Hello, and welcome to Four Pillars of a Successful Retirement.

Are you ready to begin?

Our Commitment

- Provide sound financial information
- Help you pursue financial goals in retirement
- Offer complimentary, no-obligation consultation

The information provided 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. You are encouraged to seek guidance from an independent tax or legal professional based on your individual circumstances.

Before we get started, I'd like to introduce myself and my company.

[Note to presenter: Give a brief personal background, then talk about your organization and give its location.]

Our commitment to the community extends beyond simply offering financial services. We are committed to helping people evaluate their financial situations and giving them tools to help them make informed decisions.

As part of that commitment, we use seminars like this one to provide individuals with sound financial information. In this particular seminar, we'll discuss some techniques that might help you pursue your financial goals in retirement.

We hope that after attending this two-session seminar, you'll want to meet with us in our office. This is a complimentary, no-obligation consultation that we offer to everyone who attends our seminars. During that meeting, we can discuss any questions you have as a result of what we discuss here. If you prefer, we can use that time to examine your specific situation and begin the process of helping you formulate a financial strategy that will suit your needs.

We know that we'll establish a working relationship with you only when *you* are confident that we can be of service. We want you to understand your options and to know how you may benefit from us.

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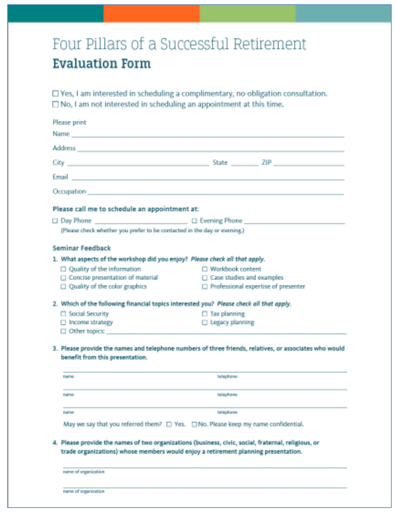
Workbook and Evaluation Form



Four Pillars of a Successful Retirement

Evaluation Form

☐ Yes, I am interested in scheduling a complimentary, no-obligation consultation.
☐ No, I am not interested in scheduling an appointment at this time.

Please print

Name ______

Address ______

City ______ State ______ ZIP ______

Email ______

Occupation ______

Please call me to schedule an appointment at:

☐ Day Phone ______ ☐ Evening Phone ______

(Please check whether you prefer to be contacted in the day or evening.)

Seminar Feedback

1. **What aspects of the workshop did you enjoy?** ***Please check all that apply.***
   - ☐ Quality of the information
   - ☐ Concise presentation of material
   - ☐ Quality of the color graphics
   - ☐ Workbook content
   - ☐ Case studies and examples
   - ☐ Professional expertise of presenter
2. **Which of the following financial topics interested you?** ***Please check all that apply.***
   - ☐ Social Security
   - ☐ Income strategy
   - ☐ Other topics: ______
   - ☐ Tax planning
   - ☐ Legacy planning
3. **Please provide the names and telephone numbers of three friends, relatives, or associates who would benefit from this presentation.**

   name ______ telephone ______

   name ______ telephone ______

   name ______ telephone ______

   May we say that you referred them? ☐ Yes. ☐ No. Please keep my name confidential.
4. **Please provide the names of two organizations (business, civic, social, fraternal, religious, or trade organizations) whose members would enjoy a retirement planning presentation.**

   name of organization ______

   name of organization ______

We've found that people are more likely to remember something they act on rather than something they only hear about. That's why we designed this workbook so you can apply what you learn to your situation. In it you'll find helpful material that reinforces the seminar's major points and will be a valuable resource for you. Feel free to highlight, underline, or make notes in whatever way serves you best.

Inside your workbook, you'll also find an evaluation form.

[Note to presenter: Pull out an evaluation form for your workshop participants to see.]

At the end of the presentation, please use this form to tell us whether you're interested in taking advantage of the complimentary, no-obligation consultation.

We'd like to make you two promises concerning this form. First, if you check "Yes, I am interested in scheduling a complimentary, no-obligation consultation," we'll call you in the next couple of days 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 directly after the seminar.

In exchange for these two promises to you, please promise that you will fill out this form. Many of our seminar attendees do come in for a consultation, so we've set aside time just to meet with you.

When you do come to our office, feel free to leave your checkbook at home. I'm very interested in developing working relationships with many of you, but that decision is yours.

Now that the housekeeping is out of the way, let's kick off this session with a question.

Are you prepared for one of the biggest, if not THE biggest, transitions in your life?

Retirement is usually seen as life’s reward for working hard, supporting a family, and saving your hard-earned dollars. You celebrate with a big party and then move into this exciting, new life stage. Is that how you envision it?

In the past, retirement often meant switching from a paycheck to a pension check, contacting Social Security to get benefits in motion, and maybe supplementing that income with the proceeds from downsizing a home or renting a property.

But times have changed. Retirement can now mean piecing together a big puzzle, composed of a variety of different resources, to ensure you have enough to live on — and maybe have something left to pass on to heirs if that’s one of your goals.

So let’s think about that for a minute. *[Pause for emphasis.]*

Do you have the **time**…

…the **desire**…

…and most important,
the **knowledge**…

…to build a financial strategy
for retirement?

<CLICK> Do you believe you have the time, **<CLICK>** the desire, and maybe most important, **<CLICK>** the *knowledge* **<CLICK>** to build a financial strategy that will help you live comfortably for what could be *decades*?

Maybe; then again, maybe not. That's why we're all here today: to arm you with the information you need to plan for a comfortable retirement.

