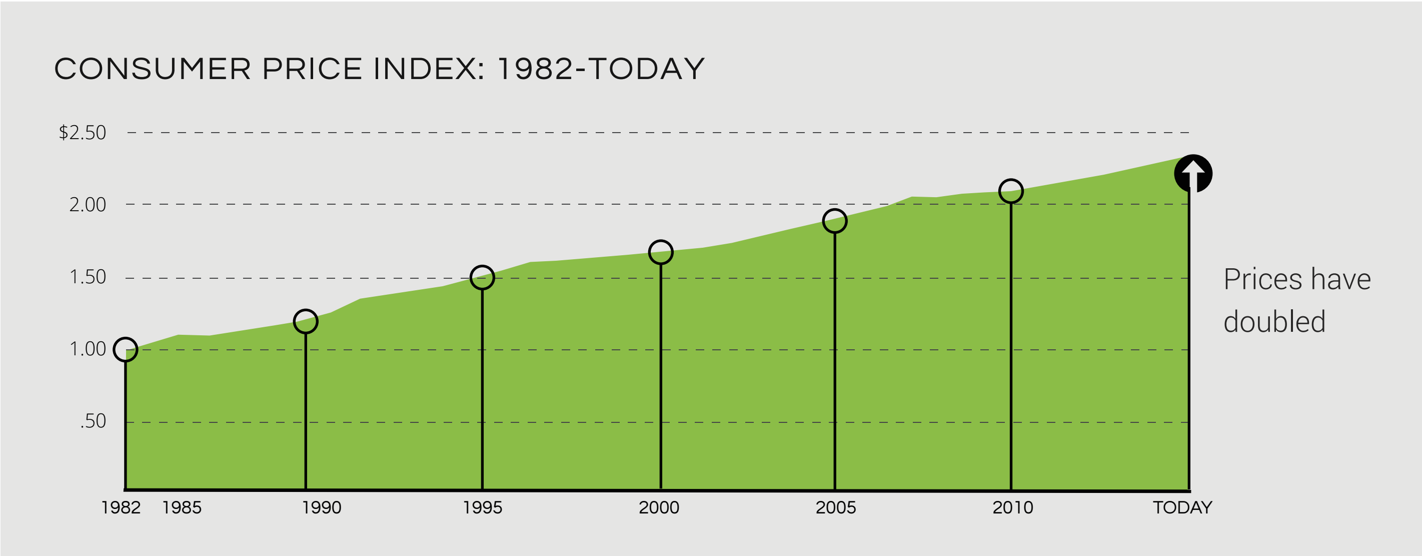
Seasoned, Matured, and Survivorship Years—Future Income

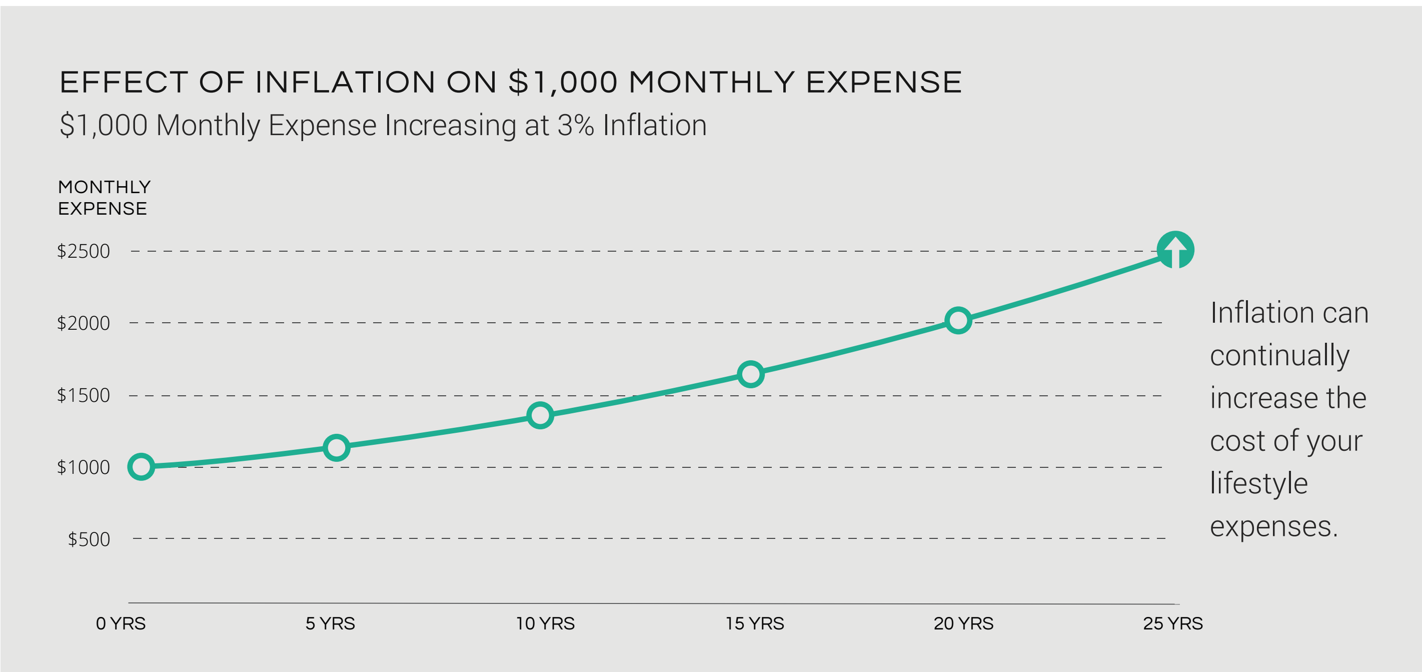
Later, when you enter the next phases of your retirement, the assets intended for that phase should be switched to investments providing predictable income. Assets for each future phase, which now have a closer time horizon, should be invested with less risk.

