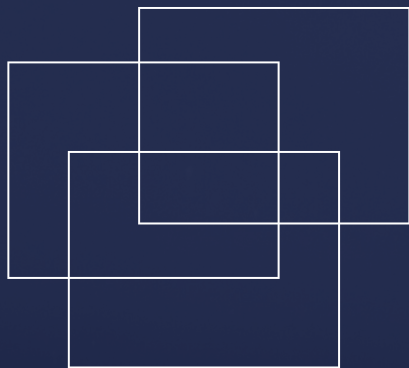


MANAGE YOUR INVESTMENTS DURING RETIREMENT

*A GUIDE TO MAKING YOUR
INCOME LAST A LIFETIME*



EDUCATION & GUIDANCE



THE RETIREMENT GROUP_{uc}
PARTNERS IN RETIREMENT



MANAGE YOUR INVESTMENTS DURING RETIREMENT

How much could I have?

How much could I need?

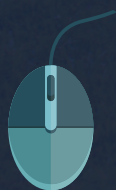
How long could it last?

How should I invest?

Reaching retirement is a significant milestone. In many ways, it's a new beginning. So it's important to have a plan for managing your income to help make sure it lasts throughout your lifetime.

This booklet will help you create your long-term plan. It provides guidance on developing a budget for your retirement years and diversifying your portfolio to help meet your retirement income needs. There also is useful information on retirement topics such as Social Security benefits and health care costs.

Plan now for the retirement lifestyle you want in the years to come.



Get a financial plan. It's on us.

[Click here](#) to get started or call us at [\(800\)900-5867](#).

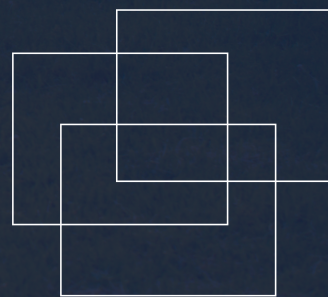


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INCOME SOURCES

Determine Your Income Sources

The first step in creating an investment plan for your retirement years is to make a complete list of your income sources. Take inventory of the accounts that make up your retirement savings. Then make note of the regular income payments you will receive, such as Social Security or pension payments.

Your Retirement Savings

You may have several types of accounts when you retire, including:

- 401(k) or other employer-sponsored retirement plan accounts.
- Traditional, Roth and Rollover IRAs.
- Other investments, such as taxable accounts that hold mutual funds or individual stocks and bonds.
- Personal savings accounts.

You also may have other income sources, such as:

- A company pension plan.
- Proceeds from the sale of a home or business.

Social Security Benefits

If you're like most retirees, you will depend on Social Security as one source of income. Make sure you understand when you can get full Social Security benefits and how much you will receive. Several factors determine the amount of your Social Security benefits, including:

- Your earnings averaged over most of your working years, and
- Your age at the time you start receiving benefits.

For example, the maximum benefit for 2019 for a person retiring at full retirement age (65 years and six months) is \$3,770 per month*.

*<https://www.fool.com/retirement/2018/10/21/heres-the-maximum-social-security-benefit-in-2019.aspx>

If you're married and both you and your spouse retire, your spouse generally receives the greater of:

- A benefit based on his or her own earnings record, or
- A benefit equal to one-half of your full benefit amount.

You usually can start collecting Social Security benefits as early as age 62, although widows and widowers can start collecting benefits as early as age 60. Keep in mind that your benefits decrease slightly for each month you collect them before your full retirement age. The full retirement age is increasing from 65 to 67 years old, depending on your year of birth.

Estimate Social Security Benefits

If you do not yet receive Social Security benefits and have no pending claims, you should receive a statement from the Social Security Administration each year around your birthday. This statement estimates your retirement, disability and survivors' benefits. It also offers an easy way to determine whether your earnings are accurate on your Social Security records.

Age to Receive Full Social Security Benefits

Year of Birth	Full Retirement Age
1937 or earlier	65
1938	65 + 2 months
1939	65 + 4 months
1940	65 + 6 months
1941	65 + 8 months
1942	65 + 10 months
1943	66
1944	66 + 2 months
1945	66 + 4 months
1946	66 + 6 months
1947	66 + 8 months
1948	66 + 10 months
1949	67
1950 and later	67

If you delay receiving Social Security payments beyond your full retirement age, your benefits increase slightly, based on your date of birth. The benefit amount reaches its maximum when you reach age 70, even if you continue to delay taking benefits.

For more information, call the Social Security Administration at 1-800-772-1213 or visit www.ssa.gov.

Source: Social Security Administration

INCOME SOURCES

Determine Your Income Sources (Continued)

Income from Working

If you're planning to work after you retire, you're not alone. Two-thirds of workers in a recent survey said they plan to work during retirement.* Most identified at least one financial reason for working. If you decide to work, remember to include your employment income when you take inventory of retirement income sources. Keep in mind that many retirees find they are unable to work as long as they would like because of health reasons or a lack of job opportunities.* You still can invest for future retirement income if you work after you retire. You may be able to make tax-deductible contributions to a SEP-IRA or Single- Participant 401(k) plan if you're self-employed or a business owner. You also may be able to contribute to traditional and Roth IRAs if you are earning income, depending on your age.



