



THE RETIREMENT GROUP_{LLC}
PARTNERS IN RETIREMENT

Retirement Basics

**An Overview of the Retirement
Planning Basics**



When You Imagine Your Retirement, What Do You See?

When you close your eyes and imagine your own retirement, what do you see? Most of us imagine retirement as a happy time, a reward for a lifetime of hard work, full of possibility and potential. Many of us look forward to pursuing hobbies and traveling, while others may see the opportunity to go back to school or to start a new career or business.

We have good reason to see retirement in a positive light. After all, Americans are living longer, healthier lives than ever before. In fact, for some of us, retirement will make up a full third of our lives. Of course, this means that our retirement assets will have to do more for us over a longer period of time.

This makes *planning* for our retirement essential.



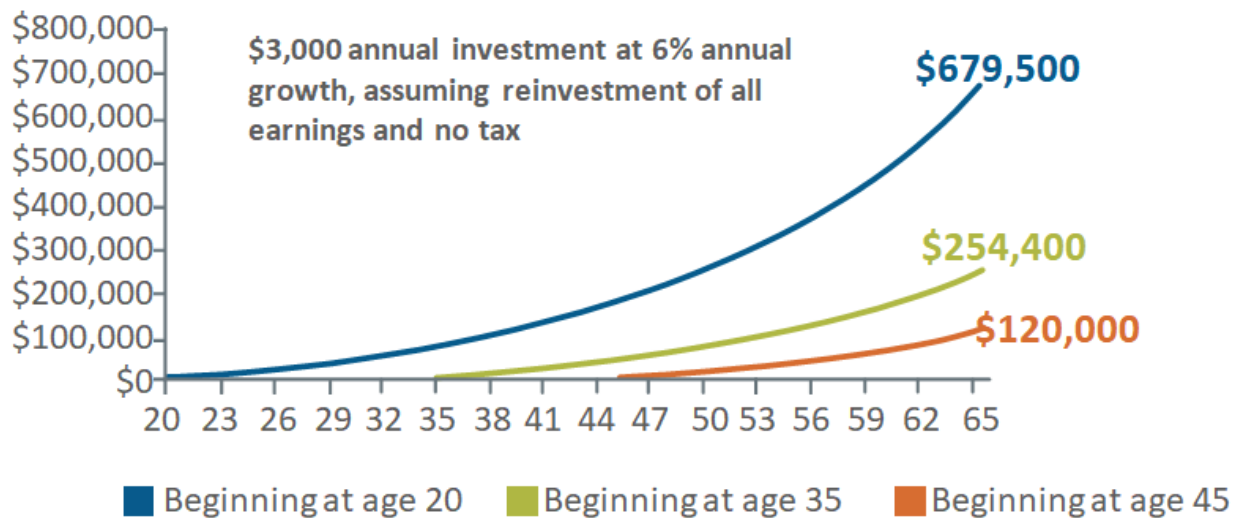
The Retirement Planning Road Map



If you were going to drive across the country, you wouldn't just get into your car and start driving, would you? Of course not. You'd map out your trip and spend time packing and preparing. Nevertheless, a remarkable number of people don't take the time to map out the 30 years or more that it can realistically take to achieve their retirement goals.

We're going to spend some talking about how you go about establishing a plan for retirement. It may help if you think of retirement as a destination, and your plan as a road map that will get you there. In constructing the road map, we'll talk about why it's so important that you start planning now. We'll help you think about the answers to some basic questions: What kind of retirement lifestyle do you want? When do you want to retire? How long do you expect retirement to last?

We'll also talk about how to come up with an investment plan by crunching some numbers; the role of tax-advantaged retirement vehicles; annuities; some general investment considerations; how you can protect your plan against undue risk; and finally, plan implementation. At the end, if you connect the dots, you have your road map.



This is a hypothetical example and is not intended to reflect the actual performance of any investment.

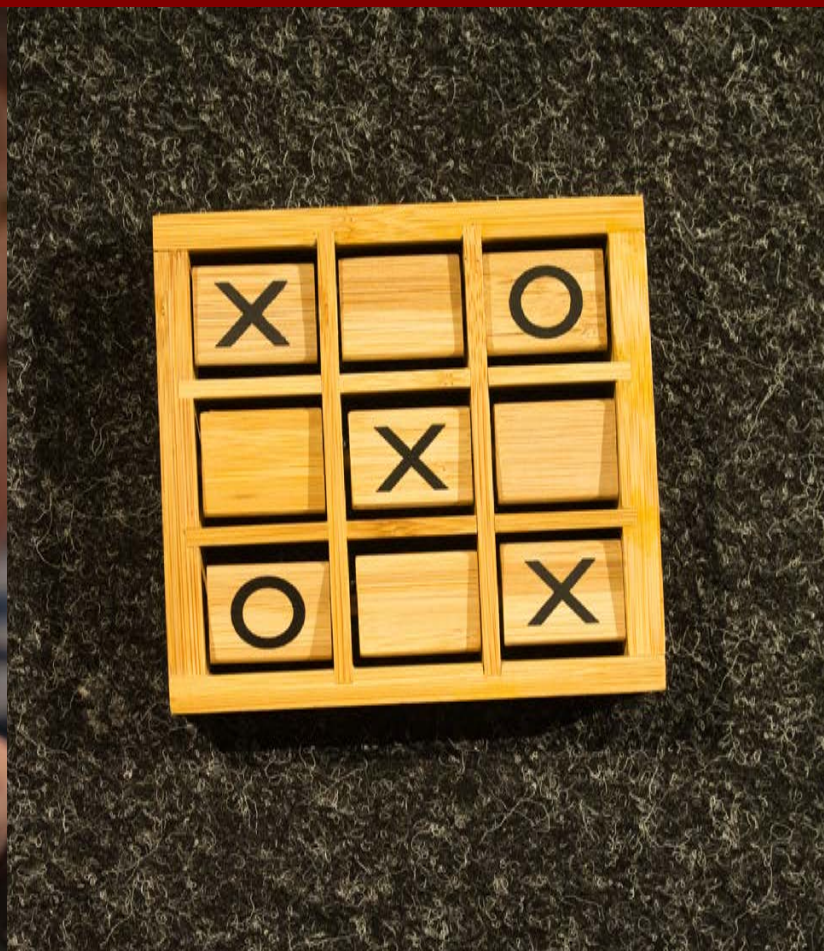
Many people assume they can hold off saving for retirement and make up the difference later. But this can be a very costly mistake.

