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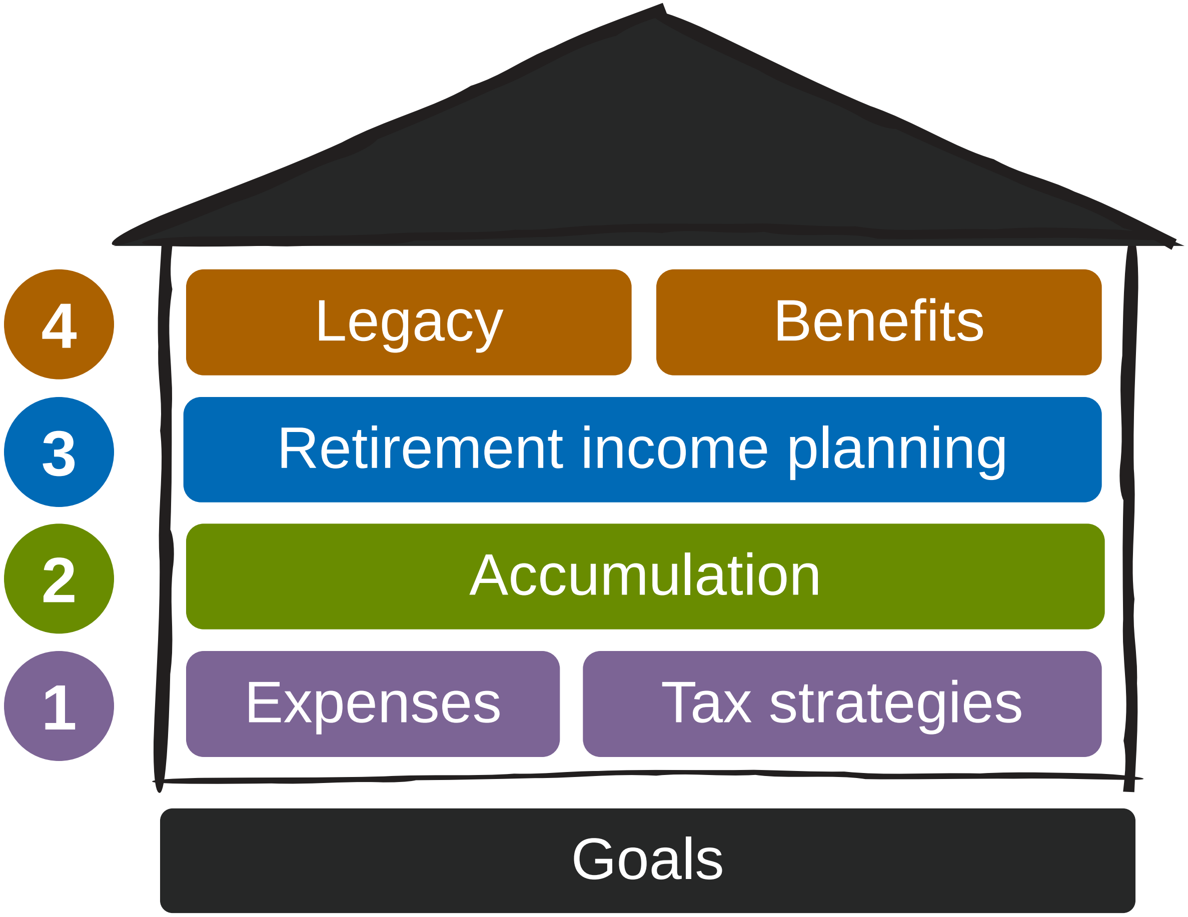
retirewise®

Establishing Your Retirement Income Stream

PlanSmart®

a financial education series for employees

What is important about retirement planning to you?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Legacy
Benefits
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Retirement income planning
2
Accumulation
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Expenses
Tax strategies
Goals

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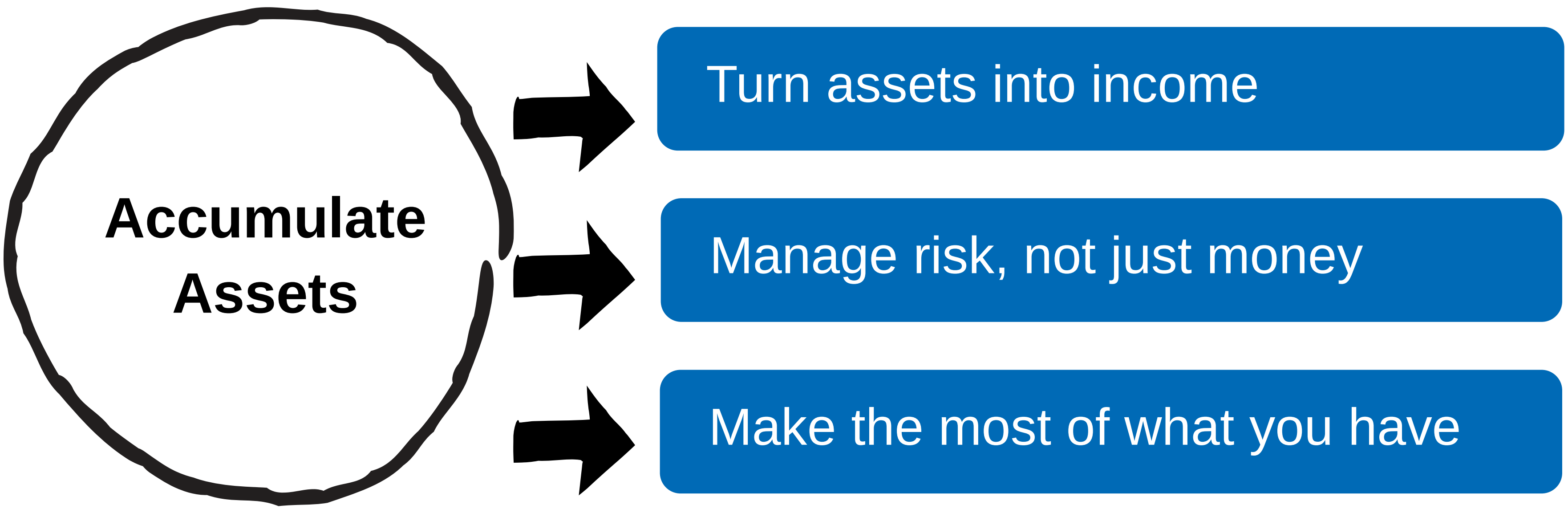
Accumulate Assets
Turn assets into income
Manage risk, not just money
Make the most of what you have