Putting together a successful financial strategy for retirement takes very careful thought. Four factors, in particular, could affect your retirement lifestyle:

1. **<CLICK>** Social Security, which isn't as straightforward as many people think; you'll need to carefully decide when and how to tap your Social Security benefits

2. **<CLICK>** Developing an income strategy that, first and most important, covers your everyday expenses and basic needs; second, funds your "wants"; and third, still leaves as much room as possible for "surprises" such as unexpected medical costs that may crop up

3. **<CLICK>** Tax planning, or making sure Uncle Sam doesn't get more than his fair share

4. **<CLICK>** And finally, planning for your later years and beyond, especially if one of your objectives is to leave a legacy

Although we're calling these Four Pillars of a Successful Retirement, keep in mind that no strategy can truly guarantee 100% financial success. However, understanding a little more about the nuances within each of these pillars, and how they relate to each other, can help you become better prepared for what lies ahead.

Three Risks
(also known as external factors over which you have little control)

1. Inflation (cost of living)
2. Health-care costs
3. Market unpredictability

Before we get into the details of the four pillars, it might be helpful to understand three risks (clearly, we like numbers!) that can derail even the most well-thought-out financial plan. These could also be known as “external factors over which you have little control.”

They are:

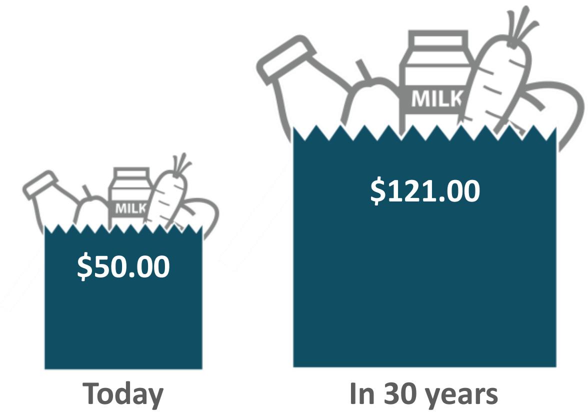
1. **<CLICK>** Inflation, or the rising cost of living
2. **<CLICK>** Health-care costs
3. **<CLICK>** Unpredictability of the financial markets

Your ability to live the retirement lifestyle you want — and deserve — may depend on how well you’re able to prepare for and manage these risks.

Let’s take a closer look at each one.

Inflation: Rising prices over time

Cost of a bag of groceries at a 3% annual inflation rate



This hypothetical example of mathematical principles is used for illustrative purposes only.
Actual results will vary.

First, inflation.

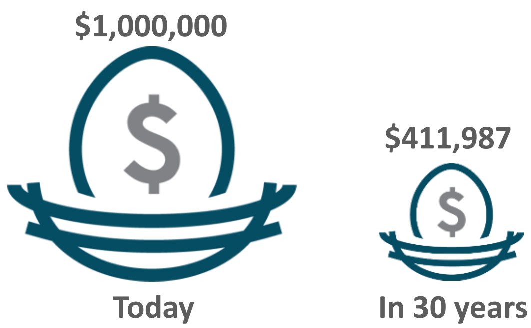
Inflation is the rise in consumer prices over time. It has an effect on everything from the cost of a car and a home, to energy prices, to a bag of groceries. Whether you realize it or not, you've been battling inflation throughout your working years. It could be even harder to deal with in retirement when you're on a fixed income.

Consider the example shown here. At just a 3% inflation rate, which is the approximate average over the past century according to the U.S. Bureau of Labor Statistics, the cost of a $50 bag of groceries will more than double in 30 years.

This hypothetical example of mathematical principles is used for illustrative purposes only. Actual results will vary.

Inflation: Your money also loses purchasing power over time

Effect of 3% annual inflation on a $1 million nest egg



This hypothetical example of mathematical principles is used for illustrative purposes only. Actual results will vary.

Inflation is the reason your money loses its purchasing power over time.

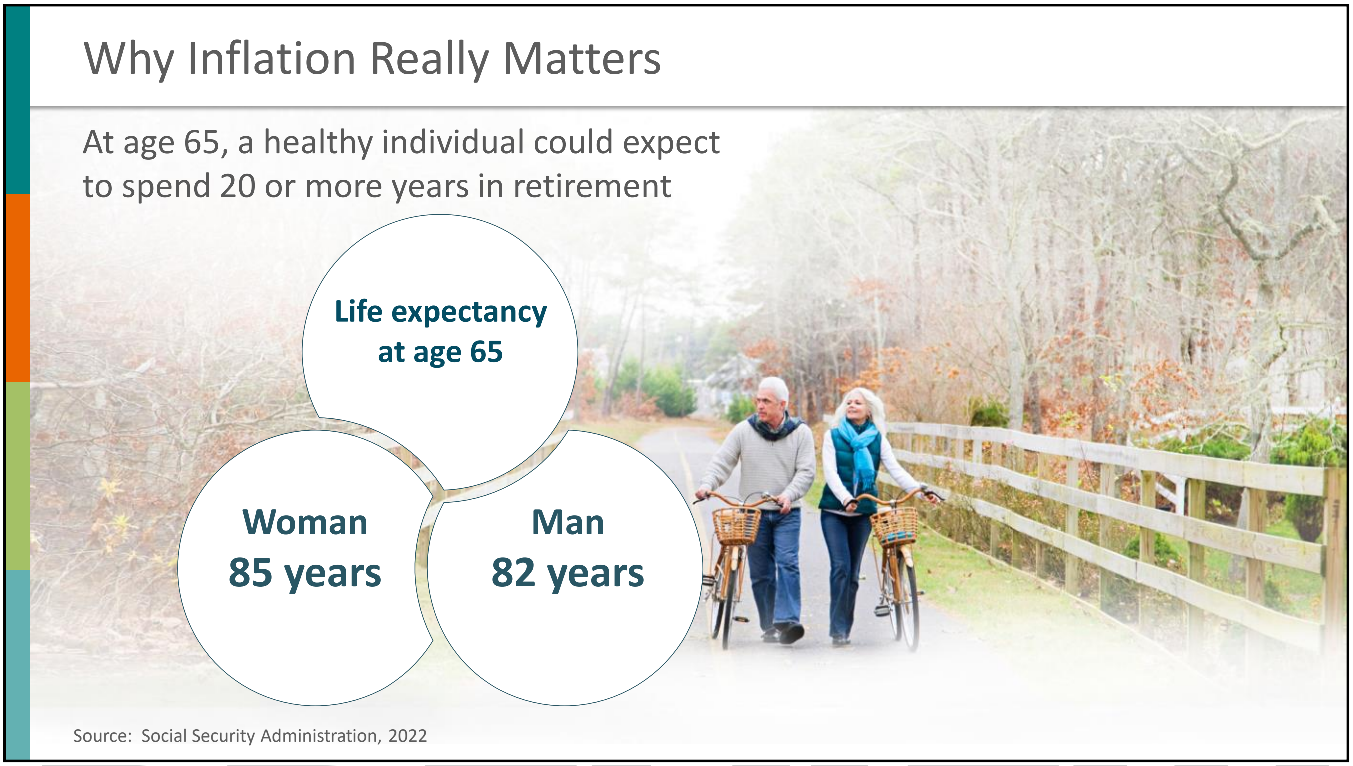
In 30 years, assuming 3% annual inflation, a $1 million nest egg would have the purchasing power of just a little more than $400,000.

