Her Retirement®

Welcome to the Masterclass & More...
“From Savings to Security”

Get comfy and grab yourself a cup of tea, coffee, water or wine.
Say hi and let everyone know your favorite hobby.

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Women + Money = _____.

Please put answer in the chat.

Housekeeping…

- For new peeps, I'm your host Lynn Toomey. I'm also the founder of Her Retirement
- Get comfy: turn off and tune out distractions
- Next week, same time, same place, same Zoom link
- 2 hours for each session (6 hours of retirement education)
- We'll take a quick break at 7:30pm for a stretch, bathroom break or wine break. ☺
- Try to start and end on time
- Replay links will be available day after class
- Presentation and "homework"
- Taking notes: pen and paper, notetaking PDF
- Post questions in the chat or Q&A area (prize to peeps who comment most)

Money Affirmation for Tonight

Convo With My Mom About Being Prepared

Me: So what did you do today mom?

My Mom: Arranged my play list.

And more of her suggestions

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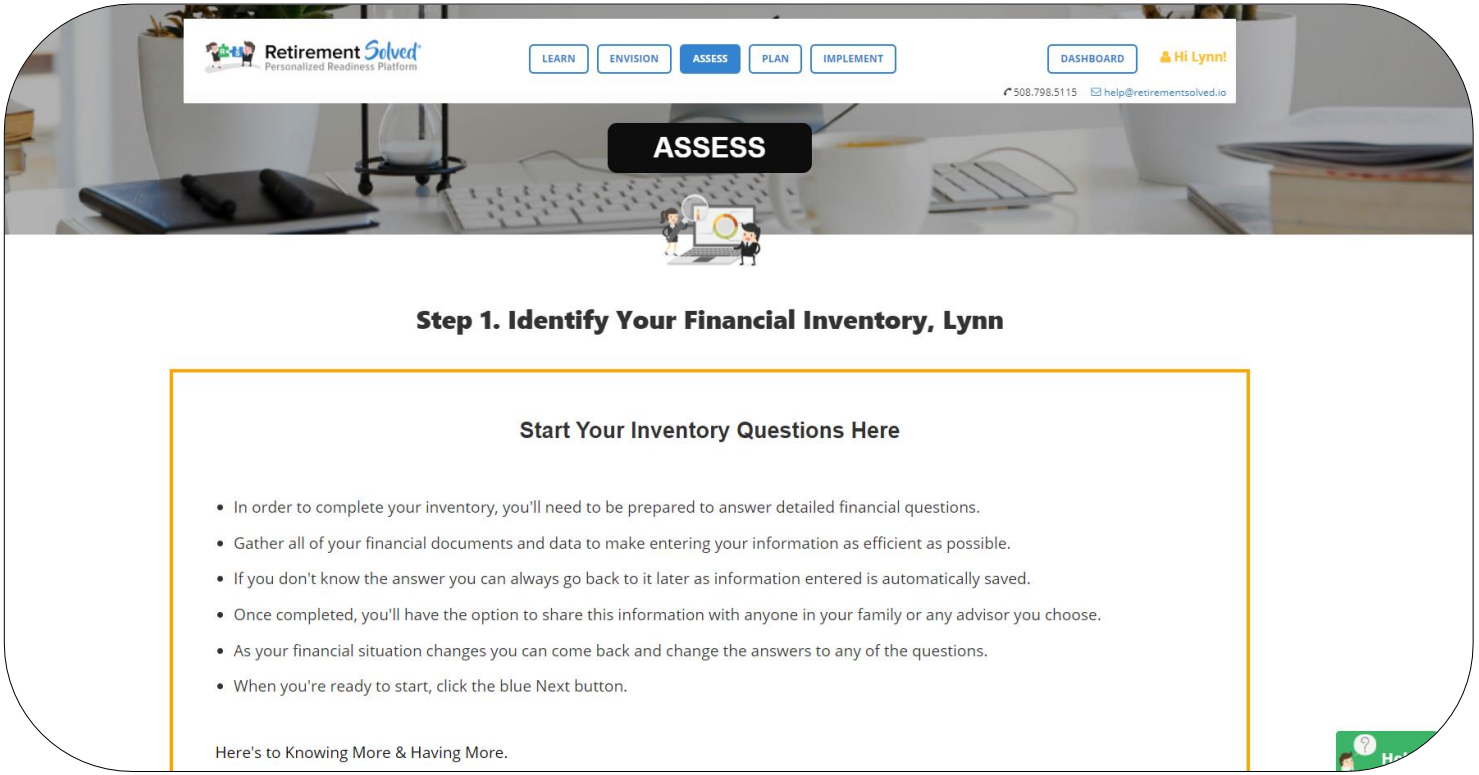
Speaking of being prepared, how did everyone do with the homework?



In Addition to Teaching, Brian is a Retirement Advisor to Many Pre- & Post-Retirees

- YRA is a one-stop retirement advisory practice focused on pre-retirees 50-70 years old
  - Offices in Acton, Worcester & Leominster
  - Services offered online across US
- Resident retirement “geek”
- Investment Advisor Representative with 30 years experience
- Founder: Tax Smart Network
- Former professional football player: Patriots, USFL, Arena.

Brian Saranovitz

Brian Featured in National News Media

& author of many white papers

Forbes

U.S.News & World Report

HUFFPOST

FiduciaryNews.com
Stay Informed. Stay Up-To-Date. Stay Safe.

Work+Money

GO BankingRates

moneytips

MarketWatch

Reader's digest

Listing in this publication is not a guarantee of future Investment success. This recognition should not be construed as an endorsement of the advisor by any client.

https://yourretirementadvisor.com/2018/08/07/brian-saranovitz-featured-in-forbes/

