Edward Jones

What Happens After the Paychecks Stop?

A Retirement Income Primer

Agenda

01 What happens after the paychecks stop?

02 Outside income sources

03 Addressing risks to retirement income

Themes

- What does retirement look like for you?
- Where will your retirement income come from?
- What are some of the potential risks?
- How can you address those risks?

How do you expect to spend retirement?

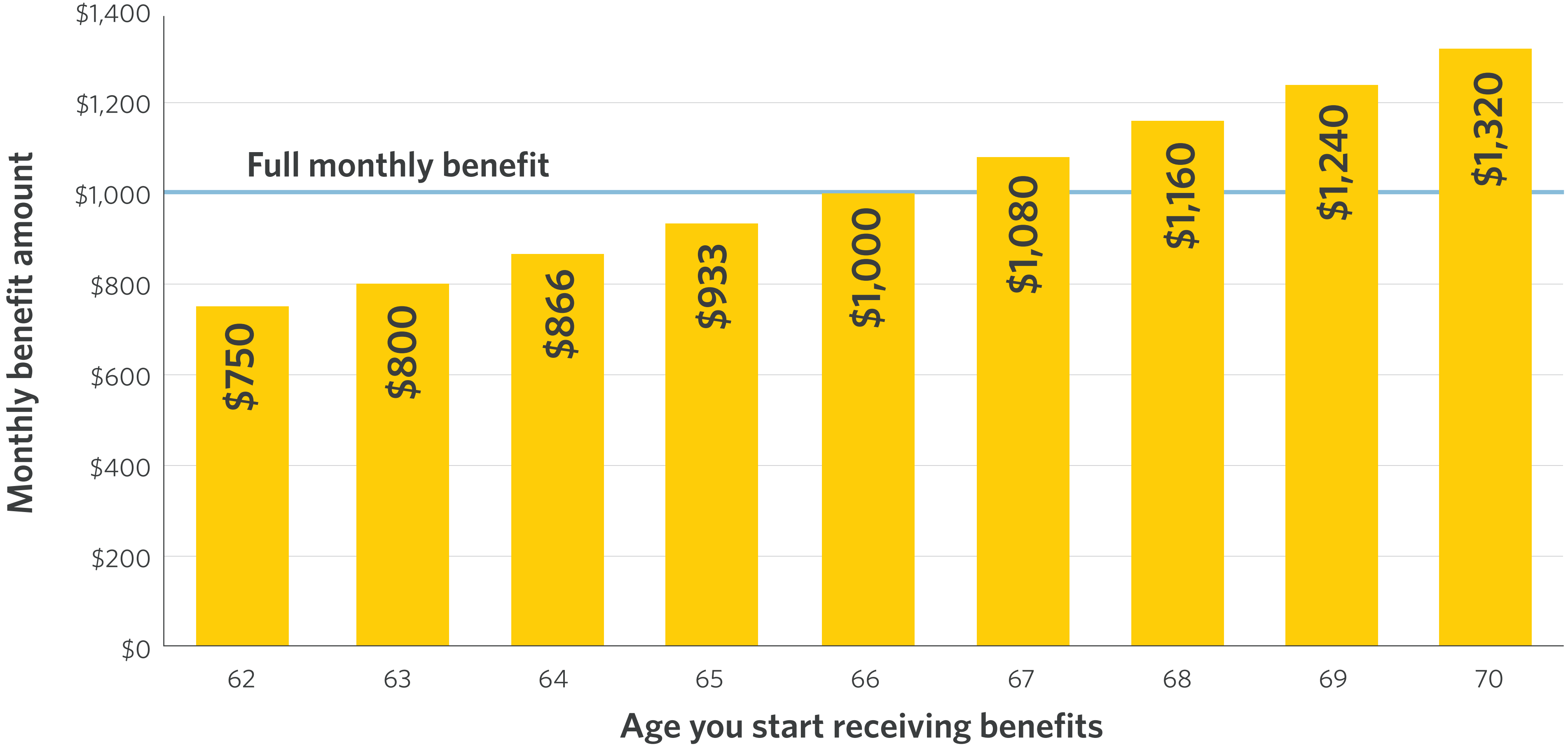
- Where would you like to be?
- What would you like to do?
- What's important to you?
- Who would like to share what they envision when they retire?

