

Retirement Income Planning



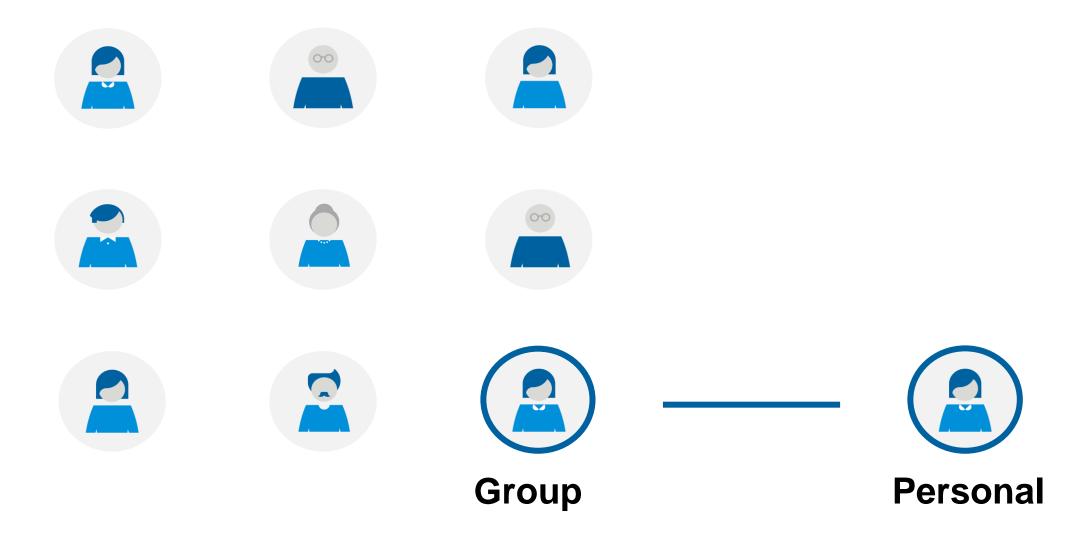
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Making the most of what you have





What to expect from today's workshop...





Today's agenda

Retirement risks

- Longevity
- Overspending
- Inflation

- Market timing
- Healthcare and unexpected expenses

Retirement income planning process



Today's agenda

What would you like to get out of today's session?





Retirement Risk

What is the greatest risk retirees face today?



Retirement risk 1: Longevity



52% of all workers (young and old) say that they fear outliving their savings and investments and 42% are concerned that they will not be able to meet the basic financial needs of their household.*

*18th Annual Transamerica Retirement Survey, 2018



Retirement risk 1: Longevity

Living beyond the average

Males age 65, will live on average to age 83*



Male and female couple both age 65, have a **49% chance** of at least one person living to age 90**



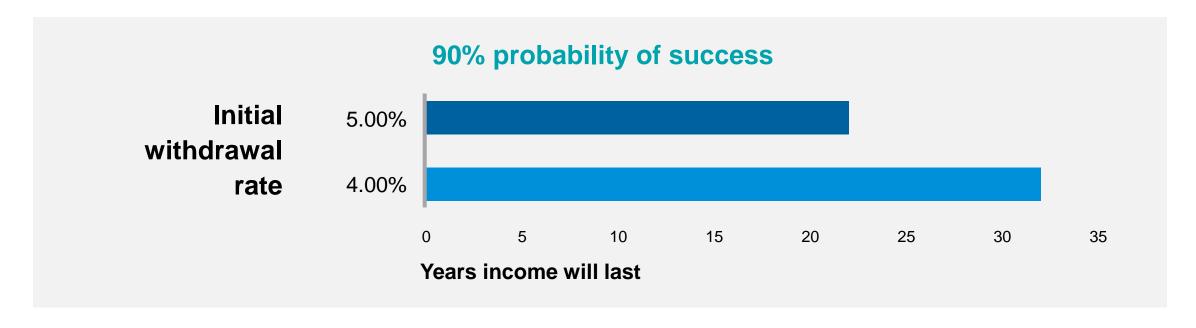
Females age 65, will live on average to almost age 86*



*OECD Health Statistics, 2017 **Vanguard, 2019



Retirement risk 2: Overspending



Assumes a balanced portfolio of 50% stocks, 40% bonds and 10% cash

Key take away

You may not be able to take out as much of your investments as you think

Source: Fidelity Investments Viewpoint, 2017



Retirement risk 3: Inflation

How much will things cost in the future?

