Ever ask yourself... “What’s My Income?”
“Knowing your number is not the same as knowing your income.”
Three Big Risks™

Timing Risk
Inflation Risk
Longevity Risk
ROI
RETURN ON INVESTMENT

ROI
RELIABILITY OF INCOME™
EXTRA IMPORTANT INFORMATION

PLEASE PAY SPECIAL ATTENTION
THESE ARE TRYING TIMES

There’s much that concerns us as we live our daily lives.
THE CHALLENGES

ADVANTAGES CONVEYED

EDUCATION MATERIAL POSSESSIONS

A CHALLENGE AHEAD

WE MUST SHOULDER MORE OF THE BURDEN
A “PERFECT STORM”

A COMBINATION OF FIVE FACTORS
HAVE CONSPIRED TO THREATEN THE
RETIREMENT SECURITY OF MANY PEOPLE
MARRIED COUPLES
RETIEMENTS COULD LAST 25, 30, OR EVEN 40 YEARS.

50% CHANCE THAT ONE SPOUSE WILL LIVE TO AGE
80  90  100

25% CHANCE THAT ONE SPOUSE WILL LIVE TO AGE
80  90  100

* SOURCE: ANNUITY 2000 MORTALITY TABLE, SOCIETY OF ACTURIES
FACTOR TWO

LOW INTEREST RATES

AN ADVANTAGE FOR BORROWERS

DISADVANTAGE FOR THOSE WHO RELY ON INTEREST INCOME

IN TERMS OF BEING ABLE TO PRODUCE INCOME, THE VALUE OF MONEY CHANGES ALL THE TIME.

$500,000

<table>
<thead>
<tr>
<th>RATE</th>
<th>WEEKLY</th>
<th>MONTHLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.27%</td>
<td>$26.15</td>
<td>$113.33</td>
</tr>
</tbody>
</table>

This is a hypothetical example for illustrative purposes only. It is not intended to reflect the actual performance of any security. Investments involve risk and you may incur a profit or a loss. Representative CD rate source Bankrate.com, 09/01/2016.
FACTOR THREE

INFLATION

1940's
BREAD COST
$0.25
A CAR COST
$800
A HOUSE COST
$9,000

1960's 1970's TODAY +10 YEARS +20 YEARS
$1.00 0.68 0.13 -25% -50%

Sources: 2014 Bureau of Labor Statistics
CPI Inflation Calculation

MUTUAL FUND INVESTORS
THE GREATEST BULL MARKET IN STOCKS IN US HISTORY

WHY?

Past performance is not a guarantee of future results. S&P 500 is an unmanaged index of 500 widely held stocks. Inclusion is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor’s results will vary.

Source: DALBAR, Inc. 2015 QAIB Quantitative Analysis of Investor Behaviour.
Emotional Momentum Factor™ ("EMF")
SAVING V’s INVESTING
UNDERSTANDING THE DIFFERENCE
THE TWO COLORS OF MONEY

**RED MONEY**
- 01 “HOT”
- 02 CHASES RETURNS
- 03 TAKES ON RISK
- 04 VOLATILE
- 05 THE MONEY WE INVEST

**GREEN MONEY**
- 01 ACCEPTS NO RISK
- 02 CRAVES STABILITY
- 03 WILLING TO ACCEPT A LOWER RATE OF RETURN
- 04 THE MONEY WE SAVE
THE TRUTH IS

MOST PEOPLE NEED BOTH RED AND GREEN DOLLARS.

DO YOU KNOW

ANYONE WHO HAS LOST MONEY INVESTING?

ANYONE WHO HAS LOST MONEY IN A SAVINGS ACCOUNT?