Sources of income

1. Outside sources of income
2. Savings and investment income

Monthly benefit amounts differ based on age you start receiving benefits

(Assumes $1,000 monthly benefit at full retirement age of 66)



Source: Social Security Administration. Example does not include any potential cost-of-living adjustments (COLAs).

The income gap

Expenses

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Income

Income gap

Savings and investment income

- Withdrawal rate
- Reliance rate

Withdrawal rate

The percentage of your portfolio you withdraw every year

Amount withdrawn from portfolio (pretax)

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Total portfolio size

Withdrawal rate (%)

Reliance rate

The percentage of your income that comes from your portfolio (how much you **rely** on your portfolio for income)

Income needed from portfolio

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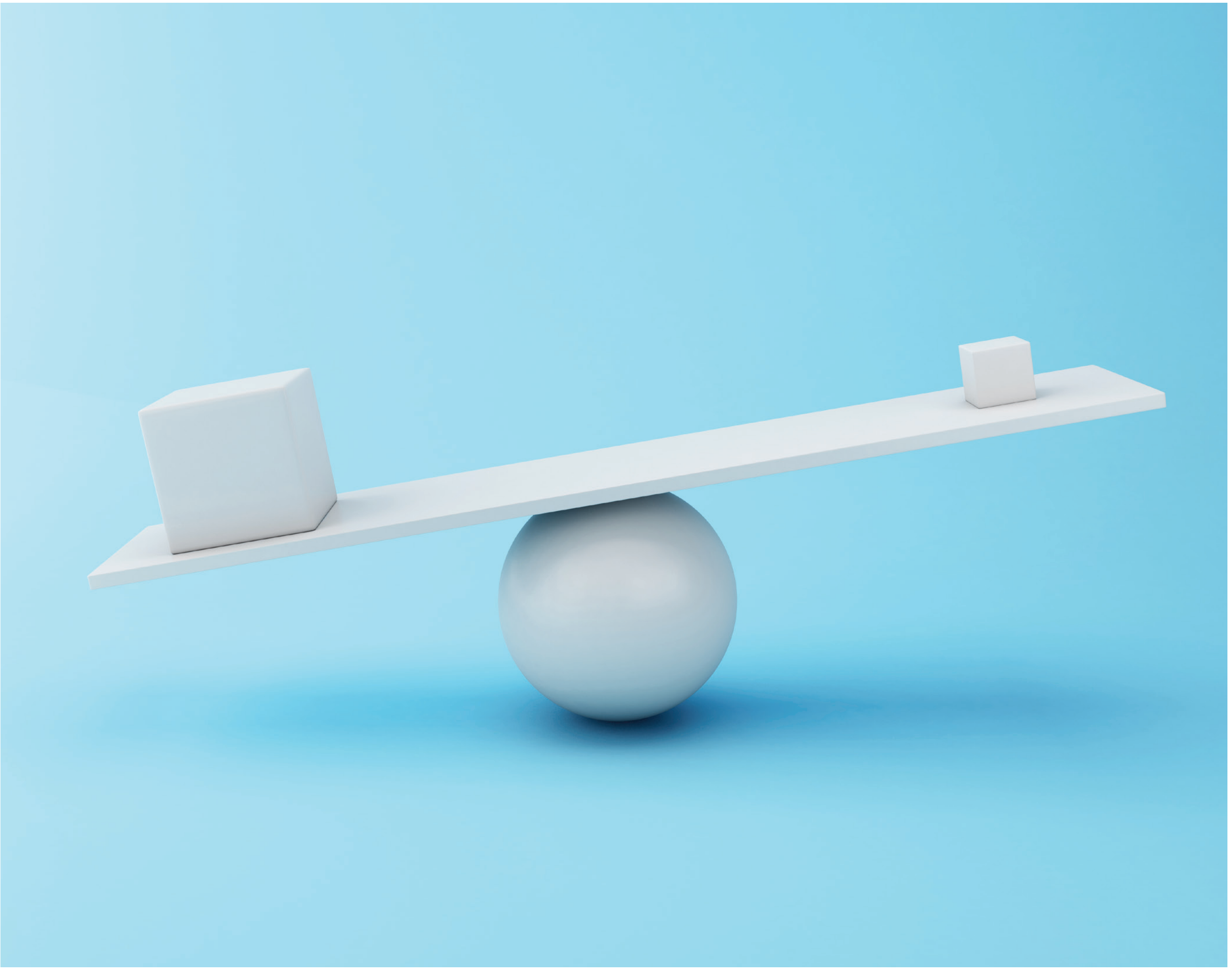
Total income needed

Reliance rate (%)

Incorporate versus insure

Outliving your retirement savings

Incorporate or insure?