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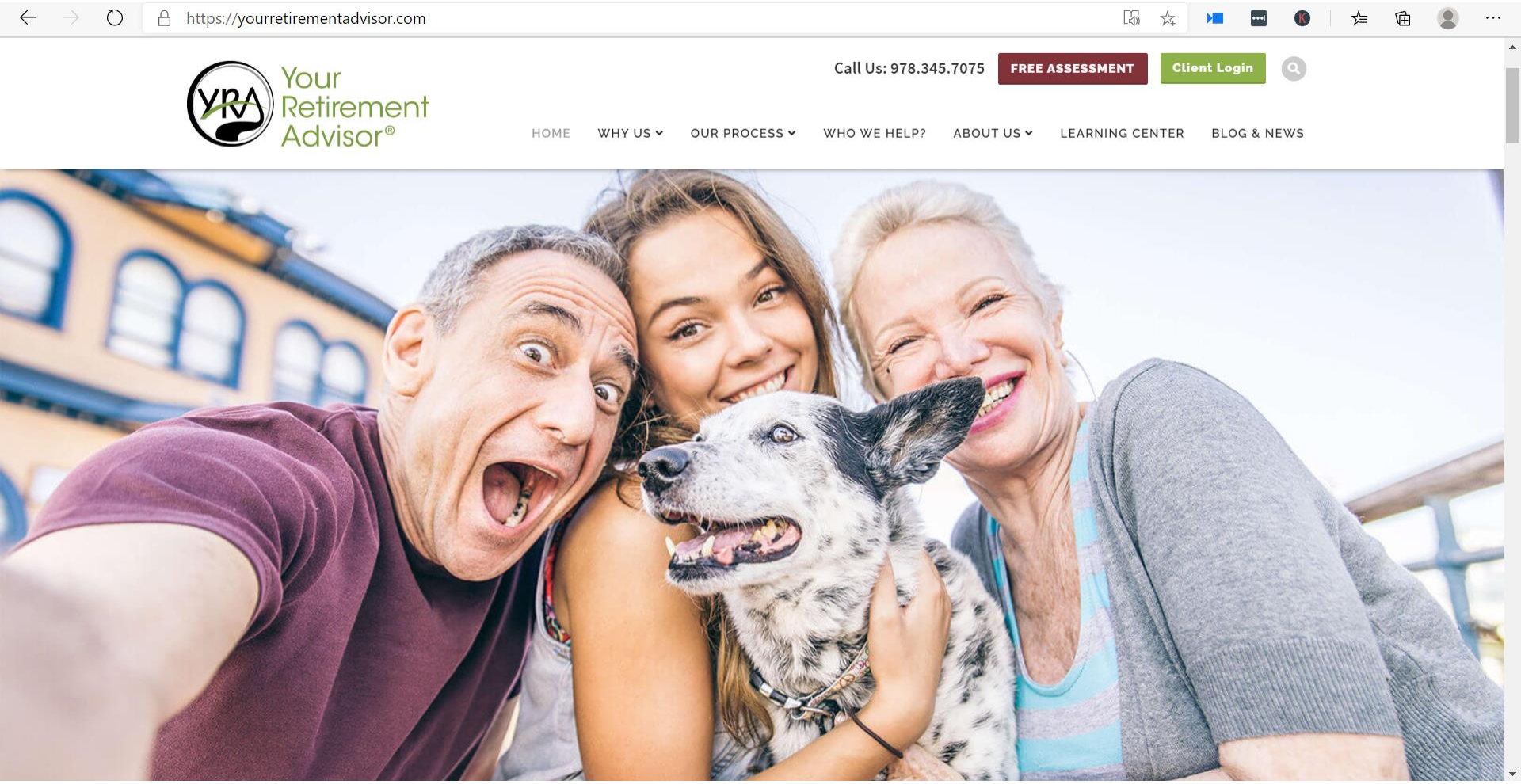

www.YourRetirementAdvisor.com

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Build Your Plan with these Steps

- ❑ Use the Retirement Readiness Platform to Take an Inventory and Understand Possible Gaps
- ❑ Get serious about physical and mental health
- ❑ Pre-Retirement Optimization
- ❑ Consider your goals/lifestyle desires
- ❑ Understand & address risks
- ❑ Create your Income Distribution Plan
  - ❑ Identify sources of income & expenses
  - ❑ Address any gap
  - ❑ Refine your retirement portfolio to balance growth & guarantees
  - ❑ Understand fees and portfolio costs
  - ❑ Choose tax efficient withdrawals
- ❑ Create your Income Protection Plan
- ❑ Get Reliable Guidance

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The Number One Goal of Retirement

(besides health) …

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…to Make Sure Your Money Lasts as Long as You Do

(while living your desired lifestyle)

The oldest person ever whose age has been verified is Jeanne Calment (1875–1997) of France, who died at the age of 122 years.

Source: REUTERS

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To do this, you may need...

an attitude adjustment (behavior change)
and a retirement plan with some unconventional strategies.

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The Right Retirement Plan is More Than a 401(k) or an Investment Strategy

The right plan incorporates unconventional strategies…

“Unconventional” Strategies

Multi-Discipline Retirement Strategies

- Safe savings/spending strategy for lifestyle and emergencies
- Income plan & distribution > income for life
- Investment strategy > transition portfolio to balance growth guarantees, minimize risk
- Tax strategy to pay as little taxes as possible.
- Home equity strategy for income buffer or emergency fund.
- Protect against what-ifs > healthcare/Medicare, long term care and death
    - Common myths: Long term care is too expensive, you must have life insurance

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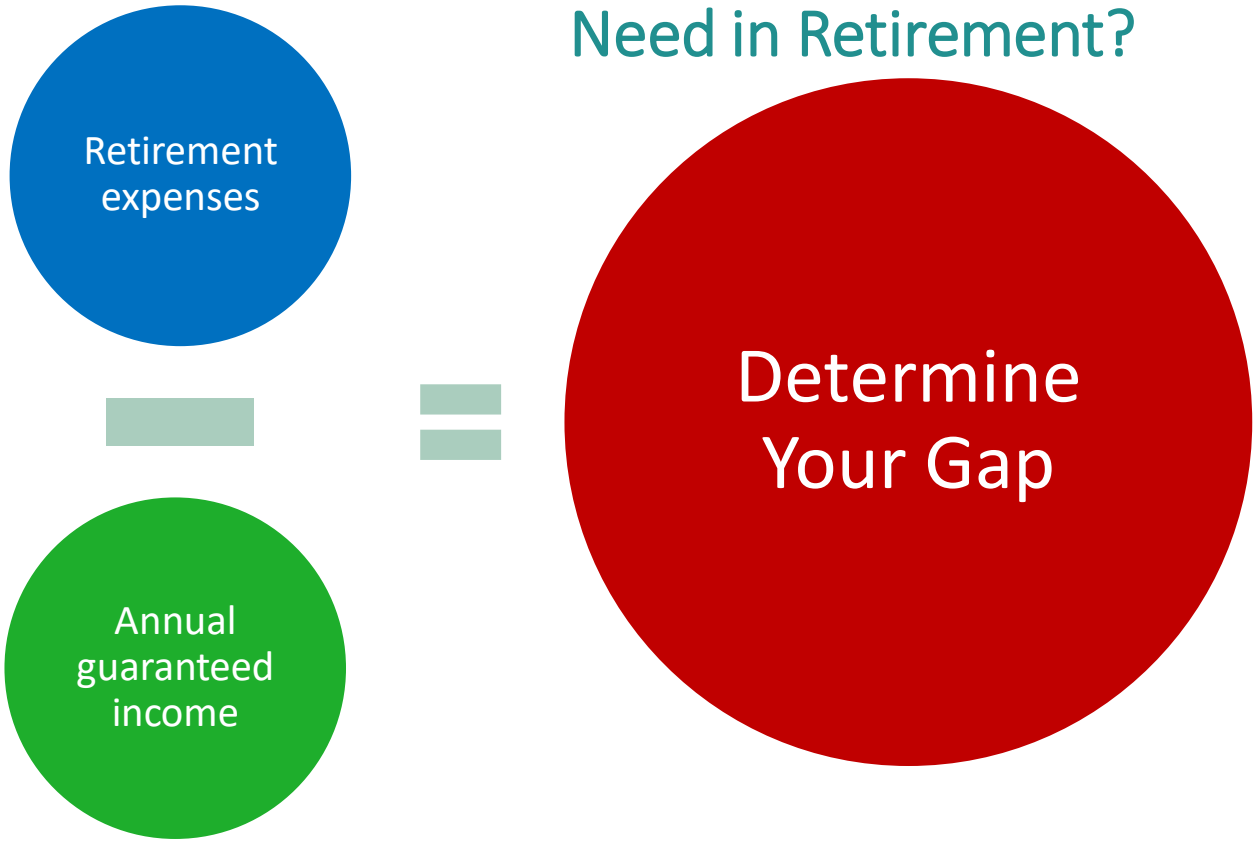
What the Research Tells Us...

"Most advisors concentrate solely on managing investments. They don't incorporate all the intricate retirement strategies that must be utilized to dramatically increase the probability of a retiree's success."