That's why it's critical for your retirement portfolio to at least keep pace with (or ideally exceed) inflation to avoid losing purchasing power as the years go by.

Inflation was especially challenging in 2021 and 2022, when it rose 7.0% and 6.5% respectively — the largest 12-month increases since 1982.

Source: U.S. Bureau of Labor Statistics, 2023

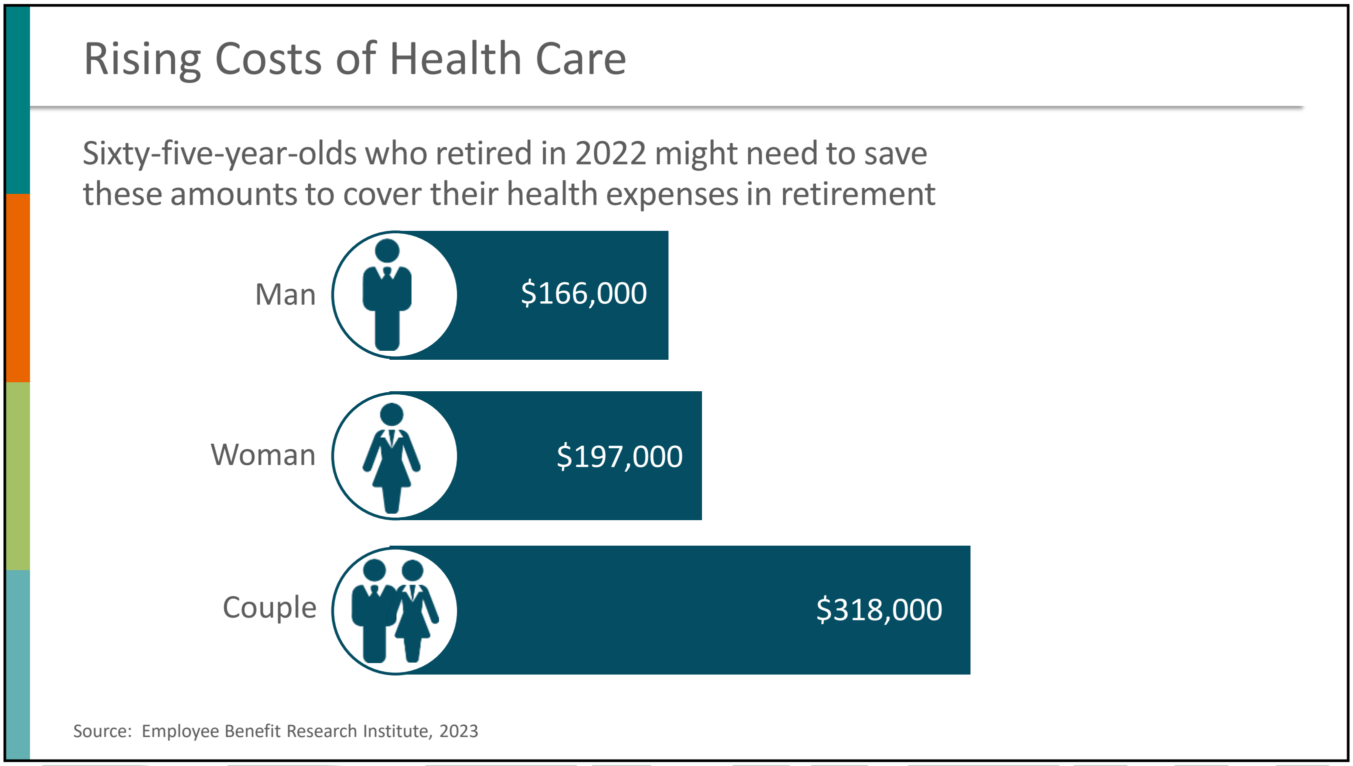
This hypothetical example of mathematical principles is used for illustrative purposes only. Actual results will vary.



This might be the most important reason yet why inflation matters: You could have a good chance of living a retirement that lasts 20 years. And you don't want to run out of money before you run out of time.

Of course, inflation isn't the only factor to consider. So that brings us to our second risk: health-care costs.

