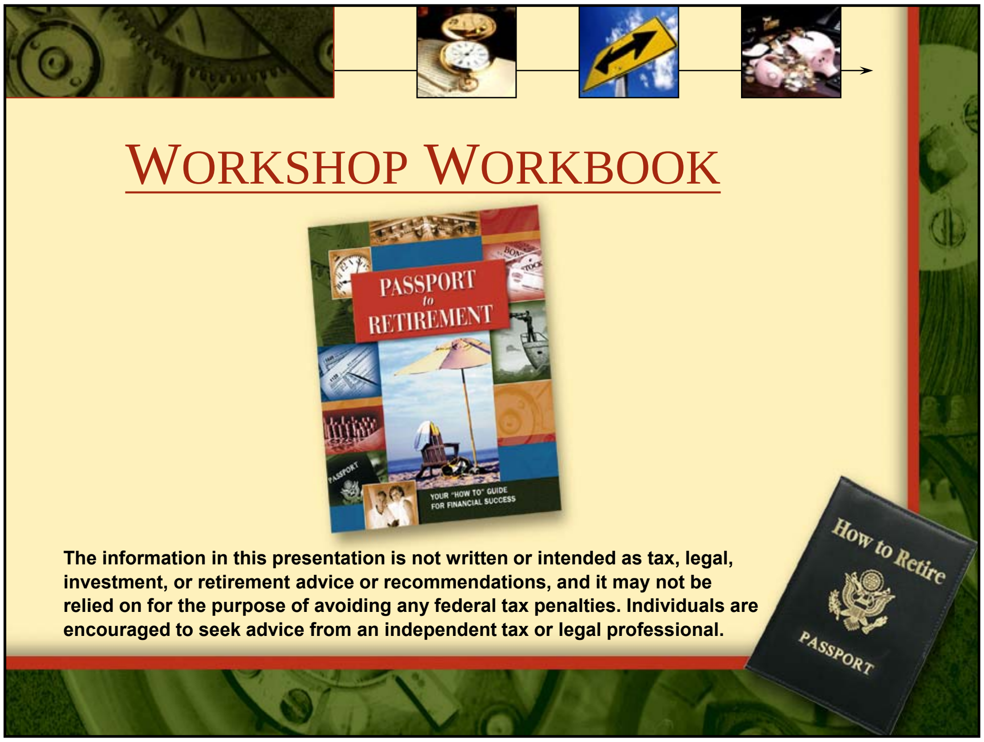
Welcome to the *Passport to Retirement* workshop. My name is *(state your name).* I'm a *(state your professional designation)* with *(state your company's name).* I'll be making today's presentation.

We'll focus our attention specifically on preparing for retirement. We're going to provide you with the key information and practical strategies you need. This will serve as your passport to a successful retirement.

Each of you should have been given a workbook as you arrived. I also have pencils *(or pens)* available if you need them.

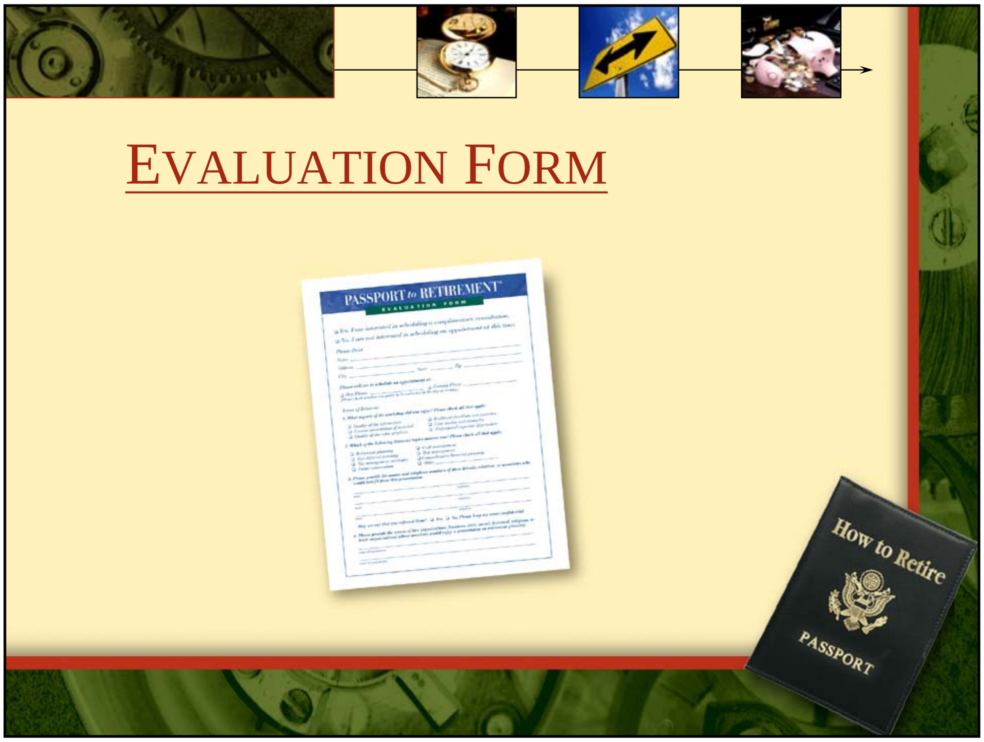


Would everyone please take out their workshop workbooks?

(Hold up a copy of the workbook for your workshop participants to see.)

Throughout our time together, we'll be using this workbook. It's yours to keep. It reinforces the workshop's major points and should be a valuable resource for some time to come.

The information in this presentation is not written or intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. Individuals are encouraged to seek advice from an independent tax or legal professional.



Inside your workbook, you'll find an evaluation form just like this one.

(Pull out an evaluation form for your workshop participants to see.)

At the end of our time together, you'll use this form to tell us whether you're interested in taking advantage of the complimentary consultation.

We'd like to make you two promises concerning this form. First, if you check "Yes, I am interested in scheduling a complimentary consultation," we'll call you tomorrow and set up an appointment. Second, if you check "No, I am not interested in scheduling an appointment at this time," we won't call you or contact you directly.

Now you can sit back, relax, and learn about strategies that will help you retire successfully.

If you'll open your workbooks to page 8, we'll begin.

Our focus today is retirement planning — more specifically, "how to retire." It doesn't just happen. So whether you're 10 months, 10 years, or longer away from retiring, there are a number of key issues that you'll have to address before you can make that move.