–Dr. Wade Pfau, Retirement Researcher

Retirement Income Planning

- Step 1: Calculate Your Expense Budget
- Step 2: Calculate Your Guaranteed Income Sources
- Step 3: Determine Any Gap



Guaranteed Income Sources

From the government or an employer

- Social Security Income
- **Defined Benefit Plan (Traditional Pension Income)**

Ways to create your own guaranteed income:

- HECM Loans – Tenure Option
- Guaranteed Annuity Income

NOTE: Each Guaranteed Income Source should be carefully considered to create the most efficient retirement plan…

Implementation of any strategy should be added only after completing a series of “retirement experiments” to assess the value before implementing.

Guaranteed Income Source #2

Defined Benefit Plans

- **Defined Benefit Plans**
  - Traditional Pensions are the exception
  - Company is responsible for generating a guaranteed income for life for each participant

Note: a Defined Contribution Plan is where participant is responsible for creating an income stream that will last a lifetime (and is not “guaranteed”)

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Do you have a defined benefit/pension?

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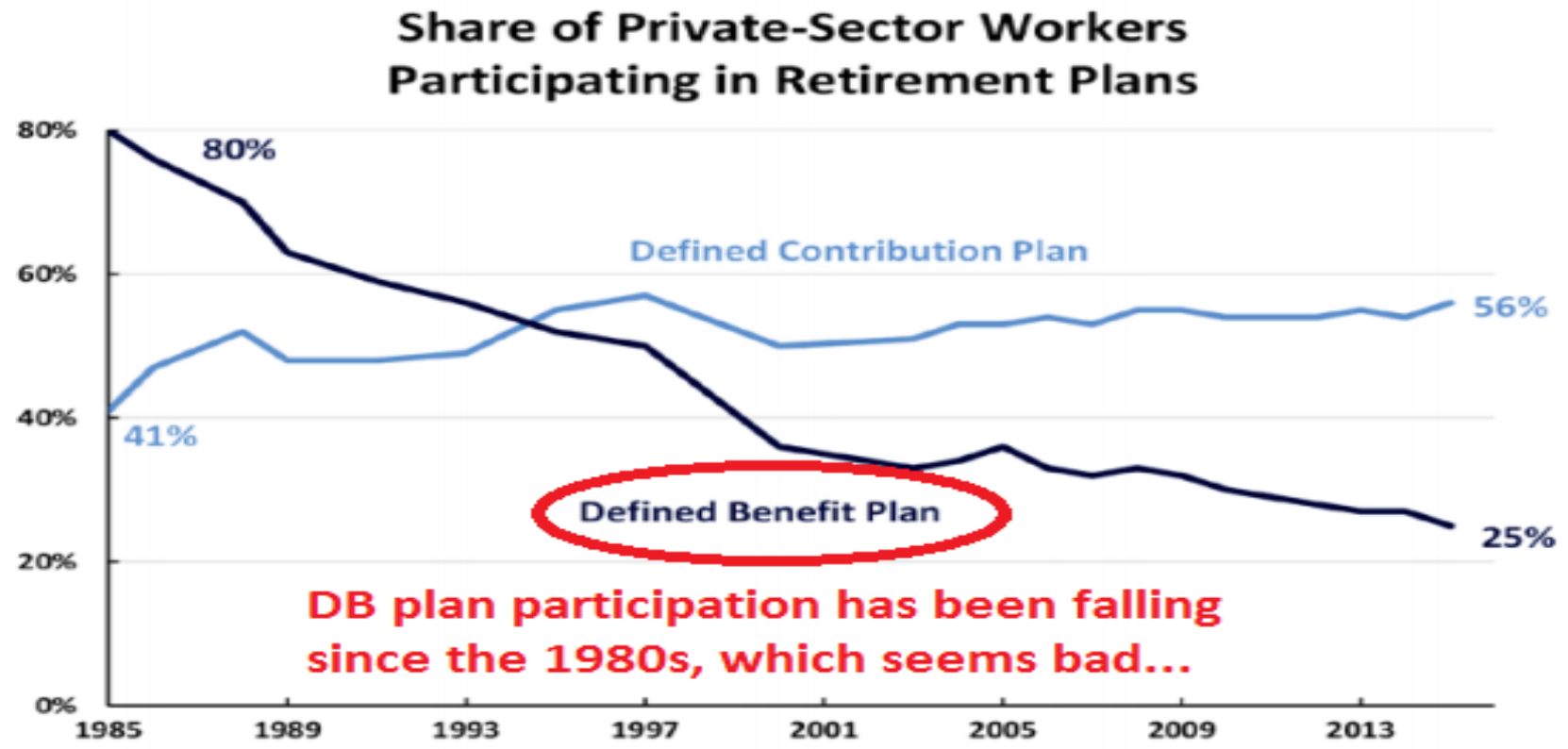
DB Plan Participation Since 1985



Sources: Employee Benefit Research Institute and the Bureau of Labor Statistics, National Compensation Survey

Notes: Employees at medium and large establishments, 1985 to 2015. "Medium and large establishments" denotes those witth 100 or more employees; data are interpolated for the following years: 1987, 1990, 1992, 1994, 1996, 1998, 1999, 2001 and 2002.

Defined Benefit Pension Plans

How They work?

Traditional Pensions pay a guaranteed monthly income for a specified period or lifetime

- Offered by Non-Profit or Private Entity
- The Entity is responsible for the guaranteeing the payments
- A formula is applied for calculating the benefit

Defined Benefit Pension Plans

How They Work?

Typical Payout Options –

- ***Lifetime Income Only***
  - Maximum payout option
  - Payments cease at the death of the pension owner
- ***Lifetime Income with Joint & Survivor option***
  - Reduced payout option
  - Payments continue to the spouse or chosen beneficiary
- ***Many other options may be available***

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Example: Lifetime Income Options

	Retiree Monthly Benefit	Survivor Monthly Benefit	Estate
Single Life Option	$1,667	$0	$0
Joint & 100% Survivor	$1,175	$1,175	$0
Joint & 50% Survivor	$1,500	$750	$0

This hypothetical example is used for illustrative purposes only.

Guaranteed Income Sources

From the government or an employer

- Social Security Income
- Defined Benefit Pension Income

Ways to create your own guaranteed income:

- **HECM Loans – Tenure Option**
- Guaranteed Annuity Income

NOTE: Each Guaranteed Income Source should be carefully considered to create the most efficient retirement plan…

Implementation of any strategy should be added only after completing a series of “retirement experiments” to assess the value before implementing.

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Time Out for a Tip

A Reverse Mortgage is not a bad thing!

It's been called the Swiss Army Knife or retirement planning by many researchers

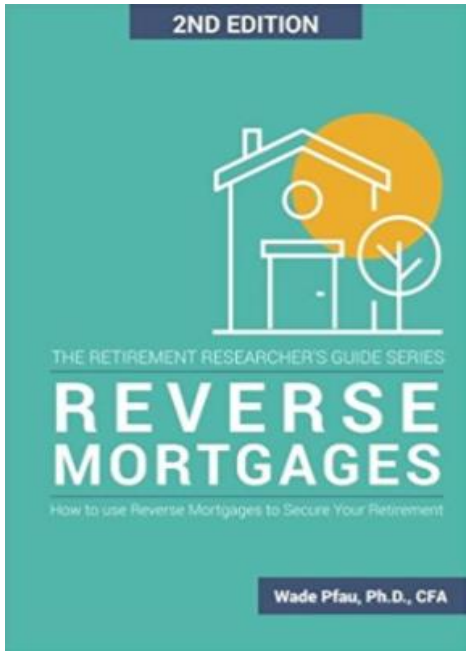
How to Create a Guaranteed Income Stream?