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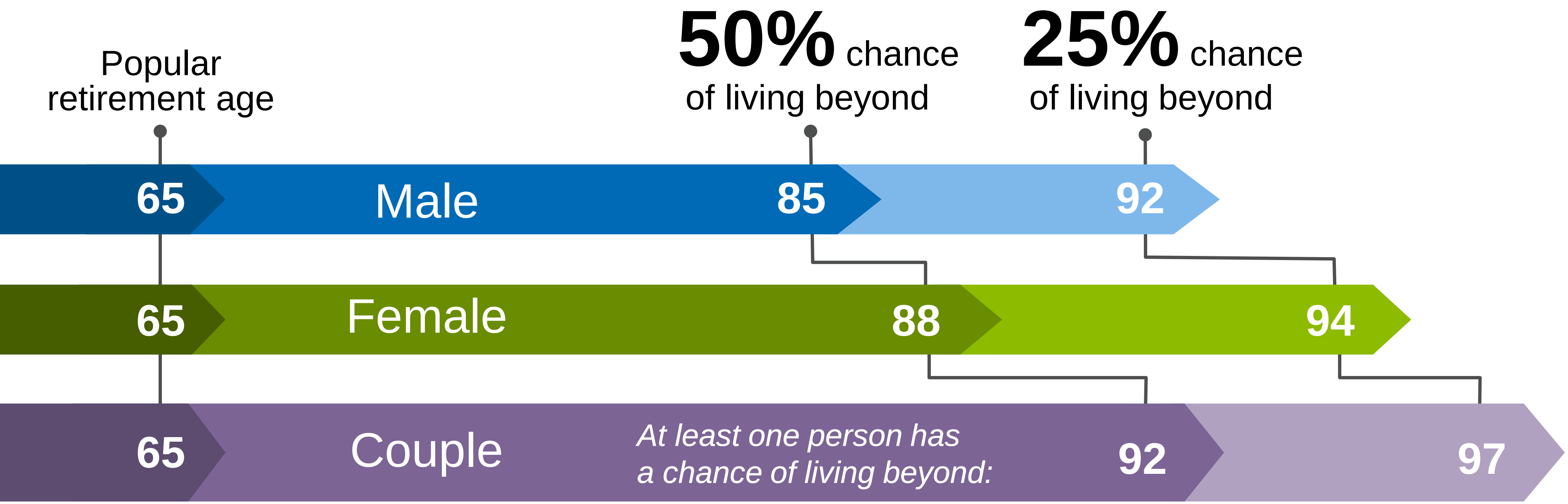

KEY TAKEAWAY

You may have a longer retirement than you'd think

Source: Society of Actuaries 2000 Annuity Male and Female Tables

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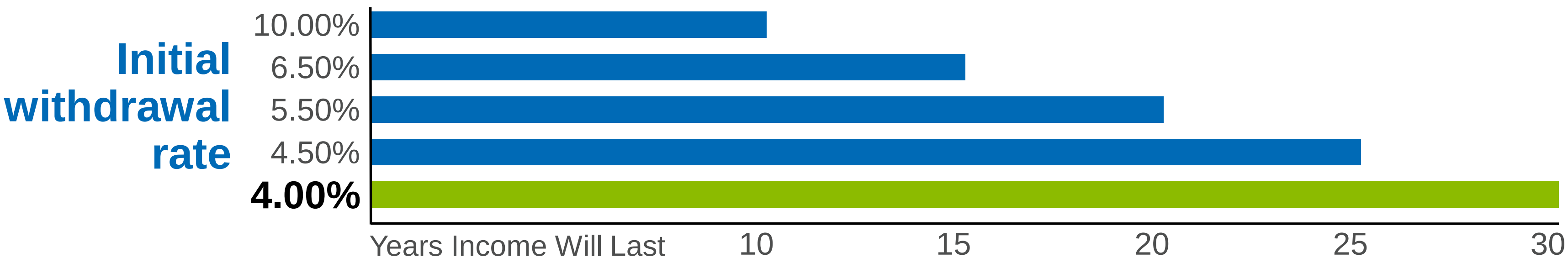
90% probability of success



KEY TAKEAWAY

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

Source: T. Rowe Price Associates, Inc., 2008. The Monte Carlo simulation used in this example assumes the following: The dollar amount of withdrawals is increased at a rate of 3% per year to account for inflation (historical average from 1926-2006 is 3.07%); the behavior of the hypothetical asset portfolio is based on historical data from Ibbotson Associates: Stock analysis is based on the S&P 500 Composite index. Bond analysis is based on a US Long Term Corporate Bond index. This example uses a hypothetical 60% stock, 40% bond portfolio and the effect 3% inflation-adjusted withdrawal rates have on the end value of the portfolio. We used 5,000 scenarios based on historical averages within the period from 1926 to 2006 to determine how a portfolio might have performed. We reduced the annual performance of the stocks by 1.09%, which we believe is a reasonable assumption for the average fund expenses for equity mutual funds. We reduced the annual performance of the bonds by 0.72%, which we believe is a reasonable assumption for the average fund expenses for bond mutual funds.

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Which portfolio, in retirement, has the greatest chance of generating sufficient income in retirement?

