



2016 MDRT Annual Meeting e-Handout Material

Title: Don't Worry, Retire Happy! 7 Steps to Retirement Security

Speaker: Tom Hegna, CLU, ChFC

Presentation Date: Tuesday, June 14, 2016

Presentation Time: 8:30 - 9:30 a.m.

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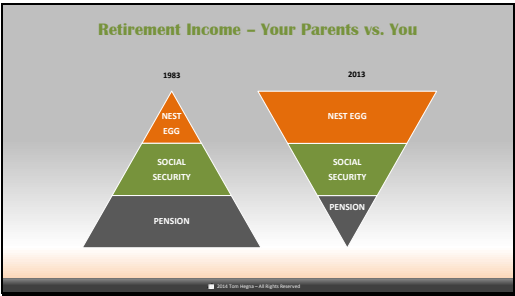
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Slide 5

Two Key Questions

What do I **NEED** my retirement income to do?

What do I **WANT** my retirement income to do?

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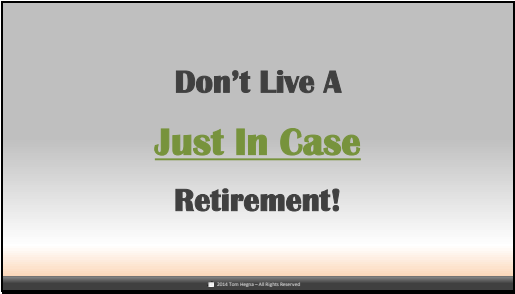
In retirement, your customers may want to...

Join the Country Club
Buy a Boat
See the world!

Have you done that yet?

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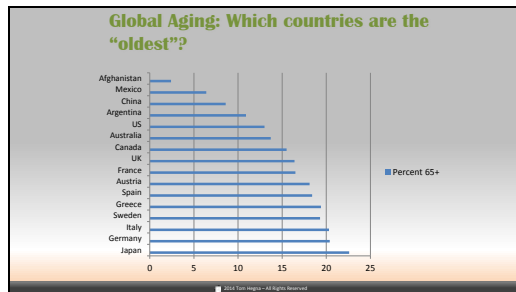
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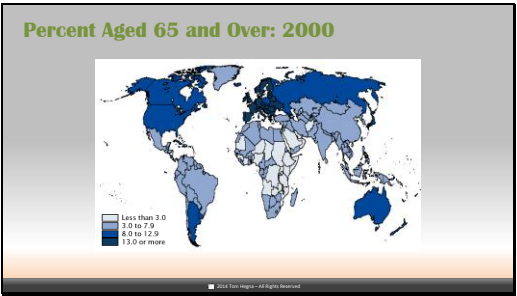
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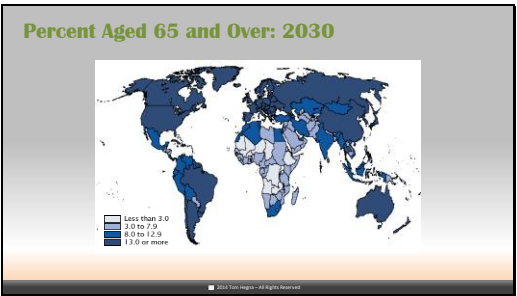
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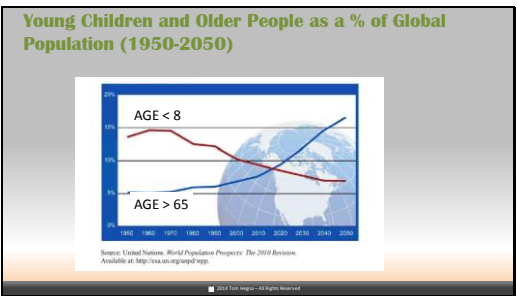
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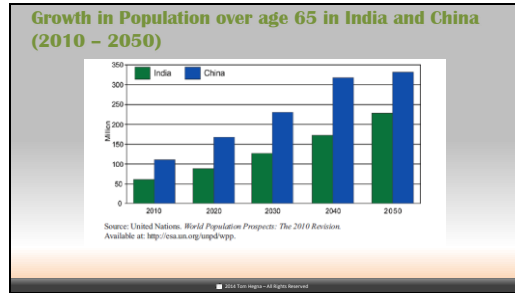
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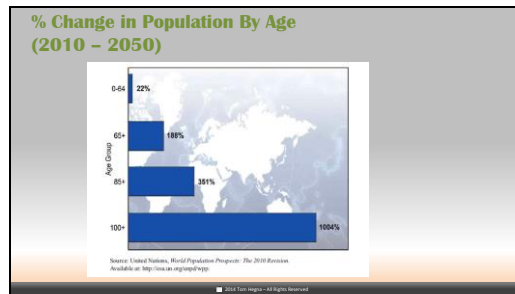
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The Financial Implications of Longevity are HUGE:

