Making the Most of What You Have
What is important about retirement planning to you?
Building your "retirement house"

1. Expenses
2. Accumulation
3. Retirement income planning
4. Legacy

Goals

Tax strategies

Benefits

Accumulation

Retirement income planning

Legacy

Goals
Your **employer benefits**

Things to consider as you **plan for retirement**

- **Income Replacement**
  - Defined Contribution and Defined Benefit Plans
- **Income and asset protection**
  - Life and Disability Income Insurance
- **Health and Welfare**
  - Medical and Dental
Defined benefit plans

- Benefit formulas
- Distribution/payout options
- Surviving spouse considerations
- Waiting to retire

Defined contribution plans

- Tax consequences
- Catch up contributions
Life Insurance

- How much is right for you?
- Can you continue or convert your employer coverage?
- Why would you need insurance after retirement?

Disability Income Insurance

- Are you taking advantage of what you have today?
Group life insurance: learn the details

Find out from your employer the details of your group life insurance

KEY TAKEAWAY

Reduction and termination of benefits

- Reduces or terminates at retirement
- Is it portable?

Conversion

- You have 31 days of your group benefits terminating to convert. How much coverage can be converted?
- The convertible amount is the discontinued amount of group coverage

Find out from your employer the details of your group life insurance
How much life insurance is enough?

Simple steps to protect income in the event that something happens to you:

1. What is your monthly income?
2. How much of your income do you want to provide for your family?
3. How long would your family need this income?

**KEY TAKEAWAY**

You should have enough life insurance to ensure your family can meet their obligations without you.
Most insurance policies contain exclusions, limitations, reduction of benefits, surrender charges and terms for keeping them in force. Your representative can provide you with costs and complete details. All guarantees are based upon the financial strength and claims-paying ability of the issuing insurance company.

*Skipping or postponing premiums can affect your policy’s cash value and death benefit, and may cause increased premium requirements later.

### Term vs. Permanent Life Insurance

<table>
<thead>
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<th></th>
<th>Term</th>
<th>Permanent</th>
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<tbody>
<tr>
<td>Death benefits</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Flexible payments*</td>
<td>No</td>
<td>Yes, only with universal life and variable universal life</td>
</tr>
<tr>
<td>Invested in market</td>
<td>No</td>
<td>Yes, only with variable universal life</td>
</tr>
<tr>
<td>Cash value guaranteed</td>
<td>No</td>
<td>Yes, only with whole life and universal life</td>
</tr>
<tr>
<td>Tax-advantage</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Low monthly cost</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

**KEY TAKEAWAY**

Term and permanent life insurance offer different benefits.
• Debt elimination/mortgage or other obligations
• Income replacement
• Children relying on you for financial support
• Aging parents or in-laws needing extended care
• Leaving an inheritance to children and/or charity

KEY TAKEAWAY

Life insurance can provide added value in retirement
• **Stability and diversification** — the cash value, death benefit and potential income isn’t affected by the economy or changes in the stock market

• **Savings accumulation** — money through its cash value can be used for college, paying off the mortgage, emergencies or as a retirement income supplement

• **Tax savings** — income tax-free death benefit and potential for tax-deferred growth guaranteed

• **No funding limits** based on income or government restrictions

• **No 10% penalty tax** on cash value distribution before age 59½

• **Tax equivalent yields may be higher** than comparable investments

Only **permanent** insurance policies should be considered assets, since they are the only policies that have cash value. They may not be suitable for all investors.
• Disability income insurance can replace a portion of your income if you become sick or hurt and are unable to work
• Take advantage of what is available through your employer today

Three factors to understand with regard to a company disability plan:

- Incentive pay
- Taxes
- Maximum benefit levels
Is employer-provided retiree healthcare available to you and your family?

- When will benefits begin and how long will they continue?
- How do benefits compare with current coverage?
- How much will benefits cost before and after you become Medicare-eligible?
- What about dental, prescription drug coverage and vision?

How will this affect your retirement planning?

- Will you have higher medical coverage costs?
- Will any additional assets be required?
Planning to retire before age 65?