The further off retirement is, the more time your investments have the potential to grow. Waiting too long can make it very difficult to catch up, and only a few years can make a big difference in how much you'll accumulate.

For example, invest \$3,000 every year starting when you're 20 years old and, if you retire after age 65, you will have accumulated almost \$680,000 (assuming a 6% annual growth rate and no tax). If you wait until age 35 and start saving \$3,000 annually, you'll accumulate only about \$254,000. And, if you wait until age 45 to start saving, you'll accumulate only about \$120,000 by the time you retire.

This doesn't mean there's no hope if you're 50 years old and you haven't set aside anything for retirement yet. It just makes it all the more important that you implement a plan today.

Basic Considerations



Before you can start planning for your retirement, you need to ask yourself three basic questions:

- What kind of retirement do you want to plan for?
- When do you want to retire?
- How long will retirement last?

Let's look at how to go about answering these questions.

Basic Considerations - What Kind of Retirement Do You Want?

A few minutes ago I asked you to close your eyes and picture your own retirement. Let's carry that thought forward a little.

Whether you pictured yourself on a golf course, a yacht, a hammock, or simply in your own living room, many of you probably imagined some degree of financial independence. Certainly, few of us imagined ourselves as a financial burden to those we love.

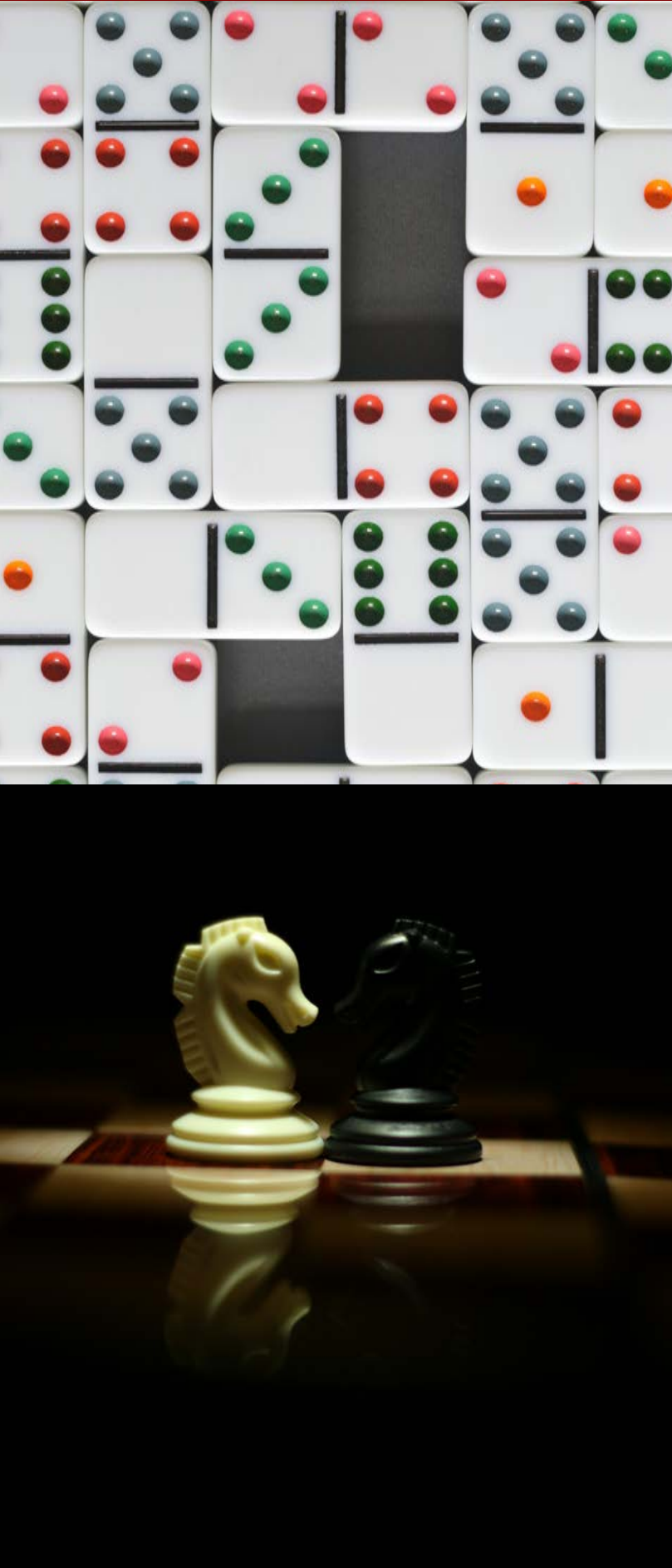
To a large extent, maintaining financial independence in retirement depends upon the lifestyle we want. Can you describe the retirement lifestyle you'd like? Does it include extensive travel? Do you imagine yourself living in your current home, downsizing to a smaller home, or perhaps purchasing a vacation home?