Rising withdrawal guidance

		More conservative	Less conservative
Age in retirement	Early 60s	3.0%	3.5%
	Late 60s	3.5%	4.0%
	Early 70s	4.0%	5.0%
	Late 70s	5.0%	7.0%
	80s+	6.0%	8.0%

Withdrawal rate guidance is based on estimates of the probability of different portfolio allocations lasting to age 92. Assumes withdrawals increase by 3% annually for inflation. We assume the portfolios have a mix of cash, fixed income and equities. Expected returns based on long-term capital market expectations for cash of 2.46%, fixed income of 3.10% to 5.56%, U.S. stocks of 6.72% to 8.19%, and international stocks of 8.49% to 9.72%. We also assume an annual fee of 1%. Withdrawal rates can include the withdrawal of principal. If preservation of principal is a high priority, you may need a lower withdrawal rate. In general, the higher your withdrawal rate, the greater the risk your money may not last throughout your time horizon.

Outliving your retirement savings

Incorporate

- Age plays a role.
- Allow expense flexibility, reliance rate and risk tolerance to influence withdrawal rate.
- Asset allocation is critical.
- Desire to leave a legacy should be considered, as appropriate.

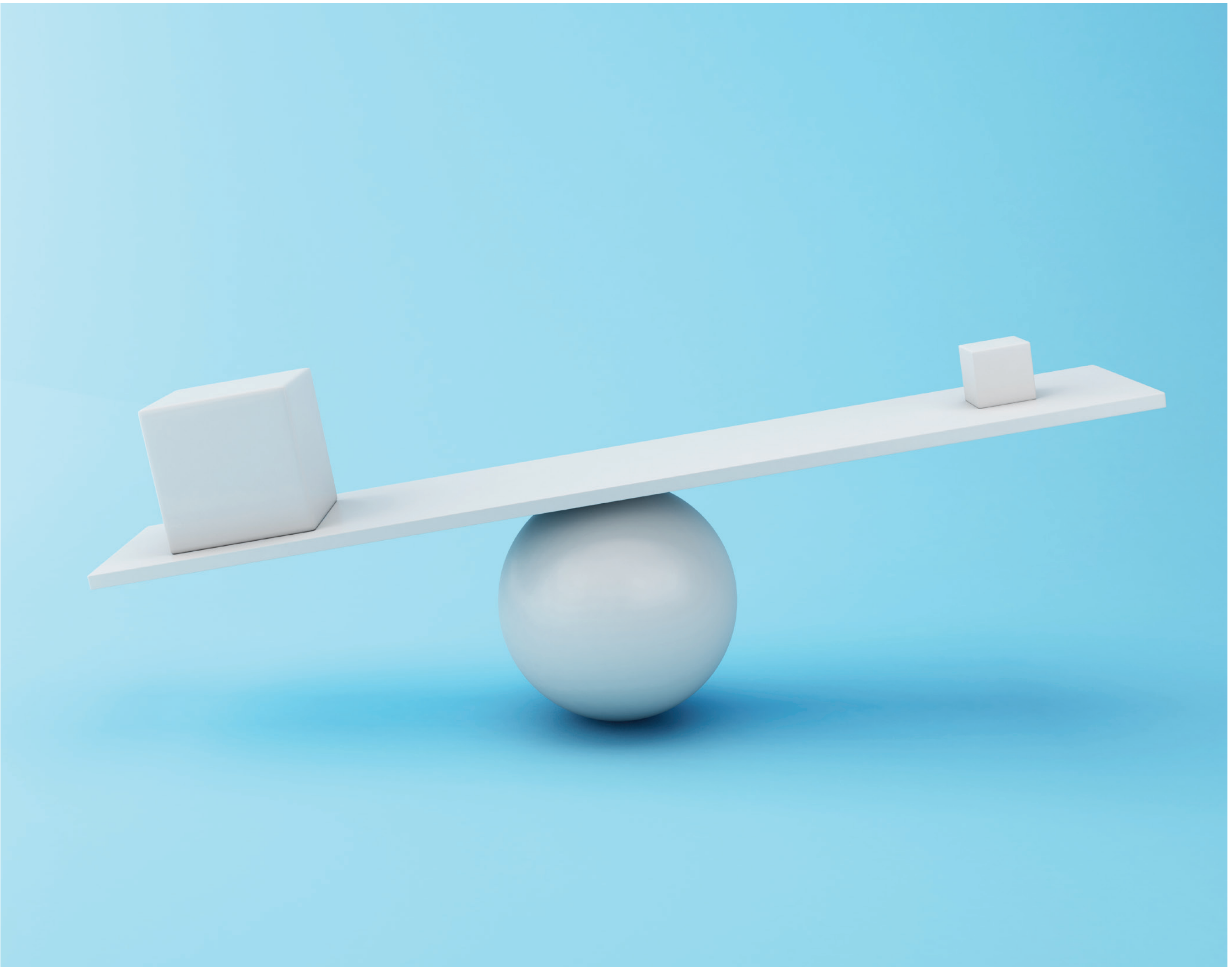
Outliving your retirement savings

Insure

- Consider Social Security and/or other investment options.

Market declines

Incorporate or insure?



Sequence of returns and withdrawal rates

Beginning portfolio value: $500,000										Ending portfolio value	
Annual portfolio returns									Average return	4% Withdrawal rate	6% Withdrawal rate
Year	1	2	3	4	5	6	7	8			
Scenario 1	25%	16%	8%	15%	0%	-8%	4%	-12%	6%	$590,000	$500,000
Scenario 2	-12%	4%	-8%	0%	15%	8%	16%	25%	6%	$490,000	$355,000

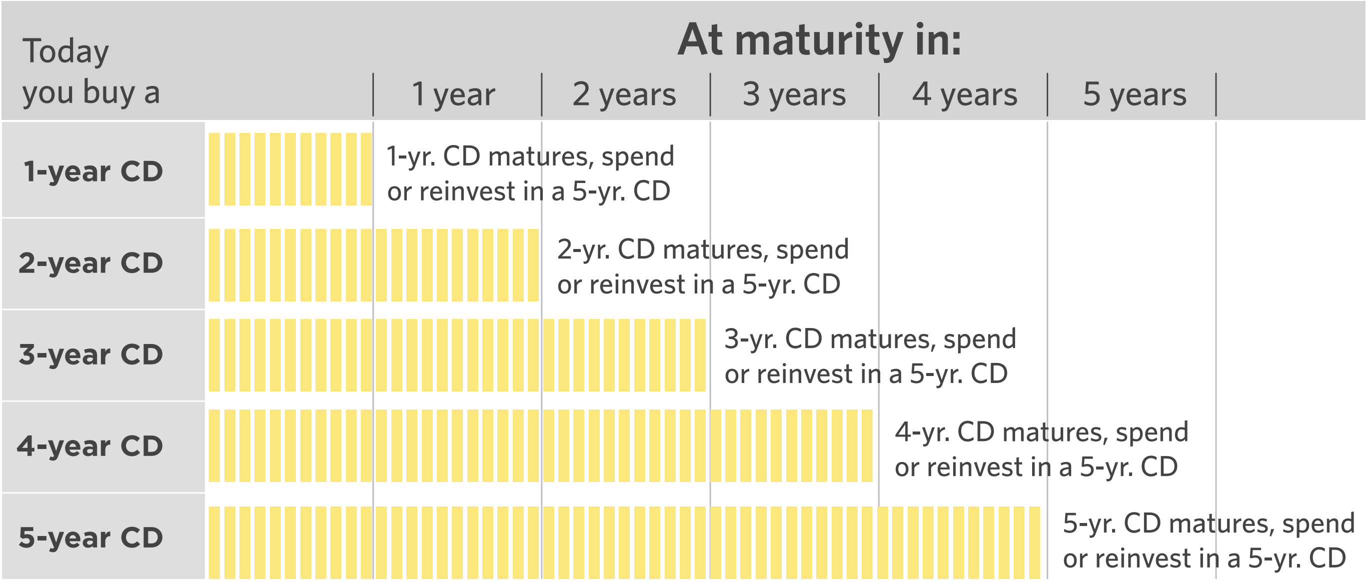
Source: Edward Jones. Hypothetical illustration. Examples assume withdrawals increased by 3% each year for inflation. Ending portfolio Value rounded to nearest thousand.