Source: Social Security Administration, 2022



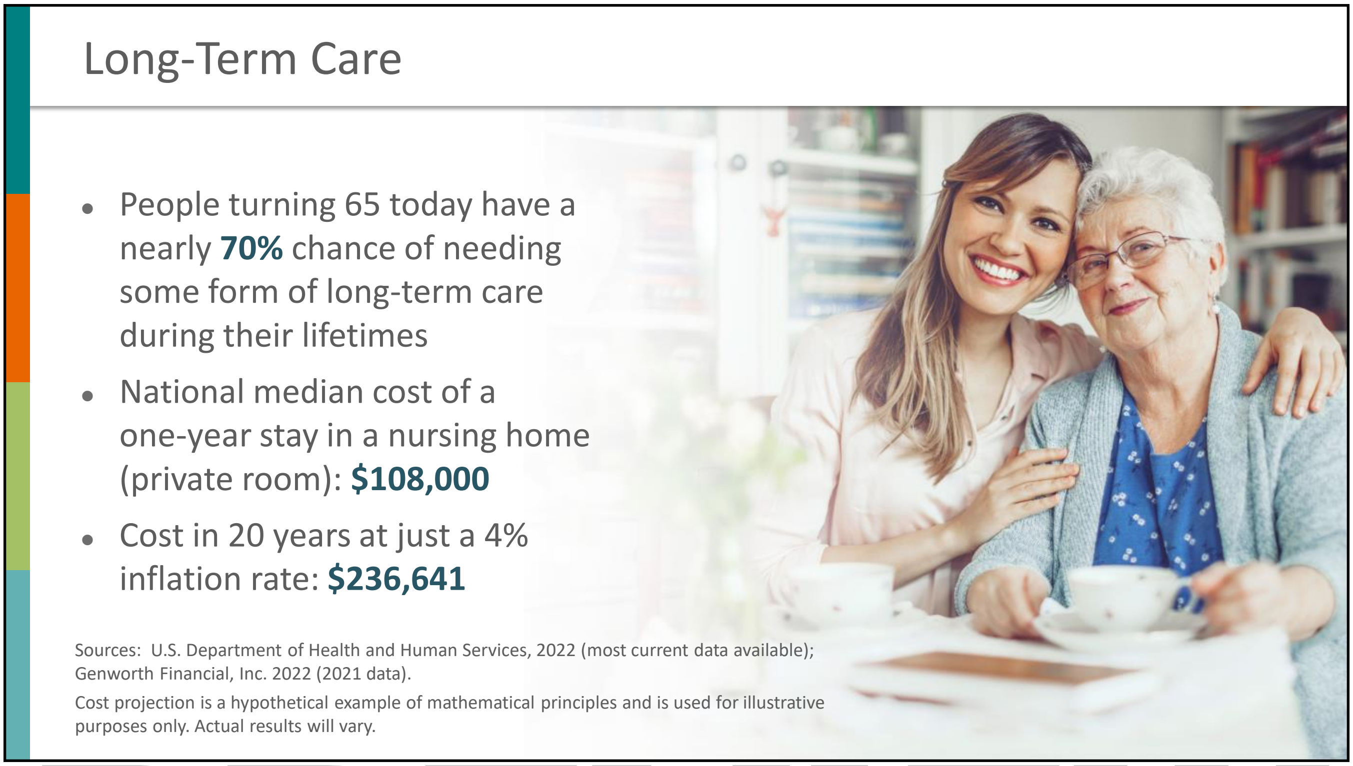
Many people underestimate the potential cost of health care in retirement, forgetting the premiums, copays, deductibles, and prescription drugs they might have to cover — even with Medicare, which typically covers approximately 60% of the average retiree's health-care costs.

How much could you spend on health care in retirement?

If Medicare benefits remain unchanged, it's estimated that a 65-year-old couple might need to save $318,000 to cover health care alone. This slide also shows how much a single man and woman might need.

Consider that medical costs could be even higher for those with chronic illnesses or high prescription drug costs. And other costs, such as dental expenses, glasses, and hearing aids for those who need them, aren't captured in these figures.

Source: Employee Benefit Research Institute, 2023



Another health-related cost many retirees eventually face is the need for long-term care.

Long-term care refers to the assistance needed to manage a chronic illness, disability, or cognitive impairment that leaves you unable to care for yourself for an extended period of time. It includes nursing home care, as well as care provided in an assisted-living facility, adult day-care center, or even at home.

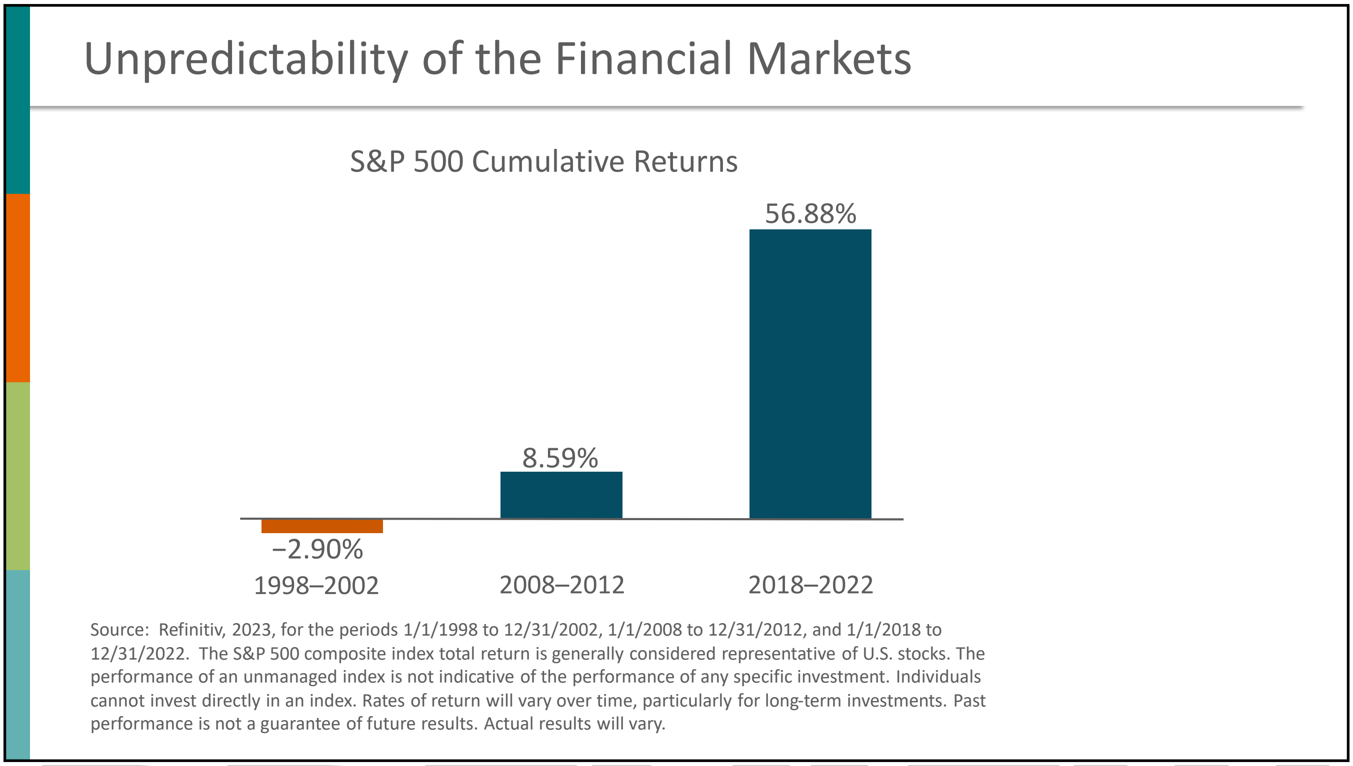
The statistics surrounding long-term care can be scary. Consider:

- People turning 65 today have a nearly 70% chance of needing some form of long-term care during their lifetimes.[1]
- The national median cost of a private room in a nursing home is about $108,000, and in many states the actual cost is much higher.[2]
- If costs rise at just 4% a year (a conservative estimate), a one-year stay in a private room in a nursing home could reach about $237,000 by 2043.

Unfortunately, Medicare and traditional medical insurance offer little or no relief for this type of care. And if you qualify for Medicaid by spending down your assets, it typically means you lose some control over where you receive care and, subsequently, the type of care offered.

Okay, so now that I *really* have your attention, let's look at yet another financial challenge you will likely face.

Sources: 1) U.S. Department of Health and Human Services, 2022 (most current data available); 2) Genworth Financial, Inc. 2022 (2021 data). Cost projection is a hypothetical example of mathematical principles and is used for illustrative purposes only. Actual results will vary.



The third and final risk we'll mention is the unpredictability of the financial markets.

It's a hard truth of investing: The financial markets change, often unexpectedly and sometimes dramatically. Generally, it's a case of *when* and not *if* it happens.

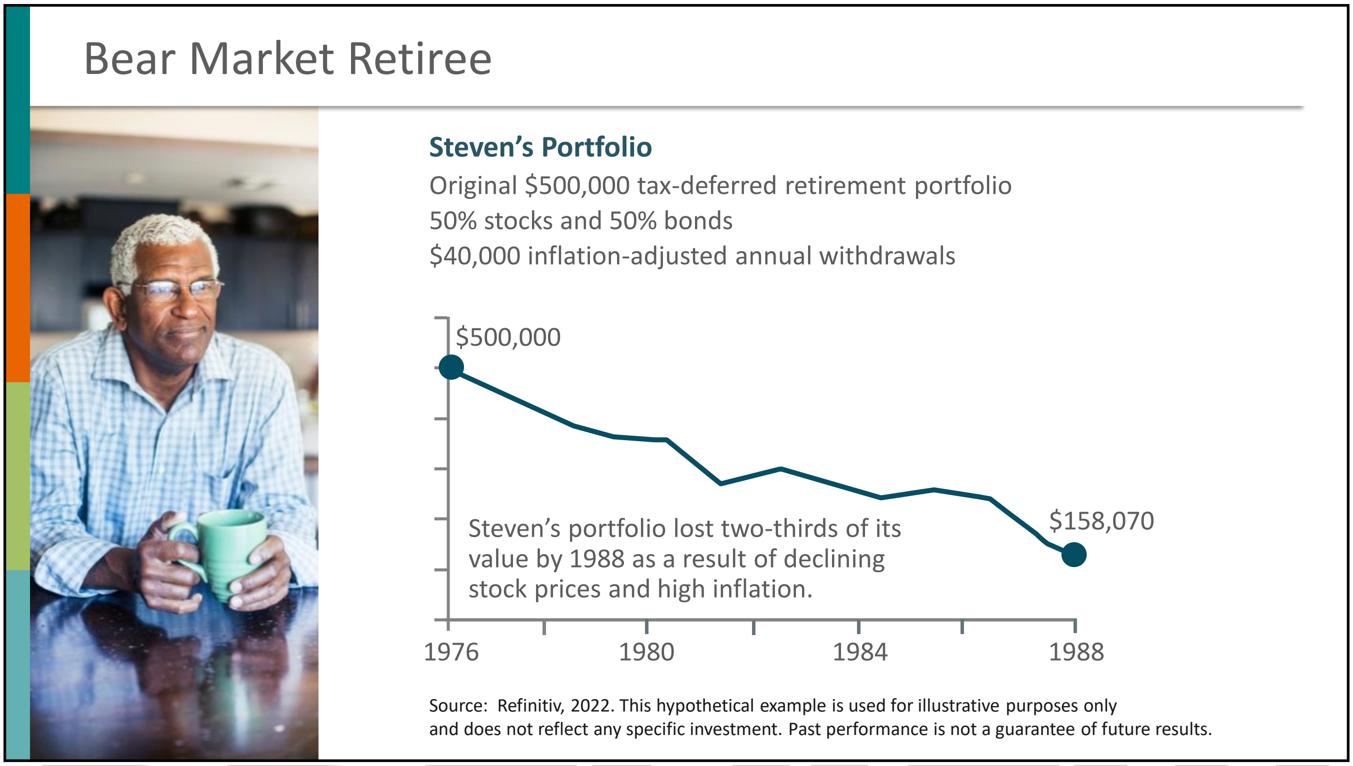
And *if* it happens *when* you're about to retire, or when you're in the midst of drawing on your retirement investments for income, it can be unsettling to say the least.