We'll talk about how to keep the income flowing in retirement, make decisions that could enhance your Social Security benefits, help protect your assets, take a retirement plan distribution, and pass along your wealth to your heirs.

Do these sound like the issues that motivated you to come to today's presentation?

(Elicit responses from audience.)

Are you prepared for one of the biggest transitions in your life? What steps have you taken to prepare for retirement?

(Ask participants for responses.)

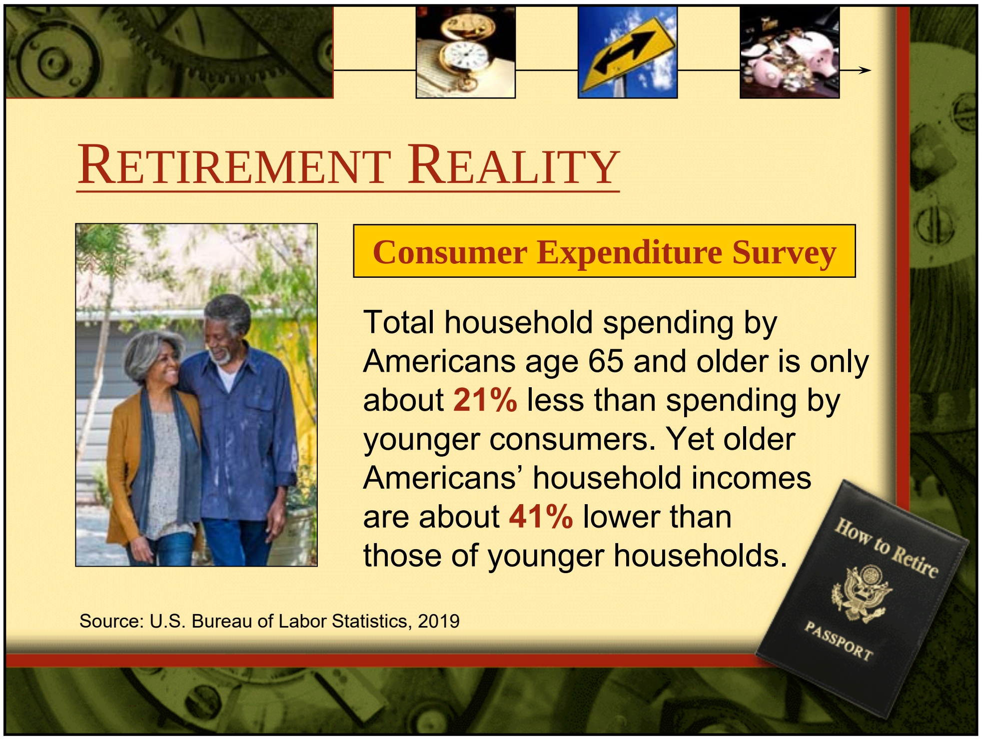
According to one survey, 40 percent of U.S. workers have saved less than $25,000 for retirement, and 29 percent have saved less than $10,000.[1]

That’s pretty alarming, isn’t it?

Planning for retirement is not something that can be accomplished overnight. Initially, you’ll have to analyze everything from your current income to your net worth to your health condition. You’ll need a comprehensive plan to accomplish all your goals. And then you’ll need to review and revise your plan on an ongoing basis to make sure you’re on track.

Unfortunately, many people haven’t implemented such a plan.

Source: 1) Employee Benefit Research Institute, 2019 (data excludes homes and defined benefit plans)



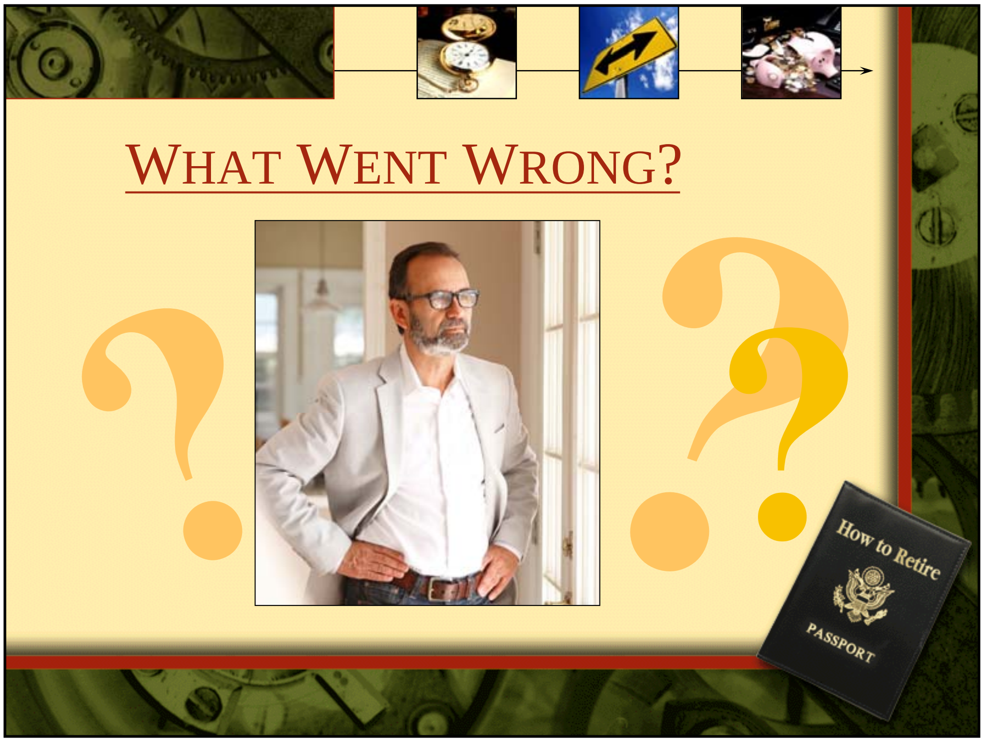
Preparation is important in order to deal with the realities of retirement. Although your expenses may fall, so might your income.

