Key Findings and Issues: Longevity,
Society of Actuaries, June 2012

At age 65, American men can, on average, expect about 17 more years of life and women almost 20 years. This
advances in medicine and healthier lifestyles will allow Americans to live longer and better than ever in retirement.

This could provide you with more income in retirement. This may give you the time to save more and earn a return on your investments, but it could also increase your Social Security benefits.

Delaying retirement a few years could dramatically improve your retirement lifestyle. Not only could it provide
more income in retirement, but could also increase your ending retirement balance by up to 6% of your salary. You should take full advantage of
employer match contributions, such as 50% of your contributions
and diversification strategy. That said, don’t invest too aggressively to try to make up for lost time – this could actually increase the risk
that you don’t meet your goals.

Consider the Benefits of Waiting

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Source: Edward Jones. Assuming investing $550 per month and a 7% average annual return. Growth in taxable accounts is to the nearest $5,000.

Your Employer Can Help: Many companies match retirement-plan contributions, so it’s beneficial to delay retirement up to 4% of your salary. You should take full advantage of this, as it could increase your ending retirement balance by up to 6% of your salary. You should take full advantage of this, as it could increase your ending retirement balance by up to 6% of your salary. You should take full advantage of this, as it could increase your ending retirement balance by up to 6% of your salary. You should take full advantage of this, as it could increase your ending retirement balance by up to 6% of your salary.

The Potential Benefits of Waiting

Consider these benefits from delaying retirement:

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A Longer Retirement Means Saving More

Advances in medicine and healthier lifestyles will allow Americans to live longer than ever before. While that’s certainly good news, it also means your investments may need to last 25 to 30 years or more. Consider this:

At age 65, American men can, on average, expect about 17 more years of life and women almost 20 years. This means that half of the population can live to be above these averages, with almost one man in five and one woman in three expected to reach age 85.

Review and Reliance

The review may be the most important part of the process: “Just as it’s inevitable there will be some surprises along the way. We’ll need to review your strategy regularly, including:

• Any life events or changes to your retirement goals
• Your investment mix to help ensure it still aligns with your goals and tolerance for risk
• Actual investment performance versus expected performance
• Any insurance, beneficiary designations and legal documents to help ensure they’re up-to-date
We need to make some adjustments to stay on track. It’s also important to periodically “relate” your investments back to your stated objectives so you aren’t too much, or too little, risk necessary to achieve your goals.

Let’s take the time to outline your vision for retirement. Together, we can turn your vision of retirement into a strategy to achieve your retirement goals.
Position Your Portfolio for Both the Expected and the Unexpected

You Can’t Predict, but You Can Still Prepare

Life can be unpredictable, and your financial advisor will work with you to plan for both the expected and unexpected. While we work to address what you can’t control, you can still control how you plan. We can help you to either ‘incur’ a risk into your investment strategy or ‘float’ against it.

What’s Your Vision?

This process begins with your vision of retirement, which includes when you want to retire and your desired retirement lifestyle. We’ll focus on where you are today – your income, expenses, assets and debt – and where you want to be. We can then help you develop a strategy designed to achieve your goals.

How Much to Retire?

It’s all about Desired Income

Start with a Solid Foundation

The role of Social Security

While there may be adjustments to the program on more solid footing, Social Security will likely continue to play a key role in retirement. Since when you claim Social Security can affect both your and your spouse’s lifetime payment, it’s critical to work with your financial advisor to determine what makes sense for your situation. While the Social Security Administration estimates that Social Security provides about 40% of your pre-retirement income in retirement, remember that you’ll still be responsible for funding the majority of your spending in retirement. So comprehensive savings and investment strategy is essential.

Balancing Goals

Everyone has competing priorities when it comes to saving. You may be balancing your current expenses (like a mortgage or child care costs) with saving for the future – or you may be looking to prioritize what you’re saving for (like retirement or child’s college education). But don’t put off saving for important long-term goals at the expense of shorter-term needs. Your financial advisor can work with you to balance these priorities and adjust your strategy to better position you toward achieving what’s important to you.

The Rule of 25

Implicit in how much you need to save is how much you can withdraw from your portfolio each year. We recommend a 4% initial withdrawal rate. However, if you need to withdraw more because of a medical emergency or to replace lost income, you’ll need a portfolio worth $1 million. If you’re concerned about the market, you can withdraw less. For example, if you’ll initially need $40,000 in pretax income each year, and you expect your portfolio to underperform, you’ll need a portfolio worth $500,000.

Inflation-adjusted income needed from portfolio x 3 = portfolio value needed

For example, if you have a $400,000 portfolio today, which you expect to increase by 5% per year, you’ll need a portfolio worth at least $500,000 in 5 years to maintain your current lifestyle. This isn’t a fixed amount of time, but it’s close enough to get you started. This approach is reasonable, if your finances start to balloon one year, spending your progress. So while you need to pay attention to where you are today, stay disciplined – you may be closer than you think.

The Power of Three

The Power of Time

Three key variables will directly influence your ability to achieve your goals:

• Time (how long you save)
• Money (how much you save)
• Return (how much your investments earn)

You control both money and time, and your asset allocation helps determine your return potential. Your financial advisor can run different scenarios to show how small changes in these variables, such as saving a little more, can make a big difference over the long term.