Estimate the Value of Your Retirement Savings

Total the income sources that will make up the value of your savings at retirement to estimate how much you'll have.

401(k) Account Balance(s)	\$_____
IRA Balance(s)	\$_____
Other Investment(s)	\$_____
Personal Savings	\$_____
Home or Business Sale Proceeds	\$_____
TOTAL	\$_____

* Employee Benefit Research Institute and Mathew Greenwald & Associates, Inc., Retirement Confidence Survey 2019 Summary Report



PLAN YOUR EXPENSES

Now that you have a list of your income sources for retirement, the next step is to estimate your expenses. Consider all of your current expenses and how they may change in retirement. For example, you may find that you need to spend more on health care as you get older but less on items such as clothing or vehicles. Use the worksheet on page 7 to help you create an itemized list.

Retirement Budget

A retirement budget can help ensure your money will last throughout your retirement years. Many people spend one third or more of their lives in retirement, so it's important to plan carefully.

The general rule of thumb says you will need 70% to 80% of your pre-retirement annual income each year you are retired to maintain a similar lifestyle. For example, if your pre-retirement gross annual income is \$100,000, you could need \$70,000 to \$80,000 per year in retirement.

Keep in mind that this is only a guideline. Income needs can vary widely depending on such factors as your health or lifestyle. You may spend time working in your garden, or you may travel around the world. Whatever your goal, you may have a better chance to reach it if you examine how your lifestyle will change when you retire and then plan your finances accordingly.

Health Care Expenses

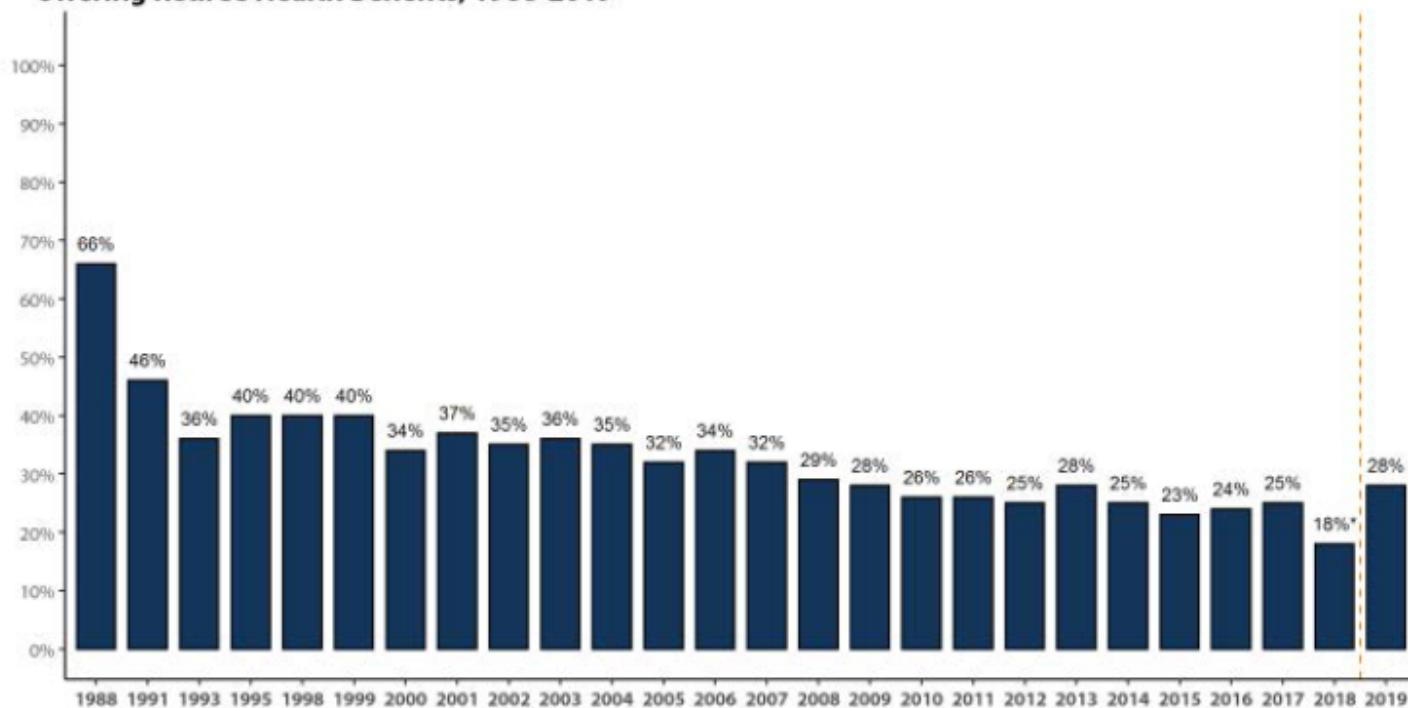
Don't overlook planning for adequate health care coverage. An average retired couple age 65 in 2019 may need approximately \$285,000 saved (after tax) to cover health care expenses in retirement.¹ Many people assume that Medicare, Medicaid and their employer's retiree medical benefits will cover their needs. Unfortunately, this may not be the case. Many companies are reducing retiree medical benefits because of the expense. Medicare limits prescription drug coverage, and Medicaid only covers health care for the impoverished. So be sure to make health care expenses part of your retirement budget.