1. Government Health Programs
2. Government Retirement Programs
3. Long Term Care
4. The real threat of "Running out of Money"

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Step 5

Secure More
Guaranteed Lifetime
Income

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“Securing at least a base level of
lifetime income should be every
retiree’s priority - at least if they
want to live happily ever after.”

Source: TIME magazine - Lifetime Income Stream Key to Retirement Happiness, July 2012

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Sources of Guaranteed Income
During Retirement

Source	Color
Social Security	Orange
Pensions	Grey
Annuities	Green

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The Success of your Retirement is really NOT about your assets...

Assets can be lost, stolen, swindled, sued, divorced or decimated in a market crash.

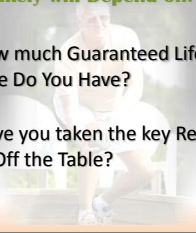


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The Success of your Retirement More Likely will Depend on:

1. How much Guaranteed Lifetime Income Do You Have?
2. Have you taken the key Retirement Risks Off the Table?



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Why do YOU need to Secure Guaranteed Income?

• Longevity Risk	• Long Term Care Risk
• Deflation Risk	• Mortality Risk (Death)
• Market Risk	• Inflation Risk
• Withdrawal Rate Risk	• Regulatory Risk
• Sequence of Returns Risk	• Taxation Risk



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So which RISK is #1?

Longevity Risk is HANDS DOWN the #1 Risk in Retirement!

Why? Because it is NOT just a Risk. It is a **RISK MULTIPLIER** of the other Risks!

Longevity Risk	Long Term Care Risk
Deflation Risk	Mortality Risk (Death)
Market Risk	Inflation Risk
Withdrawal Rate Risk	
Sequence of Returns Risk	




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How do you take Longevity Risk OFF the table?

Traditional Investments such as Managed Money, Real Estate, and CD's **CANNOT** Do It!



A Lifetime Income Annuity, a Deferred Income Annuity or an Income/Withdrawal Benefit Rider from a Fixed Index or Variable Annuity **CAN** Do It!

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What Is A Lifetime Income Annuity?

A personal “pension-like” stream of guaranteed lifetime income from a financial institution.

A GUARANTEED Paycheck for Life!

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Annuity Payout Rates

Age	Life Only	Life w/ Cash Refund
65	5.86%	5.25%
75	8.49%	6.84%
85	14.95%	9.52%

Source: www.immediateannuities.com, February, 2016

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Understanding the Benefits of Risk Pooling and Longevity Credits

Suppose five 90 year-old women take a vacation together every year ...



The five women place \$100 in a box

$\$100 \times 5 = \500



This example is hypothetical and intended for illustrative purposes only. It is not an indication of the actual performance of any particular product.

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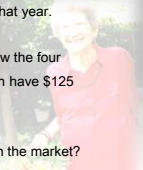
Explaining Longevity Credits

Unfortunately one of the ladies died that year.

So, they meet to vacation again. Now the four Ladies split the \$500. They now each have \$125

That is a 25% rate of return

Question: How much was invested in the market?
What interest rate did it earn?



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Explaining Longevity Credits

They decide to "let it ride"


The next year one more lady dies

Now the 3 ladies split the \$500

They each get \$167

That is a 67% return

All of this is based on longevity credits



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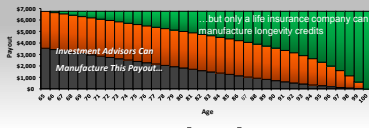
Lifetime income annuities deliver higher payouts because, in addition to distributing gains and principal, they subsidize those who die late with the capital of those who die early.