Funding Strategy

- Very conservative assets supply income
- Minimize fluctuation of assets for the next phase
- Seek high yields for future phases
- Reallocate assets at the start of each phase

You Must Consider Inflation





If inflation continues as it has in the past, your retirement income will need to increase during retirement for you to maintain the same spending power. If inflation averaged 3% during retirement, your income would need to double in 24 years to maintain the same lifestyle.

To maintain your lifestyle in retirement, plan for inflation.

Steps for Your Retirement Journey

1 Step 1: Determine the likely duration of your retirement phases

- PRE-RETIREMENT
- INITIAL RETIREMENT
- SEASONED RETIREMENT
- MATURED RETIREMENT
- SURVIVORSHIP YEARS

2 Step 2: Examine income requirements for each phase

- Basic Needs: Monthly needs that are essential to your basic standard of living
- Additional Wants: Additional amounts you desire—you would survive without it—but you would be disappointed
- Total Desired Income: Sum of basic needs and additional wants

3 Step 3: Determine sources of income

- Social Security
- Pensions
- Qualified retirement plans
- Annuities or other income
- Other assets

4 Step 4: Calculate shortfall or surplus

	Desired income
LESS	Sources of income
EQUALS	Shortfall or surplus

5 Step 5: Start your journey

- Create a plan to handle the shortfalls
- A surplus could be passed to your heirs, provide guaranteed incomes or supplement your lifestyle

Your Retirement Destination

Monthly Needs in Today's Dollars[1]

	Begins at Robert's Age	Basic Needs	Additional Wants	Total Desired Income
INITIAL RETIREMENT More travel, hobbies, activities, etc.	65	$7,700	$2,200	$9,900
SEASONED RETIREMENT Less travel, fewer hobbies, and other activities	75	7,700	1,100	8,800
MATURED RETIREMENT Fewer activities, often due to health and other physical limitations	85	7,700	0	7,700
SURVIVORSHIP YEARS Robert dies at age 92. Monthly needs continue until Marian's death at age 100		6,600	0	6,600

- Basic Needs: Monthly needs that are essential to your basic standard of living
- Additional Wants: Additional amounts you desire—you would survive without it—but you would be disappointed
- Total Desired Income: $2,594,531 (present value of basic needs and additional wants over the years illustrated)

Known Sources of Retirement Income (In Today's Dollars)

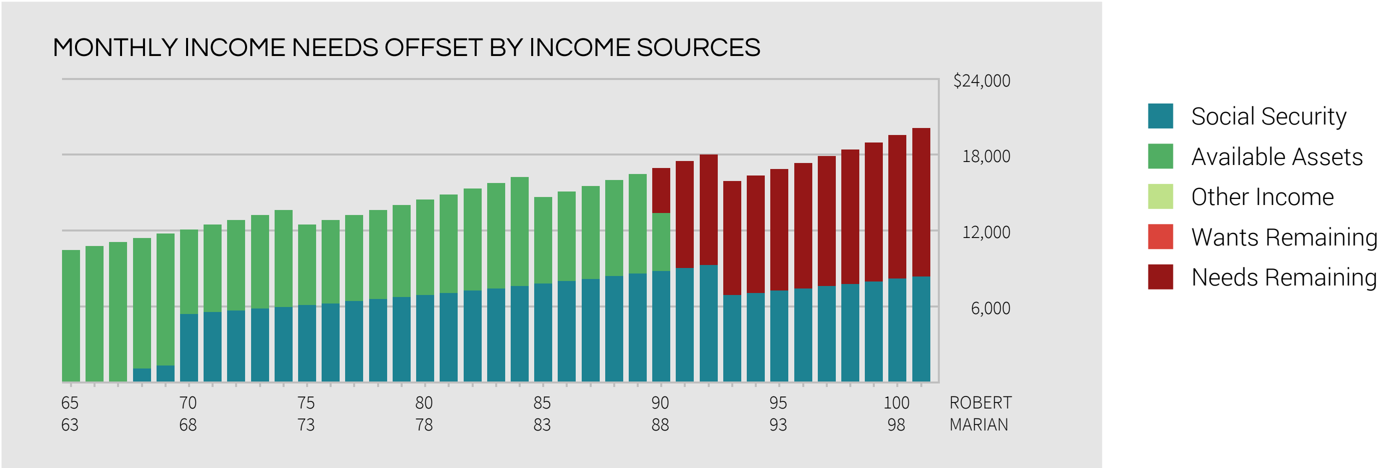
$500,000	Robert's qualified retirement plan assets with distributions as needed throughout retirement. These assets are expected to grow at 6.000% annually with annual contributions of $15,000.
$300,000	Marian's qualified retirement plan assets with distributions as needed throughout retirement. These assets are expected to grow at 6.000% annually with annual contributions of $6,000.
$500,000	Value of other assets you intend to use for retirement. These assets are expected to grow at 6.000% annually.

- Robert's Social Security beginning at age 70.
- Marian's Social Security beginning at age 66.

Goal: Provide total monthly income for all phases.

[1] Monthly desired income will be adjusted for inflation at 3%.

Current Retirement Journey



Monthly income needs[1] are offset by your known retirement income: estimated Social Security, pensions, other income, and withdrawals from your available assets.

Amounts Needed by Phase

RETIREMENT PHASE	PHASE BEGINS	YEARS UNTIL PHASE BEGINS	AMOUNT REQUIRED AT START OF PERIOD	AMOUNT REQUIRED TODAY
Initial Retirement	Robert's Age 65	2	$891,784	$793,685
Seasoned Retirement	Robert's Age 75	12	$722,309	$394,656
Matured Retirement	Robert's Age 85	22	$633,332	$212,439
Survivorship Years	Marian's Age 91	30	$923,870	$209,748
Total				**$1,610,528**

90% of income needs met.