Know Your Retiree Health Coverage

The increasing cost of health care could have a significant impact on your retirement budget. Be sure you understand the retiree health coverage available from your employer and plan for related costs.*

Figure 11.1

Among Large Firms Offering Health Benefits to Active Workers, Percentage of Firms Offering Retiree Health Benefits, 1988-2019



* Estimate is statistically different from estimate for the previous year shown ($p < .05$). No statistical tests are conducted for years prior to 1999.

NOTE: Large Firms have 200 or more workers. In 2019 this question was edited. Because of this there was no statistical testing between 2018 and 2019. See the Methods section for details.

SOURCE: KFF Employer Health Benefits Survey, 2018-2019; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017; KPMG Survey of Employer-Sponsored Health Benefits, 1991, 1993, 1995, 1998; The Health Insurance Association of America (HIAA), 1988.

* <https://www.kff.org/report-section/ehbs-2019-section-11-retiree-health-benefits/>
1 <https://www.fidelity.com/viewpoints/personalfinance/plan-for-rising-health-care-costs>



EXPENSES

Plan Your Expenses

(Continued)

Long-Term Care

You should also plan for long-term care, such as nursing-home or in-home care. Because Medicare does not cover most long-term care expenses and Medicaid only covers them for people who have depleted their financial resources, retirees who have accumulated wealth have two options: pay for long-term care expenses themselves or purchase long-term care insurance.

If purchasing a long-term care policy seems like the best option, make sure you research the policy carefully. Generally, the cost of a policy depends on your age, the dollar amount of daily coverage selected and the length of time you are willing to wait until benefits begin.

In 2018, the average annual premium for a 60-year-old couple is \$3,490 for a plan with an initial benefit of \$150 per day for up to three years and a 90-day elimination period, according Long-Term Care Insurance Price Index, prepared by the American Association for Long-Term Care Insurance.¹ The costs of health care and long-term care can seem overwhelming.

Plan carefully for these expenses so you are not caught off guard.

Consider Costs of Long-Term Care

As you think about your need for long-term care insurance, you should know how much long-term care can cost when you pay for it yourself. A 2019 survey found that the average cost of a private room in a nursing home was \$102,200 annually.*



Retirement Expense Worksheet

Use this worksheet to prepare an estimate of your total expenses in retirement. You can calculate your monthly and annual expenses.

Monthly	Annual	Amount	Amount
Taxes ¹	\$_____	x 12 = \$_____	
Real Estate ²	\$_____	x 12 = \$_____	
Utilities	\$_____	x 12 = \$_____	
Vehicles ³	\$_____	x 12 = \$_____	
Health Care ⁴	\$_____	x 12 = \$_____	
Personal Care ⁵	\$_____	x 12 = \$_____	
Food	\$_____	x 12 = \$_____	
Clothing	\$_____	x 12 = \$_____	
Vacations/Travel	\$_____	x 12 = \$_____	
Entertainment	\$_____	x 12 = \$_____	
Charitable Contributions	\$_____	x 12 = \$_____	
Memberships/Licenses	\$_____	x 12 = \$_____	
Miscellaneous	\$_____	x 12 = \$_____	
TOTAL	\$_____	x 12 = \$_____	

Use These Tips for Your Retirement Budget

- Consider reducing or eliminating debt, such as outstanding balances on credit cards and your mortgage.
- Review the potential costs of medical and long-term care insurance. A group plan may no longer cover your medical expenses.
- Remember to account for any dependent support expenses you may have, including expenses for elder care.
- Think about updating your vehicle insurance coverage. Your coverage needs may change if you keep an older car or if you plan to drive fewer miles each year.

1. This line should include a total estimate for federal and state income taxes, real estate taxes and personal property taxes.
2. This line should include a total estimate of mortgage or rent payments, insurance, maintenance and any second home costs.
3. This line should include a total estimate of loan payments, gasoline, insurance, license and maintenance costs.
4. This line should include a total estimate of medical insurance, out-of-pocket costs, prescriptions, glasses, vitamins and any other medical and dental expenses.
5. This line should include a total estimate of expenses such as toiletries, cosmetics and haircuts.

WITHDRAWAL RATE

Calculate Your Withdrawal Rate

It's possible you'll live at least 20 to 30 years in retirement, so you need to have a thorough plan for making your money last as long as you need it.

Choosing the right rate of withdrawal over time from your retirement savings is a major factor in your financial security. You need to ensure your income will cover your estimated expenses. If you withdraw too much in the early years, you may not have enough to meet your needs later.