18oz box of Corn Car U. Of Michigan out-of-1990 Flakes state tuition/costs \$9,437 \$1.99 \$12,800 18oz box of Corn Car U. Of Michigan out-of-**Today** Flakes state tuition/costs \$37,285° \$67,838

¹University of Michigan, 2020 ²Inthe90s.com, Kelley Blue Book, 2019 Kroger 2020



Retirement risk 3: Inflation

\$2,000 = \$826.11 Today In 25 years*

*Assumes a 3.6% inflation rate



Retirement risk 4: Market timing

Hypothetical example of market returns in a difference sequence

Negative returns later on				
End of year	Rate of return	Withdrawals	Account value at end of year	
			\$250,000	
1	24%	\$12,500	\$294,500	
2	20%	\$12,500	\$338,400	
3	16%	\$12,500	\$378,044	
4	12%	\$12,500	\$409,409	
5	8%	\$12,500	\$428,662	
6	4%	\$12,500	\$432,809	
7	0%	\$12,500	\$420,309	
8	-8%	\$12,500	\$375,184	
9	-10%	\$12,500	\$326,415	
10	-20%	\$12,500	\$251,132	
	e annual f return:	3.7%		

Negative returns early on				
End of year	Rate of return	Withdrawals	Account value at end of year	
			\$250,000	
1	-20%	\$12,500	\$190,000	
2	-10%	\$12,500	\$159,750	
3	-8%	\$12,500	\$135,470	
4	0%	\$12,500	\$122,970	
5	4%	\$12,500	\$114,889	
6	8%	\$12,500	\$110,580	
7	12%	\$12,500	\$109,849	
8	16%	\$12,500	\$112,925	
9	20%	\$12,500	\$120,510	
10	24%	\$12,500	\$133,933	
	je annual f return:	3.7%		

*Both start with \$250,000 and withdraw \$12,500 per year

^{*}Hypothetical example for illustrative purposes only. Withdrawals are taken before the annual rate of return is calculated. Results do not reflect any specific investment and values are not adjusted to reflect taxes, product charges and fees or inflation, all of which will reduce the account value.



Retirement risk 4: Market timing



Retiring in a bear or down market can have a major impact on your assets and income sustainability



Retirement risk 5

What is likely to be one of your largest and most unpredictable retirement expenses?





Retirement risk 5: Health care and unexpected expenses



A 65 year-old couple is estimated to need \$285,000* to cover medical expenses throughout retirement

^{*} Fidelity Retiree Health Care Cost Estimate, 2020



Retirement risk 5: Health care and unexpected expenses

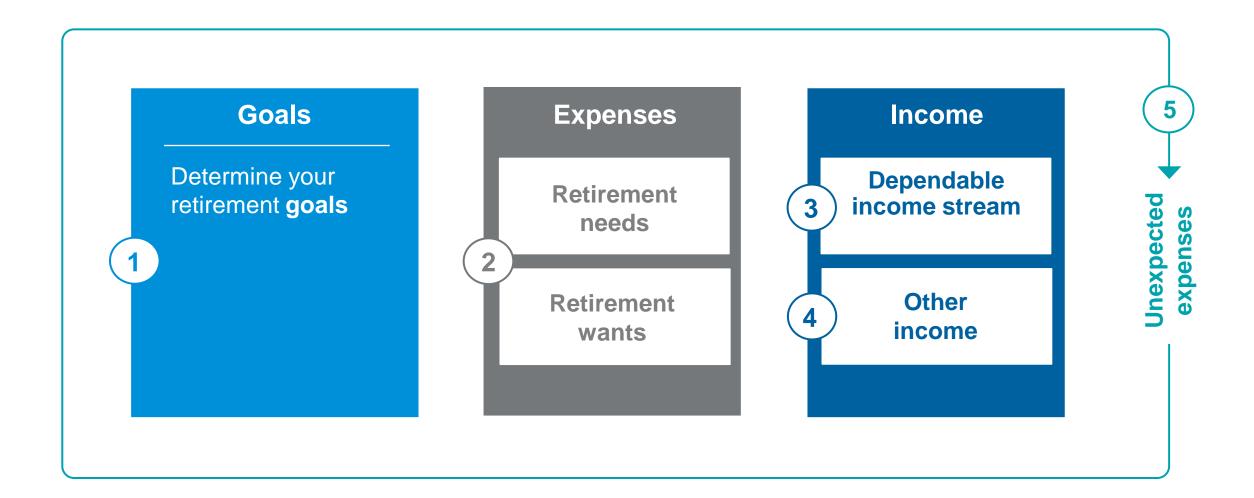


Without appropriate planning long term care services can potentially deplete your income and savings, even before you retire



How do you create a retirement income strategy that will pay for the retirement lifestyle you want to live?