Stock/ Bond Mix:	100/0	80/20	60/40	40/60	20/80
At 4% withdrawal rate:	**83%**	**86%**	**90%**	**84%**	**80%**

KEY TAKEAWAY

A moderate portfolio with a 4% withdrawal rate has the greatest chance of generating the income you'll need in retirement

Source: T. Rowe Price Associates, Inc., 2008

IMPORTANT: The projections or other information generated by the T. Rowe Price Investment Analysis Tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The simulations are based on assumptions. There can be no assurance that the projected or simulated results will be achieved or sustained. The charts present only a range of possible outcomes. Actual results will vary with each use and over time, and such results may be better or worse than the simulated scenarios. Clients should be aware that the potential for loss (or gain) may be greater than demonstrated in the simulations.

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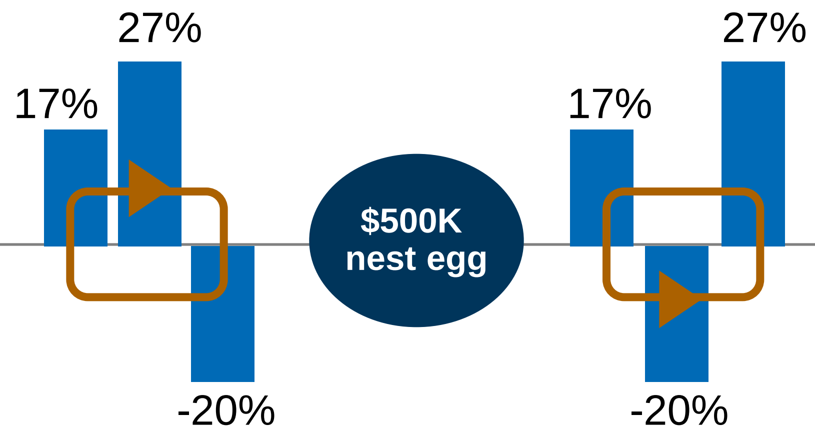
The impact of market volatility

Hypothetical returns based on 3-year cycles for life of investment

- Moderate portfolio
- $1,700 monthly withdrawal
- 3% Inflation
- 8% Average rate of return



KEY TAKEAWAY

Nest egg depleted in 30 years

Nest egg depleted in 25 years

Source: Moshe Milevsky, Ph.D.; IFID, a MetLife consultant. Figures, calculations, and graphs are for illustrative purposes only. They are based on hypothetical rates of return and do not represent investment in any specific product. They may not be used to predict or project investment performance. Unless noted, charges and expenses and the effect of taxes that would be associated with an actual investment are not reflected. Assumptions: Hypothetical return of 17%, 27% and -20% in 3 year cycles for life of investment (left side chart) and 17%, -20% and 27% in 3 year cycles (right side chart). Hypothetical investment management fee of 2.05% (0.8% fund company management fee and 1.25% WRAP fee for both left and right charts.

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Initial Portfolio Value: $500,000

		Negative Returns First		Positive Returns First	
Age	**Year**	**Rate of Return**	**Portfolio Value**	**Rate of Return**	**Portfolio Value**
65	**1**	-7.00%	$ 432,450	16.10%	$ 539,870
66	**2**	-7.00%	$ 368,652	16.10%	$ 584,940
67	**3**	-7.00%	$ 308,314	16.10%	$ 636,011
68	**4**	9.20%	$ 294,915	9.20%	$ 652,784
69	**5**	9.20%	$ 279,030	9.20%	$ 669,823
70	**6**	9.20%	$ 260,393	9.20%	$ 687,139
71	**7**	9.20%	$ 238,722	9.20%	$ 704,719
72	**8**	16.10%	$ 227,182	-7.00%	$ 615,356
73	**9**	16.10%	$ 212,285	-7.00%	$ 531,048
74	**10**	16.10%	$ 193,445	-7.00%	$ 451,404
Average Annualized Return		6.00%		6.00%	
Value at End of 10 Years			$ 193,445		$ 451,404

Source: ChartSource®, S&P Capital IQ Financial Communications. **This example is hypothetical and for illustrative purposes only.** It assumes a 7% annual withdrawal based on the starting account value, adjusted thereafter for 3% annual inflation. This hypothetical example is for illustrative purposes only and does not represent the performance of any actual investment. Actual investing includes fees and other expenses that may result in lower returns than this hypothetical example. Your results will vary.

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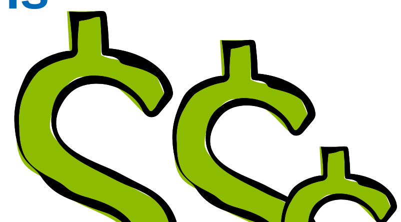
Unexpected events can greatly impact retirement plans

Running out of money in retirement is one of the top concerns of retirees



KEY TAKEAWAY

Insuring against some unexpected events can help keep your nest egg intact

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Long term care is the care you need when you are **unable to independently care for yourself**