Would you like the opportunity to provide financially for children or grandchildren, or even your own parents, during your retirement years?

In a moment we'll look at how you might go about determining the cost of the retirement you want, but first, let's look at other basic factors that will impact your calculations.



Basic Considerations - Where Do You Want to Retire?



Have you thought about when you'd like to retire?

It's important, because the earlier you retire, the shorter the period of time you have to accumulate funds, and the longer the period of time those dollars will need to last.

Although you can retire anytime, most people wait until they're eligible for Social Security retirement benefits. You can't start receiving Social Security benefits until age 62, and the earliest you can receive full Social Security retirement benefits is age 66 to 67, depending on the year you were born.

Also, you're not eligible for Medicare health coverage until age 65, so if you want to retire before then, you'll want to plan for private health insurance.

Basic Considerations - How Long Will Retirement Last?



The earlier you retire, the longer the period of time your funds will need to last. But how long should you plan on your retirement lasting?

According to the National Center for Health Statistics, the average 65-year-old American can expect to live for another 19.5 years. [Source: NCHS Data Brief, Number 328, November 2018]

Keep in mind as well that life expectancy has increased at a steady pace over the years, and is expected to continue increasing. In fact, in the year 2016, there were nearly 82,000 Americans age 100 or older, and in 2035, that figure is projected to nearly double. [Source: U.S. Census Bureau, September 2018] The point I want to make is that, for many of us, it's not unreasonable to plan for a retirement period that lasts for 25 years or more.

Source: NCHS Data Brief, Number 328, November 2018

Crunching the Numbers

Now that we've talked about the type of retirement lifestyle you want as well as your general time frame, it's time to crunch some numbers to estimate the amount of money you'll need to make it all happen.

First, we'll discuss how to estimate your future retirement expenses. Then we'll talk about projecting your retirement income. This will allow you to identify your retirement income shortfall, or "gap."

Accumulating enough funds to close this "gap" is your ultimate investment goal. We'll talk about how, by making some assumptions, you can calculate exactly how much you'll need to accumulate.

Finally, we'll talk briefly about the impact that inflation will have on your calculations and your plan.



Crunching the Numbers - Estimating Retirement Expenses

You may have heard that you should plan on needing somewhere between 60% and 90% of your pre-retirement income when you retire. General guidelines like this are easy, but often not very helpful. Instead of basing your estimate of expenses on a percentage of your income, focus on your actual expenses today and think about how they will increase or decrease by the time you retire. Additionally, if the retirement you want to plan for includes extensive travel or hobby activity, this is the time to associate a corresponding dollar cost.

Obviously, the further away from retirement you are, the more difficult it is to make an accurate projection. Nevertheless, you should detail every potential expense that you can think of. In listing your expenses, here are some things to consider:

- Your housing costs may decrease if you will have paid off your mortgage by the time you retire
- You'll probably pay less in overall taxes — specifically income taxes and Social Security taxes — once you stop receiving a paycheck
- You'll probably eliminate some costs associated with your current job (for example, commuting, clothing, dry cleaning)
- You're likely to pay more in health-care costs, particularly if you retire before you qualify for Medicare
- You're likely to pay more in general entertainment expenses like dining out
- And, depending on the age of your children and/or your parents, you may want to estimate and include projected costs for their support, education, health care, and/or housing as well

Crunching the Numbers - Estimating Retirement Income

Traditionally, retirement income has been described as a “three-legged stool” comprised of Social Security, traditional employer pension income, and individual savings and investments. With fewer and fewer individuals covered by traditional employer pensions, though, the analogy doesn’t really hold up well today.

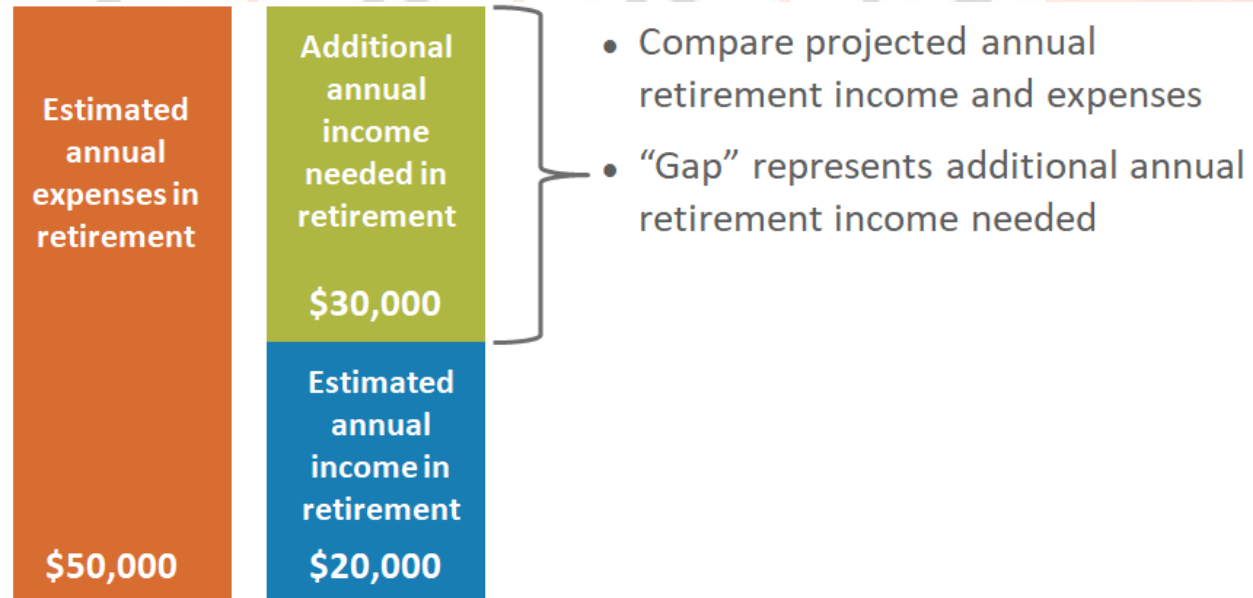
It’s important to get an estimate of the amount of Social Security benefits you’ll be eligible to receive in the future based on your earnings record. You can sign up for a “my Social Security account” on the Social Security website to view your Social Security statement online. Your statement contains a detailed record of your earnings, as well as estimates of retirement, survivor's, and disability benefits, and other information about Social Security.

