

Reduce, retire, relax:

Help reduce the risks and enjoy the retirement you envision.

Lars Gouwerok
Regional Vice President, Symetra

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Reduce, retire, relax:

Help reduce the risks and enjoy the retirement you envision.
(An insurance sales presentation)

Lars Gouwerok

Regional Vice President, Symetra

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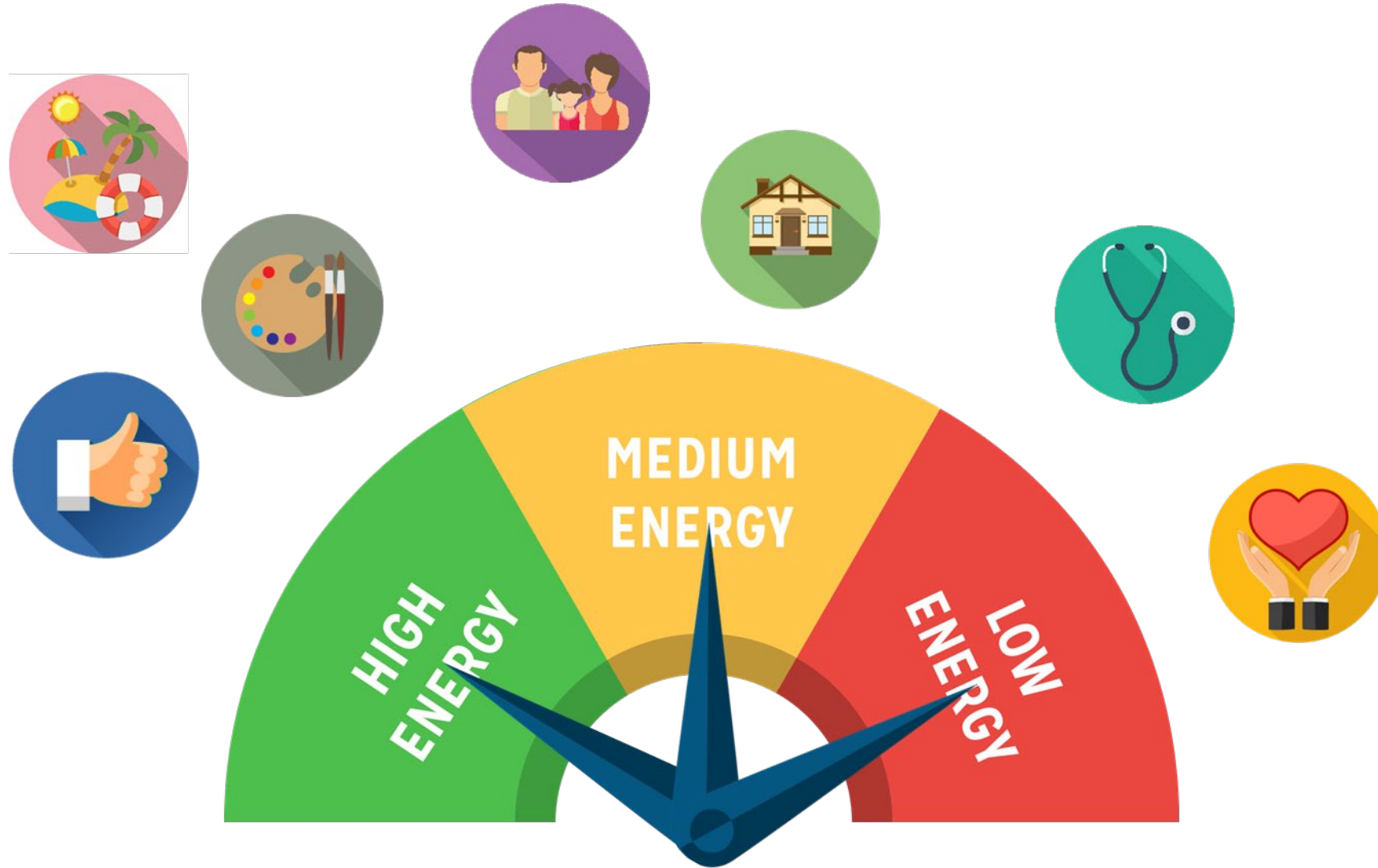
What we'll cover

- Retirement is not a set point in time.
- Retirement statistics.
- Some of the risks when planning for retirement.
- Steps to help reduce these risks.





Three phases of retirement



\$18,036

Average yearly Social Security benefit in 2020

\$107,000

Median retirement savings for Americans between age 55 and 64.