According to a consumer expenditure survey, total household spending by Americans age 65 and older is, on average, only about 21 percent less than spending by younger consumers.[1]

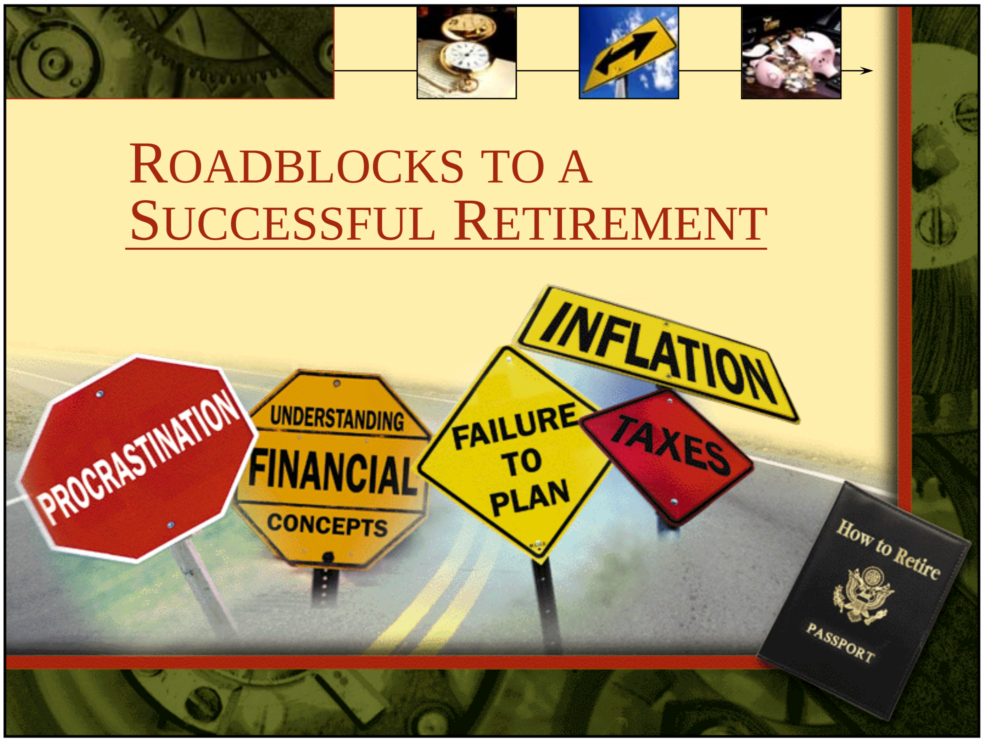
Yet older Americans' household incomes are about 41 percent lower than those of younger households.[2]

One reality you might face in retirement is that your expenses could be higher than you expected. In fact, according to an EBRI survey, 37 percent of retirees said their health-care expenses in retirement were higher than they expected, and 30 percent said their overall retirement expenses were higher than expected. Retirees cope with higher-than-expected expenses by adjusting their budgets, reducing their spending, and drawing more money from their savings and investments.[3]

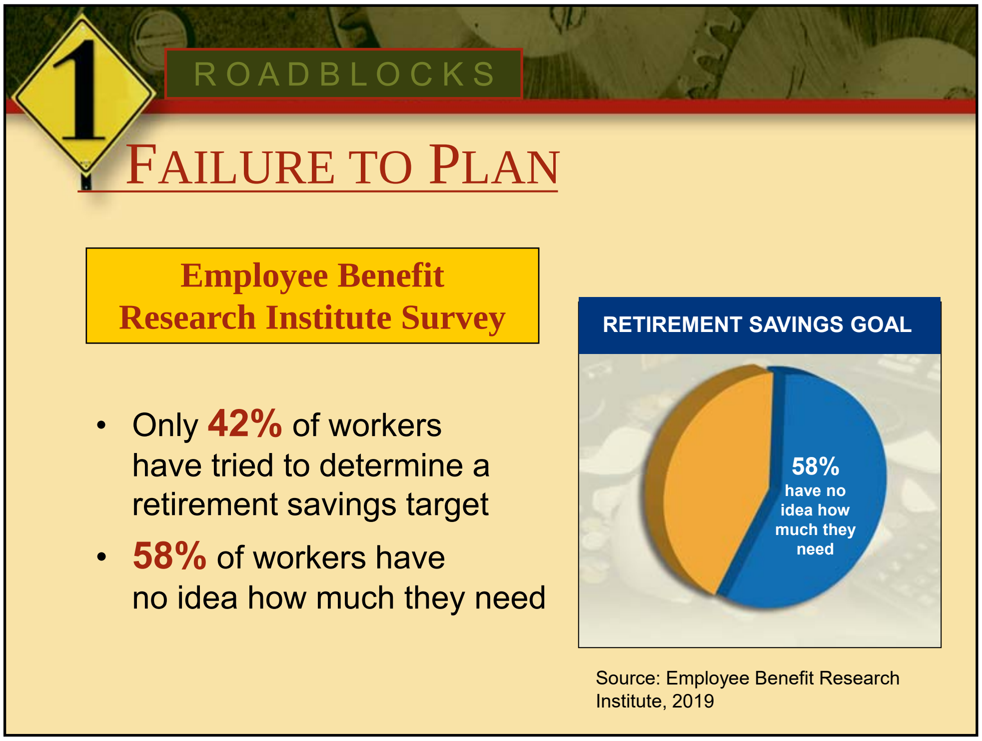
Sources: 1–2) U.S. Bureau of Labor Statistics, 2019
3) Employee Benefit Research Institute, 2019



Why do so many people find that their retirement reality doesn't match their expectations?



We've identified five roadblocks that keep most people from having the kind of successful retirement they want. Your ability to pursue the retirement lifestyle you desire will depend, to a great extent, on how well you are able to overcome these roadblocks.



The first roadblock most people have to overcome is their own failure to plan. This pattern of doing little or nothing to prepare for retirement means that they'll have to accelerate their efforts going forward.