Components of Lifetime Income Payout
Male age 65, \$100,000 Investment

Investment Growth Return of Principal Longevity Credits

Investment Advisors Can Manufacture This Payout...

...but only a life insurance company can manufacture longevity credits



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Longevity Credits (Mortality Credits) are a NEW form of Alpha – Retirement Alpha!

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VISION

Income Annuities Improve Portfolio Outcomes in Retirement

Source: New York Life Insurance Company and Financial Research Corporation 2011

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Whitepaper from FRC

"Income Annuities offer features others can't – High cash flow, uncorrelated to market returns, retirement alpha in the form of mortality credits, which only life insurance companies can manufacture; longevity hedging and liquidity features..."

"Our analysis shows that no other investment vehicle can rival the income annuity for retirement security."

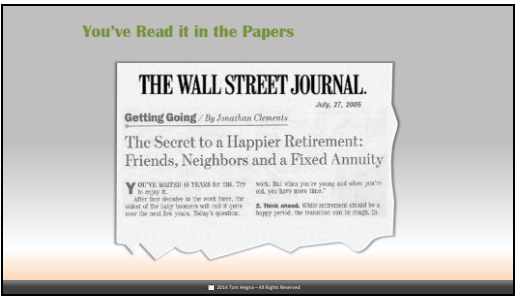
"There is no other vehicle in the marketplace that can convert assets into income as efficiently as the income annuity."

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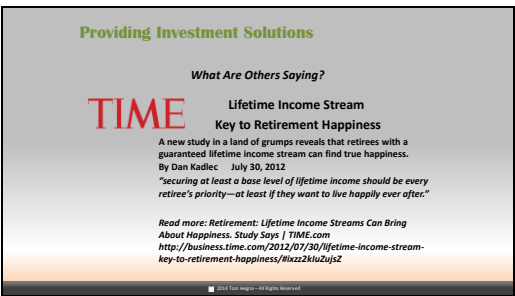
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TOWERS WATSON



Providing Investment Solutions

What Are Others Saying?

Annuities and Retirement Happiness


By Steve Nyce and Billie Jean Quade September 2012

Retirement satisfaction has steadily declined over the last decade.

Satisfaction is highest among those with high levels of wealth and income who are very healthy and annuitize their income.

Among retirees with similar wealth and health characteristics, those with annuitized incomes are happiest.


Annuities provide the biggest satisfaction boost to retirees with less wealth and those in poor health.




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Dick Austin





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Step 6

Plan for Long Term Medical Costs



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The 3 phases of Retirement


GO-GO years

SLOW-GO years

NO-GO years

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The odds of your home burning down are about 3%

Barry Rand, "Challenges of Long-Term Care," AARP Bulletin, November 2013.

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The odds of you totaling your car are about 18%

Barry Rand, "Challenges of Long-Term Care," AARP Bulletin, November 2013.

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The odds of someone 65 or older needing some form of long-term care are about **72%**


Barry Rand, "Challenges of Long-Term Care," AARP Bulletin, November 2013.

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Long-Term Care Insurance (LTCi) Risk Management Tool



- LTCi is a shield of protection to help preserve assets and income for a long life.
 - Investments may be kept intact.
 - Assets can be preserved to pass over to a spouse or to children.
 - Funds can be used as wanted not as needed

Representative example for illustrative purposes only.

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Health Care
The new
caring service
promises

Health Plans
Lying about
for 2012?

Electric Grid
The Clean
energy choice

Overseas Bankroll
The new
tax-eliminate our
government

**THE
ECONOMY
IS BACK.**

**THE
ECONOMY
STINKS.**

So what happens now?
is anyone listening?

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Don't Worry, Retire Happy

✓

Have a retirement plan

✓

Work a little longer and save a little more

✓

Cover your basic expenses with guaranteed lifetime income

✓

Optimize the rest of your savings to address inflation

✓

Maximize your social security benefits

✓

Have a Plan for Long Term Care

✓

Use your home equity wisely

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QUESTIONS?

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