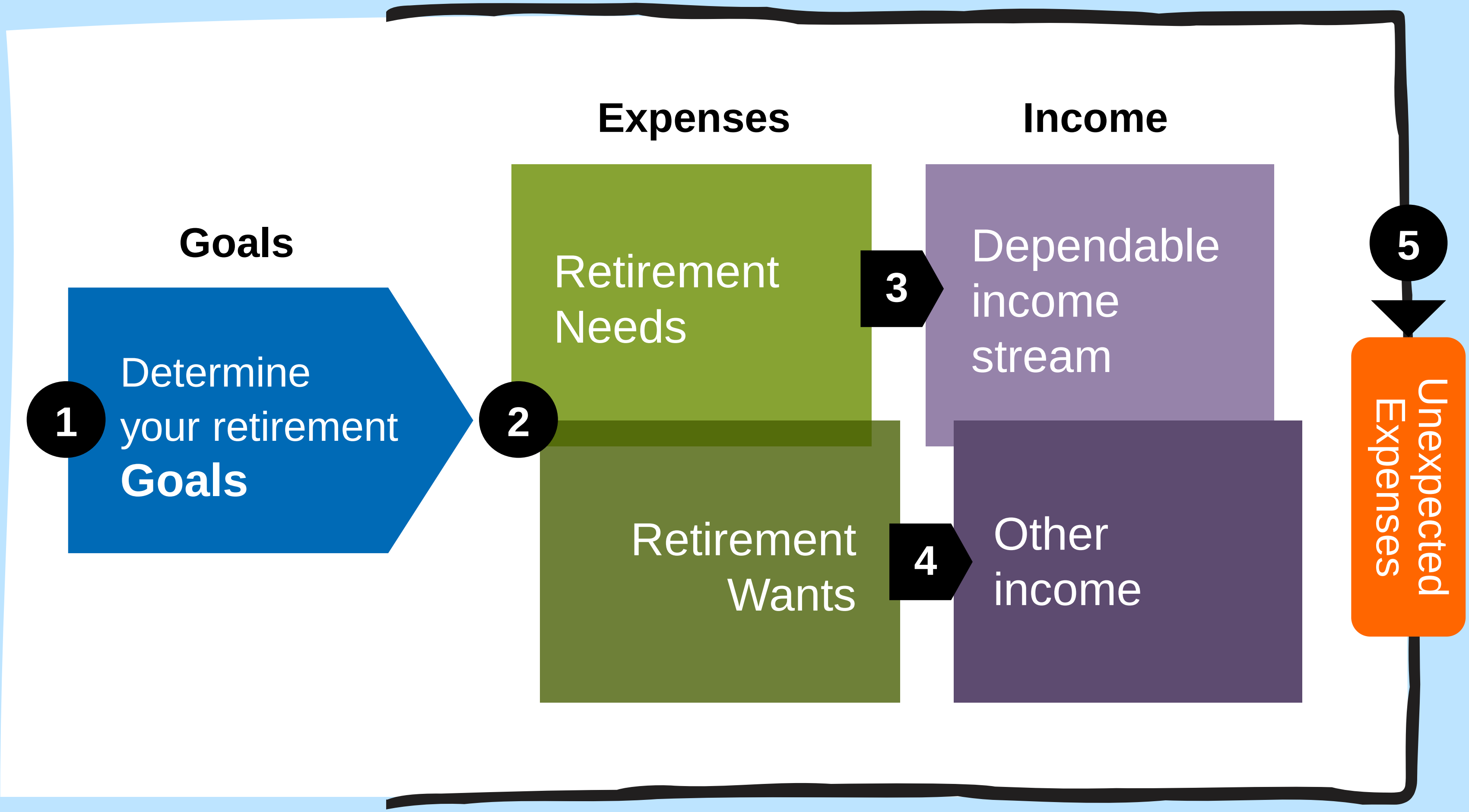
The need of a caregiver to **assist you with everyday activities** like bathing and dressing

Long term care poses a unique risk because the costs can be very high and it is not typically covered by traditional health insurance plans, HMO Plans or disability income insurance

KEY TAKEAWAY

The cost of long term care services can deplete your income and savings, even before you retire

Retirement income **planning process**



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Are you within 5 years of retirement?

2017 2018 2019 2020 2021

Are you 6 to 15 years from retirement?

2022 2023 2024 2025 2026 2027 2028 2029 2030 2031

2032 2033 2034 2035 2036

Are you 16+ years from retirement?

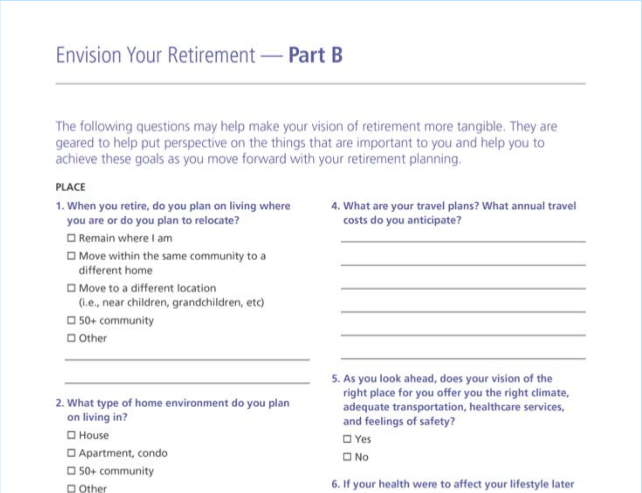
How do you want your retirement **to look?**

How do you want **to live?**

What do you want **to accomplish?**

What about your **legacy?**

How will your expenses change to position yourself to meet those goals?



Envision Your Retirement — **Part B**

The following questions may help make your vision of retirement more tangible. They are geared to help put perspective on the things that are important to you and help you to achieve these goals as you move forward with your retirement planning.

PLACE

1. When you retire, do you plan on living where you are or do you plan to relocate?

- ☐ Remain where I am
- ☐ Move within the same community to a different home
- ☐ Move to a different location (i.e., near children, grandchildren, etc)
- ☐ 50+ community
- ☐ Other

2. What type of home environment do you plan on living in?

- ☐ House
- ☐ Apartment, condo
- ☐ 50+ community
- ☐ Other

4. What are your travel plans? What annual travel costs do you anticipate?

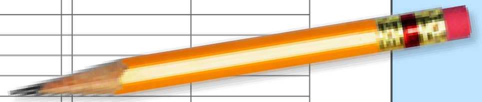
5. As you look ahead, does your vision of the right place for you offer you the right climate, adequate transportation, healthcare services, and feelings of safety?

