

# **Building the Future**

12 Risks of Retirement  
Living Longer...  
& Better

*How long do you think you'll live?*

*If you knew you were going to live to*

***age 100 or beyond,**  
how would that affect your retirement planning?*



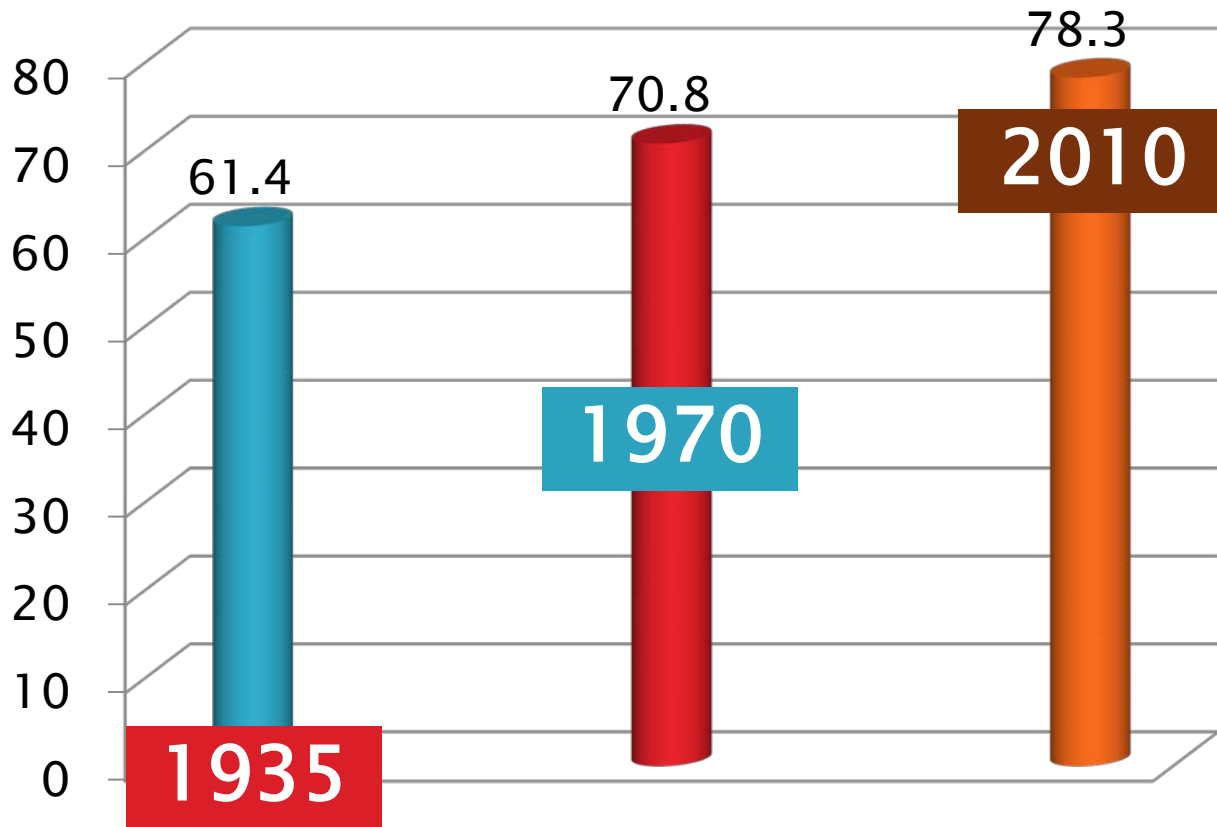
***The most uniformed comment regularly heard  
from clients:***

*“My mother/father/grandparent, etc. only lived to  
age 73, so I’ll probably die around 73.”*

*According to a study by Mathew Greenwald & Associates:*

*Most retirees underestimate their longevity by:*

- Guesstimating their life expectancy based on family history*
- or*
- Assuming they will die close to current average life  
expectancy.*



**Life Expectancy is Increasing**

*For the purpose of retirement planning,  
the most relevant statistic  
is not one's life expectancy at birth...*

*but rather their life expectancy  
**during retirement.***



*So, here's the reality\**  
*At age 65, the chances of living to:*

Age	Joint**	Male	Female
80	90.6%	68.0%	80.6%
85	78.4%	49.3%	65.3%
90	57.0%	29.5%	44.5%
95	30.6%	13.4%	23.0%
100	11.5%	4.2%	8.6%

*\*According to Transactions of Society of Actuaries 1995-1996  
Reports, US Annuity 2000 Mortality Table*

*\*\*joint= for a married couple, the chances that one spouse is still  
living.*