Market declines

Incorporate

- Have one year's worth of your income needs.
- Build short-term fixed-income or CD ladder.
- Be flexible with spending.

CD ladder



Market declines

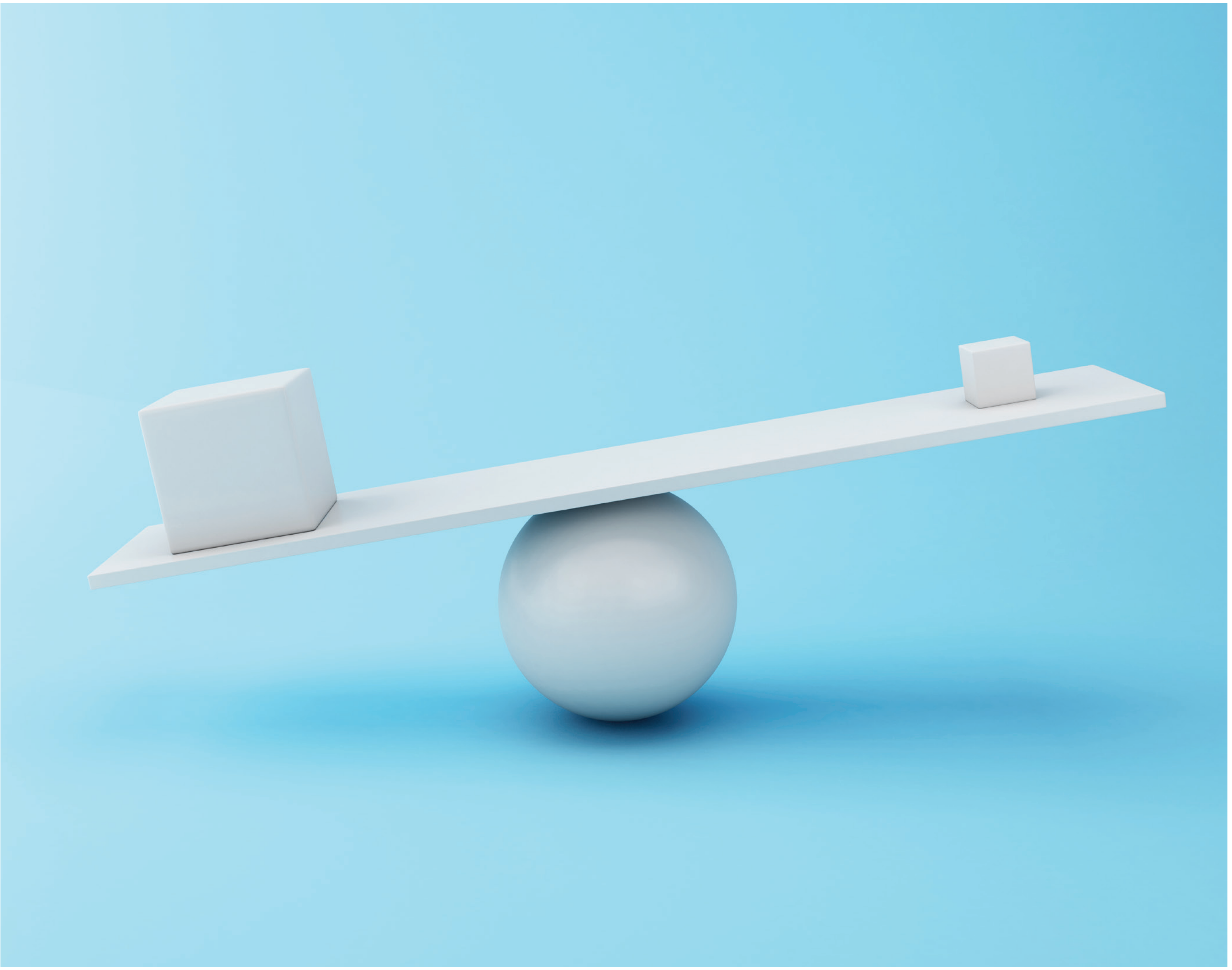
Insure

- Consider Social Security and/or other investment options.

Edward Jones operates as an insurance producer in California, New Mexico and Massachusetts through the following subsidiaries, respectively: Edward Jones Insurance Agency of California, L.L.C., Edward Jones Insurance Agency of New Mexico, L.L.C., and Edward Jones Insurance Agency of Massachusetts, L.L.C.