Withdrawal Rate Study

For years, experts in the financial industry suggested that withdrawing 7% each year from a stock portfolio with an average annual return of 10% would allow a retired couple to live comfortably and leave an inheritance to beneficiaries.

Unfortunately, as many investors discovered in recent years, annual returns vary from year to year. Withdrawing 7% during a year when your investments did not gain value could result in drawing down your account too fast for it to last your lifetime.

How much can you withdraw? Three professors from Trinity University in San Antonio, Texas — Philip Cooley, Carl Hubbard and Daniel Walz — attempted to answer this question by constructing five hypothetical portfolios, each with a different mix of investments. The Trinity study suggested that retirees who withdrew more than 5% annually, regardless of how they invested, were more likely to outlive their savings.*

Be Realistic About Retirement

Baby boomers have increasing concerns about making their retirement money last and are willing to scale back their retirement plans, according to a 2019 IRI survey of boomer expectations for retirement. For example, Seven in 10 boomers with financial advisors and six in 10 annuity owners feel “excited and confident” or “happy and cautiously optimistic” about retirement. Compare this to one third of boomers without advisors and four in 10 who do not own annuities.

https://www.myirionline.org/docs/default-source/default-document-library/iri_babyboomers_whitepaper_2019_final.pdf?sfvrsn=0

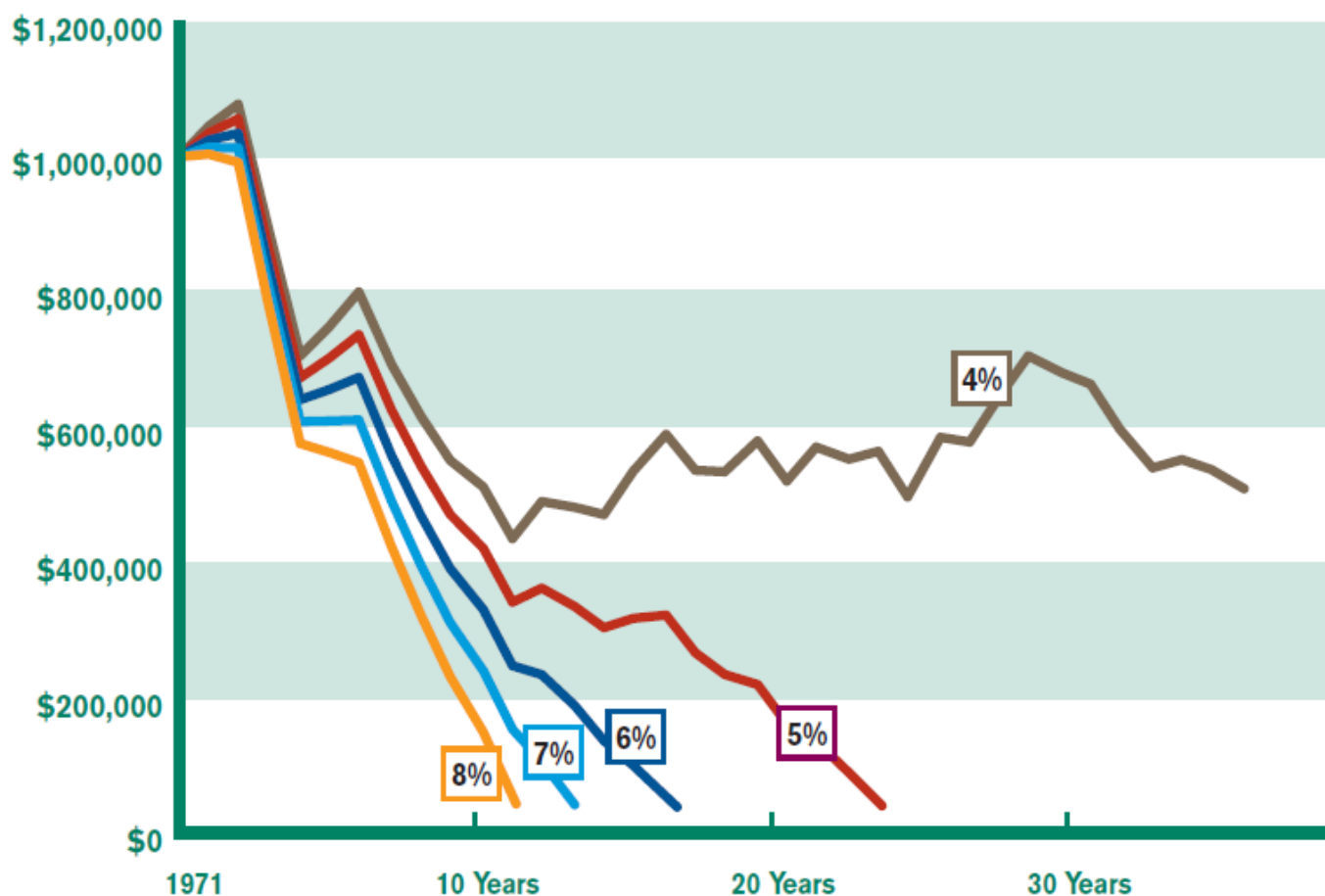
* The Trinity Study: Annual Withdrawal Rates and Portfolio Success, Philip L. Cooley, Carl M. Hubbard and Daniel T. Walz, 1997.