- Working part-time
- Coverage through spouse’s employer
- COBRA eligibility and costs
- Health Insurance Marketplace (Healthcare.gov)
• You’re automatically enrolled in original Medicare at age 65 if you receive Social Security benefits
• Contact Medicare 3 months before turning 65 to discuss enrollment
  1-800-MEDICARE (633-4227) or www.medicare.gov

Original Medicare plan
  – Medicare Part A
  – Medicare Part B

Medicare supplement plans

Medicare Advantage
  – Medicare Part C

Medicare prescription drug coverage
  – Medicare Part D
Original Medicare plan

- Medicare Part A (Hospital Insurance)
  - Eligible at age 65
  - Funded through payroll taxes

- Medicare Part B (Medical Insurance)
  - Voluntary but may incur a penalty if enrolling at a later date
  - The monthly premium is based on your income level and when you enroll
  - If you enroll in 2016, the monthly premium is $104.90 plus an additional surcharge for higher income individuals (over $85,000 or $170,000 for married couples*)

- Includes deductibles, co-payments, and co-insurance

Source: Medicare and You 2016, Centers for Medicare and Medicaid Services
Medicare health plan options

Medicare supplement plans

• Coverage through private insurers
• 12 Standard plans
• Covers deductibles, co-payments and co-insurance depending upon plan selected
• Provides some additional benefits depending upon plan selected
Medicare Advantage plans

- Preferred Provider Organization (PPO) Plans
- Health Maintenance Organization (HMO) Plans
- Private Fee-for-Service (PFFS) Plans
- Special Needs Plans (SNP)
- Medicare Medical Savings (MSA) Plans
Medicare prescription drug coverage

- First introduced in 2006
- Voluntary benefit offered through private plans
- Standard Plan — requirements set by Medicare
- Plans may offer additional options
- Average $30 monthly premium
- Penalty for waiting to enroll unless individual has equivalent coverage
Medicare and Medigap DO NOT cover:

- Most dental care
- Eye examinations related to prescribing glasses
- Dentures
- Cosmetic surgery
- Acupuncture
- Hearing aids and exams for fitting them
- Long term care

**KEY TAKEAWAY**

Make sure your retirement strategy accounts for these expenses

Medicare and You, 2015
In 2015, the national average rate for a private room in a nursing home was $91,250 annually or $250 a day.

How will you pay?
- Self-insure with personal savings
- “My family will take care of me.”
- Government programs
- Long term care insurance

2015 Genworth Cost of Care Study
### Myth vs. Reality

<table>
<thead>
<tr>
<th>Myth</th>
<th>Reality</th>
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<tbody>
<tr>
<td>Most long term care is provided in a nursing home</td>
<td>Most long term care is provided at home</td>
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<tr>
<td>Medicare, health insurance and disability insurance pay long term</td>
<td>Long term care insurance is the only form of private insurance that pays</td>
</tr>
<tr>
<td>care expenses</td>
<td>long term care expenses</td>
</tr>
<tr>
<td>You can immediately qualify for Medicaid to pay for long term care</td>
<td>Upon application, the state will “look-back” over five years to see if</td>
</tr>
<tr>
<td>by transferring assets to family</td>
<td>assets were transferred for less than fair market value.</td>
</tr>
<tr>
<td>Family history, income and age are all primary factors in calculating</td>
<td>Age is a primary factor in calculating</td>
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<tr>
<td>long term care insurance premiums</td>
<td>long term care insurance premiums</td>
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Are you **prepared** for the transition?

- 15 tasks toward a successful transition into retirement
- Assessing your retirement readiness
- Taking action

<table>
<thead>
<tr>
<th>Category</th>
<th>Task</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<tbody>
<tr>
<td>Work</td>
<td>Decided whether to fully retire, or to work part-time in retirement</td>
<td>✔</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Determined which of my skills could be easily transferred to a new part-time job</td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Looked into alternate career or part-time work opportunities for myself in retirement</td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Formulated ideas about how much I’d like to work in retirement</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
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<tr>
<td></td>
<td>Explored what employment possibilities are available to me if I want to keep working full- or part-time in retirement</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
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<tr>
<td>Leisure &amp; Activity</td>
<td>Determined the proper balance between work and leisure time if forced to choose</td>
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<td></td>
<td>✔</td>
<td></td>
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<tr>
<td></td>
<td>Identified my personal goals in retirement</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
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<tr>
<td>Relationships</td>
<td>Considered the importance of relationships with co-workers when making a decision to retire</td>
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<td>✔</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Considered how the various aspects of my retirement might positively or negatively affect the relationships I have with my family and friends</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Income &amp; Benefits</td>
<td>Assessed whether full-time retirement would be financially feasible for me at this point in my life</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Evaluated how changes in the economy will affect my pension, investments, and retirement benefits</td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
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<tr>
<td></td>
<td>Determined the steps that are necessary maintaining a personally satisfying retirement</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Planning</td>
<td>Determined the factors which are critical to maintaining a personally satisfying retirement</td>
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<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Developed an alternative plan that could get me through a considerable and unexpected setback in my retirement</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td></td>
<td>Evaluated whether my retirement plans meet the demands of personal, social, and financial changes</td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
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<tr>
<td>Totals</td>
<td></td>
<td>5</td>
<td>6</td>
<td>2</td>
<td>2</td>
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</table>
BEYOND INVESTMENTS
The elements of a retirement plan