LIFE EXPERIENCES

COMFORT IN THE BAD TIMES
The potential to achieve excellent investing results is not to be found in timing the market...it’s a function of time in the market.
AT AGE 70 ½ THE IRS MANDATES THAT YOU BEGIN TAKING MONEY FROM YOUR RETIREMENT ACCOUNTS
REQUIRED MINIMUM DISTRIBUTIONS (RMDS)
POTENTIALLY SUBJECT TO A TRIPLE TAX*
INCOME TAX
INCREASE IN TAX PAYABLE ON SOCIAL SECURITY BENEFITS
ESTATE TAXES*

FACTOR FIVE
TAXES
Many challenges to meet. A new strategy is called for.
OPTIONAL LAUNCH OF CONSUMER PRESENTATION
What’s My Income?
Knowing your “number” is not the same as knowing your income?
The following examples are illustrations of mathematical principles. Rates of returns used are hypothetical and do not reflect the performance of any individual investment or group of investments.

Returns reflect the distribution of income at the beginning of each period, and the reinvestment of interest at the end of each period. The returns also do not reflect the deduction of any taxes, investment, investment management, or brokerage fees, all of which will lower the stated returns.

There is no guarantee that over the time period shown your account will achieve the projected return. Investing involves risk, including loss of principal. An investor’s shares, when sold, may be worth more or less than the original purchase price. Past performance does not guarantee future results.
Would you leave retirement security to chance?

The date you pick to retire means a lot!

Supposed you retired in a year that was bad for investments?

2000 or 2008

Would it make a difference?
HYPOTHETICAL EXAMPLE OF TWO RETIREES

MOLLY
$100,000 in SAVINGS

SANDRA
$100,000 in SAVINGS

THEIR SAVINGS WILL ACCUMULATE OVER 10 YEARS
<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Year Value</th>
<th>Rate-of-Return</th>
<th>End of Year Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100,000</td>
<td>5%</td>
<td>$105,000</td>
</tr>
<tr>
<td>2</td>
<td>$105,000</td>
<td>-8%</td>
<td>$ 96,600</td>
</tr>
<tr>
<td>3</td>
<td>$ 96,600</td>
<td>-3%</td>
<td>$ 93,702</td>
</tr>
<tr>
<td>4</td>
<td>$ 93,702</td>
<td>14%</td>
<td>$106,820</td>
</tr>
<tr>
<td>5</td>
<td>$106,820</td>
<td>9%</td>
<td>$116,434</td>
</tr>
<tr>
<td>6</td>
<td>$116,434</td>
<td>4%</td>
<td>$121,091</td>
</tr>
<tr>
<td>7</td>
<td>$121,091</td>
<td>16%</td>
<td>$140,465</td>
</tr>
<tr>
<td>8</td>
<td>$140,465</td>
<td>7%</td>
<td>$150,298</td>
</tr>
<tr>
<td>9</td>
<td>$180,298</td>
<td>-21%</td>
<td>$118,735</td>
</tr>
<tr>
<td>10</td>
<td>$118,735</td>
<td>4%</td>
<td>$123,484</td>
</tr>
</tbody>
</table>

Average = 2.13%
<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Year Value</th>
<th>Rate-of-Return</th>
<th>End of Year Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100,000</td>
<td>4%</td>
<td>$104,000</td>
</tr>
<tr>
<td>2</td>
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<td>-21%</td>
<td>$ 82,160</td>
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<td>7%</td>
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<tr>
<td>4</td>
<td>$ 87,911</td>
<td>16%</td>
<td>$101,976</td>
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<tr>
<td>5</td>
<td>$101,976</td>
<td>4%</td>
<td>$106,056</td>
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<tr>
<td>6</td>
<td>$106,056</td>
<td>9%</td>
<td>$115,601</td>
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<td>7</td>
<td>$115,601</td>
<td>14%</td>
<td>$131,785</td>
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<tr>
<td>8</td>
<td>$131,785</td>
<td>-3%</td>
<td>$127,831</td>
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<tr>
<td>9</td>
<td>$127,831</td>
<td>-8%</td>
<td>$117,604</td>
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<tr>
<td>10</td>
<td>$117,604</td>
<td>5%</td>
<td>$123,484</td>
</tr>
</tbody>
</table>

Average = 2.13%
When you accumulate money, the sequence-of-returns doesn’t matter.