Impact of Withdrawal Rate

The number of years your investments could last depends on several factors, including the rate at which you withdraw the money and what types of investments you choose. The Trinity study discussed on the previous page used various rates of withdrawal and hypothetical portfolios with different mixes of stocks and bonds only.

The chart below provides an example of how long investments may last when withdrawn at different rates and using a diversified portfolio of 40% stocks, 45% bonds and 15% money market securities. The starting balance of the hypothetical portfolio is \$1 million.



Setting a withdrawal rate of 4% to 5% may be a good starting point for you. Based on the time frame shown here, the 4% and 5% withdrawal rates would have resulted in the hypothetical portfolio lasting more than 20 years. The balance continued to grow at the 4% withdrawal rate because you would have been living on the income and not using your principal.

Keep in mind that you may need to adjust your withdrawal rate if the market causes the value of your investments to decrease in any given year or for an extended period, or if you face unexpected expenses.

Use History as a Guide

The chart on the previous page shows how many years the hypothetical investments would have lasted, based on historical rates of return since January 1970.* It assumes that withdrawals were made at the beginning of each month for one-twelfth of the annual withdrawal amount. Investing is subject to market risk, and it is possible to lose money by investing. Stock values and returns may be volatile. Generally, as interest rates rise, bond prices fall.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.



The historical average annual returns were calculated by American Century Services, LLC, using information and data presented in the Ibbotson Investment Analysis Software ©2006 Ibbotson Associates, Inc. All rights reserved. Used with permission. Stock returns are represented by the S&P 500 Stock Index, an unmanaged group of stocks considered to represent the stock market in general. Bond returns are represented by a government bond of approximately 20-year maturity. Money market returns are represented by a Treasury bill of no less than 30-day maturity. Treasury bills are guaranteed by the U.S. government. Returns are for the period January 1, 1970, to December 31, 2005. Returns are adjusted for inflation and are shown before taxes. Past performance is no guarantee of future results. All examples are hypothetical, for illustration purposes only and do not reflect the performance of any specific investment product.

CALCULATE YOUR WITHDRAWAL RATE (Continued)

Complete the Worksheet

This worksheet will help you determine how long your retirement savings could last, before taxes. This will show you how long your investments could provide the income you need to supplement Social Security, pension benefits and other income.

Retirement Investment Worksheet

	Example	You
1.How much income do/could you need each year in retirement? (Use your total annual expenses from page 7 as a guide.)	\$75,000	_____
2.How much income do/could you receive each year in retirement? (Total Social Security, pension benefits and other income.)	\$49,000	_____
3.Subtract line 2 from line 1 to determine how much income you could need each year from your retirement savings.	\$26,000	_____
4.Enter the projected value of your retirement savings at retirement from page 4.	\$560,000	_____
5.Divide line 3 by line 4 and multiply by 100 to determine your annual withdrawal rate.	4%	_____

The table on the next page will help you estimate how long your retirement savings might last. Find your withdrawal rate and then move across to your estimate of a future inflation rate. Move right again until you find the column for the type of portfolio and rate of return that most closely matches your investment portfolio. You may want to complete the Retirement Investment Profile on pages 18–19 to help you understand your comfort with risk.

The spot where your withdrawal, inflation and return projections meet is the total number of years your investments, including principal and income, could last.

For example, if you expect to withdraw 4% a year with 4% inflation and think you can earn 6% per year, your investment could last 33 years.

Years Your Retirement Investments Could Last

Withdrawal Rate	Inflation Rate	Very Conservative 6% Average Annual Return	Conservative 7% Average Annual Return	Moderate 8% Average Annual Return
4%	3%	40+	40+	40+
	4%	33	40+	40+
	5%	28	33	40+
5%	3%	29	36	40+
	4%	24	28	35
	5%	22	24	28
6%	3%	22	25	31
	4%	19	22	25
	5%	18	19	22
7%	3%	18	20	22
	4%	16	17	19
	5%	15	16	17
8%	3%	15	16	18
	4%	14	15	16
	5%	13	14	15

Source: American Century Investments. Calculations do not include taxes. Taxes on retirement accounts generally are deferred until withdrawal. A 10% penalty tax may be imposed for early withdrawals prior to age 59½. The hypothetical information in this worksheet is for educational purposes only and does not represent the performance of any specific investment product.



WITHDRAWAL STRATEGIES

Heard of the Age-55 Exception?

If you leave your job with no intention of returning (called “separation from service”) during or after the year in which you turn 55, you can take withdrawals from your employer-sponsored retirement plan, if your plan allows it, without owing the 10% penalty tax.



Consider Your Withdrawal Strategies

Now is the time to shift your focus from building your savings and investments to planning your withdrawal strategies. It's possible you'll still be able to save and invest, but you'll probably be withdrawing money more frequently than you did in the past.

