Building confidence in retirement with income planning

The importance of recognizing and planning for income risks in retirement

Risk 1: Market volatility impacts income planning

Here's a hypothetical: a retiree that withdraws \$30,000 annually for flexible expenses experiences a 25% fall in their investments. They'll need to decrease flexible spending to \$22,000 a year to maintain the same expected longevity of their investments.

The Challenge:

Market Volatility

The Original Income Plan

Reduce Yearly Spending

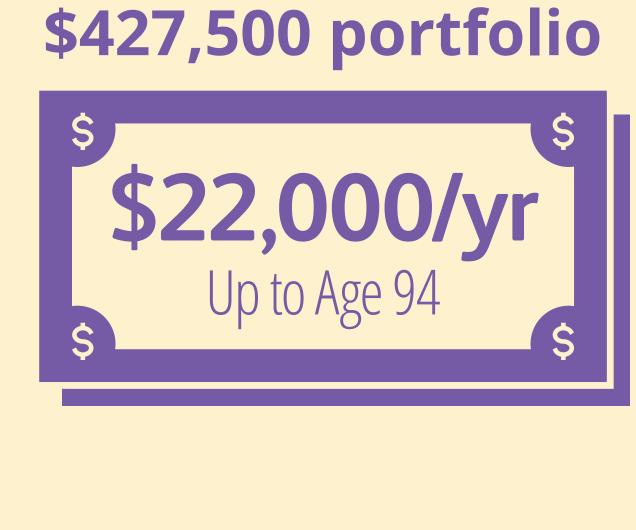
Age 66,

The Solution:

Age 65, \$600,000 portfolio







Risk 2: The risk of unknown



longevity

92 years old

Most of today's pre-retirees and

A healthy non-smoking couple can expect to have one member live 29 years into retirement to age 94 at the 50th percentile.1

confidence in your clients

retirees believe they will live to age 85.

greater than you think

Risk 3: Medical costs could be



Health care costs are soaring and are expected to rise 5.5% over the next decade.² Retirees need to be

prepared to cover those inflexible healthcare cost later in life.

3 steps for tailoring a strategy that helps turn your clients' investments into a satisfying lifestyle in retirement

Create a goals-based income plan that builds

First, understand where your clients are coming from

Only 17%

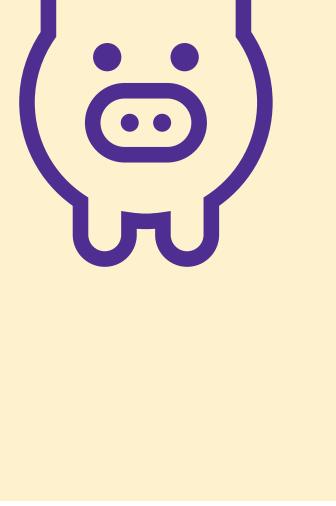


STEP 1. Set lifestyle and legacy priorities Determine how much savings retirees want to devote to funding a lifestyle and how

of workers, age

60-69, will receive a

retirement pension.4



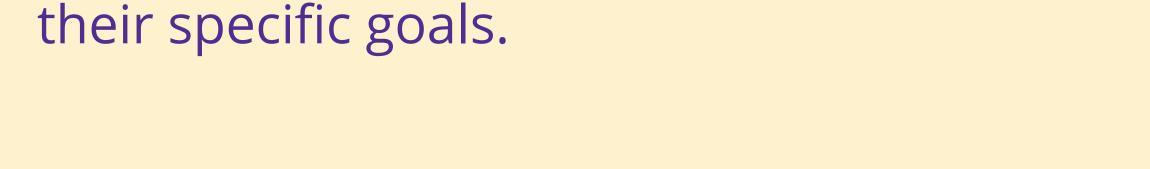
face the complex task of turning their savings into income.⁴