The good news is that Social Security will provide a monthly benefit each and every month of your retirement, and the benefit will be periodically adjusted for inflation, which we’ll talk about in a moment. The bad news is that, for most of us, Social Security alone won’t be enough to support the retirement we imagine for ourselves. For example, the quick calculator on Social Security’s website tells us that an individual born in 1959 who currently earns \$70,000 a year can expect to receive somewhere in the neighborhood of \$23,000 annually at full retirement age, which in this case would be 66 and 8 months. Of course, your actual benefits will depend on your work history, earnings, and retirement age. The point is that Social Security will probably make up only a portion of your total retirement income needs.

With fewer and fewer individuals covered by a traditional employer pension plan, that leaves just one other leg of the stool for most of us to rely on — our individual savings and retirement investments. An individual born in 1959 who currently earns \$70,000 can expect to receive roughly \$23,000 each year (today’s dollars) in Social Security retirement benefits at full retirement age.*

*www.ssa.gov/QuickCalculator (accessed February 18, 2019)

Crunching the Numbers - Identifying the "Gap"



Let's pause for a moment to try to tie some of this together. We've talked about estimating annual expenses in retirement, and we've talked about estimating annual income in retirement. With very few exceptions, most of us are going to find that there's a significant gap between what we think we're going to have for retirement income each year, and what we think we're going to need each year.

This gap represents the amount of additional income that we're going to need to make up through savings and investments. For example, if we estimate that we're going to need \$50,000 each year to have the retirement lifestyle we want, but project that we can count on Social Security to provide only \$20,000 each year, we've got a \$30,000 shortfall. And if we're planning for a retirement that lasts 25 years, we'll need \$30,000 each year for 25 years--a total of \$750,000 (and that's not even adjusted for inflation).

Crunching the Numbers - Calculating Your Retirement Investment Goal



A \$384,000 lump sum at retirement would allow you to draw \$30,000 each year for 25 years, if you assume that your untapped funds will grow at 6% per year

This is a hypothetical example and is not intended to reflect the actual performance of any investment.

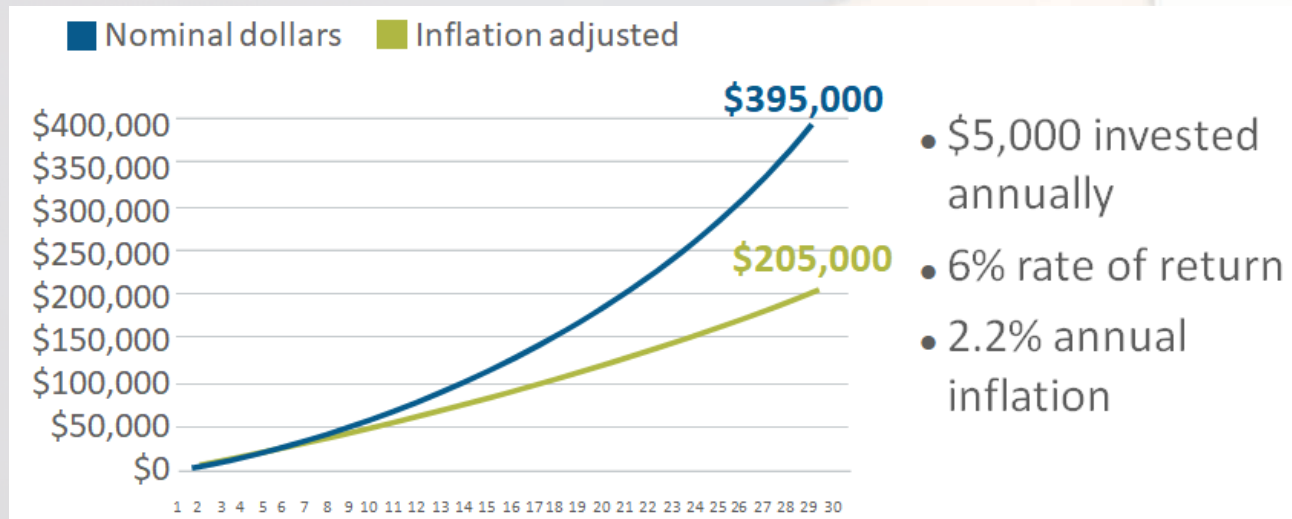
Your retirement investment plan should have one primary goal: accumulate enough assets by the time you retire to satisfy your projected income shortfall for all the years of your retirement. But how do you determine the amount you need to accumulate?

Actually, once you quantify your income shortfall for each year of retirement, and you know how long a retirement period you want to plan for, it's a straightforward financial calculation. Keep in mind that, even though you'll be drawing from your investment fund each year of retirement, the remaining funds will still be working for you and hopefully growing. So, you need to assume a reasonable rate of return —i.e., the rate at which you believe your untapped investments will grow. Remember, though, that this is an estimate only and there are no guarantees — your investments could actually lose money.