Liquidity
- Deposit products
- Funds/brokerage

Longevity
- Immediate annuity
- Longevity insurance
- Survivorship

Health
- Critical illness
- Medical
- Dental
- Vision

Protection
- Life insurance
- Auto/Home
- Long term care insurance
- Disability

Legacy/Estate
- Trust / Wills
- Estate plans
- Charitable gift annuities

Retirement Financial Decisions
Estate planning is often overlooked

KEY TAKEAWAY

Who needs estate planning?

Everyone.
3 phases of estate planning

**1. Creation**
Creating an estate to protect heirs in the event of an early death

**2. Distribution**
Creating an appropriate plan for the distribution of estate assets to heirs

**3. Preservation**
Paying the costs associated with passing on an estate to heirs
**Examples:**

- Joint Tenancy with Rights of Survivorship
- Community Property
- Tenants by the Entireties

- By the terms of a Living Trust
- By the terms of a Buy-Sell Agreement
- By Beneficiary Designation (i.e. Pension, IRA, Insurance)

- Jewelry, cars and bank and brokerage accounts

- In absence of direction
What is probate?

Public record
May be lengthy and costly
Can be avoided: joint tenancy, transfer on death

Legal process that carries out a will under court supervision

Executor/Administrator

Submits Will for Probate

Probate Court

Takes control of estate assets
Notifies creditors of probate
Files property tax returns
Petitions Court
Proper estate planning is key to your wishes being carried out. Here is a checklist:

- Last will and testament
- Durable power of attorney
- Living will and health care proxy
- Beneficiary designations
- HIPPA (Health Insurance Portability and Accountability Act) release form
- Designate a “digital fiduciary”
- Special needs plan, if required
Current Federal Estate Tax Landscape

<table>
<thead>
<tr>
<th>Year</th>
<th>Exempt Amount Per Person</th>
<th>Top Rate</th>
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<tbody>
<tr>
<td>2010</td>
<td>Estate Tax Is Repealed</td>
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</tr>
<tr>
<td>2011</td>
<td>$5,000,000</td>
<td>35%</td>
</tr>
<tr>
<td>2012</td>
<td>$5,120,000</td>
<td>35%</td>
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<tr>
<td>2013</td>
<td>$5,250,000</td>
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<tr>
<td>2014</td>
<td>$5,340,000</td>
<td>40%</td>
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<tr>
<td>2015</td>
<td>$5,430,000</td>
<td>40%</td>
</tr>
<tr>
<td>2016</td>
<td>$5,450,000</td>
<td>40%</td>
</tr>
</tbody>
</table>

- For the affluent, the federal estate tax is the most significant cost associated with dying.
- Federal estate tax must be paid in cash within 9 months of death.
- State estate taxes are imposed for estate values at $1 million or less in several states.

Not only can you **NOT** “take it all with you,” but **Income in Respect of a Decedent (IRD)** may also prevent your beneficiaries from “taking it all with them” too.
**IRD** is income that the deceased was entitled to, but has not yet received, at the time of death.

The IRD is included in the deceased's estate for estate tax purposes, but not reported in the final income tax return, which includes only income received before death.

**Some common sources of IRD include:**

- Remaining employee compensation
- Interest and dividends earned, but not received, before death
- Qualified retirement plan (401k) distributions
- Traditional IRA distributions
- Non-qualified Roth IRA distributions
- The taxable portion of annuities
For inheritance purposes, how wealth is accumulated matters and proper estate planning can help:

- Identify IRD assets
- Assess the tax implications
- Develop a strategy to eliminate or minimize IRD
Ways to reduce your taxable estate

- Pass belongings to beneficiaries while you are still living
- Remove the life insurance death benefit from your taxable estate
- Set up a way to pass assets, but remain in control while you are living

All of these techniques have potential estate, gift and income tax issues that need to be discussed with legal and tax advisors. While revocable trusts alone do not reduce taxes, a properly drafted revocable trust provides a mechanism for properly utilizing the grantor's estate tax exemption.
Your estate plan next steps

Consult with your financial planner, lawyer and tax advisor

MetLife does not provide tax or legal advice. Please consult your tax advisor or attorney for such guidance. Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their qualified legal, tax and accounting advisors as appropriate.
Putting it all together

1. Expenses
2. Accumulation
3. Retirement income planning
4. Legacy

Goals

- Tax strategies
- Benefits
- Legacy
A successful retirement won’t just happen by chance
Remember, you don’t have to go it alone

Get someone to help you if you need it
What to expect from your complimentary one-on-one consultation

- Ask questions from the workshop
- Discuss your goals
- Gather information for your personalized analysis
- Review options for next steps

It is all about you… you are in control
Like most disability income insurance policies, MetLife's policies contain certain exclusions, waiting periods, reductions, limitations and terms for keeping them in force. Ask your representative about costs and complete details.