The present value today of the shortfall is $272,026.

[1] Monthly desired income will be adjusted for inflation at 3%.

Ages		Basic Needs	Additional Wants	Total Desired	Social Security	From Assets	Monthly Shortfall[1]
		MONTHLY INCOME OBJECTIVES			KNOWN RETIREMENT INCOME		
65	63	$8,169	$2,334	$10,503	$0	$10,503	$0
66	64	8,414	2,404	10,818	0	10,818	0
67	65	8,666	2,476	11,142	0	11,142	0
68	66	8,926	2,550	11,476	1,037	10,439	0
69	67	9,194	2,626	11,820	1,276	10,544	0
70	68	9,470	2,705	12,175	5,409	6,766	0
71	69	9,754	2,786	12,540	5,544	6,996	0
72	70	10,047	2,870	12,917	5,682	7,235	0
73	71	10,348	2,956	13,304	5,824	7,480	0
74	72	10,658	3,045	13,703	5,970	7,733	0
75	73	10,978	1,568	12,546	6,119	6,427	0
76	74	11,307	1,615	12,922	6,272	6,650	0
77	75	11,646	1,663	13,309	6,429	6,880	0
78	76	11,995	1,713	13,708	6,590	7,118	0
79	77	12,355	1,764	14,119	6,755	7,364	0
80	78	12,726	1,817	14,543	6,923	7,620	0
81	79	13,108	1,872	14,980	7,096	7,884	0
82	80	13,501	1,928	15,429	7,274	8,155	0
83	81	13,906	1,986	15,892	7,456	8,436	0
84	82	14,323	2,046	16,369	7,642	8,727	0
85	83	14,754	0	14,754	7,833	6,921	0
86	84	15,197	0	15,197	8,029	7,168	0
87	85	15,653	0	15,653	8,230	7,423	0
88	86	16,123	0	16,123	8,435	7,688	0
89	87	16,607	0	16,607	8,646	7,961	0
90	88	17,105	0	17,105	8,862	4,638	3,605
91	89	17,618	0	17,618	9,084	0	8,534
92	90	18,147	0	18,147	9,311	0	8,836
N/A	91	16,020	0	16,020	6,922	0	9,098
N/A	92	16,501	0	16,501	7,095	0	9,406
N/A	93	16,996	0	16,996	7,272	0	9,724
N/A	94	17,506	0	17,506	7,454	0	10,052
N/A	95	18,031	0	18,031	7,641	0	10,390
N/A	96	18,572	0	18,572	7,832	0	10,740
N/A	97	19,129	0	19,129	8,027	0	11,102
N/A	98	19,703	0	19,703	8,228	0	11,475
N/A	99	20,294	0	20,294	8,434	0	11,860

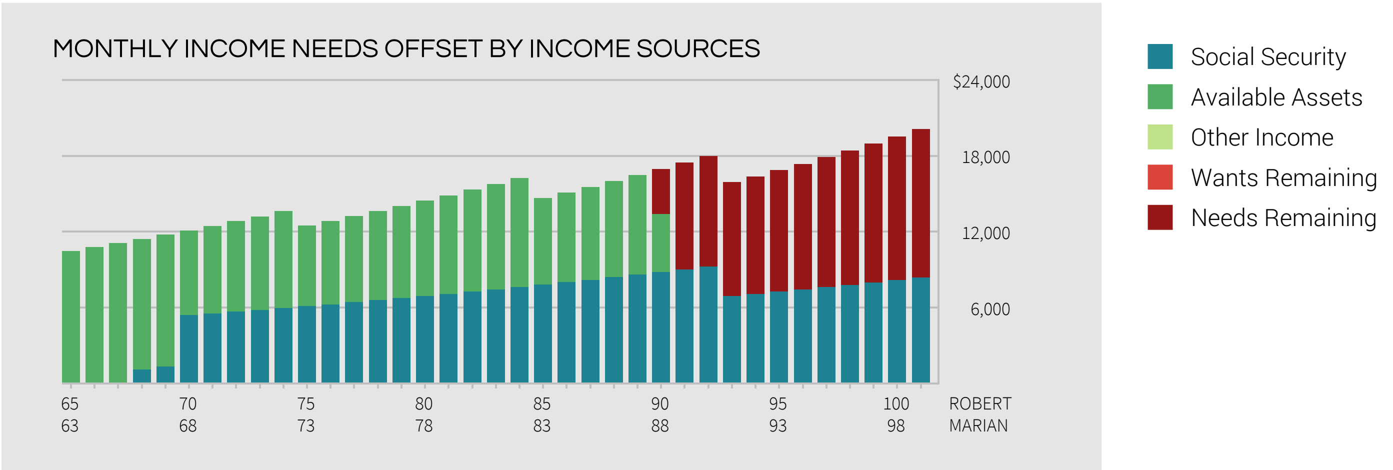
[1] Total desired income reduced by known retirement income. All income is shown monthly.

OTHER CONSIDERATIONS AND RECOMMENDATIONS

These recommendations consider other applications of your available assets for retirement.