20%

of workers overall say they'll never be able to retire.

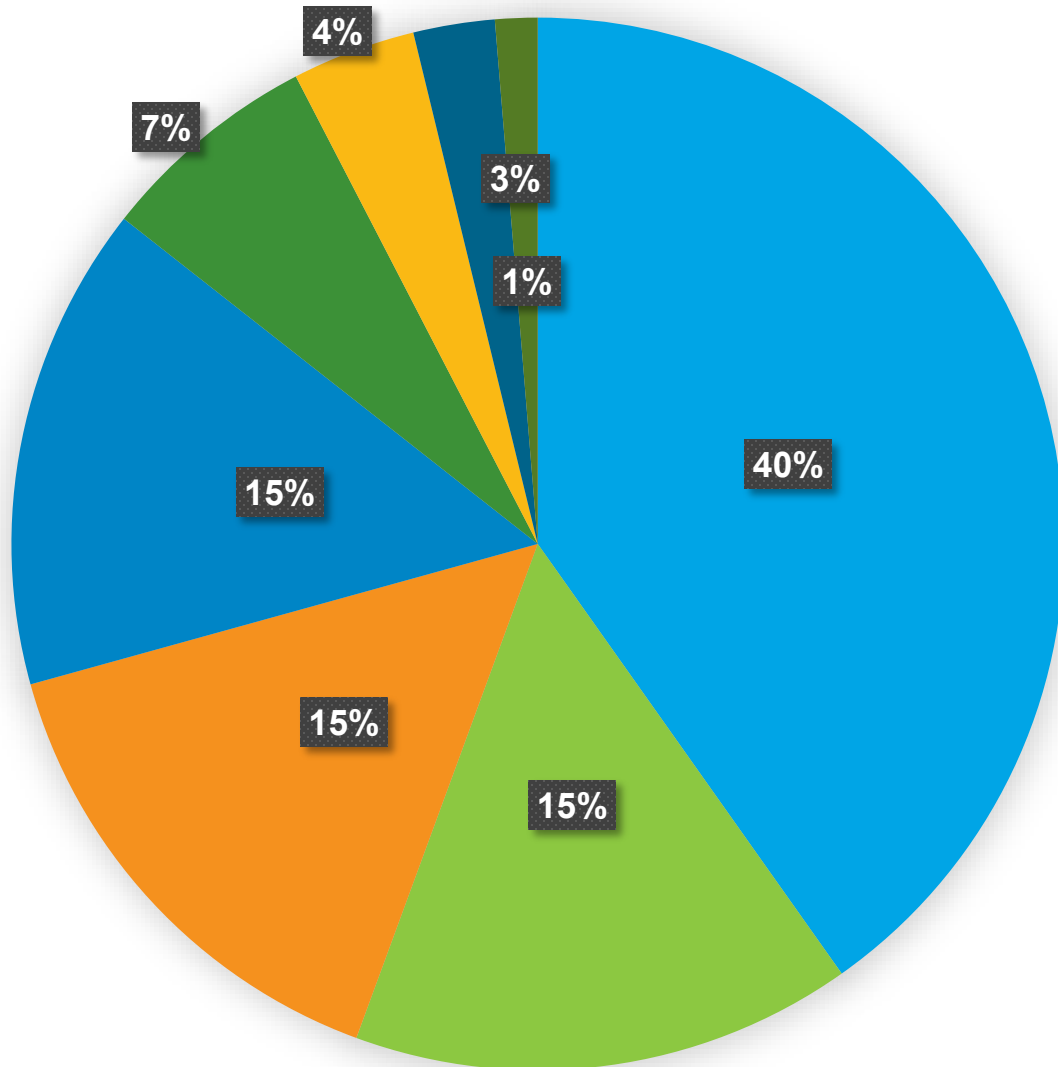
70%

Individuals who reach age 65 will need long-term care at some point.