What that matters is the "average" return.
## Molly taking income

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Year Value</th>
<th>Rate-of-Return</th>
<th>Annual Withdrawal</th>
<th>End of Year Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100,000</td>
<td>4%</td>
<td>$6,000</td>
<td>$98,000</td>
</tr>
<tr>
<td>2</td>
<td>$ 98,000</td>
<td>5%</td>
<td>$6,000</td>
<td>$ 96,900</td>
</tr>
<tr>
<td>3</td>
<td>$ 96,900</td>
<td>9%</td>
<td>$6,000</td>
<td>$ 99,621</td>
</tr>
<tr>
<td>4</td>
<td>$ 99,621</td>
<td>7%</td>
<td>$6,000</td>
<td>$100,594</td>
</tr>
<tr>
<td>5</td>
<td>$100,594</td>
<td>-6%</td>
<td>$6,000</td>
<td>$ 88,558</td>
</tr>
<tr>
<td>6</td>
<td>$ 88,558</td>
<td>11%</td>
<td>$6,000</td>
<td>$ 92,300</td>
</tr>
<tr>
<td>7</td>
<td>$105,077</td>
<td>13%</td>
<td>$6,000</td>
<td>$112,737</td>
</tr>
<tr>
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<td>$112,737</td>
<td>11%</td>
<td>$6,000</td>
<td>$119,139</td>
</tr>
<tr>
<td>9</td>
<td>$119,139</td>
<td>-14%</td>
<td>$6,000</td>
<td>$ 96,459</td>
</tr>
<tr>
<td>10</td>
<td>$ 96,459</td>
<td>-20%</td>
<td>$6,000</td>
<td>$ 71,167</td>
</tr>
</tbody>
</table>

TWO LOSSES LATE IN RETIREMENT

Molly's annual withdrawal is $6,000.
<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Year Value</th>
<th>Rate of Return</th>
<th>Annual Withdrawal</th>
<th>End of Year Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$100,000</td>
<td>-20%</td>
<td>$6,000</td>
<td>$74,000</td>
</tr>
<tr>
<td>2</td>
<td>$74,000</td>
<td>-14%</td>
<td>$6,000</td>
<td>$57,640</td>
</tr>
<tr>
<td>3</td>
<td>$57,640</td>
<td>11%</td>
<td>$6,000</td>
<td>$57,980</td>
</tr>
<tr>
<td>4</td>
<td>$57,980</td>
<td>13%</td>
<td>$6,000</td>
<td>$59,715</td>
</tr>
<tr>
<td>5</td>
<td>$59,715</td>
<td>11%</td>
<td>$6,000</td>
<td>$60,064</td>
</tr>
<tr>
<td>6</td>
<td>$60,064</td>
<td>-6%</td>
<td>$6,000</td>
<td>$78,312</td>
</tr>
<tr>
<td>7</td>
<td>$50,460</td>
<td>4%</td>
<td>$6,000</td>
<td>$47,993</td>
</tr>
<tr>
<td>8</td>
<td>$47,993</td>
<td>9%</td>
<td>$6,000</td>
<td>$46,312</td>
</tr>
<tr>
<td>9</td>
<td>$46,312</td>
<td>5%</td>
<td>$6,000</td>
<td>$42,628</td>
</tr>
<tr>
<td>10</td>
<td>$42,628</td>
<td>4%</td>
<td>$6,000</td>
<td>$38,333</td>
</tr>
</tbody>
</table>

TWO LOSSES EARLY IN RETIREMENT

Sandra taking income
AFTER TAKING THE SAME INCOME FOR 10 YEARS

MOLLY
$71,167

SANDRA
$38,333
But when you take out money, “timing” matters a lot.
MANAGING RISKS IN RETIREMENT MATTERS

MANY RISKS ARE PRESENT IN RETIREMENT, INCLUDING:

- Timing
- Inflation
- Longevity

HAVING A FORMAL, WRITTEN PLAN HELPS IT ESTABLISHES NEEDS AND OBJECTIVES

The Income for Life Model® PROVIDES A CUSTOM PLAN BASED UPON YOUR NEEDS

Not one of us can afford to be complacent about our retirements.