- ☐ Yes
- ☐ No

6. If your health were to affect your lifestyle later

Budget exercise

MONTHLY EXPENSES	Current		Retirement	
	Needs	Wants	Needs	Wants
Housing and Related Expenses				
Rent / mortgage				
Condo / association fees				
Heat / AC / electric				
Phone (home and cell)				
Water / sewer / garbage				
Property taxes				
Homeowners insurance				
Property care (lawn, etc.)				
Home maintenance (repairs, etc.)				
Cable TV / internet				
Other:				
Housing Totals:				
Transportation Expenses				
Car payments / lease				
License / registration / maint.				
Gasoline				
Auto insurance				
Parking / bus / train / air / taxi, etc.				
Other:				
Transportation Totals:				
Personal Expenses				
Groceries / dining out / takeout				
Personal care (e.g., hairdresser)				
Clothing / shoes				
Exercise / hobbies / clubs				
Vacation / leisure / entertainment				
Education (you / spouse / children)				
Debts (other than car / mortgage)				
Charitable donations				
Gifts to children / grandchildren				
Gifts to others				
Savings				
Federal income tax				
State income tax				
Other:				
Personal Totals:				
Medical Expenses / Insurance Premiums				
Out-of-pocket medical				
Out-of-pocket prescriptions				
Out-of-pocket eye care / glasses				
In-home care services				
Health Insurance Premiums (Medicaid / Medicare)				
Long-Term Care Insurance Premiums				
Life Insurance Premiums				
Disability Income Insurance Premiums				
Other:				
Medical / Insurance Totals:				
Total Monthly Expenses:				



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Expenses

Retirement

NEEDS

Income

DEPENDABLE

Income Sources

Dependable income sources

- Social Security
- Defined benefit or pension plan

Create dependable income sources

- CD Ladders
- Bond Ladders
- Annuities

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- The traditional guaranteed income source
- Benefits are based on your earnings
- All covered workers will receive guaranteed payments for life depending on what age they choose to retire
- Benefits can begin at age 62 but will be at a reduced level
- For 2016, there will be no cost of living adjustment (COLA)

www.SocialSecurity.gov

KEY TAKEAWAY

If you delay taking benefits until your "normal retirement age" or even later, you can receive higher payments

Source: Social Security Administration, 2016

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Your Estimated Benefits

***Retirement** You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working and start receiving benefits…

At age 62, your payment would be about .... $ 1,064 a month

If you continue working until…

your full retirement age (67 years), your payment would be about .... $ 1,543 a month

age 70, your payment would be about .... $ 1,924 a month

By starting at age 62…………………… $ 1,064

Benefit at full retirement age of 67…… $ 1,543

By waiting to age 70…………………… $ 1,924

By delaying your payments for 8 years, you would receive an extra $860 dollars monthly for the rest of your life

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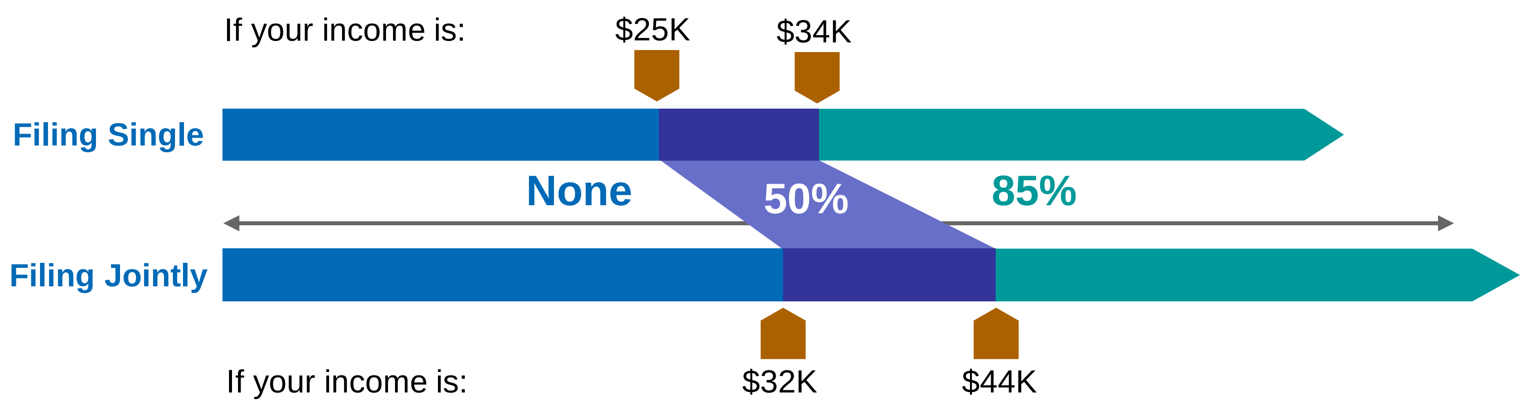
If your provisional income is:

Filing Single	Filing Jointly	
below **$25,000**	below **$32,000**	**None** of your Social Security benefit is taxed
from **$25,000-$34,000**	from **$32,000-$44,000**	**Up to 50%** of your benefit is taxable
more than **$34,000**	more than **$44,000**	**Up to 85%** of your benefit is taxable

Percent of Your Social Security Benefit that May Be Taxable



Source: Social Security Administration, 12/2016

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If you are:	Based on 2016 limits, you can earn:	Over that amount, $1 of Social Security benefits is lost for:
Under full retirement age	15,720	Every $2 you earn
At the ***year*** you reach your full retirement age	41,880	Every $3 you earn
At the ***month*** you reach your full retirement age	No limit	There is no loss of benefit

KEY TAKEAWAY

If you have earned income after your Social Security benefits begin, your Social Security payments can be reduced

Source: Social Security Administration, 2016

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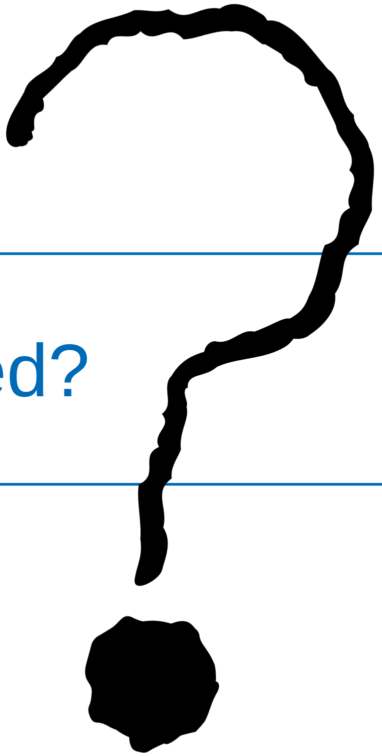
Do you have a plan
at a former employer?

Have your beneficiaries changed?

Have you considered
survivorship benefits?