The previous section helped you identify a withdrawal rate that may be right for you. This section will help you plan withdrawals from some of the types of accounts you may own.

Taxable vs. Tax-Deferred Accounts

If you have money invested in taxable and tax-deferred accounts, you need to decide how to make your first withdrawals. You may want to consider withdrawing money from taxable accounts before you access your tax-deferred accounts, such as your 401(k) account or IRA. This strategy lets your tax-deferred investments continue to grow and postpones the impact of taxes on those investments.

Don't wait until you've depleted your taxable accounts to develop a strategy for your tax-deferred accounts. If you are at least age 55 when you leave your employer, you generally can begin taking distributions anytime from your employer-sponsored retirement plan, such as a 401(k). At age 59½, you also can begin withdrawals from a traditional or Roth IRA if you want or need the money. If you take a distribution from these accounts before these ages, you could face a 10% penalty tax.

After meeting the age requirements mentioned above, you can withdraw money as you need it from those retirement accounts. You also have other withdrawal options:

Systematic withdrawals

You can opt for regular payments from your IRA or your employer-sponsored retirement plan account if your plan allows it. The payments would last until your account is depleted, so they may not last for your lifetime. You generally can receive a fixed amount on a specific schedule until you withdraw all the money or the total value of your account in equal distributions over a set period of time. The balance stays invested until you withdraw it.

Delay Required Minimum Distributions

You can delay distributions from your employer-sponsored retirement plan — but not your traditional IRA — if you work past age 70½ and you do not own more than 5% of the company.



Lump-sum distribution

You also have the option of withdrawing all of your IRA or employer plan money in one lump sum. Withdrawing all of your money at once could leave you with a substantial tax burden. Be sure to consult your tax advisor before choosing this option.

If you're considering a lump-sum distribution from your employer-sponsored retirement plan account, you may want to consider transferring assets directly from the plan to a type of traditional IRA called a Rollover IRA. This preserves the tax-deferred status of your investments and may allow you more investment choices than your employer plan offers. Once your distribution is rolled over and you are at least age 59½, you can withdraw what you need when you need it and pay taxes only on the distributions you take.

Required minimum distributions

The IRS requires you to take money from certain retirement accounts when you reach age 70½. You generally must begin taking withdrawals from your employer sponsored retirement plan and most IRAs. These withdrawals are required minimum distributions. The required minimum distribution rule applies to traditional, Rollover, SEP-, SARSEP-, and SIMPLE-IRAs. You do not have to take a distribution from a Roth IRA at any age.

WITHDRAWAL STRATEGIES

Help with Tax Issues

If you would like more information about tax rates and tips for reducing taxes, contact us for the following educational materials:

- Financial FYI: Taxes and Mutual
- Funds: What You Need to Know
- Mutual Fund Tax Guide
- Tax Fast Facts Card



Consider Your Withdrawal Strategies (Continued)

Taxes on Withdrawals

Remember to account for taxes when you begin withdrawals from your retirement accounts. You may be in a lower tax bracket after you retire, which means you may pay less income tax when you take withdrawals. However, it's possible you may find yourself in a higher tax bracket in retirement. For example, if you pay off your mortgage, you will no longer be able to deduct mortgage interest when you file your taxes.

Taxable accounts

If you withdraw money from taxable accounts, any gain on your investments will be subject to taxes. The tax rate will depend on your tax bracket and the length of time you owned those shares. You also may have a taxable gain if you exchange shares between mutual funds, since an exchange involves selling shares of one fund and buying shares of another. If you sell or exchange shares you owned for more than 12 months, any capital gains will be taxed at a maximum tax rate of 20%. If you sell or exchange shares that you owned for 12 months or less, any capital gains will be taxed at your ordinary income tax rate, which can be as high as 37%.*

Tax-deferred accounts

Generally, when you withdraw money from a 401(k) or other employer-sponsored retirement plan, you will owe income tax on pre-tax contributions and on any earnings at your ordinary income tax rate. When you withdraw money from a traditional IRA, you will owe income tax on any deductible contributions and on any earnings at your ordinary income tax rate. When you withdraw money from a Roth IRA after you reach age 59½ and at least five years after you first opened a Roth IRA, you may withdraw earnings without owing federal income tax. You can withdraw contributions free of federal income tax at any time.**

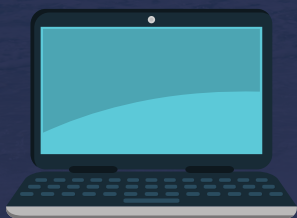
* These capital gain and ordinary income tax rates apply to sales and exchanges through Dec. 31, 2019. <https://taxfoundation.org/2019-tax-brackets/>

** Early withdrawals from an IRA may be subject to income taxes and a 10% penalty tax.

Receive “Annuity Payments” from Your IRA

You may be able to receive systematic withdrawals, or “annuity payments,” from your traditional or Roth IRA.

Remember that these payments will last only until your account is depleted.