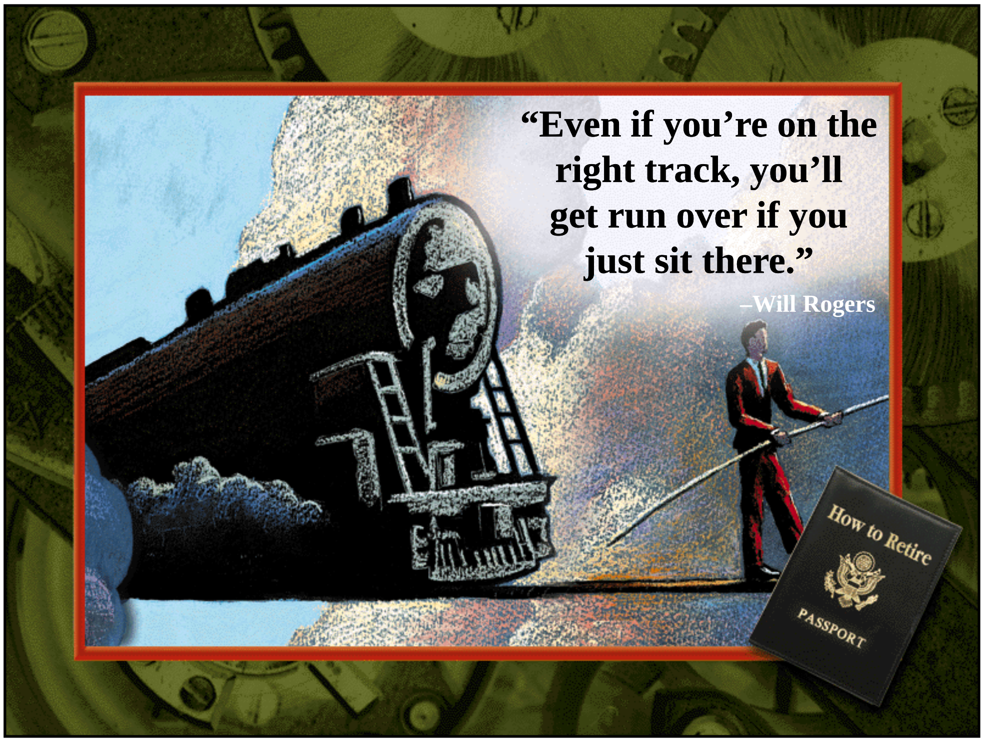
According to a report by the Employee Benefit Research Institute, only 42 percent of U.S. workers have tried to determine how much they need to save for a comfortable retirement.

Think about this for a minute.

About 58 percent of workers have no idea how much they'll need to save and accumulate for retirement.

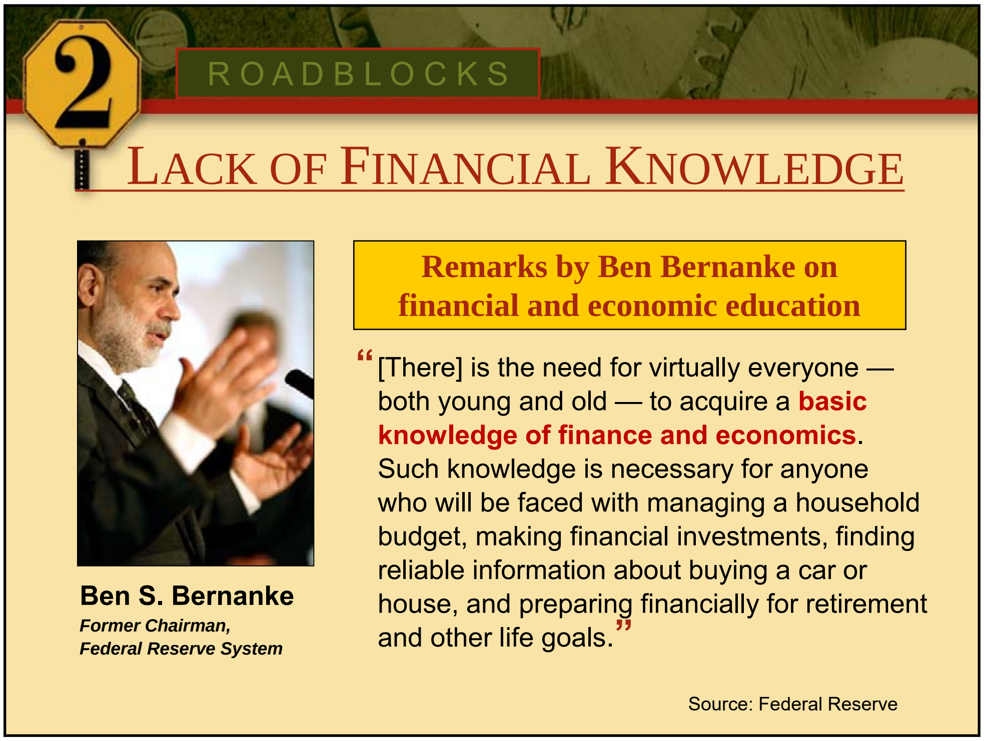
And simply having a plan is no guarantee of success either.

Source: Employee Benefit Research Institute, 2019



This reminds me of an old quote by Will Rogers: "Even if you're on the right track, you'll get run over if you just sit there."

You will need to implement specific action items to put your plan in motion. Periodically, you will need to review and revise the plan to make sure it encompasses your current needs and goals.



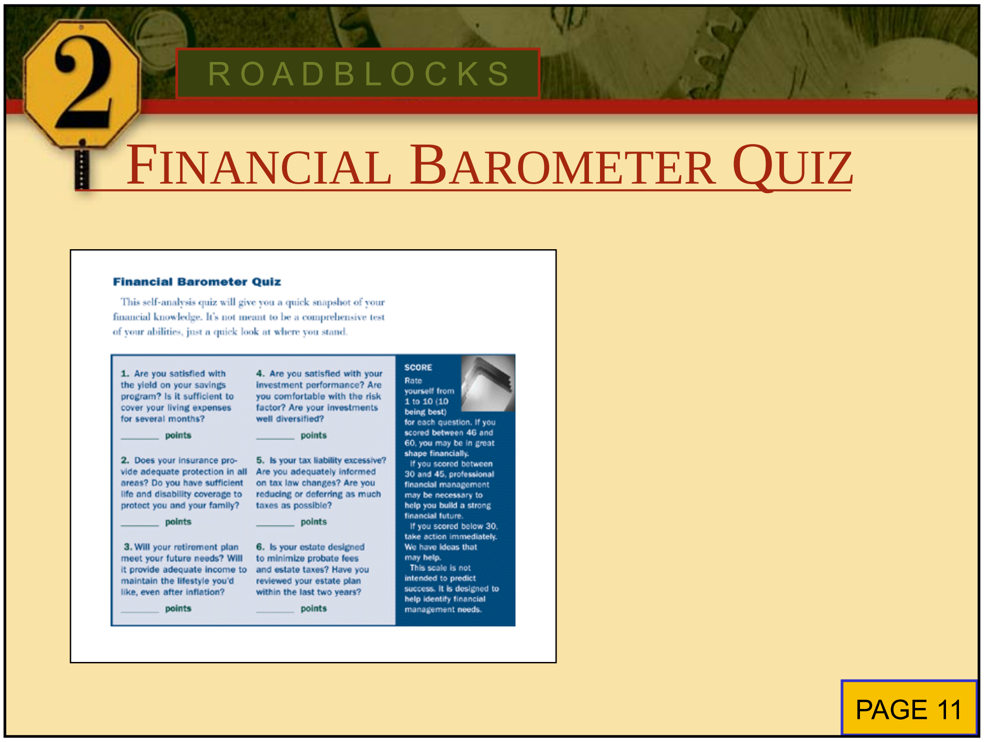
The next roadblock many people face is a simple lack of understanding of the financial markets and the corresponding financial terms and concepts.