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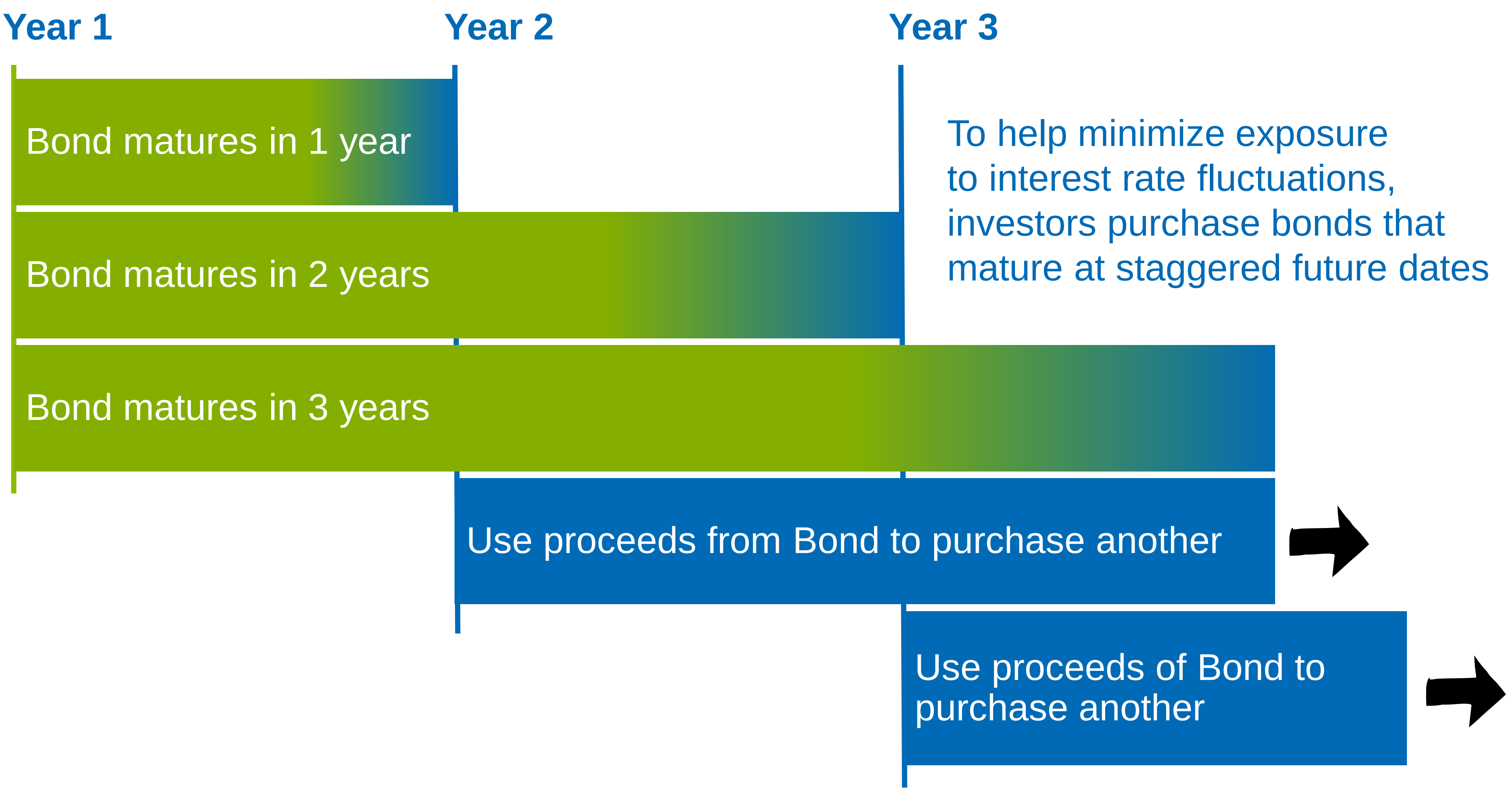
Dependable income sources

- Social Security
- Defined benefit or pension plan

Create dependable income sources

- CD Ladders
- Bond Ladders
- Annuities

To help minimize exposure to interest rate fluctuations, investors purchase bonds that mature at staggered future dates



For illustrative purposes only.

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Annuity — A tax-deferred contract sold by an insurance company that can **provide an income for a specified time period,** such as a number of years or for life

Annuities are a way to provide guaranteed lifetime income

Two types of annuities

- Immediate
- Deferred

Two types of annuity returns

- Fixed
- Variable

Guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.

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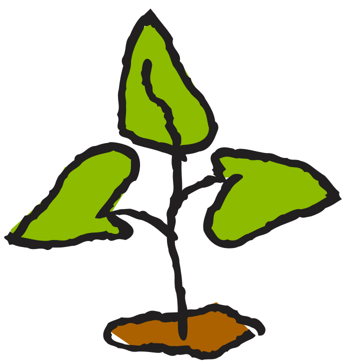
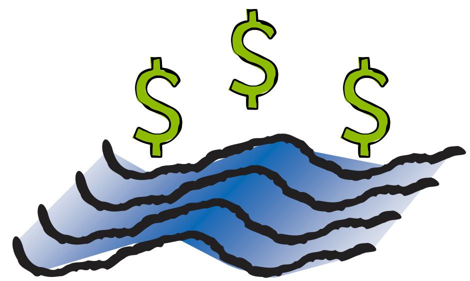
Many variable annuities also have **optional living benefit riders available for an additional cost** that can help provide a steady stream of income despite market risk



An income benefit rider can **give your assets potential to grow** if the market goes up



However, if the market goes down, an income benefit rider **can provide you with a steady stream of income** for retirement

It is possible to lose money in a variable annuity even with a protection benefit rider.
Optional riders may be irrevocable and expire without use.

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Variable annuities are offered by prospectus only, which is available from your registered representative. You should carefully consider the product's features, risks, charges and expenses, and the investment objectives, risks and policies of the underlying portfolios, as well other information about the underlying funding choices. This and other information is available in the prospectus, which you should read carefully before investing. Product availability and features may vary by state. All product guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.