***Current mortality tables project  
one spouse now age 65  
has better than a 1 in 10 chance  
of living past age 100***

***That's the average***

***Guess what?***

***You're not average***



*Based on wealth, the top half of our society  
can expect to live an additional*



*This doesn't take into account  
medical advancements  
that will certainly continue  
over the next few decades.*



*Now that you know the facts, let me ask you some questions.*

*How long do you think you'll live?*

*If you knew you were going to live to*  
***age 100 or beyond,***  
*how would that affect your retirement planning?*





Longevity  
Is the  
**NUMBER ONE**  
**RISK**

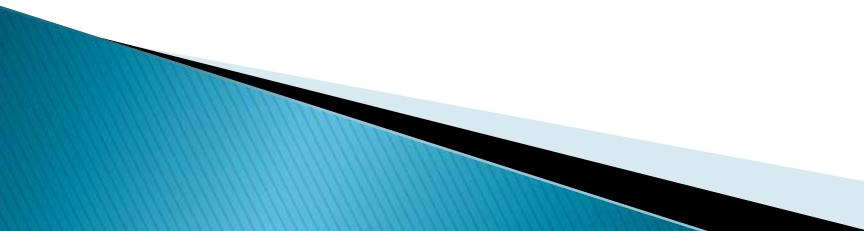


to your retirement  
and plays a role in all other risks for which  
you need to plan.

# 12 Retirement Risks

1. **Longevity** – *The risk of outliving sustainable income.*
2. **Entitlement Risk** – *The risk that gov't programs will not provide sufficient retirement income.*
3. **Excess Withdrawal Risk** – *The risk of drawing down assets too quickly.*

# 12 Retirement Risks

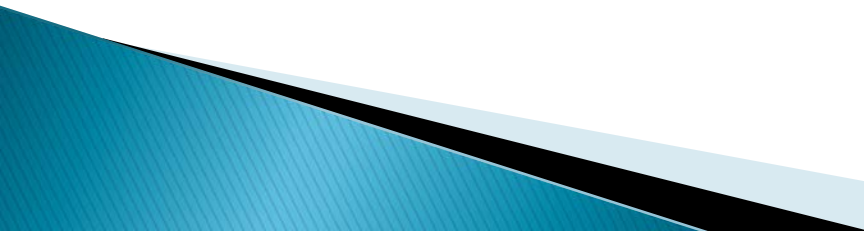
4. **Market Risk** – *The risk of losing retirement assets temporarily or permanently because of market downturn or poor investment strategies.*
  5. **Lifestyle Risk** – *There will not be sufficient income to maintain current or projected standards of living.*
  6. **Asset Allocation Risk** – *The risk of investing either too conservatively or too aggressively and not diversifying assets.*
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# 12 Retirement Risks

7. **Inflation Risk** – *The risk that rising costs will undermine purchasing power of retirement assets.*
8. **Medical Expense Risk** – *The risk of paying for the growing costs of health-care related services in retirement.*

*\*It is estimated that a 65 year-old couples' insurance premiums and out-of-pocket costs will total **\$260,000 not including costs for a nursing home stay.***

# 12 Retirement Risks

9. **Tax Risk** – *The risk that rising taxes or unforeseen taxes can have on portfolio or purchasing power.*
  10. **Personal or Event Risk (including spousal survival risk)** – *The risk that unexpected change in family circumstances may undermine anticipated retirement plans.*
  11. **Incapacity Risk** – *The risk that as a result of deteriorating health, a retiree may not be able to execute sound judgment in managing retirement affairs.*
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# 12 Retirement Risks

**12. Sequence of Returns Risk** – *The risk of receiving low or negative returns in the early years of retirement thus, diminishing the future strength of your portfolio.*

In a managed portfolio, the first 1/3 of your retirement is critical.

The market must be **UP** to sustain most retirement strategies.

***“The brightest financial advisors  
MAY  
be able to predict rate of return,  
but NONE  
can predict sequence of return”***

Insured Retirement Institute 2011 Annual Meeting



*While you can't control what  
happens to you,  
you can prepare for it.*



Here's the good news:  
*We can help.*



We can help review your...

**INSURANCE**

**POLICIES**

- Annuities
- Medicare Supplements
- Medicare Advantage Plans
- Hospital Indemnity Plans
- Long Term Care
- Life
- Medicare Prescription
- Drug Plans



**LEGAL**

**DOCUMENTS**

- Power of Attorney
- Wills
- Trusts

**ASSETS**

- Bank Accounts
- Stocks
- Bonds
- Mutual Funds

Toll Free

securing your future