Inflation

Incorporate or insure?



The impact of inflation

	1995	2020	2045 (est.)
Car	$17,200	$25,000	$36,212
Tank of gas (17 gallons)	$19	$44	$102
Monthly groceries	$365	$619	$1,050
Annual health care expenses	$2,648	$7,434	$20,870

The inflation rate used to calculate 2045 prices is based on historical inflation rates from 1995 to 2020: Car = 1.5%; Gas = 3.4%; Groceries = 4.2%; Health care = 4.2%. Car: MSRP for automatic transmission Toyota Camry. Gas: national average for unleaded regular gasoline. Groceries: family of two with moderate cost plan. Health care: 2018 data; median household expenditure for married couple from Consumer Expenditure Survey.

Sources: Bureau of Labor Statistics; U.S. Department of Agriculture; AutoTrader.com

Inflation

Incorporate

- Use a modest withdrawal rate.
- Include investments with the potential for rising income.

Inflation

Insure

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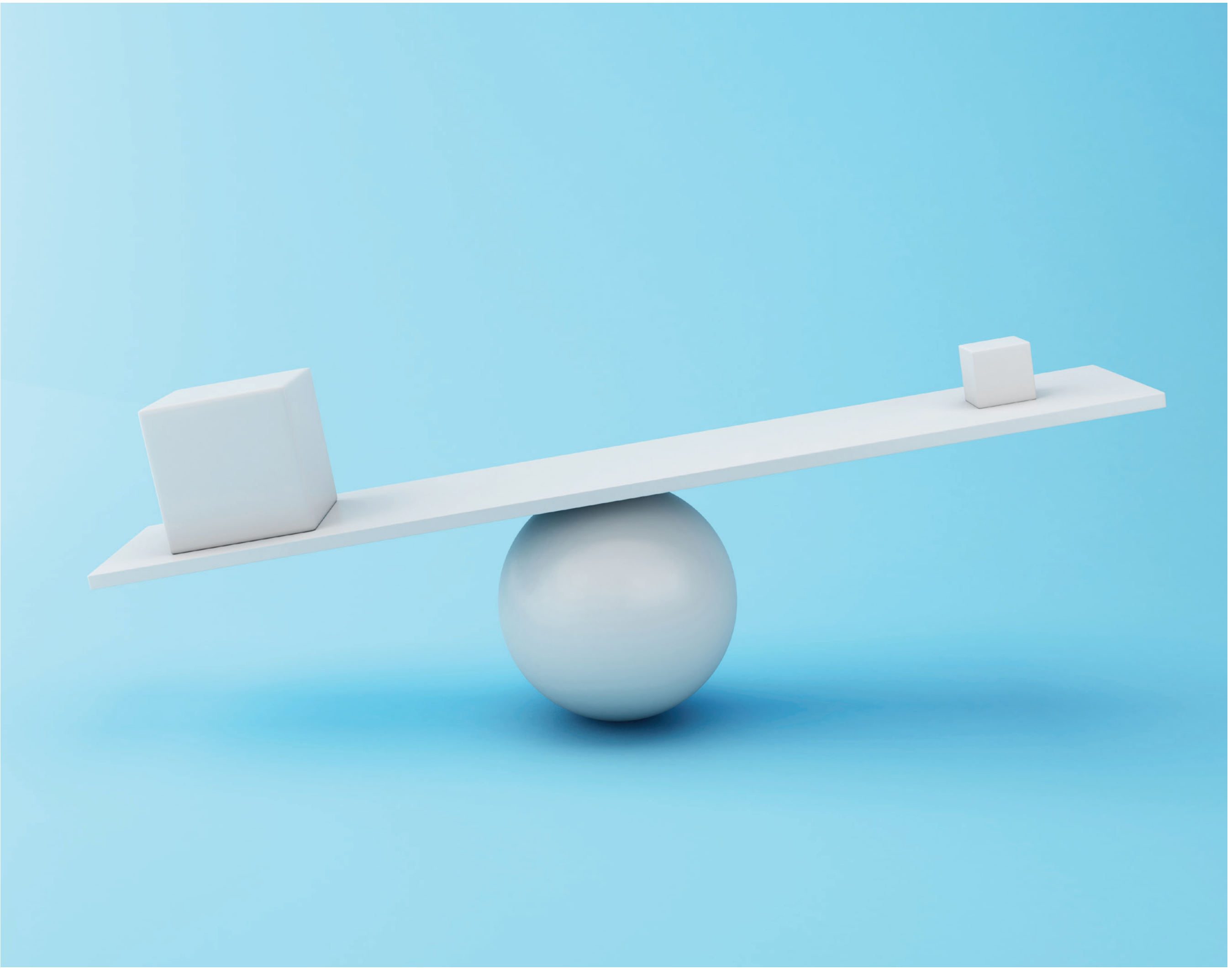
Health care and long-term care costs

Incorporate or insure?