Annuity Payments

If you like the idea of receiving regular payments, you may want to consider an annuity. An annuity provides you with consistent payments over a certain period of time. For instance, if you have a pension plan through your employer, it probably provides a guaranteed income during retirement based on your tenure with the company, your salary and other factors. This annuity may pay you over your lifetime, a combination of your lifetime and that of your spouse, or for a specific number of years. You typically can purchase an annuity from an insurance company. Annuities aren't for everyone, so research them carefully before you decide to purchase one. Consider the risks, as well as fees and other factors, when examining annuities. Also keep in mind that earnings received in the form of annuity payments will be taxed at ordinary income tax rates.

RETIREMENT PORTFOLIO

Prepare for Financial Emergencies

During your working years, a good rule of thumb is to set aside enough money to cover three to six months of your living expenses. After you retire, you should have enough set aside to cover an unforeseen illness or other emergency.



Build Your Retirement Portfolio

This section will help you develop a portfolio that's right for you and your retirement needs. Make sure you have an emergency account, then find a mix of stocks, bonds and money market securities that matches your tolerance for risk.

Emergency Account

You probably already know that you should have money set aside for emergencies, and this is especially important after you retire. Having an emergency account, or a cash reserve, helps you prepare for financial emergencies. It also may take away some of your anxiety if the value of your investments decreases dramatically during a market decline.

You should choose a readily accessible type of account. For example, you may want to invest in a money market mutual fund. A money market fund may provide a relative degree of safety along with easy access to your money. Many funds allow you to write checks against your account.

Money market funds typically invest in U.S. Treasury bills, certificates of deposit and other interest-bearing securities that mature in less than one year. They do not pay a fixed rate of return. You will not owe taxes when you sell shares of a money market fund, but you will owe taxes on dividend income.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.

You also might consider an interest-bearing checking or savings account through a bank or credit union.

As you calculate the amount you need in your emergency account, keep in mind that there may be fees for a money market fund, checking or savings accounts, which could affect the value of your account.

Retirement Investment Planning

Next, you need to develop a plan for how to invest during retirement. This might be the time to rebalance your portfolio to emphasize high-quality, low-risk investments. The scenario on this page shows you one hypothetical example. The remaining pages of this booklet will help you build a retirement portfolio that's right for you.

Living comfortably

Although recently retired at age 65, John and Lois are busier than ever. He's active in several charities and plays golf twice a week. She gardens and volunteers at a local hospital. And, of course, they both look forward to travel and visits with their grandchildren.

They live comfortably on Social Security benefits, a company pension and their investments. Still, they're concerned about maintaining their quality of life throughout their retirement years.

They figure Social Security will pay \$24,500 a year. John's pension will pay \$10,000 a year.

Most of their income will come from their investments in Rollover IRAs. After investing throughout their work lives in employer-sponsored retirement plans, such as 401(k) plans, and then rolling over the money directly to Rollover IRAs at retirement, they have \$750,000 in those accounts.

John and Lois have diversified their Rollover IRA investments among various mutual funds. They hope to earn 5% a year during their retirement, which they expect will last about 20 years. Their other investments in taxable mutual fund accounts will produce an additional \$5,000 a year.

Examine This Annual Income Example

This calculation illustrates the hypothetical retirement situation described on this page.

\$37,500	Rollover IRAs (\$750,000 over 20 years @ 3.88%* annually)
\$24,500	Social Security
\$10,000	Pension
\$5,000	Other Investments

\$77,000 TOTAL

Investing is subject to market risk, and it is possible to lose money by investing. Stock values and returns may be volatile. Generally, as interest rates rise, bond prices fall.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.

John and Lois figure inflation should average about 3% each year. Combined with their Social Security benefits, pension and other investments, John and Lois calculate that their Rollover IRAs could help provide them with a long-term retirement income of \$77,000 a year before income taxes.

* Inflation-adjusted annual rate of return based on 3% inflation rate. This calculation shows hypothetical annual income before taxes. Past performance is no guarantee of future results. This hypothetical example is for illustration purposes only and is not intended to represent any specific investment product.

RETIREMENT PORTFOLIO

First -

Determine your Retirement Investment Profile by answering the questions to the right.

Second -

Find the diversified Model Retirement Portfolio of stock, bond and money market securities on page 23 that matches your profile and compare it with your current investment mix.

Third -

Consider your retirement income needs and whether your current portfolio strategy is likely to help you meet them.



Build Your Retirement Portfolio Continued

Your Retirement Investment Profile

Dividing your investments among different types of securities can help balance the potential risk and reward of your overall portfolio. Use this worksheet to find an asset allocation mix that matches your Retirement Investment Profile.

It's likely that certain aspects of your attitude toward investing, such as your comfort with investment risks, may be different now than in your working years.

Remember, diversification alone does not ensure against a loss.