Legacy

The other 83% save in

retirement plans such

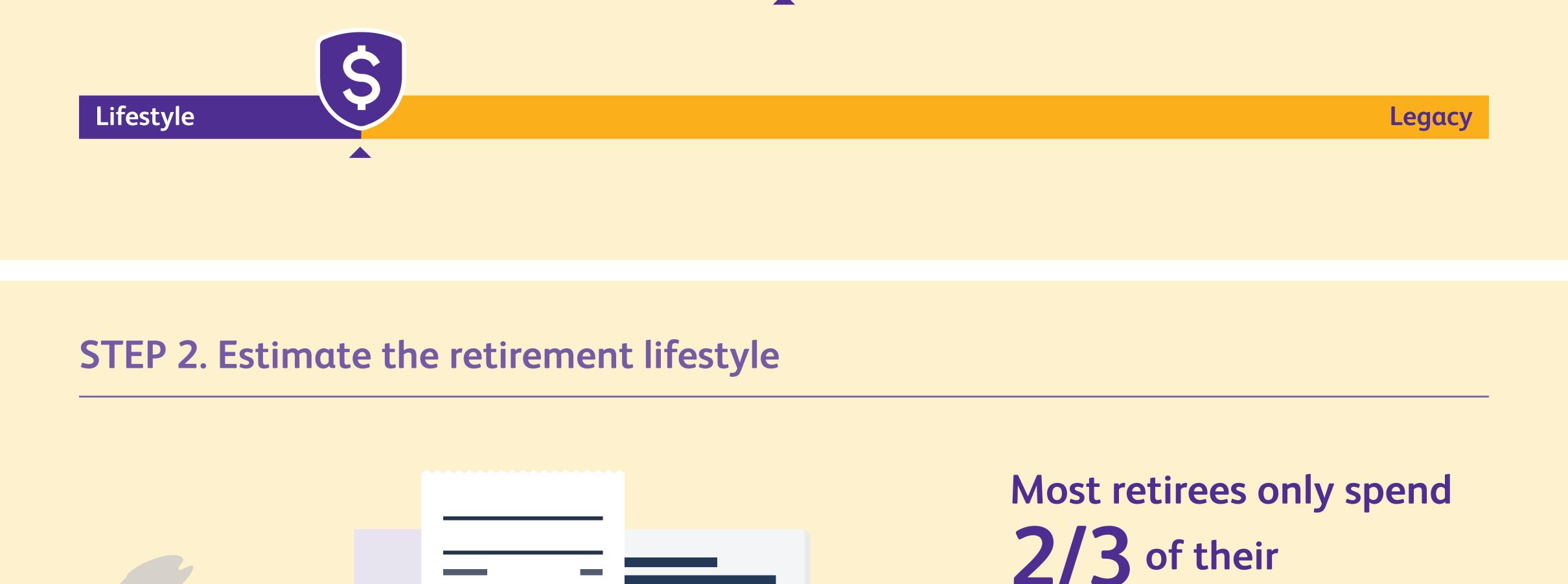
as a 401(k) or IRA and



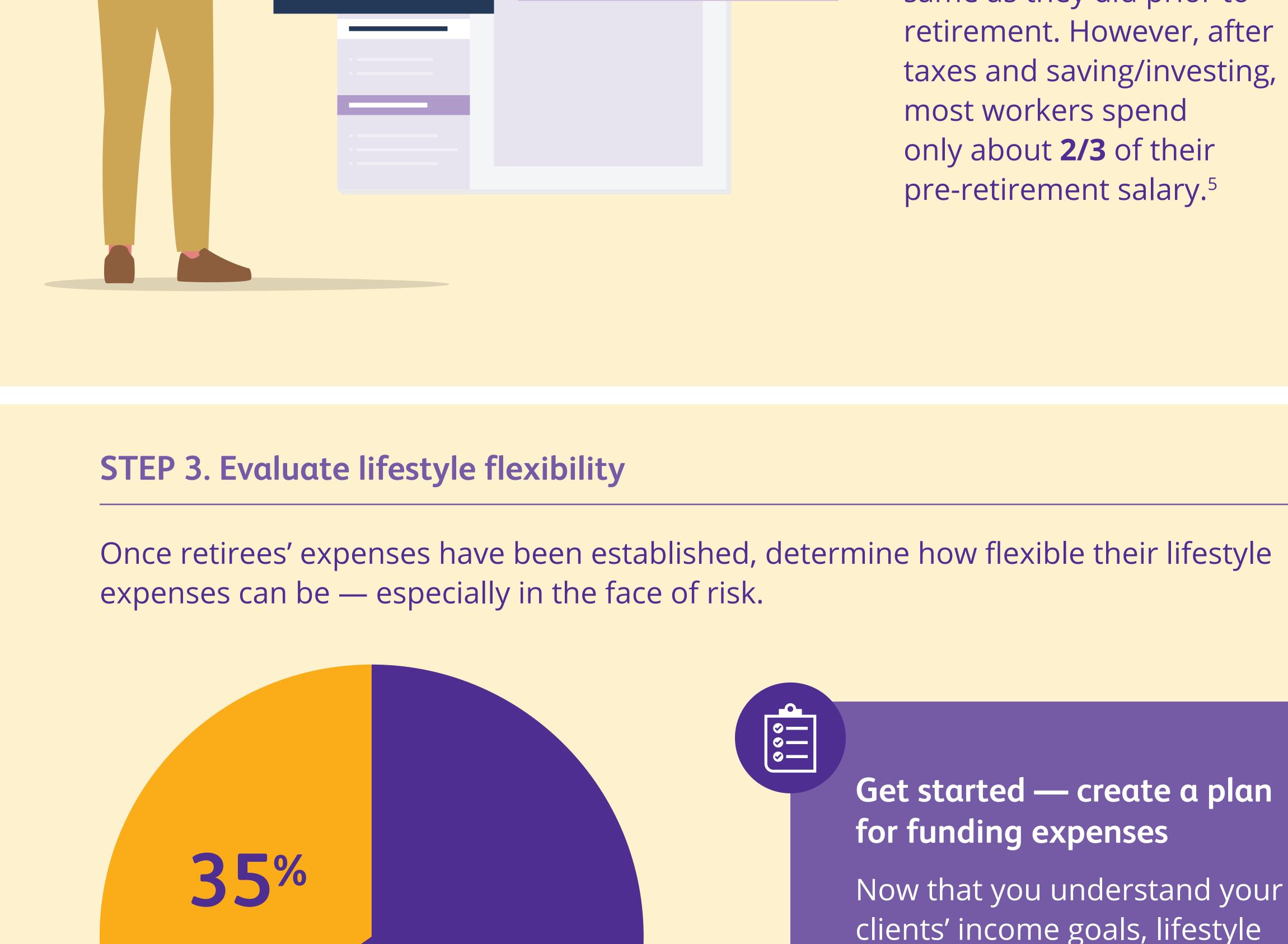
Lifestyle

Lifestyle Legacy

much they wish to leave as a legacy. This helps develop an income plan that aligns with



TAXES



same as they did prior to retirement. However, after taxes and saving/investing, most workers spend only about 2/3 of their

pre-retirement salary.⁵

retirees spend about the

pre-retirement salary

Before determining the

first understand that

cost of funding your clients'

lifestyle and legacy priorities,

and legacy priorities and lifestyle

flexibility, the next step is to

expenses in retirement.

create a plan for funding their

Flexible expenses

Did you know guaranteed income in retirement helps build clients' confidence? Curious how you can help clients feel more

Inflexible expenses

retirement plan? The answer often lies in guaranteed income solutions, like annuities, which are especially useful for funding inflexible expenses when the length of retirement is unknown.

confident in the long-term viability of their

you protect your clients' retirement income, contact your wholesaler at 800-628-6390.

To learn more about how annuities can help

- Blanchett, Ph.d, CFP, D. (2021, August). How to Estimate 'The End' of Retirement. Financial Planning Association. Retrieved May 23, 2022, from https://www.financialplanningassociation.org/article/journal/AUG21-how-estimate-end-retirement 2. Center for Medicare and Medicaid Services National Health Expenditures, February 2019 and Bureau of Economic Analysis, National Income and Product Accounts, April 2019. Compiled by the Peter G. Peterson Foundation.
- 3. 2022 Granum Center for Financial Security Survey of Consumer Attitudes toward Financial Advice. Sample of 1,157 consumers with investable assets greater than \$25,000. Calculated by author from the 2018 University of Michigan Health and Retirement Study. https://hrs.isr.umich.edu/about

5. Calculated from the 2017-2018 Consumer Expenditure Survey by author https://www.bls.gov/cex/ The Protective trademarks, logos and service marks are property of Protective Life Insurance Company and are protected by copyright, trademark, and/or other

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