Age 66-79

Average retirement period

Sources of retirement income for ages 60 or older

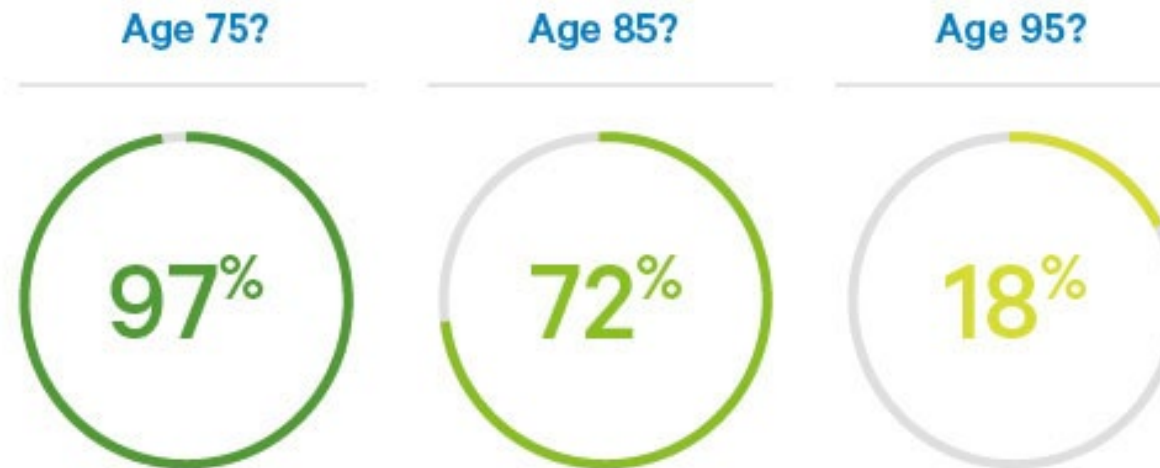


- Social Security
- Defined benefit and Social Security
- Defined contribution and Social Security
- No defined benefit, defined contribution nor Social Security
- Defined benefit, defined contribution and Social Security
- Defined benefit income only
- Defined contribution income only
- Defined benefit and defined contribution income

Source: "Here's where most Americans are really getting their retirement income," CNBC, Jan. 17, 2020. <https://www.cnbc.com/2020/01/17/heres-where-most-americans-are-really-getting-their-retirement-income.html>

Longevity risk

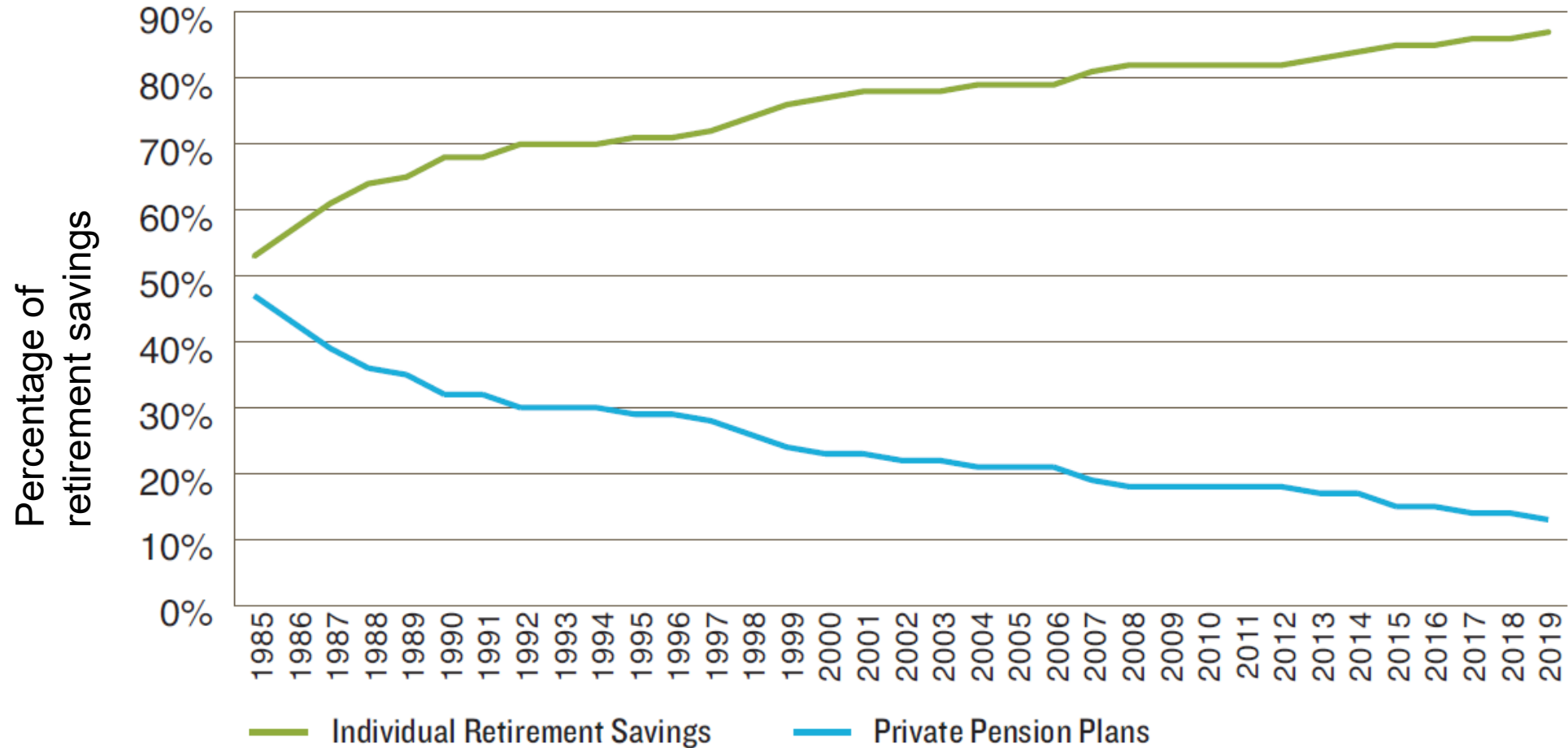
What are the chances that at least one member of a 65-year-old couple will still be alive at:



The probabilities of at least one member of a couple living to a given age is substantially higher than separately. While that may be good news, will their retirement income last as long as they do?

Source: "Why Older Couples Must Look Beyond Life Expectancy When Planning for Retirement," Wall Street Journal, Feb. 5, 2019. <https://www.wsj.com/articles/why-older-couples-must-look-beyond-life-expectancy-when-planning-for-retirement-01549380699>

Lack of pensions: Risk of self-funding retirement



Source: IRI Fact Book 2020: A Guide to Concepts, Solutions, Trends, and Data in the Retirement Income Industry, Nineteenth Edition, Insured Retirement Institute, page 10.

Systematic withdrawal risk.

What's the right amount to take out?



It's a balancing act!

To withdraw a consistent 4% or not...that is the question

Pros	Cons
The rule is simple to follow	It isn't dynamic enough to respond to lifestyle changes
You'll have predictable, steady income	The 4% rule doesn't respond to market conditions
Traditionally, the 4% rule protected you from running short of funds	It is outdated, and following it may no longer guarantee your account won't run short

Sources: "Rethinking retirement amid the Covid19 crisis," InvestmentNews, <https://www.investmentnews.com/rethinking-retirement-amid-covid-19-crisis-192603>

"What is the 4% Rule?," Motely Fool, March 24, 2021. <https://www.fool.com/retirement/strategies/withdrawal/4-percent-rule/>

Healthcare risk



Estimated cost of healthcare in retirement:
\$295,000

Source: "How to plan for rising health care costs," Fidelity, Aug. 8, 2020. <https://www.fidelity.com/viewpoints/personal-finance/plan-for-rising-health-care-costs#:~:text=How%20much%20is%20needed%20for,health%20care%20expenses%20in%20retirement>

Inflation risk

Year	COLA%
2011	0.0%
2012	3.6%
2013	1.7%
2014	1.5%
2015	1.7%
2016	0.0%
2017	0.3%
2018	2.0%
2019	2.8%
2020	1.6%
2021	1.3%