Effects of Hypothetical Annuity

Current Retirement Journey

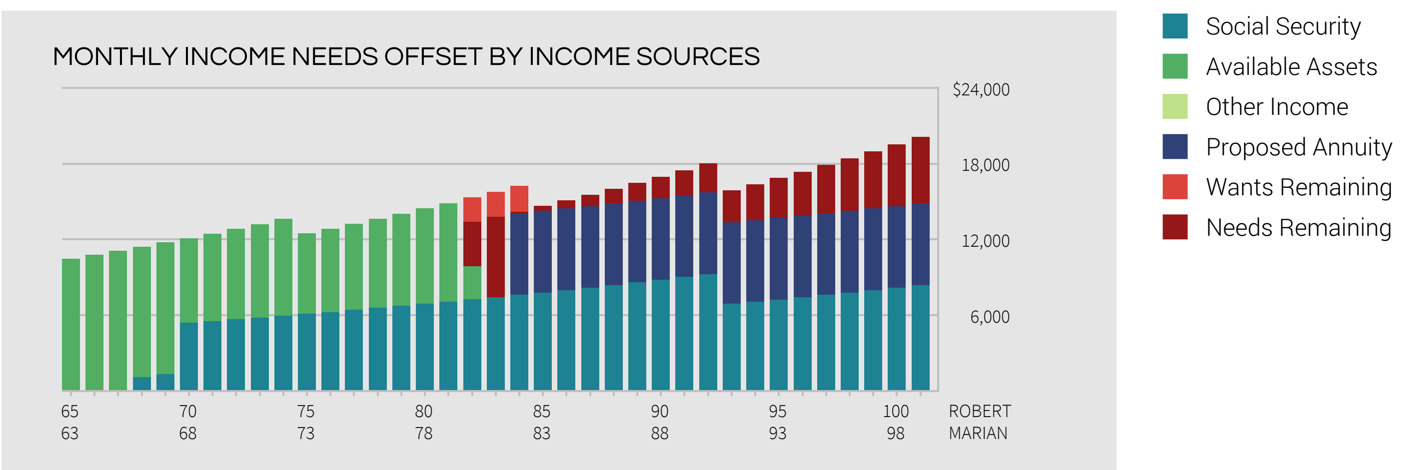


90% of income needs met.

The present value today of the shortfall is $272,026.

Putting $250,000 into a hypothetical annuity could provide annual withdrawals of 0.00% starting when Marian is age 70 and continuing until age 82.

With Hypothetical Annuity



93% of income needs met.

The present value today of the shortfall is $182,969.

Ages		Basic Needs	Additional Wants	Total Desired Monthly Income	Social Security	From Assets	Annuity Income[1]	Monthly Shortfall[2]
		MONTHLY INCOME OBJECTIVES			KNOWN RETIREMENT INCOME			
65	63	$8,169	$2,334	$10,503	$0	$10,503	$0	$0
66	64	8,414	2,404	10,818	0	10,818	0	0
67	65	8,666	2,476	11,142	0	11,142	0	0
68	66	8,926	2,550	11,476	1,037	10,439	0	0
69	67	9,194	2,626	11,820	1,276	10,544	0	0
70	68	9,470	2,705	12,175	5,409	6,766	0	0
71	69	9,754	2,786	12,540	5,544	6,996	0	0
72	70	10,047	2,870	12,917	5,682	7,235	0	0
73	71	10,348	2,956	13,304	5,824	7,480	0	0
74	72	10,658	3,045	13,703	5,970	7,733	0	0
75	73	10,978	1,568	12,546	6,119	6,427	0	0
76	74	11,307	1,615	12,922	6,272	6,650	0	0
77	75	11,646	1,663	13,309	6,429	6,880	0	0
78	76	11,995	1,713	13,708	6,590	7,118	0	0
79	77	12,355	1,764	14,119	6,755	7,364	0	0
80	78	12,726	1,817	14,543	6,923	7,620	0	0
81	79	13,108	1,872	14,980	7,096	7,884	0	0
82	80	13,501	1,928	15,429	7,274	2,679	0	5,476
83	81	13,906	1,986	15,892	7,456	0	0	8,436
84	82	14,323	2,046	16,369	7,642	0	6,536	2,191
85	83	14,754	0	14,754	7,833	0	6,536	385
86	84	15,197	0	15,197	8,029	0	6,536	632
87	85	15,653	0	15,653	8,230	0	6,536	887
88	86	16,123	0	16,123	8,435	0	6,536	1,152
89	87	16,607	0	16,607	8,646	0	6,536	1,425
90	88	17,105	0	17,105	8,862	0	6,536	1,707
91	89	17,618	0	17,618	9,084	0	6,536	1,998
92	90	18,147	0	18,147	9,311	0	6,536	2,300
N/A	91	16,020	0	16,020	6,922	0	6,536	2,562
N/A	92	16,501	0	16,501	7,095	0	6,536	2,870
N/A	93	16,996	0	16,996	7,272	0	6,536	3,188
N/A	94	17,506	0	17,506	7,454	0	6,536	3,516
N/A	95	18,031	0	18,031	7,641	0	6,536	3,854
N/A	96	18,572	0	18,572	7,832	0	6,536	4,204
N/A	97	19,129	0	19,129	8,027	0	6,536	4,566
N/A	98	19,703	0	19,703	8,228	0	6,536	4,939
N/A	99	20,294	0	20,294	8,434	0	6,536	5,324

[1] Monthly annuity income amounts shown are based on various assumptions, including age, gender, interest rates, and settlement options. Calculations and actual results may vary with different assumptions. This report is not valid without an attached illustration for each annuity contract shown. At age 82, $849,891 of annuity assets were converted to a lifetime monthly income for the annuitant. (See "About Calculations" for more information.)

[2] Total desired income reduced by known retirement income. All income is shown monthly.

What is an Annuity?

Annuity contracts provide a series of payments, usually guaranteed for a lifetime. Only life insurance companies can offer contracts based on life expectancies. Strict rules and regulations of the insurance industry provide you with the assurance that the issuer of the annuity will fulfill the obligations in the contract. All guarantees are based on the financial strength and the claims-paying ability of the issuing insurance company.