HECM Loans: thinking outside the box

- Your home is a dead asset…can turn home equity into a **"Safety Net"** as a buffer to protect you against the what-ifs
- Your home equity is a major asset that can be integrated into a well orchestrated retirement plan
- Leading academic research indicates that the use of home equity in retirement may increase the probability of portfolio survival and also increase the legacy to loved ones.

MDRS Strategy: HECM Loan

How to Use HECM (Reverse Mortgages) to Secure Your Retirement



"Initiating the reverse mortgage earlier and then coordinating spending from home equity throughout retirement offers a way to meet spending goals and provide a larger legacy."

"That is the ultimate goal of retirement-income planning: using assets to allow for more income and/or a larger legacy."

Wade D. Pfau, Ph.D., CFA
Professor of Retirement Income, The American College

Source: Advisor's Perspectives, December 1, 2015

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HECM Requirements

Can I tap into my home equity to support myself in retirement ?

- Must be 62 Years of age
- Typically need 60% equity to qualify
- Owners must maintain the home as well as pay property taxes
- Any outstanding loan balance accrues internally and will be repaid upon death or sale of the property --- any equity is retained by the owners or the estate
- Non-recourse Loan – If the loan amount exceeds the home's value, the lender cannot go after the borrower, heirs or the estate.

How to Utilize a HECM?

- **Line of Credit –** Can create an increasing line of credit which can be utilize as a tax-free source of funds
- **Tenure Payment –** Can create a guaranteed income payment for life
- **Eliminate Monthly P&I Payment –** Can eliminate the P&I payments based upon your equity balance
- **HECM for Purchase –** Can purchase a home with approximately 50% payment and eliminate future monthly P&I mortgage payments

THE BIG “AHA”

A Growing Line of Credit

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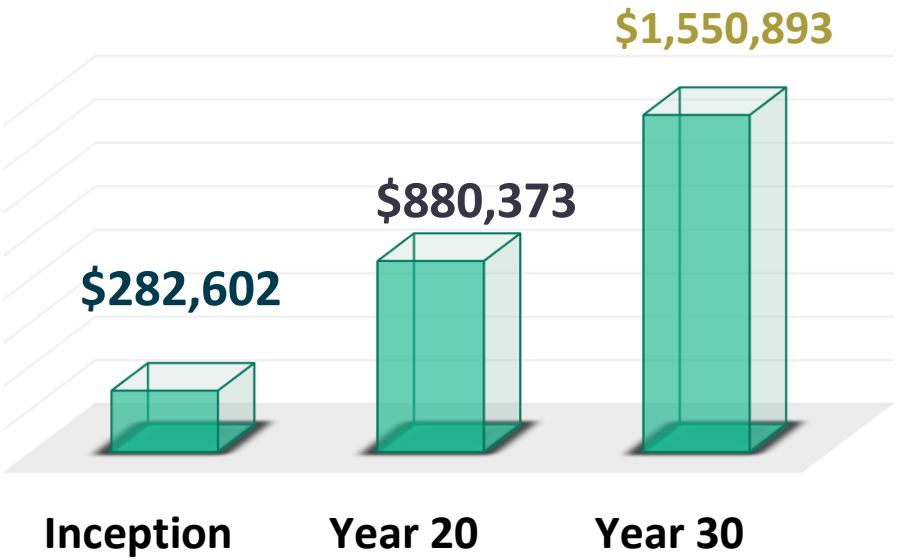
HECM Line of Credit (LOC) Growth*

62-year-old client with $800,000 Home Value



NOTEWORTHY: Line of credit is still in-force if one borrowing spouse must move to care facility, provided other spouse remains in the home. The line also remains in-force if one spouse pre-deceases the other, with same condition.

Not available in all states. Certain conditions and fees apply. Information shown for illustrative purposes only. Assumptions are: (1) 62-year-old borrower; (2) IL home valued at $800,000; (3) LOC will grow at .5% above the interest rate for an Adjustable Rate Mortgage (ARM), which uses the 1-Year LIBOR plus a margin of 3.375%. The initial interest rate is 5.195% which can change annually. There is a 2% annual interest cap, and a 5% lifetime interest cap over the initial interest rate. Maximum interest rate is 10.195%; (4) the growth rate remains at 5.695%; (5) Annual Percentage Rate (APR) is 5.695%. Maximum Annual Percentage Rate (APR) is 10.695%; (6)there are no draws taken from the line of credit by the borrower. Borrower pays down any accumulated interest annually. Rates and funds available may change daily without notice.

*If part of the borrower's loan is held in a line of credit upon which they may draw, then the unused portion of the line of credit will grow in size each month. The growth rate is equal to the sum of the interest rate plus the annual mortgage insurance premium rate being charged on the borrower's loan. Charges such as an origination fee, mortgage insurance premiums, closing costs and/or servicing fees may be assessed and will be added to the loan balance. As long as you comply with the terms of the loan, you retain title until you sell or transfer the property, and, therefore, you are responsible for paying property taxes, insurance and maintenance. Failing to pay these amounts may cause the loan to become immediately due and/or subject the property to a tax lien, other encumbrance or foreclosure. The loan balance grows over time, and interest is added to that balance. Interest on a reverse mortgage is not deductible from your income tax until you repay all or part of the interest on the loan. Although the loan is non-recourse, at the maturity of the loan, the lender will have a claim against your property and you or your heirs may need to sell the property in order to repay the loan, or use other assets to repay the loan in order to retain the property.

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Line of Credit Growth Rate

- The growth rate is always 1.25% above the initial interest rate (IIR), which is the annual rate that interest accrues on the loan balance.
  - For example, if the IIR on the loan balance is 4.00% then the growth rate on the credit line would be 5.25% (4.00% + 1.25%)

- As long as at least one borrower is living in the home and paying the required property charges (property taxes, homeowner's insurance, etc.), the line of credit is always guaranteed to grow without limit.

Guaranteed Income Sources

From the government or an employer

- Social Security Income
- Defined Benefit Pension Income

Ways to create your own guaranteed income:

- HECM Loans – Tenure Option
- **Guaranteed Annuity Income**

NOTE: Each Guaranteed Income Source should be carefully considered to create the most efficient retirement plan…

Implementation of any strategy should be added only after completing a series of “retirement experiments” to assess the value before implementing.

How to Create a Guaranteed Income Stream?

Create "Your Personal Pension" with Guaranteed Income Annuities

- An insurance-based contract between you and the issuer
- You pay premiums with pre-tax or after-tax dollars
- Issuer invests your money in the general account
- Earnings accumulate tax deferred
- Select from an array of guaranteed Income options
- Earnings are taxed as ordinary income when distributed

There is a surrender charge (CDSC) imposed generally during the first 5-7 years that you own your annuity contract. Withdrawals prior to age 59 1/2 may result in a 10% IRA tax penalty, in addition to any ordinary income tax. The guarantee of the annuity is backed by the claims paying ability of the issuing insurance company.