Consider these outcomes, which show the cumulative returns of the S&P 500 composite stock index over three different five-year periods: 1998 to 2002, 2008 to 2012, and 2018 to 2022. *(The cumulative return looks at the total percentage increase or decrease in the value of an investment over a specific time period.)*

As you can see, these three time periods produced vastly different results. Although two of the cumulative returns were positive, the five-year period from 1998 to 2002 had a negative cumulative return.

Let's look at an extreme example — a moment in time — showing how this can affect an investment portfolio.

Source: Refinitiv, 2023, for the periods January 1, 1998, to December 31, 2002; January 1, 2008, to December 31, 2012; and January 1, 2018, to December 31, 2022. The S&P 500 composite index total return is generally considered representative of U.S. stocks. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Past performance is not a guarantee of future results. Actual results will vary.



Steven, who retired in 1976, unfortunately experienced a bear market environment — a period during which the value of the market consistently fell.

By 1988, Steven's portfolio had lost two-thirds of its value, largely as a result of declining stock prices and high inflation.

Now consider if you were about to retire or in retirement during a period of declining prices. Would you be concerned? *[Pause for emphasis.]*

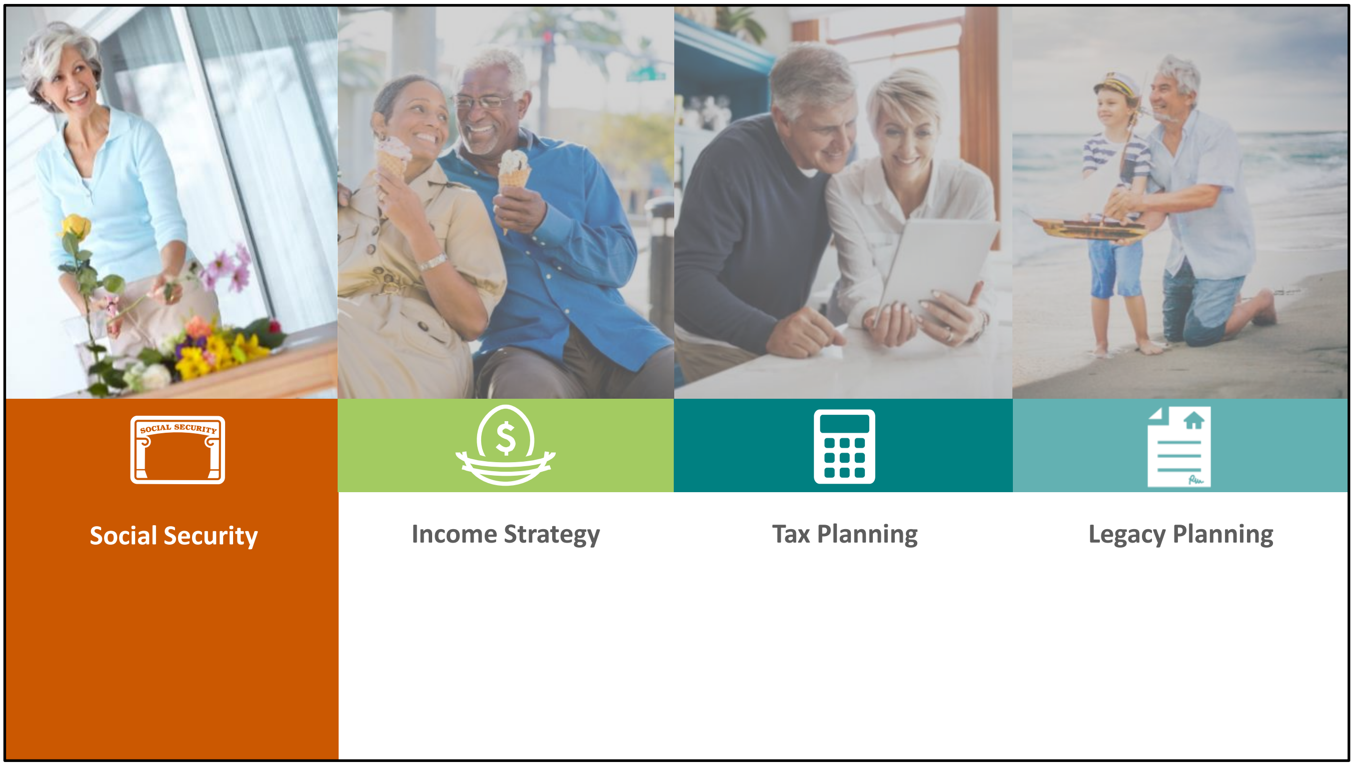
If so, take heart — because now it's time to roll up our sleeves and shift gears a bit. But we'll keep the three risks we discussed — inflation, health-care costs, and market unpredictability — in the back of our minds for the duration of this presentation. We'll point out how they fit in along the way.

Source: Refinitiv, 2022, for the period January 1, 1976, to December 31, 1988. This hypothetical example is used for illustrative purposes only and does not reflect any specific investment. The original $500,000 portfolio held 50% stocks and 50% bonds in tax-deferred accounts. In the first year, $40,000 was withdrawn for income, and in subsequent years an inflation-adjusted equal amount was withdrawn. Stocks are represented by the Standard & Poor's 500 composite total return, which is generally considered representative of the U.S. stock market. Bonds are represented by the Citigroup Corporate Bond Composite Index, which is generally considered representative of the corporate bond market. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Rates of return will vary over time, particularly for long-term investments.

Now let's turn our attention back to our main topic: Four Pillars of a Successful Retirement. Throughout the presentation, we will walk through an in-depth examination of each pillar.

To recap, the four pillars are Social Security, developing an income strategy, tax planning, and legacy planning. We'll focus on the first two pillars during the first session, and the next two pillars during the second session.

First up: Social Security.