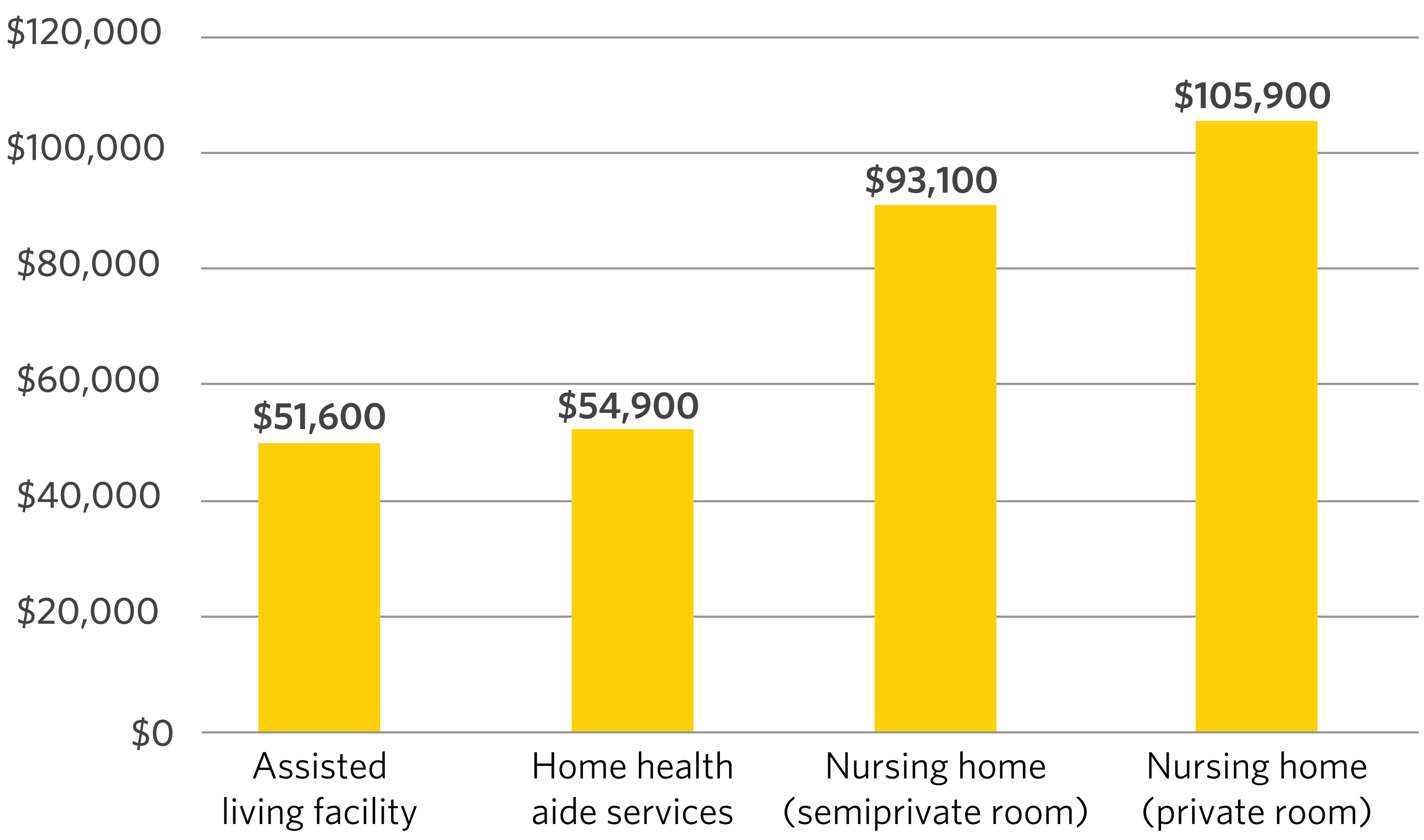


Budget

$4,500 to $6,500

Can you afford long-term care?