Former Federal Reserve Chairman Ben Bernanke once said:

"[There] is the need for virtually everyone — both young and old — to acquire a basic knowledge of finance and economics. Such knowledge is necessary for anyone who will be faced with managing a household budget, making financial investments, finding reliable information about buying a car or house, and preparing financially for retirement and other life goals."

Many smart and successful people simply haven't devoted the time it takes to understand and keep up with the financial markets. This is nothing to be ashamed of. We're here to provide the educational tools that will help you become more comfortable in the financial arena.

Source: Federal Reserve



We've developed a short self-analysis quiz, the Financial Barometer, to help gauge your financial knowledge. You'll find it on page 11 of your workbook. Could everyone please turn there with me?

(Pause to give workshop participants sufficient time to locate the appropriate page.)

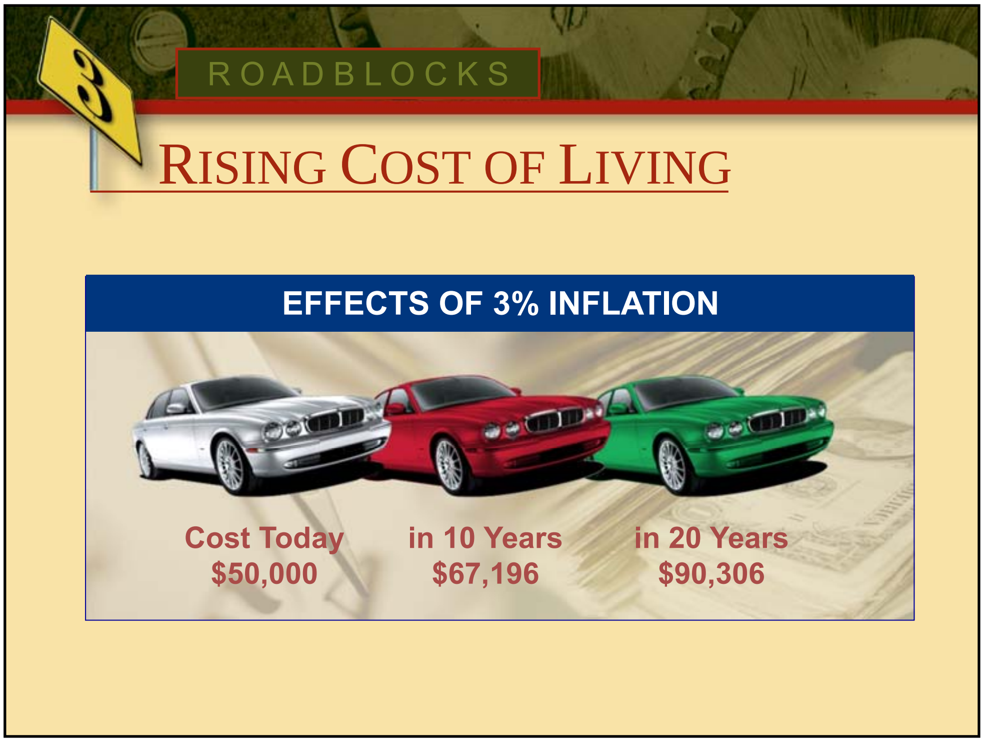
Let's go through this quiz together. Rate yourself from 1 to 10 — with 10 being best — for each question.

(Presenter: Read each question and pause briefly to give participants time to answer.)

This self-analysis quiz is not meant to be a comprehensive test of your abilities, just a quick look at where you stand.

Diversification does not guarantee a profit or protect against loss. It is a method used to help manage investment risk.

A financial professional can evaluate your objectives and available resources and help you consider appropriate long-term financial strategies, but there is no assurance that working with a financial professional will improve investment results.



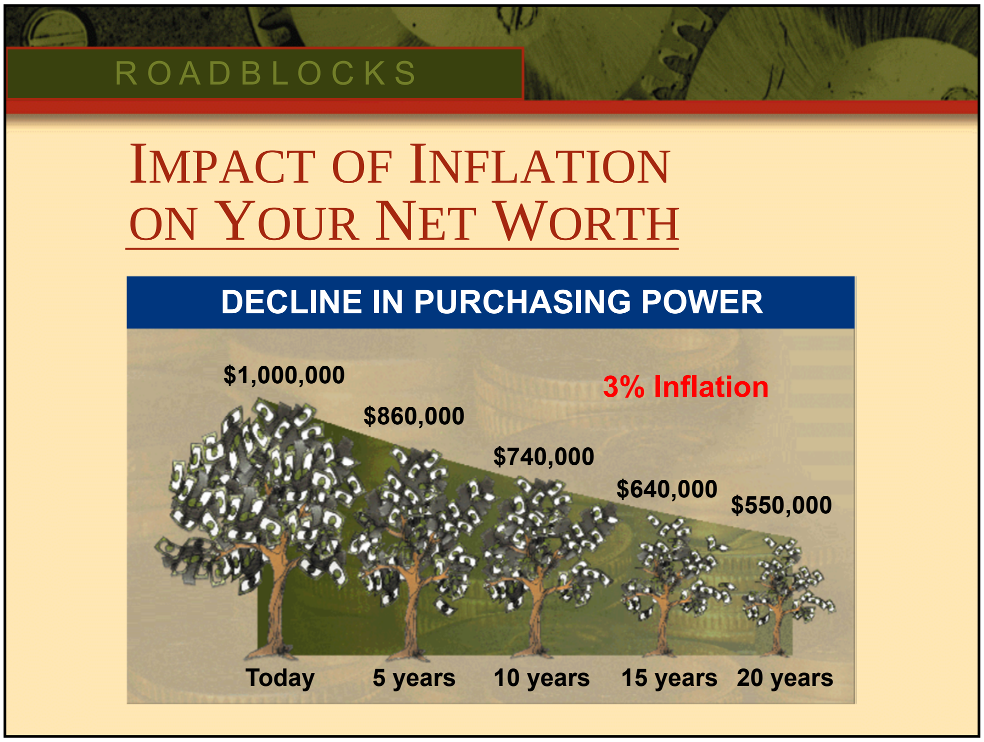
The next roadblock is the rising cost of living. Inflation can have an effect on everything from the cost of a home to a hamburger at McDonald's.