Another Type of Annuity

Deferred or Accumulation Annuities (we'll talk about these in my next section)

- Fixed, Variable & Indexed Varieties
- Provide growth potential

Three Types of Guaranteed Income Annuities

1. Single Premium Immediate Annuity (SPIA)

- Purchase with a lump-sum premium payment
- Can purchase with Non-Qualified or Qualified funds
- Pays an immediate guaranteed income for life
- Many payment options, similar to a Defined Benefit Plan
- Can select an annual inflation adjustment typically between 1-3%

N/B: Investors should consider the investment objectives, risks, charges, and expenses of the variable annuity and the underlying subaccounts carefully before investing. The prospectus contains this and other information about the variable annuity.
Index annuities are insurance contracts that, depending on the contract, may offer a guaranteed annual interest rate and some participation growth, if any, of a stock market index. Such contracts have substantial variation in terms, costs of guarantees and features and may cap participation or returns in significant ways. Any guarantees offered are backed by the financial strength of the insurance company, not an outside entity. Investors are cautioned to carefully review an index annuity for its features, costs, risks, and how the variables are calculated.

*The guarantees of fixed annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company

Three Types of Income Annuities

2. Variable Annuity with a GMIB Rider

- Purchase with a Lump sum or series of contributions
- Purchased with NQ or Qualified funds
- Earnings Grow Tax Deferred during the accumulation phase
- Growth is based on the returns of Separate Accounts which are similar to Mutual Funds
- As with mutual funds the value will fluctuate with the market returns

*The guarantees of fixed annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company

Three Types of Income Annuities

2. Variable Annuity with a GMIB Rider (cont.)

- GMIB Rider is an additional annual expense
- Income will begin when the GMIB is “turned on”
- Typically the guaranteed income is 4-6% of the account value
- The income will be guaranteed for life by the issuing insurer

*The guarantees of fixed annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company

Three Types of Income Annuities

3. Fixed Indexed Annuity with a GMIB Rider

- GMIB Rider is an additional annual expense
- Income will begin when the GMIB is "turned on"
- Typically the guaranteed income is 4-6% of the account value
- The income will be guaranteed for life by the issuing insurer
- Can Purchase with a Lump sum or series of contributions
- Can be purchased with NQ or Qualified funds
- Earnings Grow Tax Deferred during the accumulation phase
- Growth is based on the returns of an investible index such as the S&P 500 Index and a percentage of the index gain will be credited
- Principle is guaranteed with no market loss potential
- You can have an FIA without a GMIB rider, which I'll talk about next

*The guarantees of fixed annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company

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Can you name one of the four Guaranteed Income Sources?

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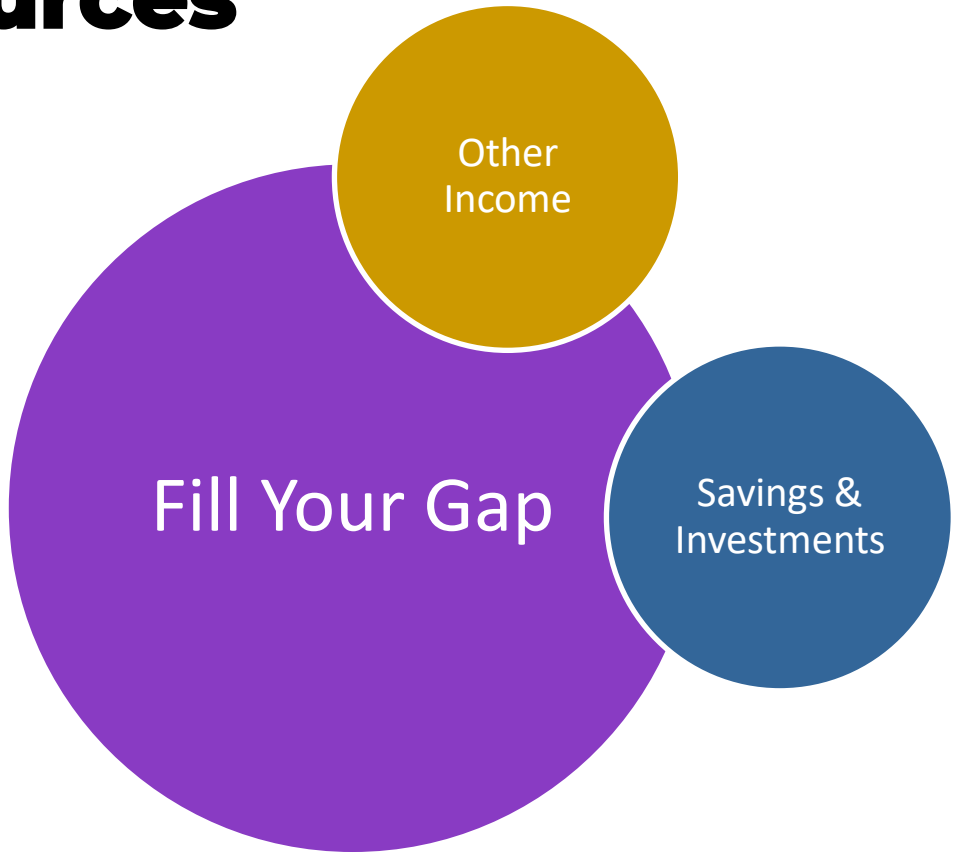
Can you name one of the four Guaranteed Income Sources?

Next, We'll Talk About Other Income Sources

- Step 3: Identify Any Gap
- Step 4: Identify Other Income Sources
- Step 5: Create an income from your savings and investments



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Other Sources

Life Insurance - Cash Values

Other Income

- Life insurance can provide supplemental income for unexpected retirement costs, like long-term care or medical bills.
- Policy cash value may earn dividends or interest depending on type of contract you choose. Accumulation is tax-deferred.
- Withdrawals of premiums are tax-free.
- Loans may be tax-free
- ***No RMDs required and not subject to Social Security Provisional Income calculation***

*Guarantees, including optional benefits, are backed by the claims-paying ability of the issuer, and may contain limitations, including surrender charges, which may affect policy values.

Other Sources

Rental Real Estate Income

- Rental real estate can generate ordinary income (or losses), passive income (or losses), capital gains and depreciation
- If you own rental real estate, this can influence your tax planning during retirement

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Other Sources

Inheritances

Other Income

- It is important to consider any potential inheritances as a source of retirement income
- The U.S. population is currently experiencing the largest transfer of estate assets in our history
- Add this income source to your retirement projection

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Other Sources

Working in Retirement

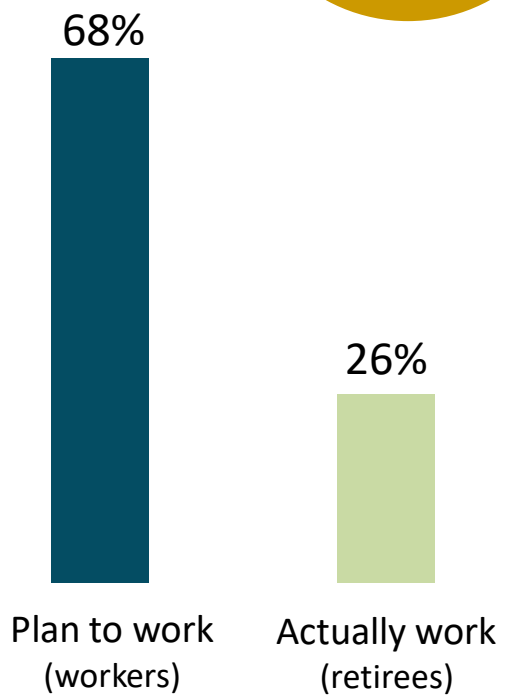
Other Income

Other Sources

Working in Retirement

Other Income

- Working for yourself or someone else during retirement does provide an important source of income for many
- Potential Issues:
  - Reducing Social Security benefits
  - Creating a tax burden when combined with annuity payments from a pension plan



Although 68% of workers expect to work for pay in retirement, only 26% of today's retirees are actually doing so. Working for pay can affect your Social Security benefits

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Other Sources

Working in Retirement

Other Income

Working in retirement: expectations vs. reality

If you're planning to work in retirement so you can save less today, be realistic about your expectations. The annual *Retirement Confidence Survey* from the Employee Benefit Research Institute (EBRI)* has consistently found that American workers are far more likely to *expect* to work in retirement than actually end up doing so.