Different from life insurance

With life insurance, you make monthly payments (premiums) to the insurance company until death: at your death, the company pays your beneficiary the death benefit.

With an annuity, you make a payment to the insurance company (which can be in a single payment or a series of payments) and the insurance company makes monthly payments to you for as long as you live.

Characteristics of annuities

Annuities have two main characteristics: when payments begin, and how the values are determined.

WHEN PAYMENTS BEGIN

Single Premium Immediate Annuities start paying benefits as soon as the contract is issued, or within a short time thereafter, usually within a year.

Deferred annuities delay the payments of benefits until some time in the future. Any interest or earnings continue to grow on a tax deferred basis during this period and provisions in the contract may allow for withdrawals prior to the time annuity payments begin.

HOW VALUES ARE DETERMINED

Fixed annuities have minimum guarantees and predictable incomes.

Variable annuities can be invested in various funding options based on client suitability and their values go up and down with the market conditions. Variable annuities have additional market risk and require a prospectus prior to being purchased.

Ways annuities pay lifetime incomes

LIFETIME INCOME

The basic form of annuity income is the life only. Payments are guaranteed for as long as the annuitant lives—regardless of whether that is one month or to age 115! Lifetime income usually results in the highest monthly payment, but, because payments cease upon your death, you risk receiving only a portion of your total payments back.

GUARANTEED PAYMENT PERIODS

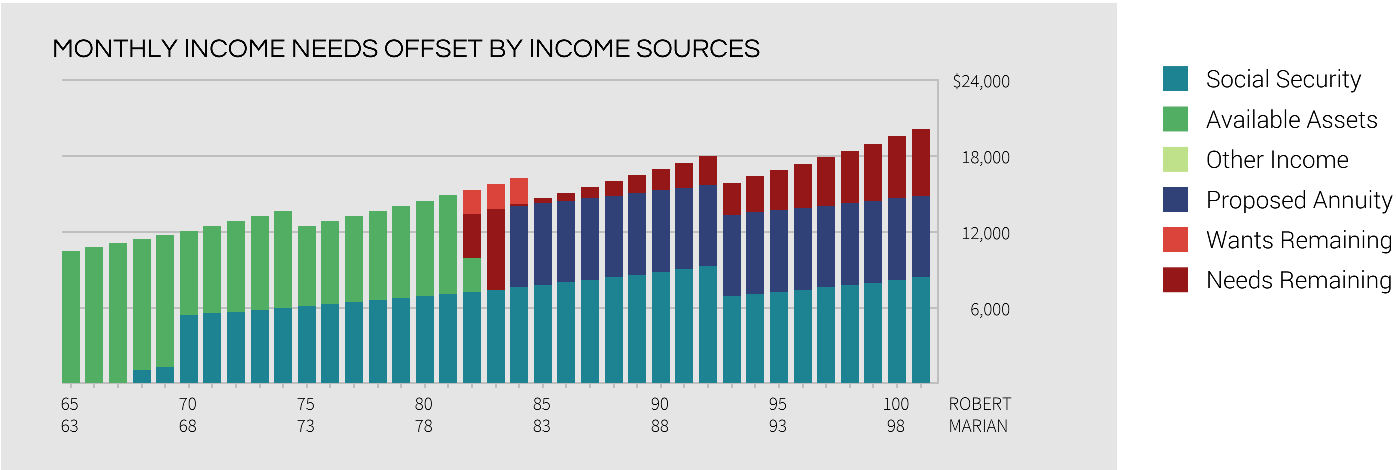
Payments may have various guaranteed payment periods; for example, payments guaranteed for the longer of 10 years or life. This option provides smaller monthly payments in exchange for the guaranteed payment period.

BASED ON TWO LIVES

Joint payment options pay as long as either of two people is alive. Often these options will pay 25% to 30% less than a single life only option, but assures the survivor of a lifetime income.

Effects of Hypothetical Life Insurance

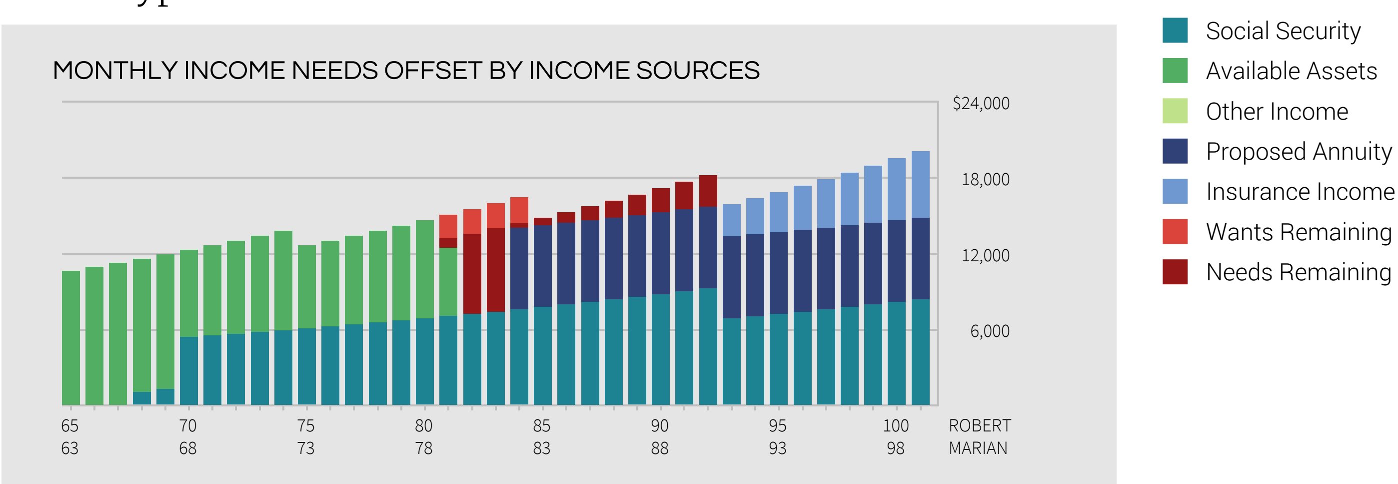
The funding requirements for the survivorship years can be one of the most important considerations for your retirement. In this example, Robert dies at age 92 and Marian lives for another 10 years. At the start of the survivorship years, $338,515 is needed.