Planning for the impact of inflation is especially important when you are preparing for retirement.

Here's a hypothetical example. We'll look at the cost of a high-end $50,000 automobile and assume a modest 3 percent rate of inflation going forward.

In 10 years, you will need to generate an additional $17,000 to purchase a similar vehicle. That's nearly a 35 percent increase from the $50,000 it costs today. By the time 20 years have elapsed, you'll need about $90,000 to purchase a similar vehicle.

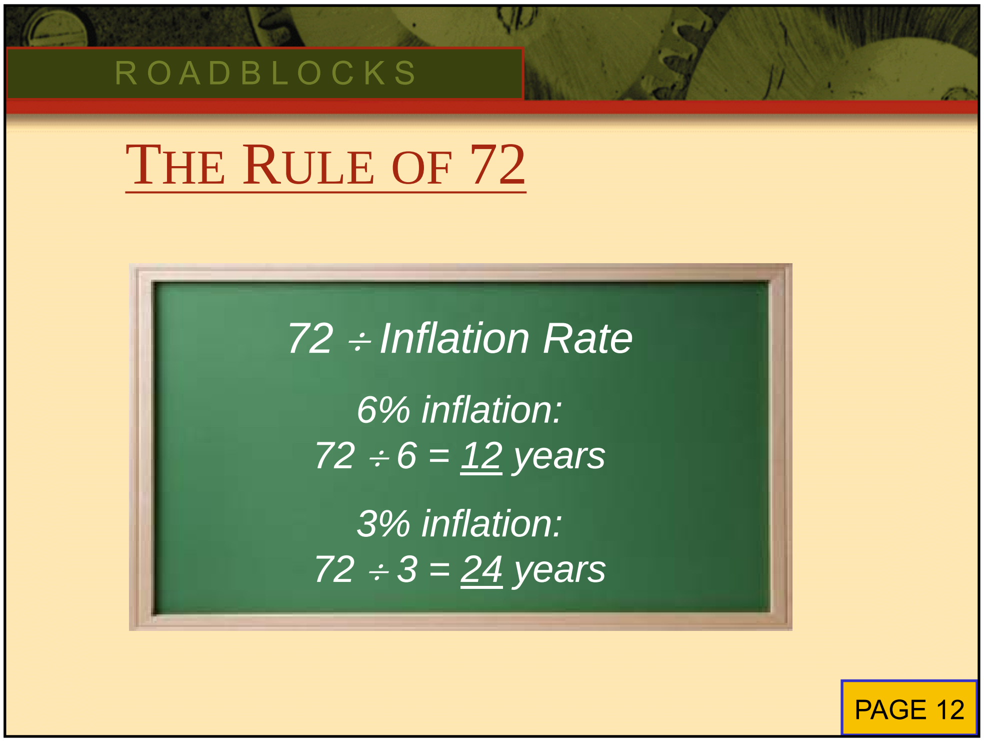
Clearly, planning for inflation will be a key factor in determining how much money you'll need in retirement and how long it will last.



Let's look at inflation another way. How does inflation impact your net worth?

At that same hypothetical 3 percent rate of inflation, you can see how dramatically the value of your net worth could decline. Many retirees can expect to live a long and full retirement that in many cases could easily exceed 20 years. With inflation at 3 percent, your money would be cut in half in 24 years.

Thus, the purchasing power of a million-dollar nest egg would be reduced to $550,000 over the course of a 20-year retirement.



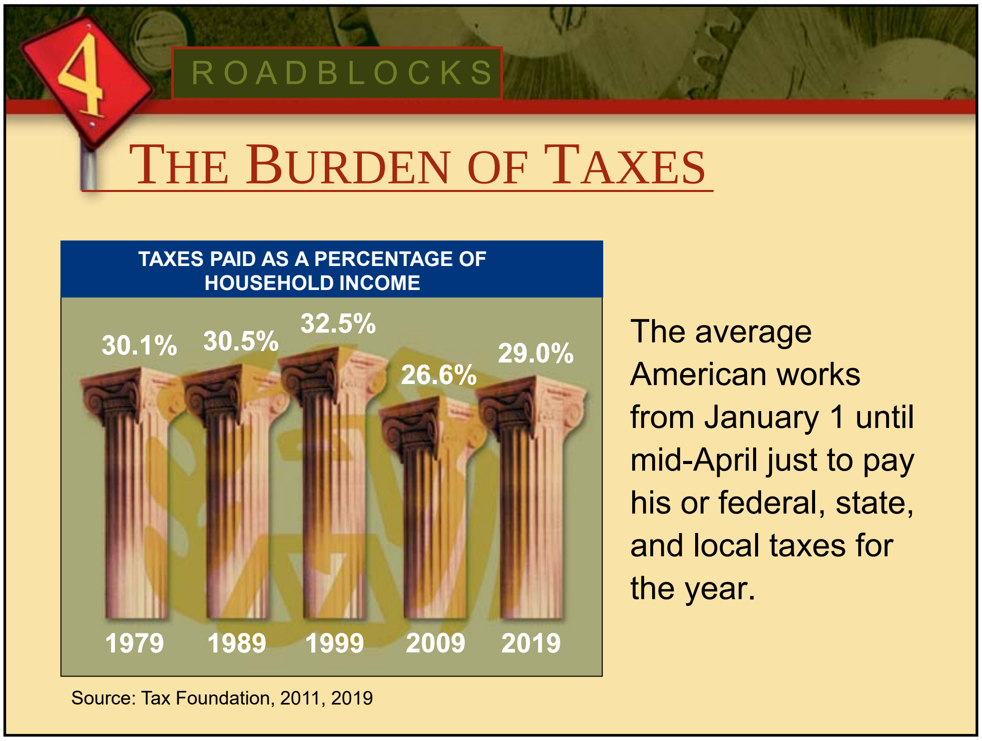
How many of you are familiar with the Rule of 72? The Rule of 72 demonstrates the impact inflation can have on your purchasing power. If you turn to page 12 in your workbook, you can follow along with this simple exercise and write down the answers.

(Pause to give workshop participants sufficient time to locate the appropriate workbook exercise.)