In EBRI's latest report, 79% of respondents planned to work in retirement, compared with just 29% of retirees who report they have worked for pay in retirement."

* Employee Benefit Research Institute 2017 Retirement Confidence Survey: *Worker Confidence Stable, Retiree Confidence Continues to Increase*, March 2017.

https://www.ebri.org/retirement/retirement-confidence-survey/2017-retirement-confidence-survey-2017-results

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Other Income

Do you plan to keep working in retirement?

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If after calculating ALL your income sources and you still have a gap, don't stress yet. We need to look at your savings & investments.

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Savings & Investments

Defined Contribution Plans

Savings & Investments

Most people today, rely on their Defined Contribution Plans (or 401k. 403b, etc) to fill the income gap

- Each participant is responsible for creating an income stream that will last a lifetime (subject to the performance of the **investment** strategy selected and the market).

Note: not a guaranteed income source because the amount you will receive is tied to the performance of the investment strategy selected and the market.

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Let's Talk Timing...

If you have an IRA today...what can you do?

If you have a 401k today...what can you do?

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Do you have a defined contribution plan...and what type?

Started in 1974...Incentives included...

1. Tax Deductions on Contributions
2. Tax Deferral on Gains
3. Payroll Deduction
4. Exemptions from creditors

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Are There Any Catches?

"Tax Prison"

- All distributions are fully income taxable
- 10% penalty for early withdrawal (per 59 ½)
- 50% penalty if you fail to take distributions (72)

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Defined Contribution Plans

Source: https://www.cnbc.com/2018/09/12/how-much-money-americans-have-in-their-401k-accounts.html

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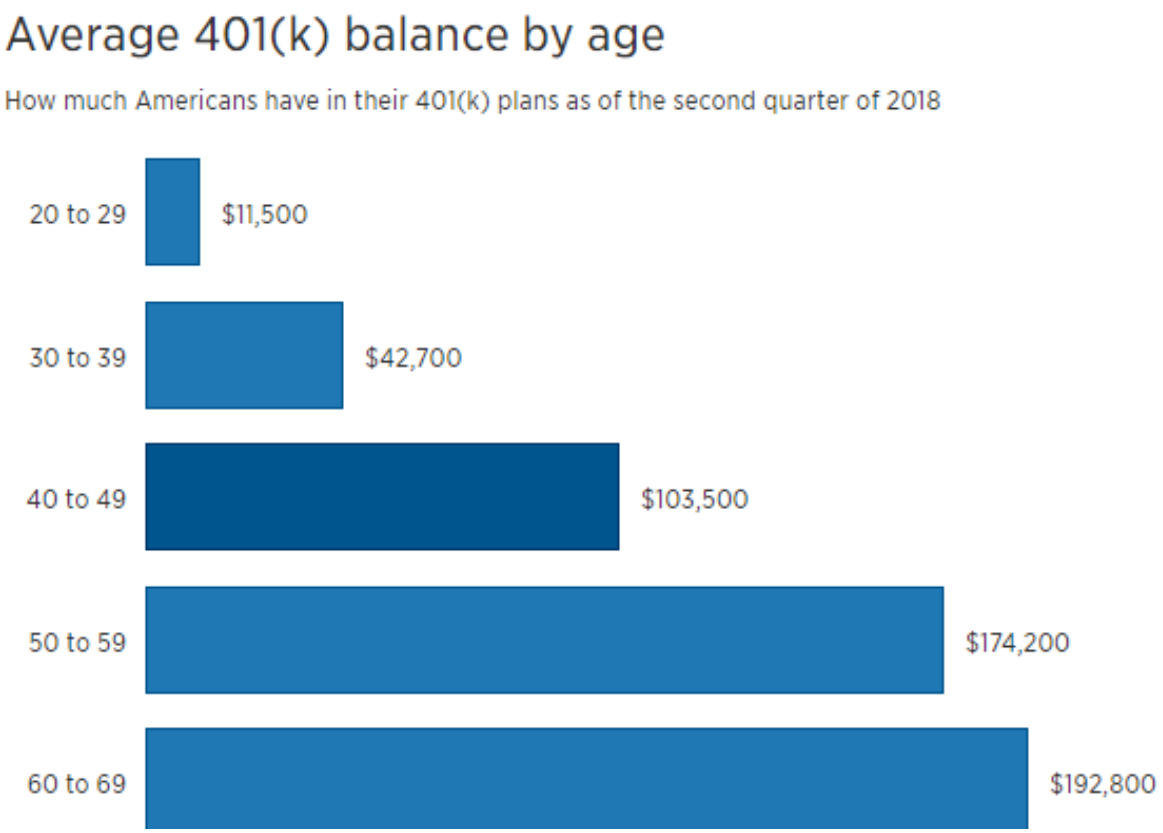
Defined Contribution Plans

Savings & Investments



Source: https://www.cnbc.com/2018/09/12/how-much-money-americans-have-in-their-401k-accounts.html

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Savings & Investments:
Defined Contribution Plans
How Do You Compare?

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How much the best retirement savers and investors set aside

Using the Net Wealth to Income Ratio, Merrill strategists have found that the best retirement savers — those whose savings are greater than 90% of people in their age and salary range — have saved a total of:

Note: Calculations based on the Federal Reserve's latest triennial Survey of Consumer Finances (2016). Note: Net wealth does not include housing wealth or housing debt. Net wealth equals Financial Assets (FIN) less debt (DEBT) add mortgage debt (NH_MORT) Definition: Financial assets: (FIN) Consists of liquid assets, certificates of deposit, directly held pooled investment funds, stocks, bonds, quasi-liquid assets, savings bonds, whole life insurance, other managed assets, and other financial assets. See the definition of each asset for further details. Debt (DEBT): Includes principal residence debt (mortgages and HELOCs), other lines of credit, debt for other residential property, credit card debt, installment loans and other debt. Mortgage Debt (NH_MORT): Includes all mortgages and home equity loans secured by the primary residence income. (INCOME): Household income for previous calendar year. Includes wages, self-employment and business income, taxable and tax-exempt interest, dividends, realized capital gains, food stamps and other support programs provided by the government, pension income and withdrawals from retirement accounts. Does not take into account taxes. Social Security income, alimony and other support payments, and miscellaneous sources of income. Source: Global Wealth & Investment Management Chief Investment Office.

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Savings & Investments

Defined Contribution Plans

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401(k)s, 403bs, SIMPLE IRAs are American's answer to disappearing Traditional Pension Plans.

- Employee contributes to the plan through payroll deductions to accumulate retirement funds tax deferred
- Each participant is responsible for creating an income stream that will last a lifetime (will discuss in next section)
- Many workers today have money saved in these plans
    - As of March 31, 2019, 401(k) plans held $5.7 trillion in assets and represented more than 19% of the $29.1 trillion in US retirement assets, which includes employer-sponsored retirement plans (both defined benefit (DB) and defined contribution (DC) plans, IRAs and annuities.