Annual cost of long-term care options - 2020



Source: Genworth 2020 Cost of Care Survey

Health care and long-term care costs

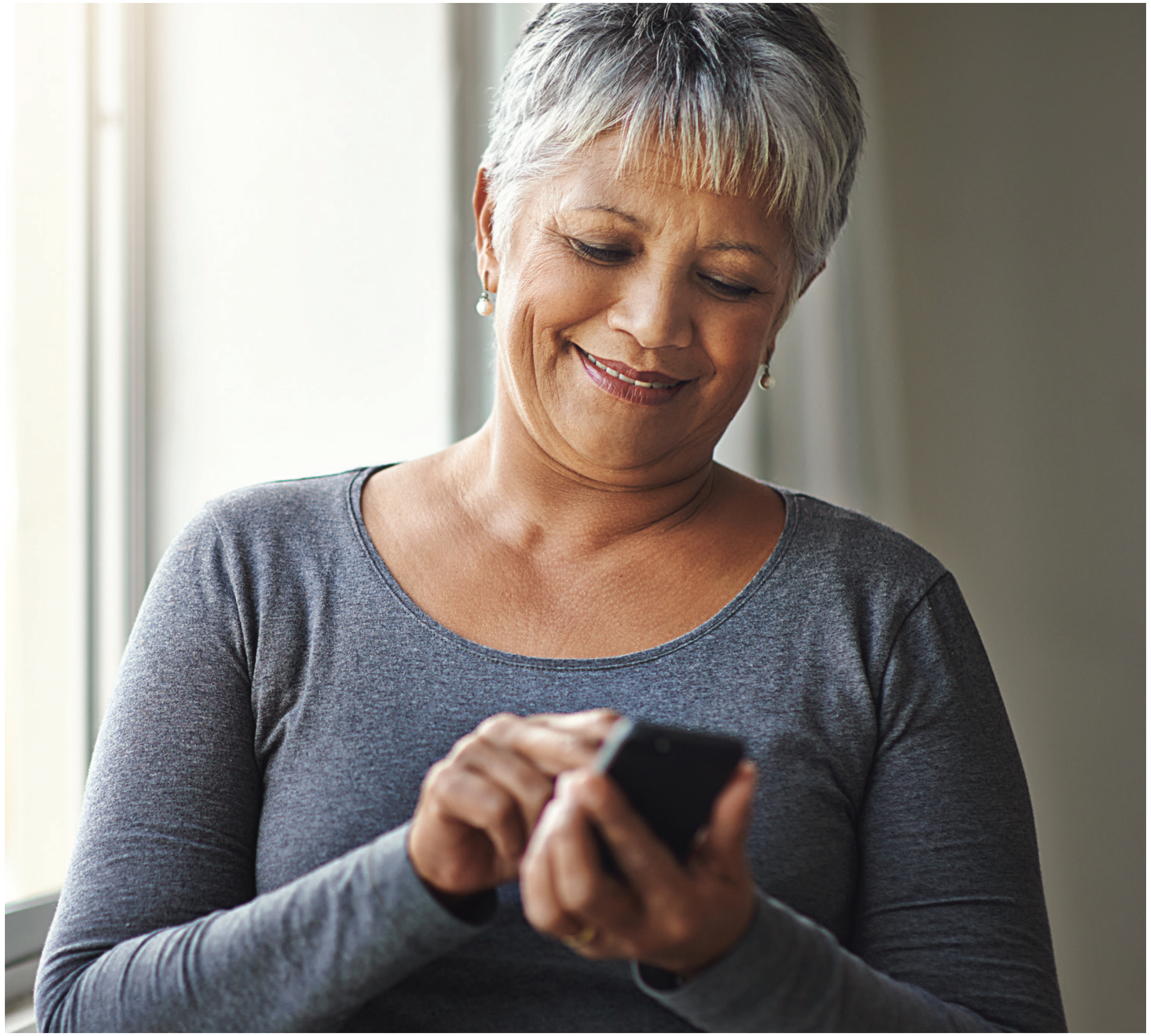
Incorporate

Save toward the potential cost.

Health care and long-term care costs

Insure

- Consider long-term care insurance.
- Consider life insurance with long-term care benefits.



Staying on track

Key steps toward achieving your financial goals

Any questions?