93% of income needs met.
The present value today of the shortfall is $182,969.

The death proceeds from $500,000 on Robert's life could reduce the shortfall for the Survivorship Years to $0. The monthly premium payments of $200 were added to the needs.

With Hypothetical Life Insurance



95% of income needs met, with a surplus of $250,516 at end of illustration.
The present value today of the shortfall is $139,528.

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

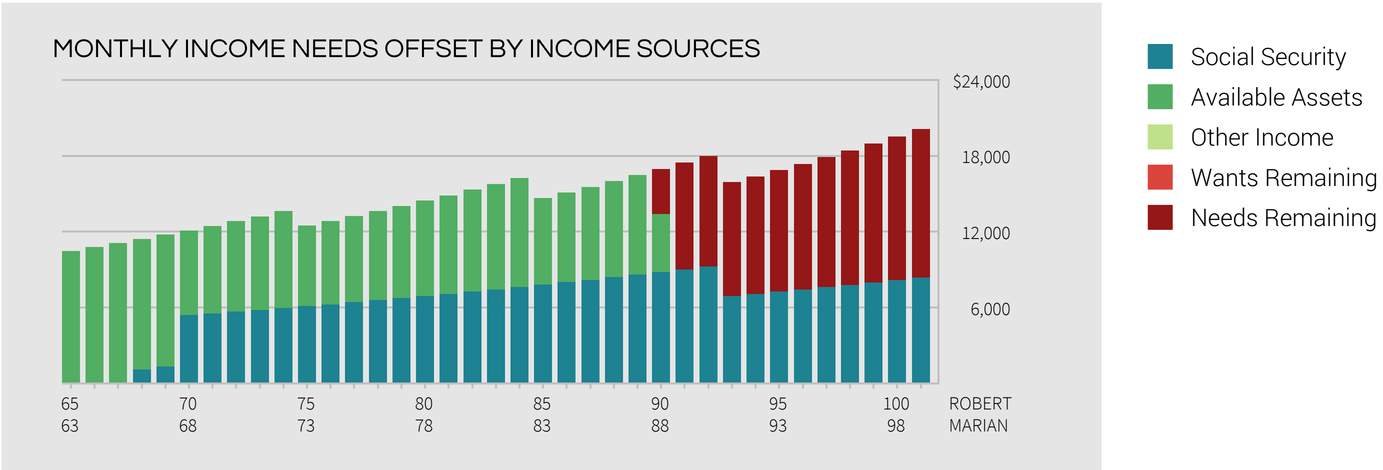
Ages		Basic Needs	Additional Wants	Life Insurance Premiums	Total Desired	Known Monthly Income	From Assets	Life Insurance Death Proceeds[1]	Monthly Shortfall[2]
		MONTHLY INCOME OBJECTIVES				KNOWN RETIREMENT INCOME			
65	63	$8,169	$2,334	$200	$10,703	$0	$10,703	$0	$0
66	64	8,414	2,404	200	11,018	0	11,018	0	0
67	65	8,666	2,476	200	11,342	0	11,342	0	0
68	66	8,926	2,550	200	11,676	1,037	10,639	0	0
69	67	9,194	2,626	200	12,020	1,276	10,744	0	0
70	68	9,470	2,705	200	12,375	5,409	6,966	0	0
71	69	9,754	2,786	200	12,740	5,544	7,196	0	0
72	70	10,047	2,870	200	13,117	5,682	7,435	0	0
73	71	10,348	2,956	200	13,504	5,824	7,680	0	0
74	72	10,658	3,045	200	13,903	5,970	7,933	0	0
75	73	10,978	1,568	200	12,746	6,119	6,627	0	0
76	74	11,307	1,615	200	13,122	6,272	6,850	0	0
77	75	11,646	1,663	200	13,509	6,429	7,080	0	0
78	76	11,995	1,713	200	13,908	6,590	7,318	0	0
79	77	12,355	1,764	200	14,319	6,755	7,564	0	0
80	78	12,726	1,817	200	14,743	6,923	7,820	0	0
81	79	13,108	1,872	200	15,180	7,096	5,467	0	2,617
82	80	13,501	1,928	200	15,629	7,274	0	0	8,355
83	81	13,906	1,986	200	16,092	7,456	0	0	8,636
84	82	14,323	2,046	200	16,569	14,178	0	0	2,391
85	83	14,754	0	200	14,954	14,369	0	0	585
86	84	15,197	0	200	15,397	14,565	0	0	832
87	85	15,653	0	200	15,853	14,766	0	0	1,087
88	86	16,123	0	200	16,323	14,971	0	0	1,352
89	87	16,607	0	200	16,807	15,182	0	0	1,625
90	88	17,105	0	200	17,305	15,398	0	0	1,907
91	89	17,618	0	200	17,818	15,620	0	0	2,198
92	90	18,147	0	200	18,347	15,847	0	0	2,500
N/A	91	16,020	0	0	16,020	13,458	0	2,562	0
N/A	92	16,501	0	0	16,501	13,631	0	2,870	0
N/A	93	16,996	0	0	16,996	13,808	0	3,188	0
N/A	94	17,506	0	0	17,506	13,990	0	3,516	0
N/A	95	18,031	0	0	18,031	14,177	0	3,854	0
N/A	96	18,572	0	0	18,572	14,368	0	4,204	0
N/A	97	19,129	0	0	19,129	14,563	0	4,566	0
N/A	98	19,703	0	0	19,703	14,764	0	4,939	0
N/A	99	20,294	0	0	20,294	14,970	0	5,324	0

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

[1] Life insurance death proceeds are received in year of death. These funds are used to provide income to survivor.
[2] Total desired income reduced by known retirement income. All income is shown monthly.