The amounts allocated to the variable investment options of your account balance are subject to market fluctuations so that, when withdrawn or annuitized, it may be worth more or less than its original value. It is possible to lose money in a variable annuity even with a protection benefit rider. Optional riders may be irrevocable and expire without use.

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Expenses

Retirement
NEEDS

Income

DEPENDABLE
Income Sources

Retirement
WANTS

OTHER
Income Sources

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Action	Tax Effect
Withdrawing money from a retirement account other than a Roth IRA	**Withdrawal after age 59½** Withdrawal is subject to ordinary income tax rate **Withdrawal before age 59½** Withdrawal is generally subject to ordinary income tax rate plus a 10% penalty
Transferring your retirement account at work to an IRA when you change jobs	**A qualified rollover (assuming tax law requirements are met)** Retirement savings continue to grow with no tax or penalty until you take withdrawals from your IRA

KEY TAKEAWAY

To avoid paying unnecessary taxes, your tax-deferred income sources must be handled carefully at withdrawal

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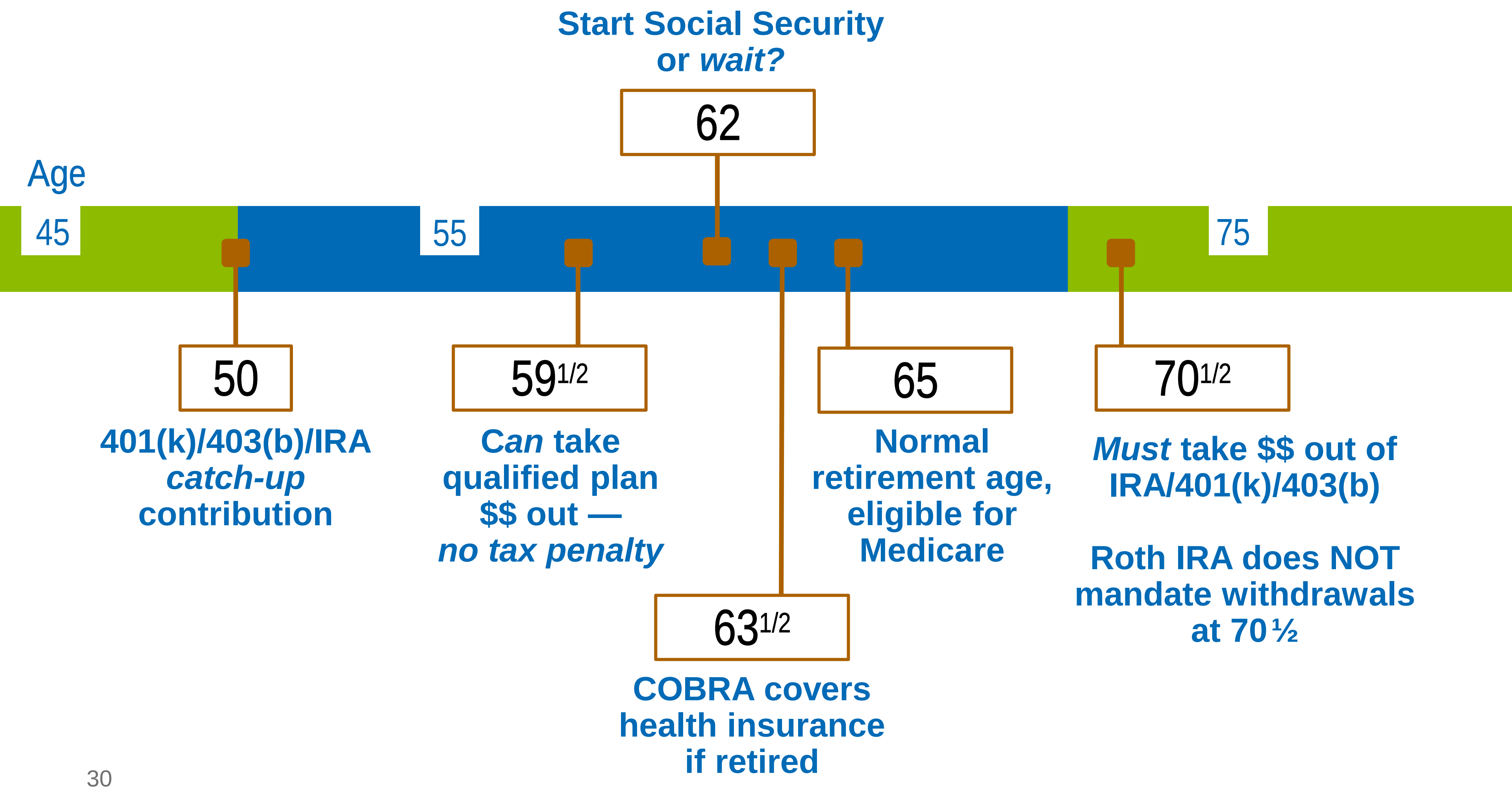

Start Social Security or *wait?*
62
Age
45
55
75
50
401(k)/403(b)/IRA *catch-up* contribution
59 1/2
Can take qualified plan $$ out — *no tax penalty*
63 1/2
COBRA covers health insurance if retired
65
Normal retirement age, eligible for Medicare
70 1/2
Must take $$ out of IRA/401(k)/403(b)
Roth IRA does NOT mandate withdrawals at 70 ½

What if you still have an income gap?

Work Longer

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

Spend Less

- Minimize expenses
- Downsize your home
- Move

Or...**consider converting some of your personal savings to dependable income**

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What investment solutions might be included in your income strategy

Stocks, bonds, etc.	Variable annuity	Fixed annuities
Access to your money with market participation but no guarantees —	With income guarantees	Guaranteed stream of income but limited access to your cash balance with no market participation

Most Flexibility → **Most Guarantees**

Guarantees are based on the financial strength and claims paying ability of the issuing insurance company

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Longevity → How long your assets last depends on your withdrawal rate and the size of your nest egg

Withdrawal Rate & Timing Risk → You choose your investments and control your withdrawal rate, but they can be affected by market volatility

Inflation → You can increase your withdrawal rate to deal with a loss of purchasing power for as long as your nest egg lasts

The Unexpected → You have liquidity to deal with unplanned events for as long as your nest egg lasts

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Longevity → Provides guaranteed income that can last a lifetime*

Withdrawal Rate & Timing Risk → Market conditions have no effect on your dependable, consistent payments

Inflation → Often does not provide inflation adjustment to dependable income

The Unexpected → While you have guaranteed monthly income, generally there is limited or no flexibility

*All guarantees are based upon the financial strength and claims-paying ability of the issuing insurance company.