What's your vision of retirement?













How much will your retirement actually cost you?







Where will the income to pay these expenses come from?





Where will the income to pay these expenses come from?

Dependable income sources

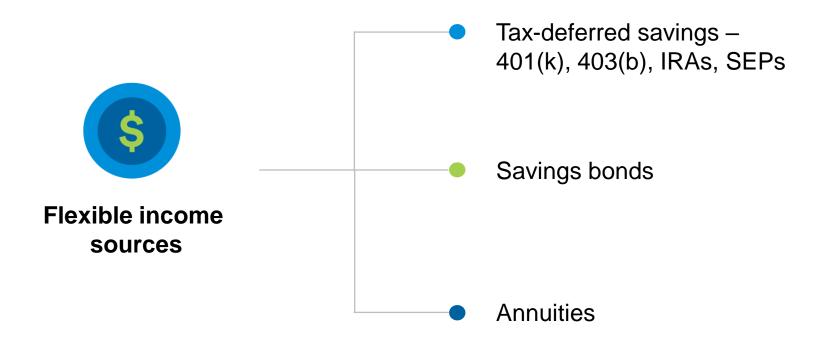
- Social Security
- Defined benefit or pension plan

Creating additional dependable income sources

- CD/Bond ladders
- Annuities
- Life insurance



Where will the income to pay these expenses come from?







How do your sources of income and projected expenses match up?





Work longer		
Extend your career		
Work part-time		
Start a new business		



Consider converting some of your personal savings to dependable income





Where will the income to pay these expenses come from?			
Systematic withdrawals	Annuitization		



Systematic withdrawals create flexible income

Longevity	Overspending and timing risk	
How long your assets last depends on your withdrawal rate and the size of your nest egg	You choose your investments and control your withdrawal rate, but they can be affected by market volatility	
Inflation	The unexpected	



Annuitization creates dependable income

Longevity	Overspending and timing risk
Provides guaranteed income that can last a lifetime*	Market conditions have no effect on your dependable, consistent payments
Inflation	The unexpected
Often does not provide inflation adjustment to dependable income	While you have guaranteed monthly income, generally there is limited or no flexibility

Guarantees based on financial strength and claims paying ability of the issuing insurance company. Illustration does not take into account any taxes or fees which will reduce cash payments.



Flexible/dependable systematic withdrawals vs income annuity

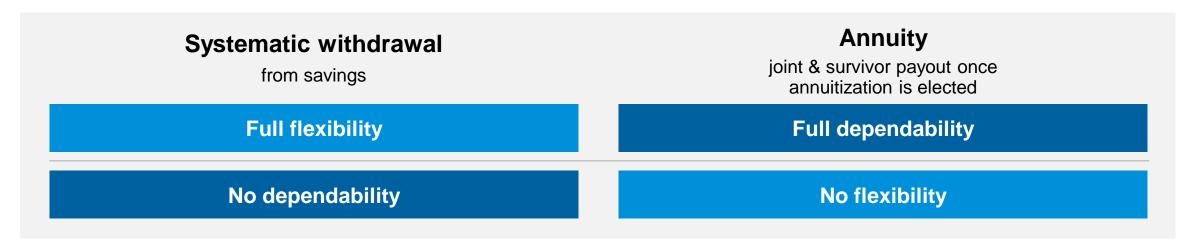
Hypothetical example:

You have \$500,000 savings available for retirement

You need \$55,000 per year to cover retirement expenses

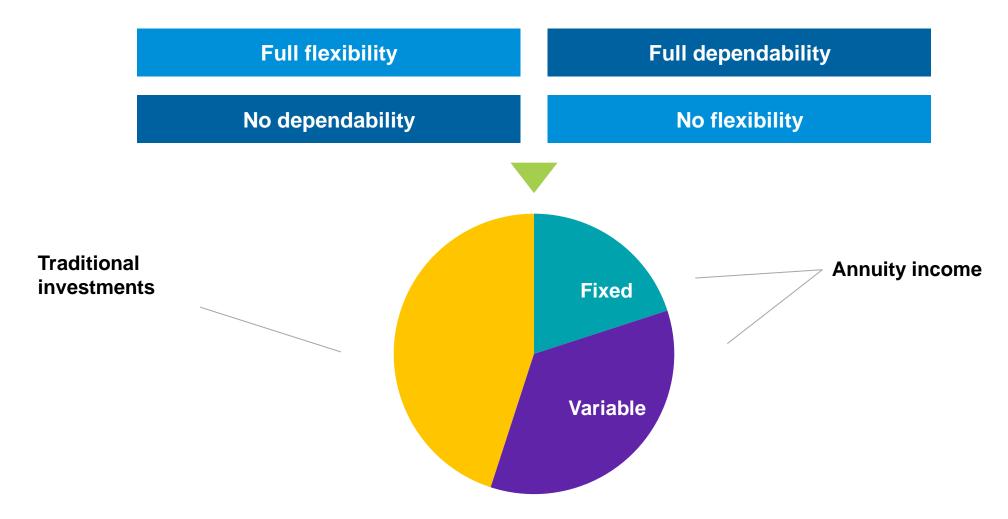
You have \$37,000 of dependable income (\$27,000 social security + \$10,000 pension)

You need to create \$18,000 per year





Taking a middle road approach



Hypothetical example shown for illustrative purposes only.



Today's takeaways!



Your "needs" in retirement **should be covered** by income sources that last a lifetime



Determining the income allocation that's best for you will help you cover both your "wants" and "needs"



Retirement income planning is no easy feat, however, there is a process to help get you there



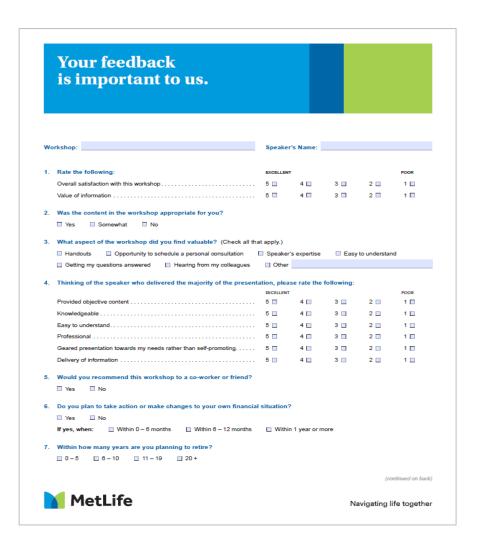
Today's agenda

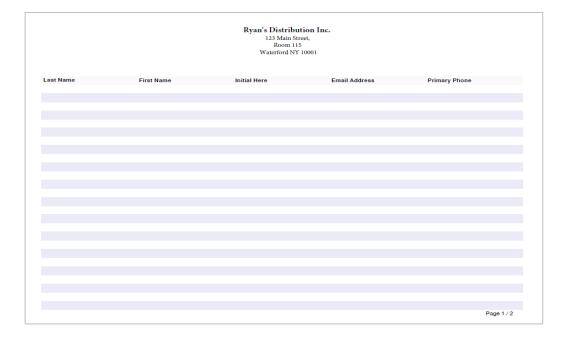
What would you like to get out of today's session?





Your feedback is highly appreciated









Next steps

Questions not covered today?

Want to continue the conversation?

Here's how to sign up for your free, no-obligation personal consultation with a local financial professional.

- By now (or very shortly), you have an email from MetLife (Retirewise_support@metlife.com) with a link to enter your contact information
- Once we receive your request, a local financial professional will reach out to you to schedule a mutually convenient appointment

Or you can Email us at (**Retirewise_support@metlife.com**) with your contact information. Please include the name of your company.





Questions?



Important information

Please consult your tax advisor or attorney for such guidance. Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their qualified legal, tax and accounting advisors as appropriate.

Any examples shown are hypothetical and are used for informational purposes only. Your particular needs may vary. Examples should not be regarded as advice and you should consult with your legal, tax, accounting and/or financial planner/advisors in making decisions that are right for you.

MetLife administers the PlanSmart program, but has arranged to have specially-trained third party financial professionals offer financial education and, upon request, provide personal guidance to employees and former employees of companies providing PlanSmart through MetLife.