2011-2021 Social Security
COLA Compound
Annualized Growth Rate:
1.49%

Inflation risk

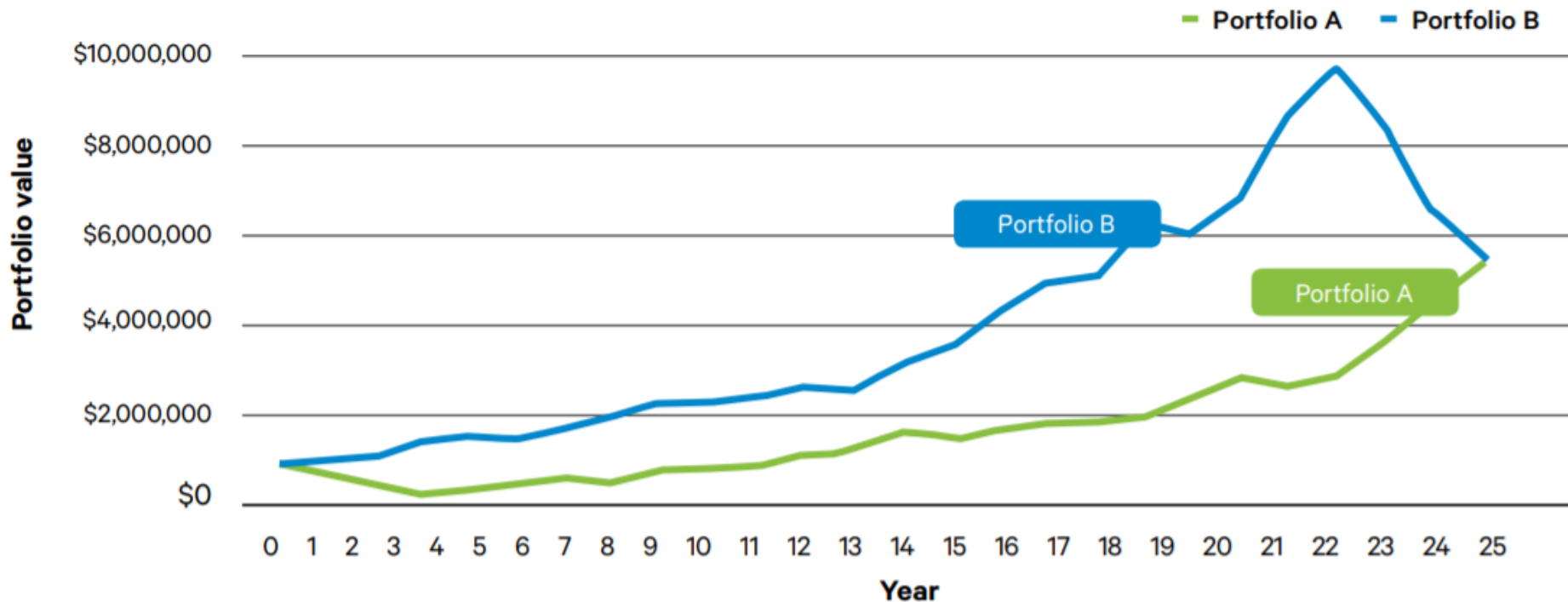


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Source: "WDW Ticket Increase Guide," AllEars.net, accessed April 7, 2021. <https://allears.net/walt-disney-world/wdw-planning/wdw-ticket-increase-guide/>

Sequence of return risk

Scenario 1: No withdrawals from portfolios



Assumptions:

- \$1,000,000 starting portfolio value for both Portfolio A and B.
- 8% compound annualized growth rate for each.
- Annual returns vary each year, with positive, negative and flat returns during the periods shown.

Note that regardless of the sequence of returns, as long as both portfolios earned an annual average of 8% over the 25-year period, their ending value was the same.

Hypothetical results are for illustrative purposes only and not intended to represent past performance, or to predict the future performance of any specific investment, nor is it reflective of the effects of product charges and expenses, which could lower the return had they been included.

Hypothetical portfolio A – Poor performance in early years

Year	Beginning portfolio value	Return	Ending portfolio value
1	\$1,000,000	-13%	\$870,000
2	\$870,000	-20%	\$696,000
3	\$696,000	-14%	\$598,560
4	\$598,560	12%	\$670,387
5	\$670,387	25%	\$837,984
6	\$837,984	14%	\$955,302
7	\$955,302	-4%	\$917,090
8	\$917,090	21%	\$1,109,679
9	\$1,109,679	4%	\$1,154,066
10	\$1,154,066	14%	\$1,315,635
11	\$1,315,635	18%	\$1,552,449
12	\$1,552,449	13%	\$1,754,268
13	\$1,754,268	21%	\$2,122,664
14	\$2,122,664	-3%	\$2,058,984
15	\$2,058,984	6%	\$2,182,523
16	\$2,182,523	9%	\$2,378,950
17	\$2,378,950	-2%	\$2,331,371
18	\$2,331,371	13%	\$2,634,449
19	\$2,634,449	15%	\$3,029,616
20	\$3,029,616	17%	\$3,544,651
21	\$3,544,651	-5%	\$3,367,419
22	\$3,367,419	7%	\$3,603,138
23	\$3,603,138	27%	\$4,575,985
24	\$4,575,985	20%	\$5,491,182
25	\$5,491,182	25%	\$6,863,978
TOTALS	\$5,491,182	x 25%	= \$6,863,978