For policies issued in New York: These policies provide disability income insurance only. They do NOT provide basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department. The expected benefit ratio for these policies is at least 50%. This ratio is the portion of future premiums that MetLife expects to return as benefits when averaged over all people with the applicable policy.

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MetLife does not provide tax or legal advice. Please consult your tax advisor or attorney for such guidance. Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their qualified legal, tax and accounting advisors as appropriate.

This material and any estate, gift or generation skipping transfer (GST) tax (together referred to as "transfer tax") calculations reflect the law established under the American Taxpayer Relief Act of 2012 (the “Act”). Among other things, the Act establishes a transfer tax exemption amount of $5,000,000 (as adjusted for inflation after 2011) per person, establishes a maximum transfer tax rate of 40% and provides for continuing portability of the estate tax exemption between spouses. Customers should understand that tax law is always subject to interpretation and change. MetLife and its affiliates do not provide tax advice and therefore customers should speak with their qualified legal and tax counsel regarding their current estate plan and what planning options are available and appropriate.
# Evaluation

Please Give Us Your Feedback

After attending the retirewise® workshop sessions, please complete the following form and return to one of the MetLife Representatives.

Please indicate whether or not you attended each of the following retirewise® Workshop Sessions

<table>
<thead>
<tr>
<th>SESSION</th>
<th>ATTENDED</th>
<th>DID NOT ATTEND</th>
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<tbody>
<tr>
<td>Session 1: Building the Foundation</td>
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<tr>
<td>Session 2: Creating and Managing Wealth</td>
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<tr>
<td>Session 3: Establishing Your Retirement Income Stream</td>
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<tr>
<td>Session 4: Making the Most of What You Have</td>
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1. Thinking about the entire retirewise® workshop, how would you rate the following?

<table>
<thead>
<tr>
<th></th>
<th>EXCELLENT</th>
<th>POOR</th>
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<tbody>
<tr>
<td>Overall satisfaction with the workshop</td>
<td>5</td>
<td>4</td>
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<tr>
<td>Value of information</td>
<td>5</td>
<td>4</td>
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2. Was the content in the retirewise® workshop appropriate for you?

- [ ] Yes
- [ ] Somewhat
- [ ] No

3. What information in the retirewise® workshop did you find valuable? (Please check all that apply.)

- Estate planning and trusts
- Social Security
- Medicare
- Insurance review
- Income planning
- General investment concepts
- Importance of overall financial planning
- Creating a budget
- Other

4. What did you like best about the retirewise® workshop?

- [ ] Handouts
- [ ] Instructor(s) expertise
- [ ] Opportunity to schedule a personal consultation
- [ ] Easy to understand
- [ ] Getting my questions answered
- [ ] Other

5. What would you like improved in the retirewise® workshop?


6. Thinking of the MetLife representative who delivered the majority of the presentations, please rate the following:

<table>
<thead>
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<th></th>
<th>EXCELLENT</th>
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<tbody>
<tr>
<td>Provided objective content</td>
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<td>4</td>
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<tr>
<td>Knowledgeable</td>
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<td>4</td>
</tr>
<tr>
<td>Delivery of information</td>
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<td>4</td>
</tr>
<tr>
<td>Easy to understand</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Professional</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Geared presentation towards my needs rather than self-promoting</td>
<td>5</td>
<td>4</td>
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</table>
Take advantage of a complimentary personal consultation

Sign Up Now

Whether you have a few questions or need help with more in-depth planning, you can get the answers you need to achieve your retirement goals. Simply select the date and time that works best for you below and provide your contact information.

ABC Company | Richmond, VA | James Herren | MONDAY, MAY 2

<table>
<thead>
<tr>
<th>Appointment Times</th>
<th>First and Last Name</th>
<th>Business Phone</th>
<th>Home Phone</th>
<th>Address</th>
<th>E-mail</th>
<th>Method of Contact Preferred</th>
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I plan to Retirewise®