For example, let's say that I determine that I'm going to need an additional \$30,000 for each year of my retirement, and I want to plan for a 25-year retirement period. If I assume that my unused retirement funds will grow at 6% each year, I'll need approximately \$384,000 at the time I retire.

How you go about building that lump sum is the subject of the remainder of our discussion. Before we move on to that, however, we have one more number-crunching topic to discuss — inflation.

Crunching the Numbers - Account for Inflation



Inflation has the effect of reducing the purchasing power of your dollars over time. According to the U.S. Department of Labor, the average annual rate of inflation over the 20 years ended in December 2018 has been approximately 2.2%. [Source: Calculated from consumer price index (CPI-U) data published by the U.S. Department of Labor, through January 2019] At 2.2% annual inflation, something that costs \$100 today would cost \$155 in 20 years.

In all the calculations we've discussed so far, we've ignored inflation. However, when we're talking about our retirement lifestyles, what we're really concerned with is the purchasing power of our retirement investments. That means adjusting our calculations to reflect the impact of inflation. And that impact can be significant.

For example, let's say that you invest \$5,000 each year for 30 years. If your investments grow at 6% annually, you'll end up with about \$395,000. Now, assume 2.2% annual inflation. This means that each annual contribution of \$5,000 is actually worth less in terms of today's dollars. It also means that your investment growth is outpacing inflation by just 3.8%. In our example, after 30 years, your \$395,000 has the purchasing power of only \$205,000 in today's dollars.

Source: U.S. Department of Labor consumer price index data, 2019

Tax-Advantaged Savings Vehicles

Probably the best way to accumulate funds for retirement is to take advantage of special tax-deferred retirement savings vehicles.

A 401(k) plan and other employer-sponsored retirement plans can be very powerful savings tools because your contributions come out of your salary pretax, reducing your current taxable income, and grow tax deferred until withdrawn (withdrawals made prior to age 59½ may be subject to an additional 10% penalty tax).

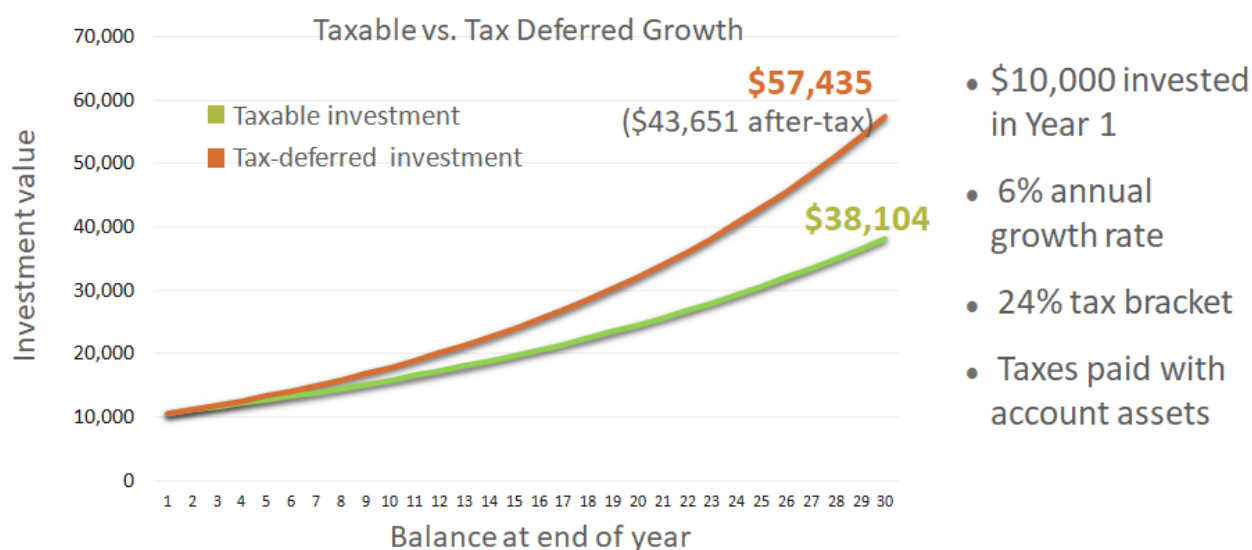
You may also be able to make Roth 401(k) contributions. Unlike pretax contributions, Roth 401(k) contributions don't provide you with an immediate tax savings, but they allow you to make withdrawals completely free from federal income taxes under certain circumstances.

Finally, 401(k) plans often include employer-matching contributions, which should make them your first choice in saving for retirement. Traditional IRAs, like 401(k)s, feature tax-deferred earnings growth and can lower your current taxable income if you qualify to make tax-deductible contributions. And like a 401(k), funds aren't taxed until they're withdrawn, and may be subject to an additional 10% penalty tax if withdrawn before age 59½. Like Roth 401(k)s, Roth IRAs don't permit tax-deductible contributions, but they allow you to make completely tax-free withdrawals under certain conditions.

We're going to spend a few minutes looking at the impact tax-deferred growth can have, and then we'll talk about 401(k)s, traditional IRAs, and Roth IRAs in more detail.