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Defined Contribution Plans

Savings & Investments

Contribution Levels (2021)

401(k) Plan (Traditional & Roth)

$19,500 + Catch-Up: $6,500

$26,000

DC Plans (basic limit) = $58,000 (w/ catch-up $64,500)

*The $19,500 elective deferral limit is also known as the 402(g) limit, after the relevant tax code section. Participants' annual contributions may not exceed 100 percent of their compensation.

**The $6,500 catch-up contribution limit for participants age 50 or older applies from the start of the year to those turning 50 at any time during the year.

***Total contributions from all sources may not exceed 100 percent of a participant's compensation.

Source: IRS Notice 2020-79.

Source: 401(k) contribution limit increases to $19,500 for 2020; catch-up limit rises to $6,500 | Internal Revenue Service (irs.gov)

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Defined Contribution Plans

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Defined Contribution Plan Limits	2021	2020	Change
Maximum employee elective deferral (age 49 or younger)*	**$19,500**	$19,500	unchanged
Employee catch-up contribution (age 50 or older)**	**$6,500**	$6,500	unchanged
Maximum employee elective deferral plus catch-up contribution (age 50 or older)	**$26,000**	$26,000	unchanged
Defined contribution maximum limit, employee + employer (age 49 or younger)***	**$58,000**	$57,000	+$1,000
Defined contribution maximum limit (age 50 or older); maximum contribution all sources + catch-up	**$64,500**	$63,500	+$1,000
Employee compensation limit for calculating contributions	**$290,000**	$285,000	+5,000
Key employees' compensation threshold for nondiscrimination testing	**$185,000**	$185,000	unchanged
Highly compensated employee (HCE) threshold for nondiscrimination testing	**$130,000**	$130,000	unchanged

Source: For 2021, 401(k) Contribution Limit Unchanged for Employees, Up for Employers (shrm.org)

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Defined Contribution Plans

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Options When Retiring or Changing Jobs

- Leave money in current plan until needed (or until required to begin distributions)
- Roll money into a new employer's plan

Distribution options:

- Lump-sum distribution (taxable)
- Create a Lifetime annuity (tax-free)
- Rollover to an IRA (tax-free)
- In-service withdrawals at age 59 ½ (tax-free)

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Individual Retirement Accounts (IRAs)

IRAs (Traditional & Roth IRAs)

Individual Retirement Accounts

- IRAs are tax-favored savings vehicles
- Investment plans designed to accumulate assets for retirement
- IRAs provide flexibility since you have virtually unlimited investment choices.

Savings & Investments

Savings & Investments

Individual Retirement Accounts (IRAs)

Traditional IRAs

- Tax deductable contributions to income limits (see next slide)
- Tax deferred growth
- Taxable withdrawals

- Subject to RMDs at age 72
- Subject to SSI Provisional Income
- Potential Increase in Medicare Premiums

Savings & Investments

Savings & Investments

Individual Retirement Accounts (IRAs)

Contribution Levels (2021)

IRA & Roth IRA

$6,000 + Catch-Up: $1,000

$7,000

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Source: 401(k) contribution limit increases to $19,500 for 2020; catch-up limit rises to $6,500 | Internal Revenue Service (irs.gov)

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Individual Retirement Accounts (IRAs)

IRA Deductibility Phase-Out Rules (based on AGI)

If both spouses are covered by a DC Plan

Married Filing Jointly	$105,000 - $125,000
Married Filing Separately	$0 - $10,000
Single or Head of Household	$66,000 - $76,000

If one spouse is covered by a DC plan

Married Filing Jointly	$198,000 - $208,000

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Source: IRS.gov

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Individual Retirement Accounts (IRAs)

Roth IRAs

- Contributions made using after-tax dollars
- Tax Deferred Growth – Contributions and earnings compound tax-deferred
- Tax-Free Withdrawals – Your contributions and earnings can be withdrawn tax free (subject to five-year holding period plus age restriction)

- **Tax planning flexibility**
  - No RMDs Required
  - NOT subject to Social Security Provisional Income calculation
  - No Potential increase in Medicare Premiums

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Individual Retirement Accounts (IRAs)

Roth IRA phase-out based on MAGI

Married Filing Jointly	$198,000 – 208,000
Married filing separately and lived with your spouse	$0 - $10,000
Single or Head of Household, or Married filing separately and lived apart from your spouse	$125,000 - $140,000

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Other Sources

Taxable or NQ Investments

Investments held outside of a retirement plan

- Examples of investment types include stocks, annuities, structured investments, bonds, REITs, mutual funds, and others
- Investments can be used to create a guaranteed income annuity
- As you approach and begin retirement, you should consider making adjustments to your investment mix to reflect changes in your circumstances

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Other Sources

Deferred or Accumulation Annuities

Three Types of Deferred Annuities

- **Fixed Annuity** – Interest is based upon a fixed rate of interest and principal is guaranteed
- **Variable Annuity** – Interest is based upon investments that are similar to mutual funds.
  - Principal value will fluctuate based upon the underlying mix of investments selected
- **Fixed Indexed Annuity (The Hybrid Annuity) -** Interest is linked to an external investment index.
  - A percentage of the index will be credited to the account at each crediting term.
  - The principal value is guaranteed.

N/B: Investors should consider the investment objectives, risks, charges, and expenses of the variable annuity and the underlying subaccounts carefully before investing. The prospectus contains this and other information about the variable annuity.
Index annuities are insurance contracts that, depending on the contract, may offer a guaranteed annual interest rate and some participation growth, if any, of a stock market index. Such contracts have substantial variation in terms, costs of guarantees and features and may cap participation or returns in significant ways. Any guarantees offered are backed by the financial strength of the insurance company, not an outside entity. Investors are cautioned to carefully review an index annuity for its features, costs, risks, and how the variables are calculated.

*The guarantees of fixed annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company

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Retirement Income Readiness" is being able to make this statement:

Neither a stock market correction nor rising interest rates will have a noticeable impact on either the amount of income produced by my portfolio or my ability to keep that income growing.

https://www.lifehealth.com/achieving-retirement-income-readiness-numbers-concepts/

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One of the most important factors in creating this paycheck from your savings & investments is to determine how much can be taken out "safely."

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This is called the
Safe Withdrawal Rate (SWR) or
Portfolio Overdraft.

Have you heard of SWR?

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You also have other vital risks to mitigate.

The Right Plan Mitigates Risks

Portfolio Overdraft Risk

Portfolio Overdraft Risk is the risk of taking too much money out of your portfolio early in retirement

Your plan must address the Safe Withdrawal Rule:
The percentage of a portfolio that can be safely withdrawn annually (adjusted for inflation), keeping the portfolio intact for a retiree's lifetime.

William Bengen 1994 study = 4%

- Findings based on historical data dating back to 1926
- Portfolio was invested 50% in S&P 500 stocks and 50% in intermediate term government bonds
- Bengen recently said his rule is a guide NOT a rule
- Due to today's low interest rate environment, many recent studies have refuted Bengen's 4% rule

The Safe Withdrawal Rule

Low Bond Yields and Safe Portfolio Withdrawal Rates, Morningstar Research

- Morningstar's Research refutes Bengen's 4% rule
- Adjusted the "safe withdrawal" rate down to 2.4% when investing in a 60% stock/40% bond portfolio with a 30 year retirement time horizon.[4]

Hypothetical Example: $500,000 portfolio Value

- 4.0% withdrawal = $20,000 per year income
- 2.4% withdrawal = $12,000 per year income

This equates to a 40% decrease in income!