Effects of Recommendations

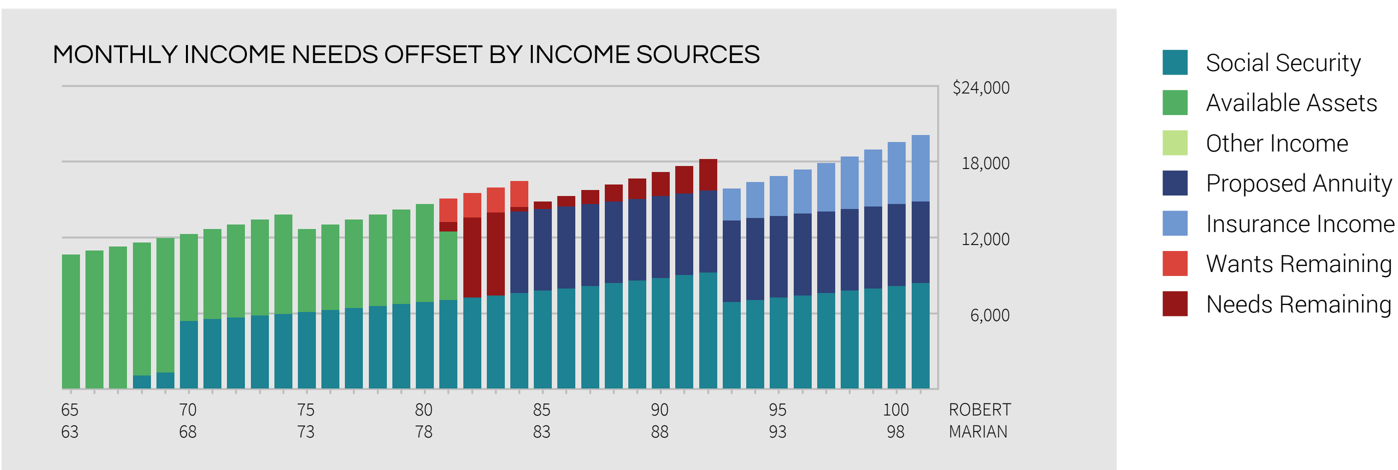
Current Retirement Journey



90% of income needs met.

The present value today of the shortfall is $272,026.

With Recommendations



95% of income needs met, with a surplus of $250,516 at end of illustration.

The present value today of the shortfall is $139,528.

- The death proceeds from $500,000 on Robert's life could reduce the shortfall for the Survivorship Years to $0. The monthly premium payments of $200 were added to the needs.

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

Ages		Total Desired Monthly Income	KNOWN RETIREMENT INCOME Social Security	From Assets	Life Insurance Death Proceeds[1]	Monthly Shortfall[2]
65	63	$10,703	$0	$10,703	$0	$0
66	64	11,018	0	11,018	0	0
67	65	11,342	0	11,342	0	0
68	66	11,676	1,037	10,639	0	0
69	67	12,020	1,276	10,744	0	0
70	68	12,375	5,409	6,966	0	0
71	69	12,740	5,544	7,196	0	0
72	70	13,117	5,682	7,435	0	0
73	71	13,504	5,824	7,680	0	0
74	72	13,903	5,970	7,933	0	0
75	73	12,746	6,119	6,627	0	0
76	74	13,122	6,272	6,850	0	0
77	75	13,509	6,429	7,080	0	0
78	76	13,908	6,590	7,318	0	0
79	77	14,319	6,755	7,564	0	0
80	78	14,743	6,923	7,820	0	0
81	79	15,180	7,096	5,467	0	2,617
82	80	15,629	7,274	0	0	8,355
83	81	16,092	7,456	0	0	8,636
84	82	16,569	7,642	0	0	2,391
85	83	14,954	7,833	0	0	585
86	84	15,397	8,029	0	0	832
87	85	15,853	8,230	0	0	1,087
88	86	16,323	8,435	0	0	1,352
89	87	16,807	8,646	0	0	1,625
90	88	17,305	8,862	0	0	1,907
91	89	17,818	9,084	0	0	2,198
92	90	18,347	9,311	0	0	2,500
N/A	91	16,020	6,922	0	2,562	0
N/A	92	16,501	7,095	0	2,870	0
N/A	93	16,996	7,272	0	3,188	0
N/A	94	17,506	7,454	0	3,516	0
N/A	95	18,031	7,641	0	3,854	0
N/A	96	18,572	7,832	0	4,204	0
N/A	97	19,129	8,027	0	4,566	0
N/A	98	19,703	8,228	0	4,939	0
N/A	99	20,294	8,434	0	5,324	0

Premiums may vary based on many factors, including the age, sex, and health of the insured. This presentation is not valid unless accompanied by an illustration of proposed policy values.

[1] Life insurance death proceeds are received in year of death. These funds are used to provide income to survivor.
[2] Total desired income reduced by known retirement income. All income is shown monthly.Life insurance death proceeds are received in year of death. These funds are used to provide income to survivor.