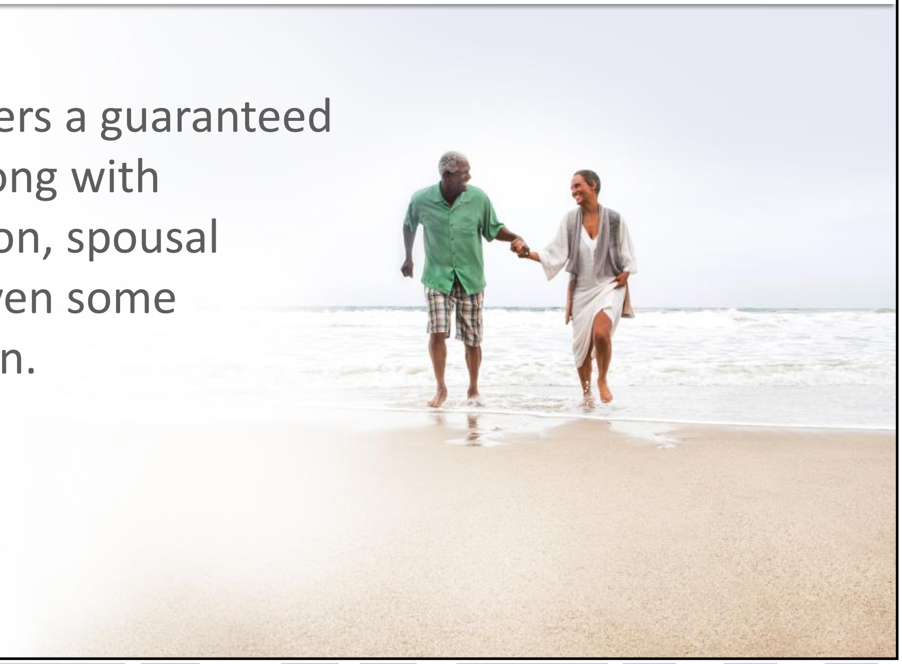


Let's dive into the first of the four pillars — Social Security. We're going to discuss basic elements of the Social Security program and focus on filing strategies that might increase the lifetime benefits you could receive.

Keep in mind that there are many combinations for how a married couple can claim Social Security retirement benefits and spousal benefits, as well as other filing strategies. In fact, according to the Social Security Administration, the claiming-age combinations that married couples might choose range from nearly 10,000 to 40,000, depending on their respective birth years. We won't get that detailed today, but we will discuss benefit-enhancement strategies and some common pitfalls to avoid.

Income That Will Last a Lifetime

Social Security offers a guaranteed income stream along with longevity protection, spousal protection, and even some inflation protection.



One of the greatest concerns of retirees and near-retirees is the fear of outliving their assets. Although traditional pensions once provided a steady income for many retirees, the number of companies offering such plans has declined dramatically.

Social Security offers benefits similar to a pension, plus a lot more. Not only does it provide a guaranteed income stream, but it also offers longevity protection, spousal protection, and even some inflation protection. Yet the ultimate value of Social Security benefits is often overlooked.

For example, did you know that if you delay claiming benefits past full retirement age, you could increase your payments by as much as 8% a year? It would be hard to find a risk-free investment that currently offers that kind of payout.

Whether you’re single, married, divorced, or widowed, there are strategies that might increase the monthly and lifetime Social Security benefits you receive. We want you to understand your claiming options and avoid costly mistakes that could reduce the Social Security income that you, and possibly your spouse, receive.

History Behind America's Retirement Safety Net

Old-Age, Survivors, and Disability Insurance (OASDI) Program

- Signed into law in 1935 during the Great Depression
- Social Security is an important source of income for retirees

Let's start with some history on the Old-Age, Survivors, and Disability Insurance (OASDI) program, which is the official name of Social Security. It was created as part of Franklin Delano Roosevelt's New Deal legislation during the Great Depression and signed into law in 1935. It is now the federal government's largest single program.

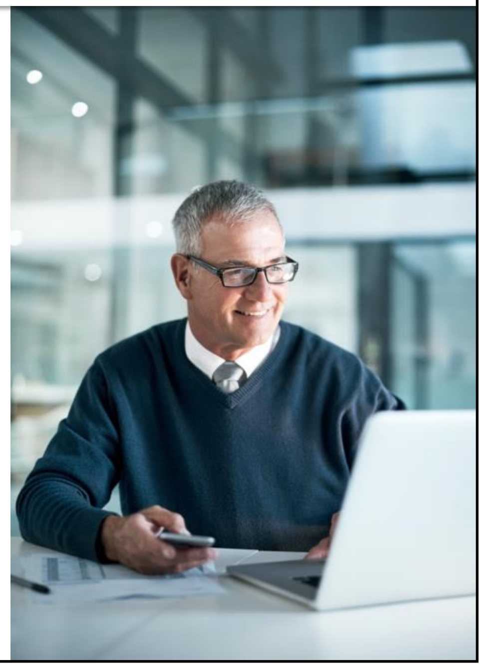
Social Security benefits were intended as a *supplement* for retirees, not as a sole means of support. But over time, many retirees — as well as some disabled individuals and families of deceased workers — have become very dependent on their monthly Social Security payments.

<CLICK> Social Security is an important source of income for retirees.

Who Is Eligible for Social Security Benefits?

- A worker who has accumulated a minimum of **40 work credits** (about 10 years of work)

  Benefit is based on an average of the ***highest 35 years of earnings*** *in which the worker paid payroll taxes*
- The spouse of an eligible worker
- An ex-spouse who was married at least 10 years to an eligible worker
- A surviving spouse



If you have worked and accumulated a minimum of **40 work credits**, which is 40 fiscal quarters or about 10 years of work, you are entitled to receive Social Security retirement benefits.

Your benefit is based on an average of the **highest 35 years of earnings** in which you paid Social Security payroll taxes.

If you worked fewer years, worked part-time, or had long periods of unemployment, the years in which you had low or zero earnings will be averaged into the calculation and could affect your benefits.