To determine how long a given rate of inflation would take to cut the purchasing power of your money in half, divide 72 by the expected rate of inflation.

For example, at 6 percent inflation, your purchasing power would be cut in half every **12** years. As you can see, 72 divided by 6 equals 12. But with a 3 percent inflation rate, your purchasing power would be cut in half every **24** years.

Many people can look forward to a retirement that lasts 20 to 30 years or longer. Although this time can be a very enjoyable phase of life, it can also be a very expensive one. If you do not protect your assets from the effects of inflation, your purchasing power will decrease substantially over an extended period of time.



Another roadblock we all face is the steady burden of taxes. For the past 40 years or so, Americans have paid roughly 30 cents out of each dollar to taxes.

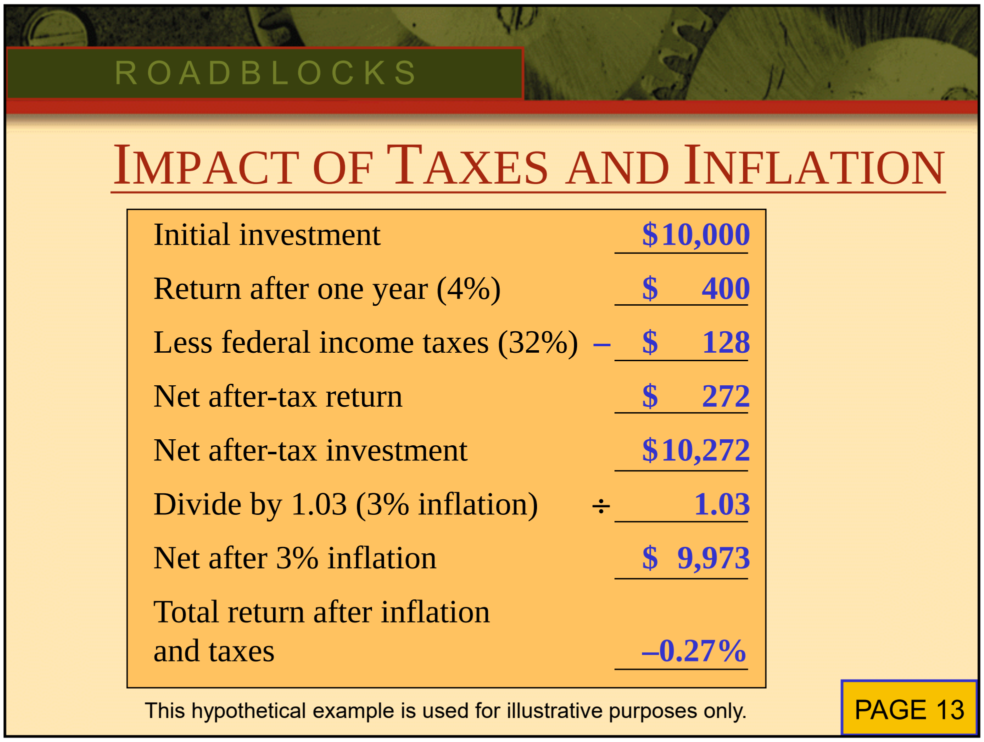
Tax reforms come and go, yet they have done little to simplify the complexity and ever-changing nature of the tax laws.

Even so, taxes paid as a percentage of income have remained fairly steady over time, as you can see on this chart. In 1979, Americans lost 30.1 percent of their incomes to taxes. In 2019, the tax burden was only about 1 percent lower at 29.0 percent.

If you look at this another way, the average American works from January 1 until mid-April just to pay his or her federal, state, and local taxes for the year. If you have a high income, you may have to work even longer to pay off your tax liability.

The Tax Cuts and Jobs Act lowered five out of seven individual income tax brackets and made other significant tax changes, but it remains to be seen how the average American's tax burden will be affected over time. Also keep in mind that the tax law's provisions affecting individuals are scheduled to expire after 2025.

Source: Tax Foundation, 2011, 2019



When you combine the effects of taxes and inflation, you might say that some investments offer "a safe way to lose money."

Let me show you what I mean. You'll find this example on page 13 in your workbook.

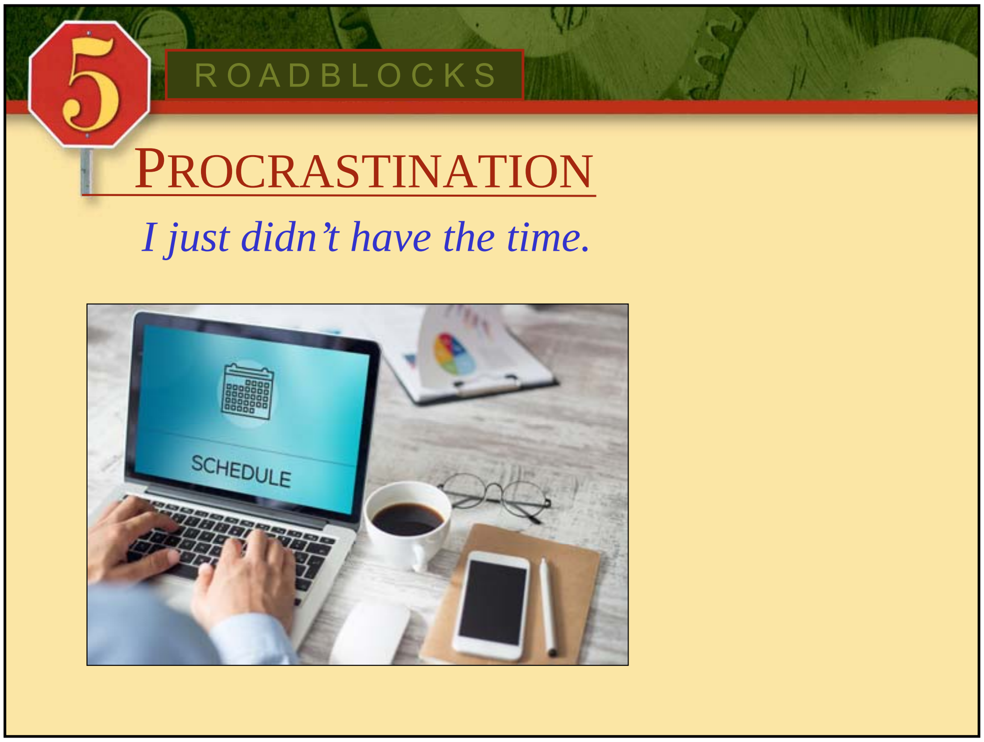
(Pause to give workshop participants sufficient time to locate the appropriate workbook exercise. Verbally walk through this exercise with the attendees.)