Preparing for Your Journey

The process for creating a retirement strategy has three major components:

1. Understanding Your Current Financial Situation
2. Planning for Your Retirement
3. Working Toward Your Retirement

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For example, if you believe you need to save $1 million for retirement, you can withdraw $40,000 each year. But this approach may be risky as well – it reduces your return potential. Generally, the greater the percentage of your portfolio utilized for retirement, the more your return potential increases – but so does the risk of market fluctuations. But risk cannot be eliminated. Some investors may hold more in cash and short-term investments in an effort to avoid long-term market declines and hold onto capital. But this approach may be risky as well – it reduces your return potential. Generally, the greater the percentage of your portfolio utilized for retirement, the more your return potential increases – but so does the risk of market fluctuations.

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Prepare for the Unexpected
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This begins with your view of retirement, which includes when you want to retire and your desired retirement lifestyle. We focus on where you are today — your income, expenses, assets and debt — and where you want to be. We can then help you develop a strategy designed to achieve your goals.

How Much to Retire?
It’s all about desired income. Start by assessing your current expenses and projects your retirement needs. You may want to consult with a financial advisor to verify your projections. Your advisor will recommend an initial portfolio withdrawal rate of 4% of your portfolio’s value. If you can, you can get a quick estimate for how much you should save.

Inflation-Adjusted Income needed from portfolio: $X

The Rule of 25
Inflation is how much you need to save. If you want to retire in 25 years, you need to save 25% of your current income. For example, if you make $50,000 now, you need to save $25,000 in 25 years.

Retirement Planning

Life can be unpredictable, and you’ll face unexpected situations along the way. While we work to address these changes, you can either incorporate a risk into your investment strategy or “insure” against it.

You Can’t Predict, But You Can Still Prepare
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Risk and Your Goals
While you don’t control your investment return, you do control your return potential. Generally, the greater the potential for higher returns, the more your return potential increases – but so does the risk of market fluctuations. But risk is not the only drawback. Some investments hold more in cash and short-term investments in an effort to avoid lower return potential and no longer term goals. For example, if you’ll initially need $40,000 in pretax income to get your goal may feel far away, stay disciplined – you may be able to grow your goal at a faster rate than you think.

Preparing for Your Journey

While you are still working, your ability to earn income into the future is incredibly valuable. Life insurance can help you plan your retirement. Since when you claim Social Security can affect both your and your spouse’s lifetime payment, it’s important to have a retirement plan. You can’t predict, but you can still prepare.

The Role of Insurance
Life insurance can provide a quick estimate for how much you should save.

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be a critical part of your overall plan.

Start with a Solid Foundation
The foundation of a solid investment strategy is based on the investment principles of quality, diversification and a long-term focus. Our goal is to help you adhere to these principles in building a portfolio with the investments, insurance and banking solutions necessary to help achieve your goals and address the risks discussed earlier.

The Role of Social Security
While there may be adjustments to put the program on more solid footing, Social Security will likely continue to play a key role in retirement. Since when you claim Social Security can affect both your and your spouse’s lifetime payment, it’s critical to work with your financial advisor to determine what makes sense for your situation. While the Social Security Administration estimates that Social Security provides about 40% of the annual income for most retired Americans, it’s essential to keep emotions in check. The role of Social Security is to provide a foundation for retirement income, not to replace all other sources of income.
Society of Actuaries, June 2012

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Early and Mid-career Investors

Take Advantage of Your Biggest Asset: Time

Early on, your financial assets may be modest. However, you’re wealthier than you might think – you have time. Many people save for retirement goals first and delay saving for retirement since it may be 30 years away. We believe this is a big mistake.

The Potential Benefits of Waiting

Early and Mid-career Investors

<table>
<thead>
<tr>
<th>Age of Waiting</th>
<th>Pretax Income over Age 62</th>
<th>Pretax Income over Age 67</th>
<th>Percentage Increase in Pretax &quot;Income&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 65</td>
<td>$590,000</td>
<td>$700,000</td>
<td>18%</td>
</tr>
<tr>
<td>Age 70</td>
<td>$665,000</td>
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Source: Edward Jones. Assumes investing $550 per month and a 7%

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<tr>
<td>Initial Withdrawal from Investments (4%)</td>
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<td>16%</td>
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Keep Retiring from Being Taxing

Since taxes can significantly impact your portfolio’s value, we recommend investing in tax-advantaged accounts as well as diversifying accounts by tax treatment. Here’s a look at both traditional and Roth accounts — as this can provide more flexibility in retirement.

Where you focus your contributions may change based on your life stage and tax situation, so it’s important to discuss your strategy with your financial advisor and tax professional.

Tax-deferred/itho-free growth is a major benefit when saving for retirement. Every dollar saved in taxes in one year may have to spend in retirement. By allowing your portfolio to grow without the impact of taxes, you can be in a much better position to achieve your goals.

Understanding Your Options

There are two main types of tax-advantaged retirement savings accounts: traditional and Roth. The key differences reside in how

<table>
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<tr>
<td>Distributions are tax-deferred. Contributions are tax-deductible.</td>
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<td>Your expected tax rate on investments today will be lower than your expected tax rate on withdrawals. If you expect tax rates to be higher in retirement, a Roth IRA may be more suitable for you.</td>
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Return and Rebalance

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