<CLICK> If you are the spouse of an eligible worker, you can collect Social Security spousal benefits regardless of whether you worked or not.

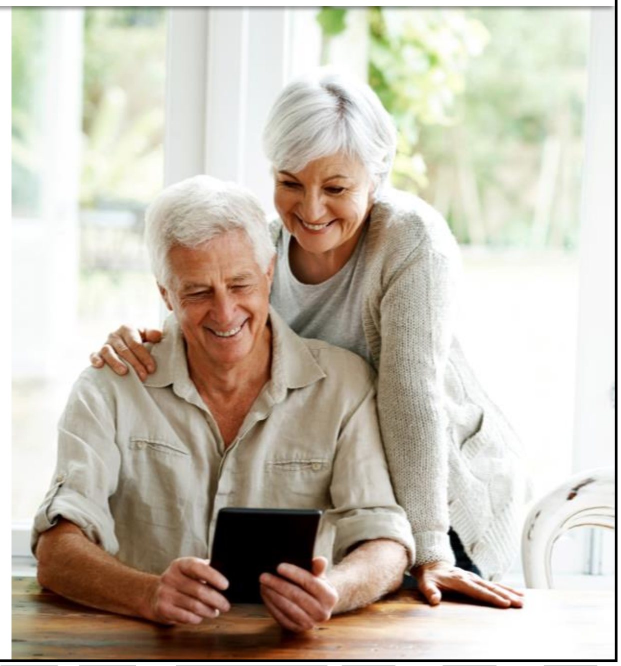
<CLICK> Even the former spouse of an eligible worker may be entitled to Social Security benefits based on the ex's work record if they were married for at least 10 years and the individual has not remarried.

<CLICK> And surviving spouses of workers are eligible for survivor benefits.

We'll explore this later in the seminar.

Your Social Security Statement

Visit **ssa.gov/myaccount/**
to create a *my* Social Security
account and view your
Social Security Statement online.



To determine the potential benefits you might receive, you should look at your Social Security Statement.

Your Statement summarizes your annual earnings that were subject to payroll taxes, shows how much you and your employer(s) paid in Social Security and Medicare taxes, and estimates your retirement benefits based on up to nine different claiming ages, including age 62, full retirement age, and age 70. It also includes some facts about Social Security and Medicare and what the programs might mean to you.

Social Security Statements are mailed annually to workers who are 60 and older, not receiving benefits, and don't have an online *my* Social Security account.

At any age, you can view your Statement online by creating your own personal account on the Social Security website at ***ssa.gov/myaccount/***.

Even after you start receiving Social Security benefits, an online personal account can be helpful. You can access your account to print Social Security and Medicare benefit information, update your address, and change your direct deposit data.

Source: Social Security Administration, 2022

Understanding COLAs

Years	COLA
Since 1975	**3.75% average**
2012	**3.6%**
2013	**1.7%**
2014	**1.5%**
2015	**1.7%**
2016	**0%**
2017	**0.3%**
2018	**2.0%**
2019	**2.8%**
2020	**1.6%**
2021	**1.3%**
2022	**5.9%**
2023	**8.7%**

After factoring in the 2023 COLA, the average monthly benefit for a retired worker is $1,827.

Source: Social Security Administration, 2022

Because Social Security benefits are indexed for inflation, your monthly benefit could increase as the cost of living rises from year to year. Thanks to these cost-of-living adjustments (COLAs), some people refer to Social Security as an inflation-protected asset that will help maintain the purchasing power of those benefits.

Under the current system, the automatic COLA is equal to the annual percentage increase — if any — in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Since 1975, the average annual COLA has been approximately 3.75%. Social Security beneficiaries have received a COLA almost every year since 1975, but there was no COLA for 2010, 2011, or 2016 because inflation was too low to trigger an increase.

After factoring in the 2023 COLA, the average monthly benefit for a retired worker is $1,827.

Source: Social Security Administration, 2022

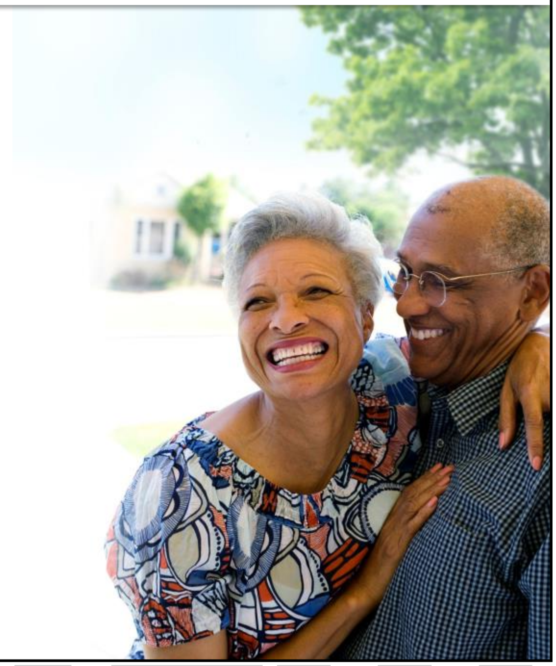
When Can You Claim Social Security Retirement Benefits?

Benefits are based on the age when you claim them.

- Earliest age: **62***
- Full retirement age: **66 to 67****
- Latest age: **70**

*Surviving spouses can claim survivor benefits at age 60.

**Full retirement age varies depending on year of birth.



Let's discuss when you can claim benefits and what you might receive from Social Security based on how the rules work today. Of course, considering the fiscal challenges that Social Security faces, it is possible that the rules may change in the future.

Social Security benefits are based on how much you earned during your working career and the age when you start claiming benefits.

Generally, the earliest age to claim benefits is 62. (*Surviving spouses, however, can claim survivor benefits as early as age 60.)*

"Full retirement age" ranges from 66 to 67, depending on year of birth.

You can receive your maximum monthly benefit by waiting until age 70 to claim Social Security.