Investments in securities do not offer a fix rate of return. Principal, yield and/or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested. No system or financial planning strategy can guarantee future results.

The Safe Withdrawal Rule

Morningstar's Executive Summary states:

"Yields on government bonds are well below historical averages. These low yields will have a significant impact for retirees who tend to invest heavily in bonds."

"We find a significant reduction in 'safe' initial withdrawal rates, with a 4% initial real withdrawal rate having approximately a 50% probability of success over a 30 year period."

Investments in securities do not offer a fix rate of return. Principal, yield and/or share price will fluctuate with changes in market conditions and, when sold or redeemed, you may receive more or less than originally invested. No system or financial planning strategy can guarantee future results.

What You Learned Tonight...

- ✓ Understand and account for ALL your income sources
- ✓ Create your retirement paycheck from savings & investments
- ✓ Run a retirement income projection to determine any gaps
- ✓ Raising the Safe Withdrawal Rate is paramount to maximizing retirement income
- ✓ The Unconventional Portfolio reduces risk and offers higher potential return and ultimately more potential income

Reminder: You Can Get Help Anytime You Need It…

1. Work with Her Retirement to get fully prepared for planning and implementing
2. Request ANY type of assessment
3. Connect with a CFP to get your plan started or subject matter experts to review an existing plan and get a revised one or new one implemented, or discuss an urgent issue

Schedule time on Lynn's calendar to discuss any of the above options.

Next Steps...

1. Remember to vist the Homework page
2. Enter your info into the software Assess module
3. Get ready for next week. We'll be talking about tax planning, healthcare/Medicare and long term care/estate planning

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Reminder!

Take action and hold yourself accountable. This class and our platform can help get you started. Our coaching can keep you going and hold you accountable while also connecting you to the resources you need.

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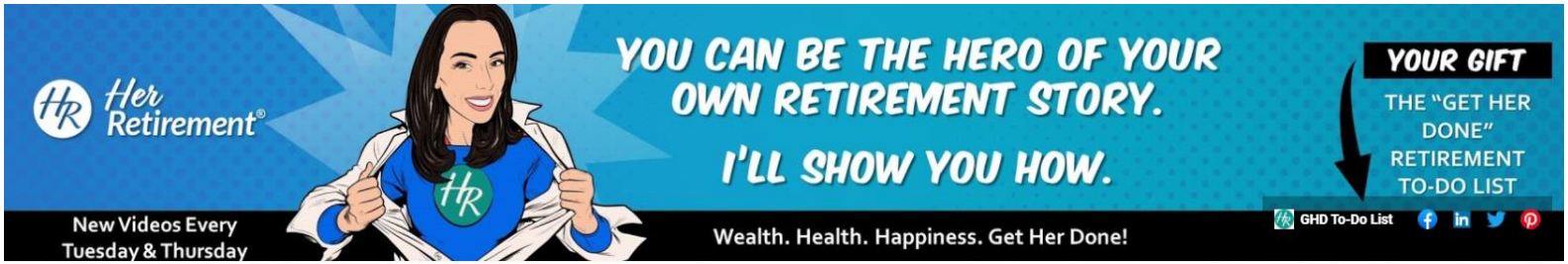
Get more support, information and inspiration

from my podcast, Youtube channel and private FB group



Links...

- Her Retirement Website
- Retirement Solved Readiness Platform
- Lynn's Blog & Podcast
- Lynn's Private Her Retirement Facebook group
- Lynn's Youtube Channel
- Coming Soon: Lynn's book

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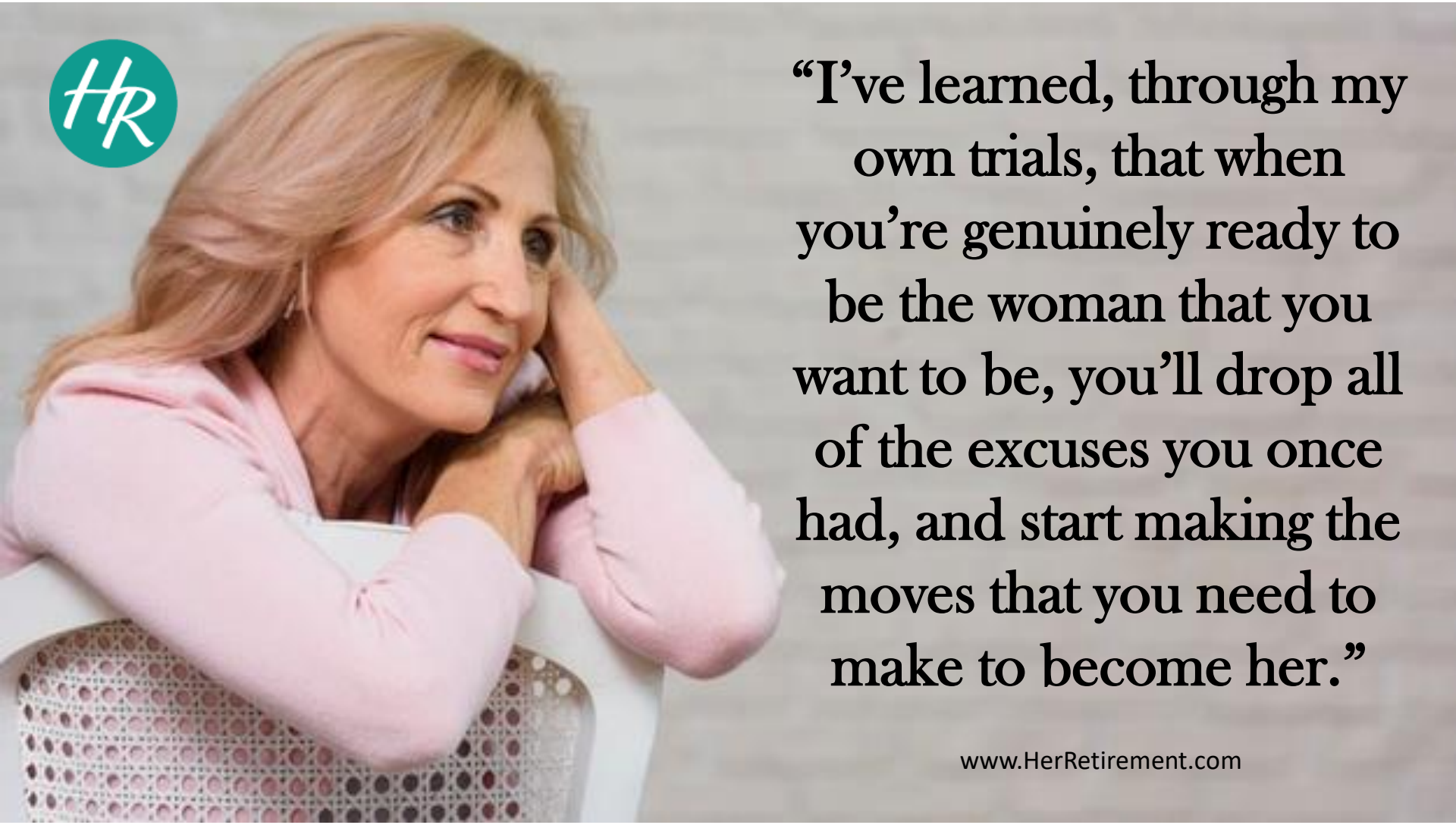

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Thank you for coming tonight.

SmartHER. StrongHER. More Secure.

Let's Get Her Done. See you next week.