If you invested $10,000 and earned a 4 percent return for one year, at the end of the year you would have earned $400. If you were in the 32 percent federal income tax bracket, you would then subtract $128, giving you a net return of $272 and a net after-tax investment amount of $10,272.

However, this is not your true yield. If we adjust your portfolio for a hypothetical 3 percent inflation rate, your net investment *after* taxes and inflation would be $9,973. When all is said and done, you would actually lose money.

Be careful of owning too many conservative investments. Guaranteed rates of return from conservative investments may result in a loss of your earning power over time due to inflation. However, investments that offer the potential for higher returns also have corresponding risk.

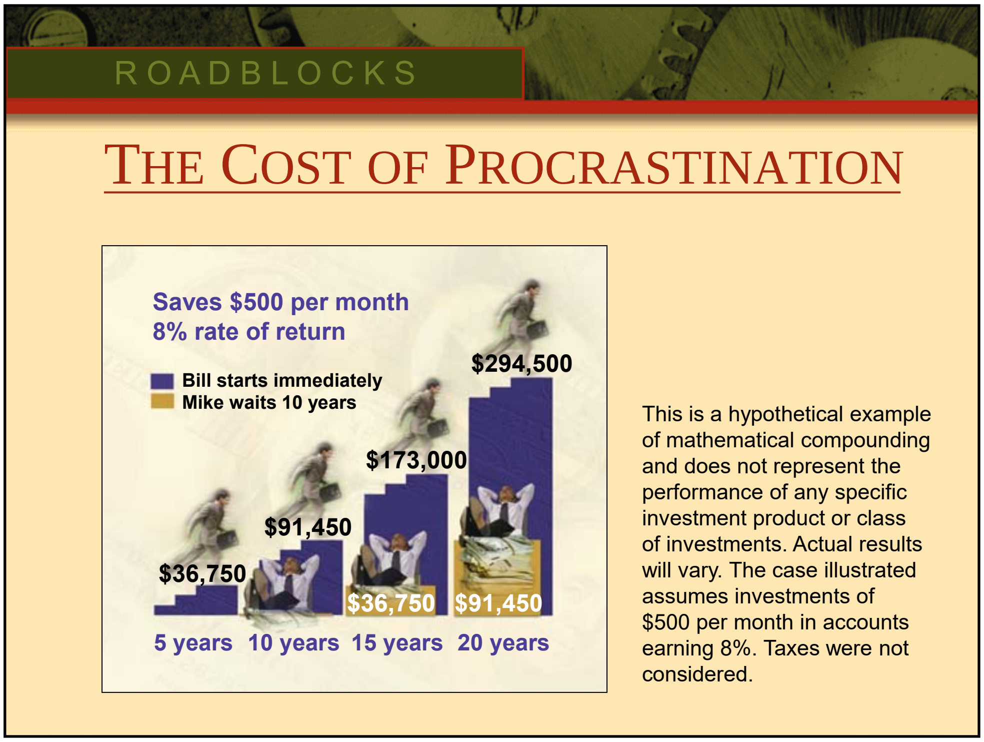
Bear in mind that this example considers only federal taxes. This is a hypothetical example and does not represent the performance of any specific investment product or class of investments. Actual results will vary. The case illustrated assumes a $10,000 investment earning 4 percent per year and is subject to federal taxes at the 32 percent rate.



The most common and perhaps the most difficult roadblock to overcome is procrastination. Some people never quite get around to planning for the future. As a result, they fail to reach their financial goals.

Perhaps you intended to contribute to your IRA last year or open a new Roth IRA this year. Maybe you contribute to a 401(k) plan but are not putting in the maximum amount each year; perhaps you're not even receiving the full employer match (if one is available). Or maybe you've been meaning to invest in an annuity to accelerate your retirement savings but just haven't found the time.

As a result of our time together, we hope you will make a commitment to take action now.



You see, procrastination may cost money. Let me use a hypothetical example.

Bill decides to invest $500 per month earning a hypothetical 8 percent rate of return. One of Bill's colleagues, Mike, waits 10 years and then begins investing.

As you can see, waiting 10 years to get started makes a huge difference when saving. After only 20 years, Bill will have accumulated more than three times as much as Mike.

So the point I'm trying to make is clear: It just doesn't make sense to put off making preparations for your retirement.

This is a hypothetical example of mathematical compounding and does not represent the performance of any specific investment product or class of investments. Rates of return will vary over time, particularly for long-term investments. Actual results will vary. The case illustrated assumes investments of $500 per month in accounts earning 8 percent. Taxes were not considered.

By taking a step back and looking at these roadblocks individually, we can help you overcome their effects as you plan for retirement.

Some of these issues can never be eliminated completely. But by planning and implementing prudent strategies now, you may start to see some real improvement.

That's why we offer the complimentary consultation. This meeting gives us an opportunity to talk specifically about your situation and to show you how we can be of service in helping you pursue your goals.

The most important step is to take action now. If you don't change your current behavior, you won't see any improvement in overcoming these roadblocks.

To overcome these roadblocks — and thus to help you determine how to retire the way you want — you need to address seven key issues. We call them the seven "how-to's," and they serve as a passport to helping you realize a successful retirement.

First, **define and create your retirement.**

The definition of retirement is changing rapidly. We'll help you create the type of retirement that encompasses your goals and dreams. Once you know what kind of retirement you want, you'll need to address the second issue, **assess the costs.**

This, in turn, leads to our third issue: **evaluate your sources of income.** We have worksheets and calculators to help you compute these figures. We'll help you determine what you have now and what you'll accumulate and need in the future.

The fourth issue is to **invest for the future.** In addition to qualified savings plans, you'll probably consider stocks, bonds, mutual funds, and other investments to help meet your long-term goals.

These four topics will be the focus of our first session.

In the second session we'll address the final three concerns. We'll discuss how to **protect your health and wealth.** These risk management strategies will illustrate ways to help protect you and your family in the event of death or a disability.

With all of these issues in mind, you'll be better prepared to make the important decision of how to **receive funds from your retirement plans.** We'll talk about the different time frames and tax alternatives that will impact your decision.

And finally, we'll help you explore how to **manage your estate distribution.** You'll want to make sure that your family, not the government, is the biggest beneficiary of your estate. Proper planning can help you maintain control and reduce taxes.