Tax-Advantaged Savings Vehicles - The Value of Tax Deferral



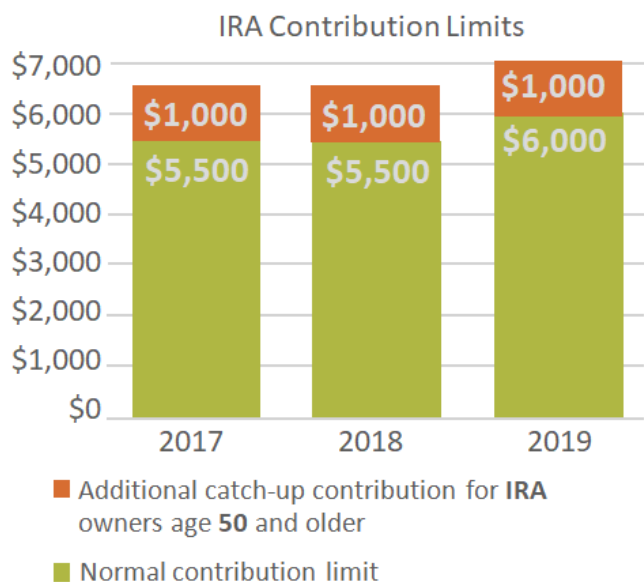
This is a hypothetical example and is not intended to reflect the actual performance of any specific investment. Investment fees and expenses, which are generally different for taxable and tax-deferred investments, have not been deducted. If they had been, the results would have been lower. The lower maximum tax rates on capital gains and qualifying dividends would generally make the taxable investment more favorable than shown in this chart.

Let's assume you have \$20,000 to invest. You put \$10,000 into a taxable account that earns 6% per year, and use a portion of these assets to pay taxes attributable to the account's earnings. You put the other \$10,000 into a tax-deferred account such as a 401(k) that also earns 6% per year. Assuming that you're in the 24% tax bracket, in 30 years your taxable account will be worth about \$38,000, while your tax-deferred account will be worth over \$57,000. That's a difference of almost \$20,000.

Even if the funds invested in the tax-deferred account are subject to federal income tax upon withdrawal — as they would if you made pretax contributions to a 401(k) — you would come out ahead. This is true even if you took the entire amount in the tax-deferred account as a lump-sum distribution after 30 years and paid tax on the full amount (at 24% tax, you'd end up with a little over \$43,600). Of course, most individuals draw on their retirement savings gradually during their retirement years — when they may be in a lower tax bracket — rather than taking a large lump-sum distribution.

Let's look more closely now at IRAs and 401(k)s.

Tax-Advantaged Savings Vehicles - IRAs



An individual retirement arrangement (IRA) is a personal savings vehicle that offers specific tax benefits. Even if you're contributing to a 401(k) or other employer-sponsored retirement plan, you should consider an IRA as well. We're going to discuss two types of IRAs: traditional IRAs and Roth IRAs. Both allow you to contribute up to \$6,000 in 2019. Individuals age 50 and older can also make additional "catch-up" contributions. These folks can put \$7,000 into their IRAs for 2019. You can contribute to both a traditional IRA and a Roth IRA, but your total annual contribution can't exceed these limits. Contribution limits are tied to the cost of living and increase periodically (as they did in 2019).

Both traditional and Roth IRAs feature tax advantages. And, both give you a wide range of investment choices. However, there are important differences between these two types of IRAs, including the specific tax benefits and the qualifications to contribute. You must understand these differences before you can choose the type of IRA that's best for you.



Tax-Advantaged Savings Vehicles - IRAs



Practically anyone can open and contribute to a traditional IRA. The only requirements are that you have taxable compensation and be under age 70½. The question is whether or not you can deduct your contribution.

If neither you nor your spouse is covered by a 401(k) or other type of employer-sponsored retirement plan, you can generally deduct the full amount of your annual contribution. If one of you is covered by such a plan, your ability to deduct contributions depends on your modified adjusted gross income and your income tax filing status. You may qualify for a full deduction, a partial deduction, or no deduction at all.

Not everyone can contribute to a Roth IRA, however. Roth IRA contributions are phased out for individuals with higher incomes — whether you can make a full contribution, a partial contribution, or no contribution depends on your modified adjusted gross income and your income tax filing status.

Unlike a traditional IRA, all contributions to a Roth IRA are made with after-tax dollars — you don't get a deduction for your contributions. With both traditional and Roth IRAs, funds grow tax deferred.

Tax-Advantaged Savings Vehicles - IRAs

Distributions from a traditional IRA are subject to federal income tax. However, no tax applies to any portion of a distribution that represents nondeductible contributions made to the IRA. In addition to income tax, you may have to pay a 10% early withdrawal penalty if you're under age 59½ at the time of the distribution, although a number of exceptions apply.

If you meet certain conditions, your withdrawals from a Roth IRA will be completely free from federal income tax. To qualify, you must satisfy a five-year holding requirement, and you generally have to reach age 59½ before making the withdrawal. Even if you haven't reached age 59½, you also qualify for tax-free treatment if you satisfy the five-year holding requirement and you make the withdrawal either because of a disability, or to pay certain first-time homebuyer expenses. (Another exception is in the case of death of the account owner.)

Even non-qualified distributions from a Roth IRA get special tax treatment: distributions are considered to come from contributions first, and from earnings last. Distributions that represent a return of your Roth IRA contributions are free from federal income tax. After you've received all of your contributions back tax free, any further distribution will represent earnings, and will be subject to income tax, and, if you're under age 59½, to the additional 10% premature distribution tax, unless an exception applies. Note that special rules may apply when a traditional IRA has been converted to a Roth IRA.



