

# Your retirement reality

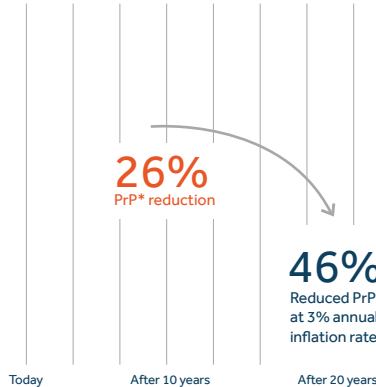
Make a plan to help mitigate these risks



## Inflation<sup>1</sup>

As the cost of goods rises, the purchasing power of today's dollar falls.

Annual inflation rate	Reduced PrP* after 20 years
2.0%	33%
2.5%	40%
3.5%	51%
4.0%	56%



\*Prp = Future purchasing power

## Longevity

People are living longer.

	% chance of	Reaching age
Male	75%	78
	50%	85
	25%	91
Female	75%	81
	50%	88
	25%	93
As a couple	75%	81
	50%	92
	25%	93

Annuity 2000 Mortality Tables

## Rule of 219

We all need to eat!

x 20 years  
 x 365 days  
 x 3 meals  
 x 2 people  
 x \$5/meal

= \$219,000

\$7/meal  
 \$306,600

\$8/meal  
 \$350,400

\$9/meal  
 \$394,200

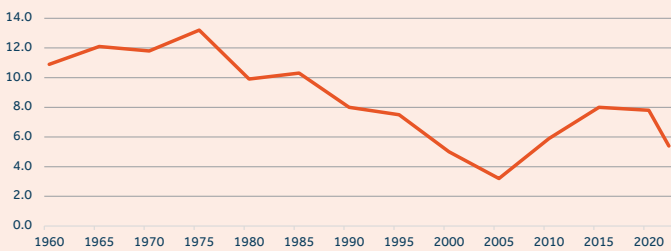
\$10/meal  
 \$438,000

## Income gap<sup>2</sup>

US workers are generally not saving enough compared to earlier generations.

### US Saving Rate

As a percentage of disposable income



## Loss of spouse

Some income may stop at the death of your spouse. Be sure to have adequate income succession and wealth transfer plans.

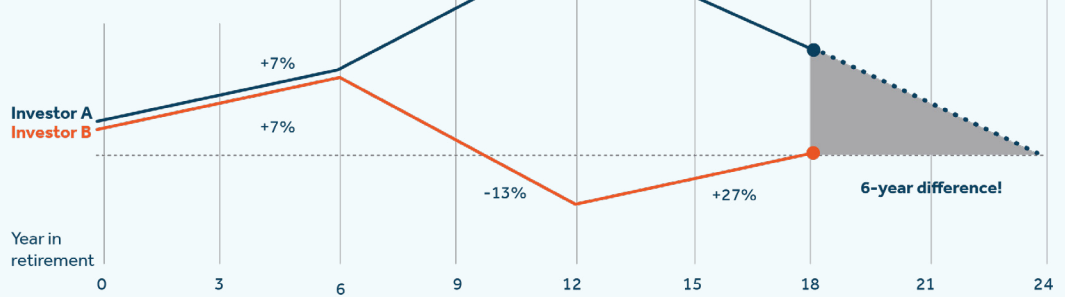
## DIY<sup>3</sup>

Americans who work with a financial professional are nearly twice as likely as those who don't work with a financial professional to feel "very prepared" for retirement (44% versus 23%).

## Sequence of returns

Timing is everything: It's not just the average of returns that impact your financial wealth, but the sequence of those returns.

Portfolio balance  
 Hypothetical sequence of returns  
 (Annual withdrawal 9%)



## Timing of retirement<sup>4</sup>

Planned or unplanned?

**46%** of retirees retired earlier than planned.

**59%** of this group retired due to health- or job-related reasons.

## Tax drag<sup>1</sup>

Remove the annual tax drag with a tax-deferred account or product.

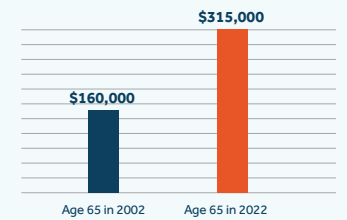
\$200,000 initial investment  
 28% tax bracket  
 6% annual rate of return over 20 years

Taxable acct.	\$465,995
Non-taxable acct. post-tax	\$521,187
Non-taxable acct. pre-tax	\$641,427

## Rising health care costs<sup>5</sup>

Health care costs are rising fast!

For a married couple in good health living to average life expectancies, health care costs in retirement have increased.



Estimate of amount of money needed to pay for Medigap and Medicare premiums, and other out-of-pocket expenses. Long-term care not included!

**For more information about retirement planning, speak with your financial professional.**

### Sources:

<sup>1</sup> This chart is for illustrative purposes only and does not depict the performance of any variable investment option. The taxable investment account number does not reflect the deduction of any fees or service charges. The non-taxable numbers do not reflect the deduction of any charges or fees associated with any financial product or variable investment options. If these charges or fees were accounted for, these numbers would be lower than the numbers shown. Changes in tax rates and tax treatment of investment earnings may impact comparative results.

<sup>2</sup> <https://fred.stlouisfed.org/series/PSAVERT>

<sup>3</sup> <https://www.limra.com/siteassets/newsroom/fact-tank/fact-sheets/retirement-planning-fact-sheet.pdf>

<sup>4</sup> [https://www.ebri.org/docs/default-source/rcs/2021-rcs/rcs\\_21-fs-2.pdf](https://www.ebri.org/docs/default-source/rcs/2021-rcs/rcs_21-fs-2.pdf)

<sup>5</sup> <https://newsroom.fidelity.com/pressreleases/fidelity--releases-2023-retiree-health-care-cost-estimate--for-the-first-time-in-nearly-a-decade--re/s/b826bf3a29dc-477c-ad65-3ede88606d1c>

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