Ways to Provide Predictable Incomes

Having predictable incomes can protect long-term investments from early liquidation

Although long-term investments can have the potential for higher returns, they usually have more "ups" and "downs" in the short-term. One of the risks associated with long-term investments is that you may need to sell it during one of its low or down periods. By having investments that provide predictable income during each phase of retirement, long-term investments intended for future phases are less likely to be liquidated early.

"Income Ladders"

Purchasing a series of quality, fixed-rate investments that mature as income is needed, is called income ladders. It may be possible to select a set of investments to maintain the desired income from a combination of interest and principal. This is an effective technique but requires careful selection of very conservative investments.

High Quality Bonds

The value of the bond varies with other economic conditions, but the dividends can be predictable for high quality bonds. Using bonds for the retirement income usually relies more on the earnings and less on the principal. This fact makes bonds a source for predictable income, but it does not utilize the principal for a portion of the income.

Annuities

Annuity payments offer an effective way to use earnings and principal, as payments can be stretched over your lifetime, regardless of how long that may be. Annuities are one of the few investments for providing predictable income that uses the principal and that you cannot outlive. Annuities must be selected carefully as there is much less flexibility in making future changes.

Options to Consider

Use life insurance to fund the survivorship years.

Purchase a life insurance policy on Robert's life for $500,000. This will free-up some of the funds to provide for the survivorship years, but will require additional premium payments of $200 per month.

Consider a fixed annuity as a conservative investment.

Purchase an annuity to be used as one of the investments for the conservative and very conservative portions of your investment funds. Distributions are usually taken in the form of withdrawals or loans. Based on the recommended asset mix today, that would require 74% of your retirement investments.

Focus on retirement accumulation.

You have a number of years between now and retirement. You should consider additional analysis to assist with your savings plan in order to accumulate more for retirement.

Consider estate planning.

Estate planning is the process of determining the best ways to pass the assets that you worked a lifetime to accumulate to your heirs, while minimizing the transfer costs and taxes. You should consider estate planning for your remaining assets.

Review your total asset allocations.

This report considers the allocation of assets for your remaining retirement needs. You should review your total asset allocations incorporating these retirement recommendations.

Further analysis of your qualified retirement plans.

The taxation of qualified retirement plans can be very "tricky" while at the same time it can serve as a great source of cash for retirement or life insurance funding. Your qualified retirement plans should be analyzed to assure the optimal strategy for those funds.

Rearrange your investments of available assets for retirement.

Using the allocation of assets suggested for the remaining income needs, reposition some of your investments accordingly.

Review your desired goals and available assets for retirement.

One solution to fulfilling the additional retirement needs is to do one or more of the following:

- Review all goals to be sure they are realistic and necessary for you to maintain your current lifestyle.
- Consider other assets that could be used for retirement—for example, downsizing the residence could provide additional assets.
- Consider delaying retirement by a year or two.
- Consider part-time work to supplement the early years of retirement.

Put recommendations into action.

The two major mistakes people make in preparing for retirement are procrastination and not putting their plans into effect. Before purchasing any annuity contract or insurance policy, you should examine a complete illustration and policy description provided by the issuing company.

Review your "road map" annually.

The one thing you can be sure of is change—objectives change, investments change, and many things beyond your direct control such as Social Security change. Consider this report like a road map. You must check often to be sure you are on course, and if not, make any necessary changes to return to the original course, or determine an alternative course to reach your retirement destination. Annual reviews of your retirement objectives are the course corrections necessary to reach your retirement destination.

About the Calculations

Robert Richards

Male

Date of Birth: January 2, 1953

Marian Richards

Female

Date of Birth: January 15, 1955

Social Security

Robert will be receiving Social Security based on estimates from the benefit statement provided beginning at age 70. The benefit at Full Retirement Age is $2,500.

Marian will be receiving Social Security based on estimates from the benefit statement provided beginning at age 66. The benefit at Full Retirement Age is $1,100.

Calculation Basis

All calculations are based on monthly income and monthly needs. Events and phases based on ages start the year in which a birthday occurs. Each year illustrated assumes 12 full months. All basic needs, additional wants and income are assumed to increase based on an annual inflation rate of 3%. The Social Security benefits Cost of Living rate is assumed to be 2.5%. All income received during a year is assumed to be spent during that year and is not used to reduce the following year's expenses.

Qualified Retirement Plans

Although not illustrated, it is assumed that distributions from retirement plans will never be less than the required minimum distribution for any year after age 70½. These assumptions for qualified plans are intended to illustrate possible scenarios and are only estimates. You should always seek the advice of your legal or tax advisor before taking any action with your qualified plans, as there are many rules and the possibility of severe penalties for not adhering to them.

Expenses Not Illustrated Directly

Taxes are assumed part of the basic needs. You should keep in mind that distributions from qualified plans, as well as other income and dividend payments, are taxable and that the amount you specify as a basic need should be sufficient to pay the taxes due. Also, the survivor needs are based on income needs only and do NOT include amounts for any death or estate taxes, probate fees, final expenses, or other transfer costs at death.

Investments

All amounts shown are for purposes of illustration and are NOT to be construed as a guarantee on any investment performance, as any investment may experience a gain or a loss, and past performance is no assurance of future performance. If any life insurance or annuity contracts are considered because of this illustration, please refer to a separate illustration from the provider for any such product discussed.

For calculation purposes this illustration assumes a post-retirement growth rate of 5%.

Miscellaneous

Assets specified in this illustration are just the assets you have indicated will be available for retirement. Other assets, although not intended to be used for retirement, could be used to provide for any of the remaining income required. All assets are considered owned jointly with rights of survivorship between husband and wife or are left to the survivor in the will.

IMPORTANT: The projections or other information generated by this tool (Retirement Road Map) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.