Tax-Advantaged Savings Vehicles - IRAs



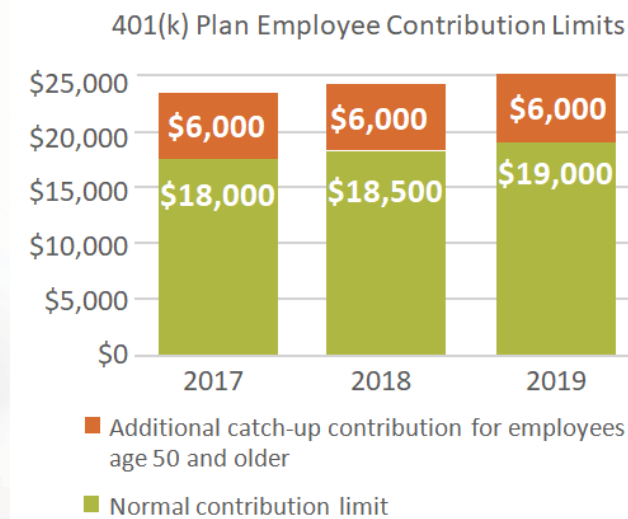
We've talked about both traditional and Roth IRAs — but which one should be your first choice? Sometimes, the answer is easy: if you're not able to deduct contributions to a traditional IRA because of your income, filing status, and the fact that you're covered by an employer-sponsored retirement plan, you're probably better off with a Roth IRA.

But what if you do qualify to make tax-deductible contributions to a traditional IRA? Should you contribute to a traditional IRA and receive a current income tax deduction, or should you make after-tax contributions to a Roth IRA?

Most professionals believe that a Roth IRA will give you more bang for your buck in the long run, but it depends on your personal goals, circumstances, and the performance of the investments that you select. A Roth IRA may very well make more sense if you want to minimize taxes during retirement and preserve assets for your beneficiaries.

But, a traditional deductible IRA may be a better tool if you want to lower your current tax bill while you're still working, and you expect to be in a lower tax bracket when you retire. A financial professional or tax advisor can help you pick the right type of IRA for you.

Tax-Advantaged Savings Vehicles - 401(k) Plans - Pretax contributions



The 401(k) plan has become one of the most popular types of employer-sponsored retirement plans, and for good reason. If you participate in a 401(k), you should be taking full advantage by contributing the maximum amount allowed.

In 2019, you can contribute up to \$19,000 of your compensation to a 401(k) plan. If you're age 50 or older, you can make an additional "catch-up" contribution of \$6,000 in 2019. Your pretax contributions are not included in your taxable income for the current year, providing an immediate tax benefit. So, if you earn \$100,000 but defer \$19,000 into a 401(k) plan, you pay current income tax on just \$81,000.

Both contributions and earnings in your 401(k) plan grow tax deferred until withdrawn, which as we've seen can make a real difference in the amount you can accumulate for retirement. Additionally, many employers "match" a portion of contributions. If your employer offers such a match, this is effectively "free money."

There are few disadvantages to contributing to a 401(k) plan, but you are generally limited to the investment options offered by the plan, and distributions made from a 401(k) plan prior to age 59½ (age 55 or 50 in some circumstances) are subject to an additional 10% premature distribution tax, although a number of exceptions apply. In addition, access to funds in your 401(k) plan is generally limited while you're still employed.

Tax-Advantaged Savings Vehicles - 401(k) Plans - Roth contributions

Your 401(k) plan may also allow you to make Roth contributions. Like Roth IRA contributions, Roth 401(k) contributions are made with after-tax dollars, so you don't get an immediate tax savings the way you do with pretax contributions. On the other hand, if you meet certain conditions, the earnings in your Roth 401(k) account are entirely free from federal income tax (any distribution that represents a return of your own contributions is always tax free).

The limits for Roth 401(k) contributions are the same as the limits for pretax 401(k) contributions. That is, \$19,000 for 2019, \$25,000 if you're age 50 or older. But the limit applies to your total pretax and Roth contributions. For example, you can choose to make \$8,000 of pretax contributions and \$11,000 of Roth contributions, or split your contributions any other way you wish. In order for a distribution from your Roth 401(k) account to be tax free, you have to satisfy a five-year holding requirement AND be either age 59½ or disabled when you receive the payment.

If you receive a non-qualified distribution, your payment will generally include your own contributions, which are nontaxable, and a pro-rata portion of earnings, which are subject to income tax and a potential 10% premature distribution tax unless you're age 59½, or another exception applies. Roth 401(k) contributions are treated the same as pretax contributions for all other 401(k) plan purposes. For example, access to your funds is generally limited while you're still employed; your employer can match your Roth 401(k) contributions; and your plan may allow you to borrow from your Roth 401(k) account.

Like IRAs, whether you should make pretax or Roth 401(k) contributions depends on your personal goals, circumstances, and the performance of the investments you select. Not all 401(k) plans allow Roth contributions, so check with your 401(k) plan administrator.

Annuities

While we're not going to discuss specific investment options, I am going to mention annuities because they're specifically designed as a way to fund retirement. You may want to consider an annuity if you're already contributing the maximum to your 401(k) and IRA each year.

An annuity is an investment contract between you and the annuity provider. Annuities vary when it comes to the details, but they share the same general characteristics: you invest money (either a lump sum or a series of premium payments) with a life insurance company, and in exchange for your investment, the insurance company promises to make payments to you or to a named beneficiary at some point in the future (for example, upon your retirement). Bear in mind that a company's promises and guarantees are dependent on the financial ability of the company to meet its obligations.

Like 401(k)s and IRAs, earnings in an annuity grow tax deferred. However, unlike 401(k)s and traditional IRAs, unless an annuity is held within an employer-sponsored retirement plan or IRA, premium payments are made with after-tax dollars — you don't get a tax deduction as you might with a traditional IRA. An annuity may provide a death benefit to your heirs, and there's no limit on the amount you can contribute. Note, however, that insurance features such as a death benefit are generally accompanied by higher costs.