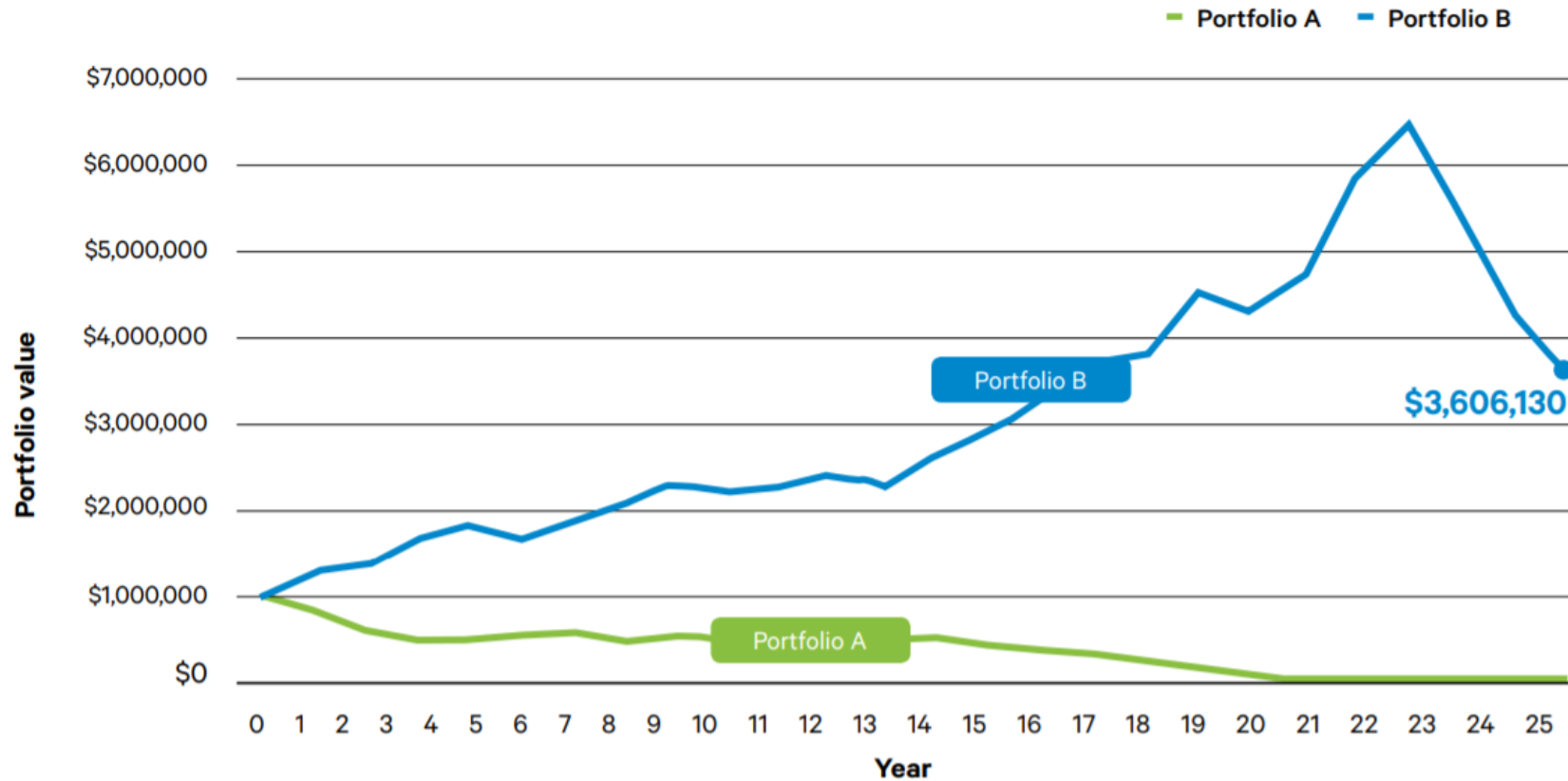
Hypothetical portfolio B – Poor performance in later years

Year	Beginning portfolio value	Return	Ending portfolio value
1	\$1,000,000	25%	\$1,250,000
2	\$1,250,000	20%	\$1,500,000
3	\$1,500,000	27%	\$1,905,000
4	\$1,905,000	7%	\$2,038,350
5	\$2,038,350	-5%	\$1,936,433
6	\$1,936,433	17%	\$2,265,626
7	\$2,265,626	15%	\$2,605,470
8	\$2,605,470	13%	\$2,944,181
9	\$2,944,181	-2%	\$2,885,297
10	\$2,885,297	9%	\$3,144,974
11	\$3,144,974	6%	\$3,333,673
12	\$3,333,673	-3%	\$3,233,662
13	\$3,233,662	21%	\$3,912,732
14	\$3,912,732	13%	\$4,421,387
15	\$4,421,387	18%	\$5,217,236
16	\$5,217,236	14%	\$5,947,649
17	\$5,947,649	4%	\$6,185,555
18	\$6,185,555	21%	\$7,484,522
19	\$7,484,522	-4%	\$7,185,141
20	\$7,185,141	14%	\$8,191,061
21	\$8,191,061	25%	\$10,238,826
22	\$10,238,826	12%	\$11,467,485
23	\$11,467,485	-14%	\$9,862,037
24	\$9,862,037	-20%	\$7,889,630
25	\$7,889,630	-13%	\$6,863,978
TOTALS	\$7,889,630	x -13%	= \$6,863,978