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Hypothetical example:

You have $500K savings available for retirement

You need $55K per year to cover retirement expenses

You have $37K of dependable income ($27K social security + $10K pension)

You need to create $18K per year

Systematic withdrawal from savings	**Annuity** Joint & survivor payout once annuitization is elected
Full flexibility	Full dependability
No dependability	No flexibility

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

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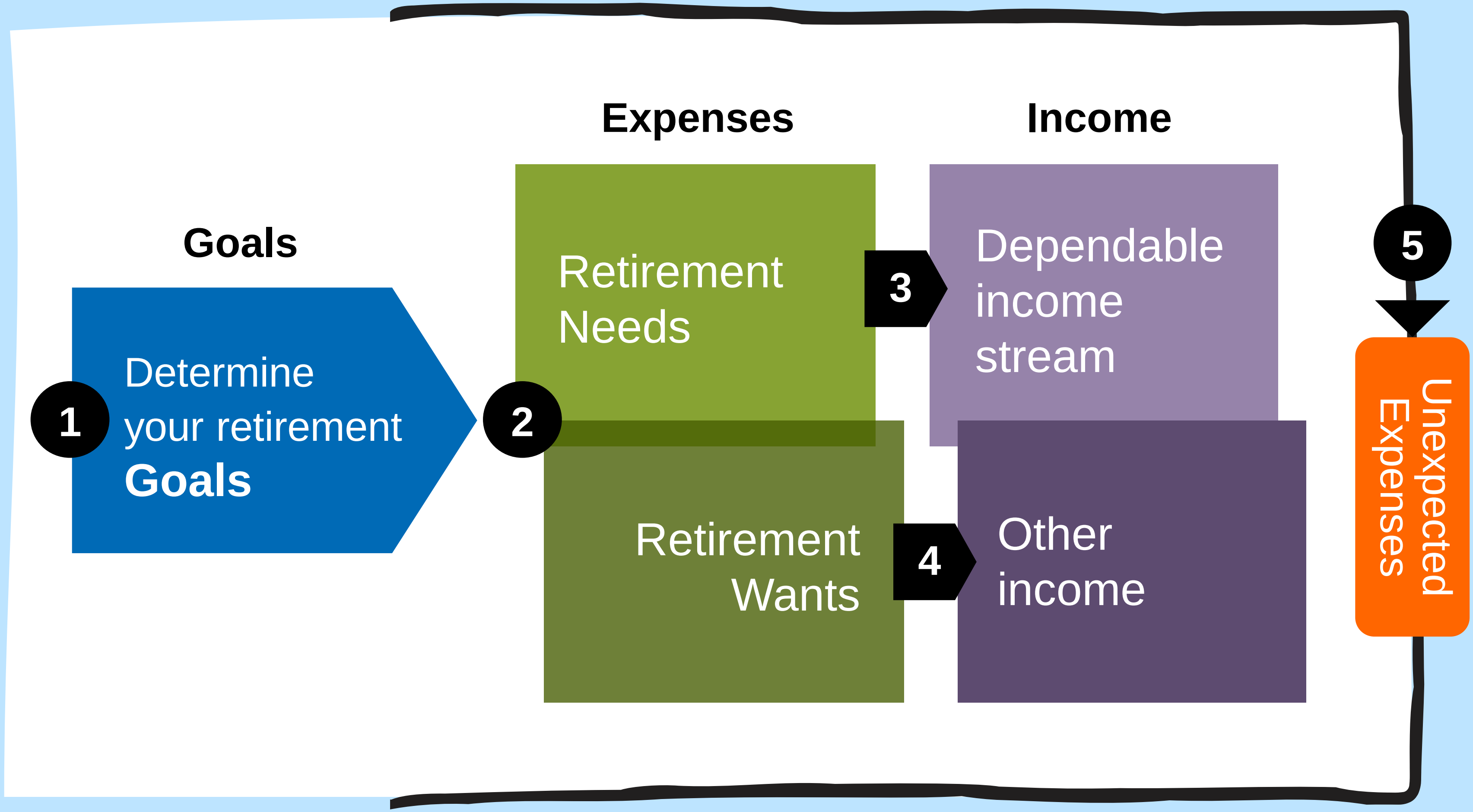
Full flexibility	Full dependability
No dependability	No flexibility

Traditional Investments

Annuity Income

Hypothetical example shown for illustrative purposes only.

Retirement income **planning process**

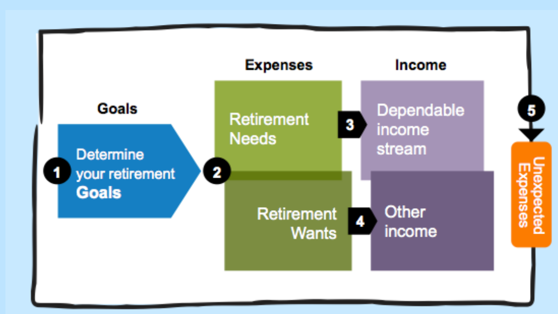


Today's **key learnings**

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

Your **income allocation** will help you cover both your *"**needs**"* and *"**wants**"*

There's an easy **5-step process** to help you get where you're going



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Most insurance policies and annuity contracts contain exclusions, limitations, reduction of benefits, surrender charges and terms for keeping them in force. If they turn out to be a good solution for you, the representative can provide you with costs and complete details.

Guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.

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Making the Most of What You Have

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1 Building the Foundation

2 Creating and Managing Wealth

3 Establishing Your Retirement Income Stream

4 Making the Most of What You Have