When you take distributions from an annuity, you pay tax on the portion that represents earnings at ordinary income tax rates. An additional 10% premature distribution tax may also apply if withdrawals are made prior to age 59½, although some exceptions apply. It's also worth noting that, unlike 401(k)s and traditional IRAs, you don't have to start taking required minimum distributions from an annuity after you reach age 70½.

You generally have a number of options to choose from in terms of how you receive distributions from an annuity. For example, you can typically withdraw funds as you need them, or you can convert the annuity into a guaranteed series of payments that will continue for the rest of your life. (Note, however, that the guarantee is limited to the claims-paying ability of the insurance company.)

Finally, you need to understand that annuities typically impose a surrender fee in addition to other fees and charges.

General Investment Considerations

As I said, we're not going to talk about specific investment options, but it's worth taking a few minutes to discuss some general investment considerations relating to retirement planning.

For most of us, retirement is a long-term goal. This means that, generally, you should be evaluating investments based on their long-term potential. Try not to overreact to short-term market fluctuations.

We all know that there's a relationship between investment risk and potential investment return. Investing primarily in conservative, fixed-income investments may be appealing because there's relatively little risk that you'll lose money. However, doing so has an opportunity cost — you may miss out on possible higher long-term growth. And there's a danger that your investments might not sufficiently outpace inflation. Investments such as stocks and stock mutual funds offer higher growth potential, but with a corresponding increase in risk.



General Investment Considerations

So what should you do? You'll want to choose an investment mix that will provide you with the rate of return you need to pursue your accumulation goal in the time you have until retirement, while minimizing your overall risk. This means that you should generally opt for a lower-risk investment portfolio with the potential to generate the growth you need, over a portfolio that offers a higher potential return, but at significantly increased risk. In other words, don't get greedy — don't risk the retirement you want for the potential to get higher returns that you really don't need.

In the end, though, the investments you select have to fit your own level of risk tolerance. And you should try to further reduce your level of risk by diversifying your investments among investment categories (for example, cash vehicles, fixed-income investments, and equity investments) and within investment categories (for example, large-cap stock, small-cap stock). Keep in mind, though, that diversification cannot guarantee better investment performance or eliminate the risk of investment losses.

Finally, reevaluate on a regular basis, and make adjustments as necessary to keep your retirement plan on track. *Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.*

Protecting Against Risk - The Role of Insurance

Up to now, we've focused on accumulating the funds you'll need for your retirement. But there's another very important part of planning for retirement: protecting yourself against the possibility that something will adversely affect your finances and devastate your retirement strategy. Insurance allows you to plan for the unexpected by shifting financial risk to an insurance company.

For most of us, the success or failure of our plan for retirement will depend on our ability to continue to earn a living. If we're unable to work, our ability to invest for retirement would have to be curtailed. It's important to protect this primary income source. Disability income insurance can protect financially against the possibility that you'll be unable to work because of illness or injury, replacing a portion of your lost income. Similarly, life insurance can play an important part in your family's overall financial plan. What would the financial impact be on your family if you or your spouse were to die prematurely? Life insurance can ensure that you and your spouse's plan for retirement will survive the death of one of you. In addition, permanent life insurance has a cash value component that can be withdrawn during retirement as a source of funds.

As you approach retirement, you'll have different insurance concerns: In general, you'll want to do everything possible to make sure that you have adequate health insurance coverage. This will be even more critical if you plan on retiring before you qualify for Medicare coverage. In addition, long-term care insurance can help you maintain financial independence by protecting you against the high cost of care should you need to stay in a nursing home for an extended period of time, or should you need in-home care.

Implementing Your Plan

We've reviewed a lot of material over the last half hour. You'll want to carve out some time and work through your specific situation to come up with your own road map to retirement. What's important is that you put a well-thought-out plan in place and stick to it.

Start now — we've seen that waiting just makes it more difficult to succeed. Invest regularly, making full use of tax-deferred retirement vehicles like 401(k)s and IRAs, and choosing investments that have the potential to meet your accumulation goal with minimum overall risk. Make sure you have adequate insurance coverage. Protect both your health and your assets.

Finally, review your plan on a regular basis, and make adjustments as necessary. Remember, your retirement destination should determine your road map, not the other way around.



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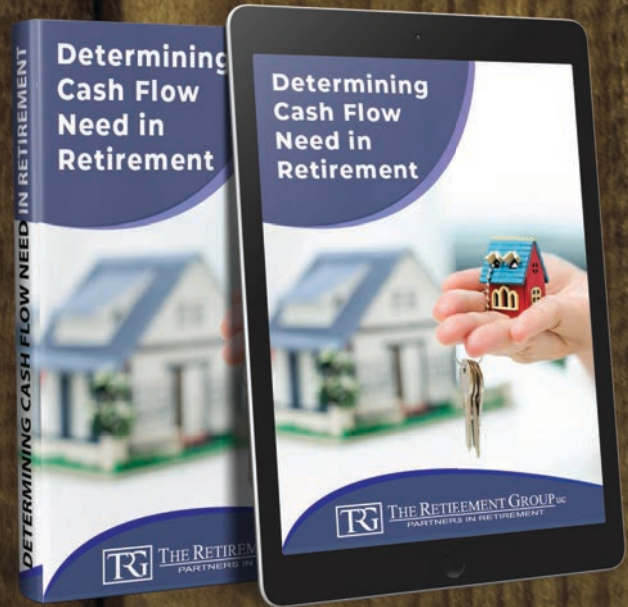
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North-West Regional Office
Bishop Ranch 3,
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