Beginning portfolio value x Return = Ending portfolio value

Sequence of return risk

Scenario 2: Taking annual withdrawals from portfolios



Assumptions:

- \$1,000,000 starting portfolio value for both A and B.
- 8% compound annualized growth rate for each.
- 5% withdrawal rate taken at the end of the first year, then increased by 3% of the previous withdrawal amount each year. This 3% increase is adjusting for inflation.
- Annual returns vary each year, with positive, negative and flat returns during the periods shown.

Hypothetical results are for illustrative purposes only and not intended to represent past performance, or to predict the future performance of any specific investment, nor is it reflective of the effects of product charges and expenses, which could lower the return had they been included.

Hypothetical portfolio A – Poor performance in early years

Year	Beginning portfolio value	Return	Portfolio value after market return	Withdrawal amount	Ending portfolio value
1	\$1,000,000	-13%	\$870,000	\$50,000	\$820,000
2	\$820,000	-20%	\$656,000	\$51,500	\$604,500
3	\$604,500	-14%	\$519,870	\$53,045	\$466,825
4	\$466,825	12%	\$522,844	\$54,636	\$468,208
5	\$468,208	25%	\$585,260	\$56,275	\$528,984
6	\$528,984	14%	\$603,042	\$57,964	\$545,078
7	\$545,078	-4%	\$523,275	\$59,703	\$463,572
8	\$463,572	21%	\$560,923	\$61,494	\$499,429
9	\$499,429	4%	\$519,406	\$63,339	\$456,068
10	\$456,068	14%	\$519,917	\$65,239	\$454,678
11	\$454,678	18%	\$536,521	\$67,196	\$469,325
12	\$469,325	13%	\$530,337	\$69,212	\$461,125
13	\$461,125	21%	\$557,962	\$71,288	\$486,674
14	\$486,674	-3%	\$472,073	\$73,427	\$398,647
15	\$398,647	6%	\$422,565	\$75,629	\$346,936
16	\$346,936	9%	\$378,160	\$77,898	\$300,262
17	\$300,262	-2%	\$294,257	\$80,235	\$214,021
18	\$214,021	13%	\$241,844	\$82,642	\$159,202
19	\$159,202	15%	\$183,082	\$38,343	\$97,960
20	\$97,960	17%	\$114,613	\$87,675	\$26,938
21	\$26,938	-5%	\$25,591	\$25,591	\$0
22	\$0	7%	\$0	\$0	\$0
23	\$0	27%	\$0	\$0	\$0
24	\$0	20%	\$0	\$0	\$0
25	\$0	25%	\$0	\$0	\$0
TOTALS			\$0	- \$0	= \$0