1. Do you have sufficient savings that you can access immediately to cover an emergency?

- ☐ No (0 points)
☐ Yes (3 points) _____

2. What percentage of your retirement savings do you need for living expenses annually?

- ☐ Less than 5% (0 points)
☐ 5% to 7% (2 points)
☐ More than 7% (4 points) _____

3. How many years have you been investing in either mutual funds or the stock and bond markets?

- ☐ I have never invested in any of these. (0 points)
- ☐ One to seven years (2 points)
- ☐ Eight to 15 years (4 points)
- ☐ More than 15 years (6 points) _____

4. When will you start drawing on your retirement savings?

- ☐ Immediately or within the next 12 months (0 points)
- ☐ One to five years from now (4 points)
- ☐ More than five years from now (8 points) _____

5. How many years do you anticipate drawing on your retirement savings?

- ☐ 20 years or less (2 points)
- ☐ More than 20 years but less than 30 years (4 points)
- ☐ 30 years or more (6 points) _____

6. I would prefer an investment that has . . .

- ☐ A virtually risk-free return of 4%. (0 points)
- ☐ Potential gain of 7% and potential loss of 2%. (4 points)
- ☐ Potential gain of 10% and potential loss of 4%. (8 points) _____

7. What would you be likely to do if the market declined and the value of your investments suddenly fell by 20%?

- ☐ Sell everything, take my losses and move whatever money is left into a money market fund. (0 points)
- ☐ Sell some of my investments to avoid losing even more if the market keeps falling. (5 points)
- ☐ Wait to see if the market rebounds over time but stop adding to my investments. (10 points)
- ☐ Buy more of the securities I like since the prices are even lower. (15 points) _____

8. Now, total your points.

Match the total points from your Retirement Investment

Profile with one of the diversified Model Retirement Portfolios on page 23. TOTAL _____

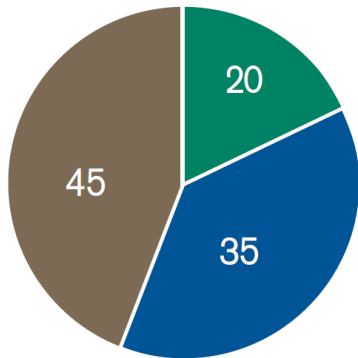
Build Your Retirement Portfolio

(Continued)

Model Retirement Portfolios

Match your Retirement Investment Profile point total from the previous page to one of the sample portfolios below. This will give you an idea of how you might diversify your portfolio in retirement.

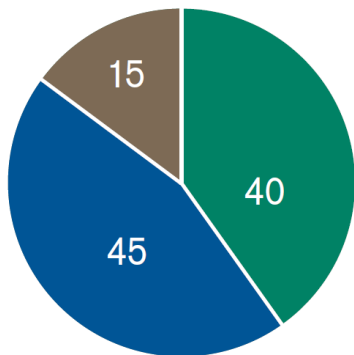
Very Conservative



Historical Average Annual Return 6.0%* (0 to 24 Points)

Investing is subject to market risk, and it is possible to lose money by investing. Stock values and returns may be volatile. Generally, as interest rates rise, bond prices fall.

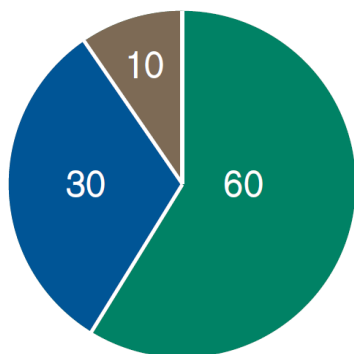
Conservative



Historical Average Annual Return 7.6%* (25 to 36 Points)

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in the fund.

Moderate



Historical Average Annual Return 8.7%* (37 to 50 Points)

 % Stocks

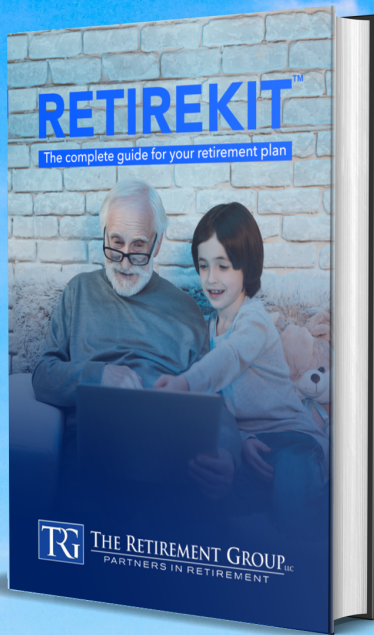
 % Bonds

 % Money Market

* The historical average annual return for each model portfolio was calculated by American Century Services, LLC, using information and data presented in the Ibbotson Investment Analysis Software ©2006 Ibbotson Associates, Inc. All rights reserved. Used with permission. Stock returns are represented by the S&P 500 Stock Index, an unmanaged group of stocks considered to represent the stock market in general. Bond returns are represented by a government bond of approximately 20-year maturity. Money market returns are represented by a Treasury bill of no less than 30-day maturity. Treasury bills are guaranteed by the U.S. government. Returns are for the period January 1, 1926, to December 31, 2005. Past performance is no guarantee of future results. All examples are hypothetical, for illustration purposes only and do not reflect the performance of any specific investment product.



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Retirekit



Social Securitykit



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