# Ready, Set, Retire!

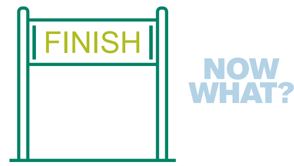
## Think beyond the retirement finish line

FINANCIAL FYI®

### What's your plan after your final paycheck?

Retirement has been your goal since you first started investing, but it's not the end of the race. In fact, your "in" retirement plan may be more crucial than your current savings plan.

Moving from a steady salary to converting your savings into income for the rest of your life takes some thought. It helps to understand ***three key risks*** you'll face and how to lessen their impact.

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## 1 LONGEVITY RISK | Running out of money in retirement

### PLAN TO MAKE YOUR MONEY LAST

- Choose a realistic time frame for how long your money will need to last. If you retire at age 65, plan for 30 to 35 years.
- Maintain enough stock exposure to help keep investments growing, although stocks may add more risk.
- Pick a practical withdrawal rate for income; 3-5% is generally considered acceptable.

**Plan to Spend More Time—and Money—in Retirement**

Probability of 65-Year-Olds Living to Various Ages

| Probability of Reaching Age | 65-Year-Old Male | 65-Year-Old Female | 65-Year-Old Survivor* |
|---|---|---|---|
| 80 | 61% | 71% | 88% |
| 85 | 41% | 54% | 73% |
| 90 | 22% | 34% | 49% |
| 95 | 8% | 16% | 23% |
| Average life expectancy | = 17.6 more years | = 20.4 more years | = 24.4 more years |

*Surviving member of a couple.

Source: Social Security 2010 Mortality Tables with 1% mortality improvement. Life Expectancy Calculator created by Mary Pat Campbell, FSA, updated July 2010, Society of Actuaries.

## 2 INFLATION RISK | The shrinking purchasing power of your retirement dollars

### MAINTAIN YOUR BUYING POWER

- Consider adding inflation protection investments to your portfolio.
- Seek enough stock exposure for the potential to outpace inflation.
- Learn more about maximizing Social Security* payments, which are automatically adjusted for inflation.

*A financial or tax advisor can help review options for how/when to take Social Security payments.

**Beware Health Care**

Historically, the rising cost of health care has been higher than the overall inflation rate. Additionally, retirees may have more out-of-pocket health care expenses in the future due to changes in the Medicare program and cuts to employers' retiree health programs.*

*EBRI Notes, Jan. 31, 2017, Employee Benefit Research Institute.

## MARKET RISK | The declining value of your investments due to market drops

### PREPARE FOR MARKET DROPS

- Diversify your portfolio, spreading your money across asset types that react differently under various market conditions to balance highs and lows.
- Align your asset allocation with your risk tolerance so you're less likely to panic in a downturn.
- Reevaluate withdrawals during market declines, since you may not recover those losses when the market rebounds.
- Consider annuitizing part of your portfolio to provide income (although annuities may come with a steep price tag).


Your portfolio will usually be at its largest at retirement, and a market downturn right before or early in retirement can result in a greater dollar impact.

## The Bottom Line

Like any journey, having a plan could mean the difference between success and failure. Before you start your retirement countdown, make sure you have a plan in place to help you get beyond the retirement finish line.

*Diversification does not assure a profit nor does it protect against loss of principal.*

*This material has been prepared for educational purposes only. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice.*

*Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. Past performance is no guarantee of future results.*