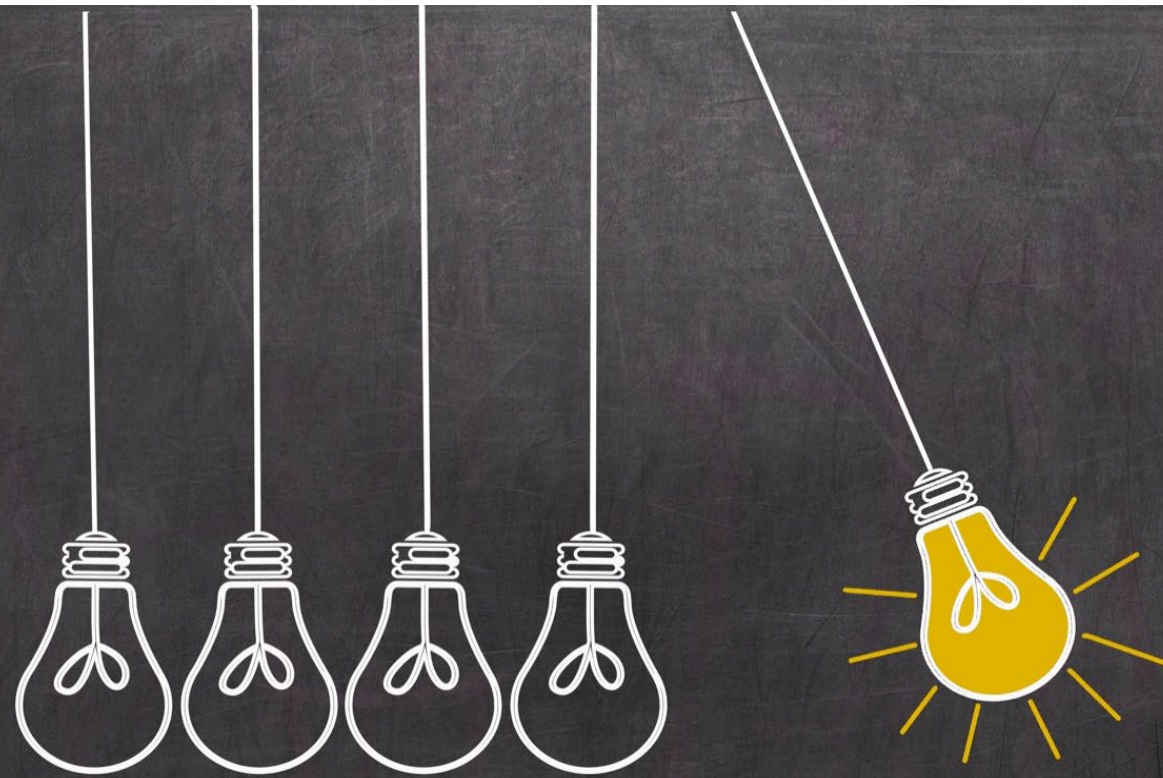
Hypothetical portfolio B – Poor performance in later years

Year	Beginning portfolio value	Return	Portfolio value after market return	Withdrawal amount	Ending portfolio value
1	\$1,000,000	25%	\$1,250,000	\$50,000	\$1,200,000
2	\$1,200,000	20%	\$1,440,000	\$51,500	\$1,388,500
3	\$1,388,500	27%	\$1,763,395	\$53,045	\$1,710,350
4	\$1,710,350	7%	\$1,830,075	\$54,636	\$1,775,438
5	\$1,775,438	-5%	\$1,686,666	\$56,275	\$1,630,391
6	\$1,630,391	17%	\$1,907,557	\$57,964	\$1,849,594
7	\$1,849,594	15%	\$2,127,033	\$59,703	\$2,067,330
8	\$2,067,330	13%	\$2,336,083	\$61,494	\$2,274,589
9	\$2,274,589	-2%	\$2,229,097	\$63,339	\$2,165,759
10	\$2,165,759	9%	\$2,360,677	\$65,239	\$2,295,439
11	\$2,295,439	6%	\$2,433,165	\$67,196	\$2,365,969
12	\$2,365,969	-3%	\$2,294,990	\$69,212	\$2,225,778
13	\$2,225,778	21%	\$2,693,192	\$71,288	\$2,621,904
14	\$2,621,904	13%	\$2,962,751	\$73,427	\$2,889,324
15	\$2,889,324	18%	\$3,409,403	\$75,629	\$3,333,773
16	\$3,333,773	14%	\$3,800,502	\$77,898	\$3,722,603
17	\$3,722,603	4%	\$3,871,507	\$80,235	\$3,791,272
18	\$3,791,272	21%	\$4,587,439	\$82,642	\$4,504,797
19	\$4,504,797	-4%	\$4,324,605	\$85,122	\$4,239,483
20	\$4,239,483	14%	\$4,833,011	\$87,675	\$4,745,336
21	\$4,745,336	25%	\$5,931,669	\$90,306	\$5,841,364
22	\$5,841,364	12%	\$6,542,328	\$93,015	\$6,449,313
23	\$6,449,313	-14%	\$5,546,409	\$95,805	\$5,450,604
24	\$5,450,604	-20%	\$4,360,483	\$98,679	\$4,261,804
25	\$4,261,804	-13%	\$3,707,769	\$101,640	\$3,606,130
TOTALS			\$3,707,769	- \$101,640	= \$3,606,130

Portfolio value after return - Withdrawal amount = Ending portfolio value

Reducing risks





Annuities: A bright idea

Questions and next steps

➤ [Insert presenter picture here]

➤ [Insert presenter information here (name, company, address, etc.)]

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- Beau Kelley: bkelly.cfsinvest@soundcu.com
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- Mitch Hamilton: mhamilton.cfsinvest@soundcu.com



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Thank you!

