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Your Lifetime Financial Journey



Working Years

Work & Invest for Retirement
(Time is your ally)

Transition Years

Prepare for Retirement
(Many financial decisions)

Later Years

Live on Retirement Income
(Fewest adjustment options)

NextPhase Retirement Income Goals

- Retirement income with inflation adjustments* for 25 years
- Return of principal at the end of the 25-year period
- Designed to fit your unique situation

*Inflation rate may be customized designed into the program



What is it?

- A financial program for 25-30 years of inflation-adjusted retirement income to help you maintain your lifestyle
- Designed with a 10-year income buffer from market exposure for income stability
- Return of principal after 25-30 years is part of the program's design
- Fits with Social Security, pension, and other retirement income sources



What We'll Cover



Typical Client Scenario

- 5 Common Retirement Income Risks

How The Program Works

- Retirement Income: Simplified
- Turnkey Program

Examples shown in this presentation are hypothetical for illustrative purposes only.

We are able to discuss specific products which may fit you after learning about your financial situation and needs.

NextPhase Process With a Financial Advisor

- Process → Proposal → Implementation
- Q & A

What are important risks people face in retirement?

- 1) First-timer decisions
- 2) Longevity
- 3) Inflation
- 4) Converting assets to income
- 5) Order of Returns



Risk #1 – Unique, first-timer retirement decisions

- Everyone has a different definition of retirement
- Everyone makes important decisions for the first time
- Everyone risks making costly, first-timer mistakes

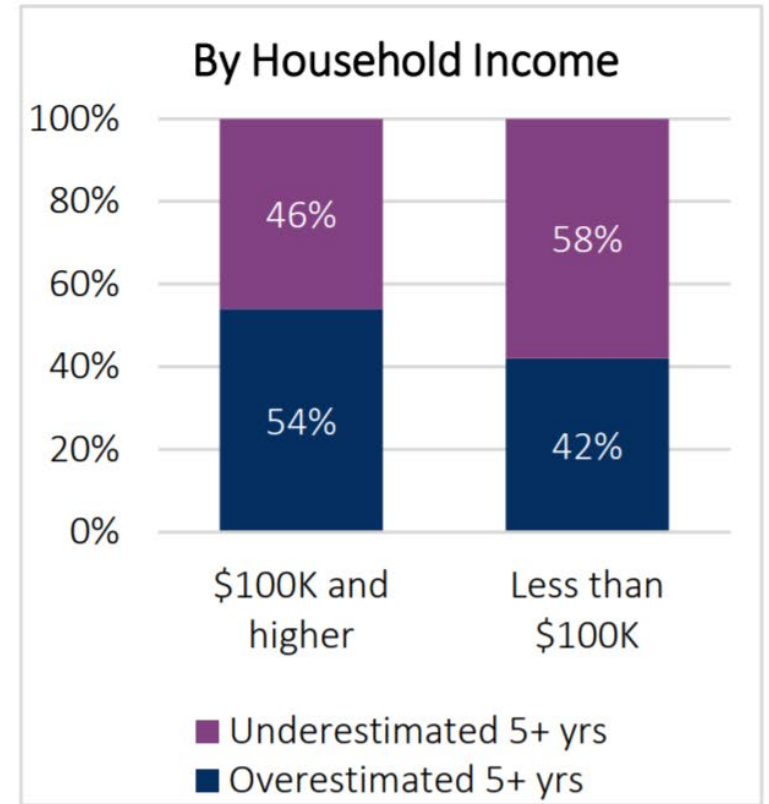
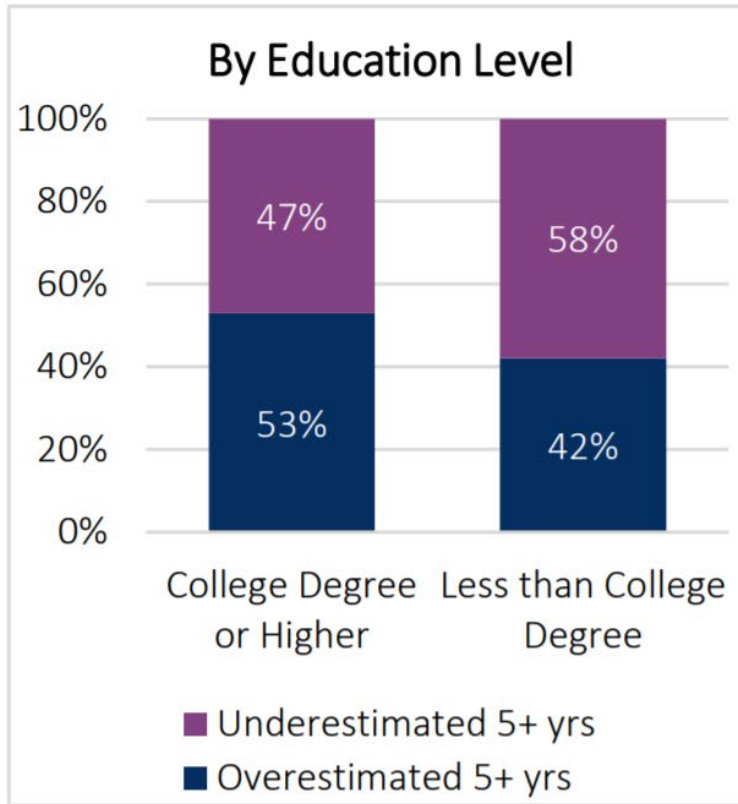
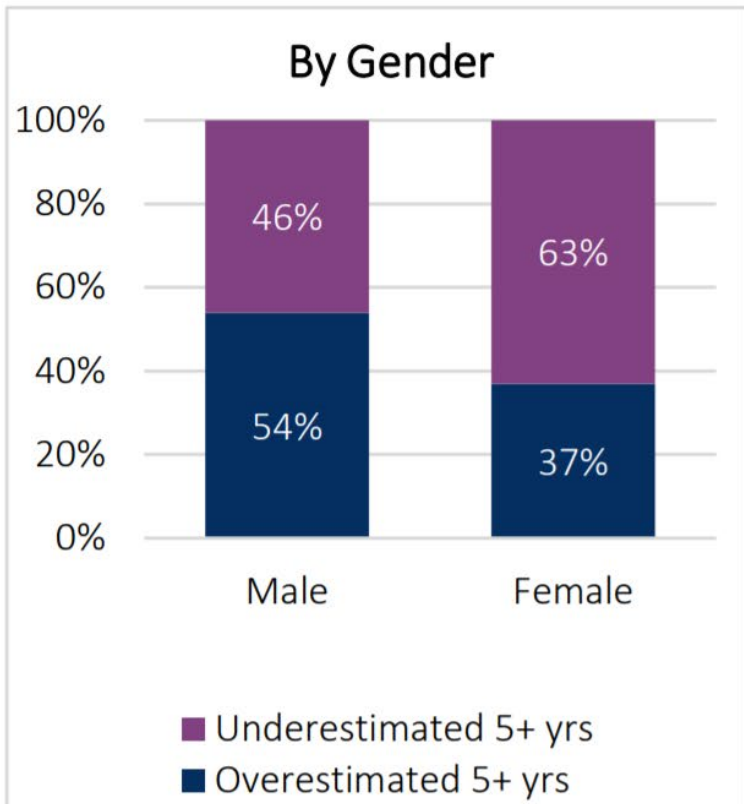




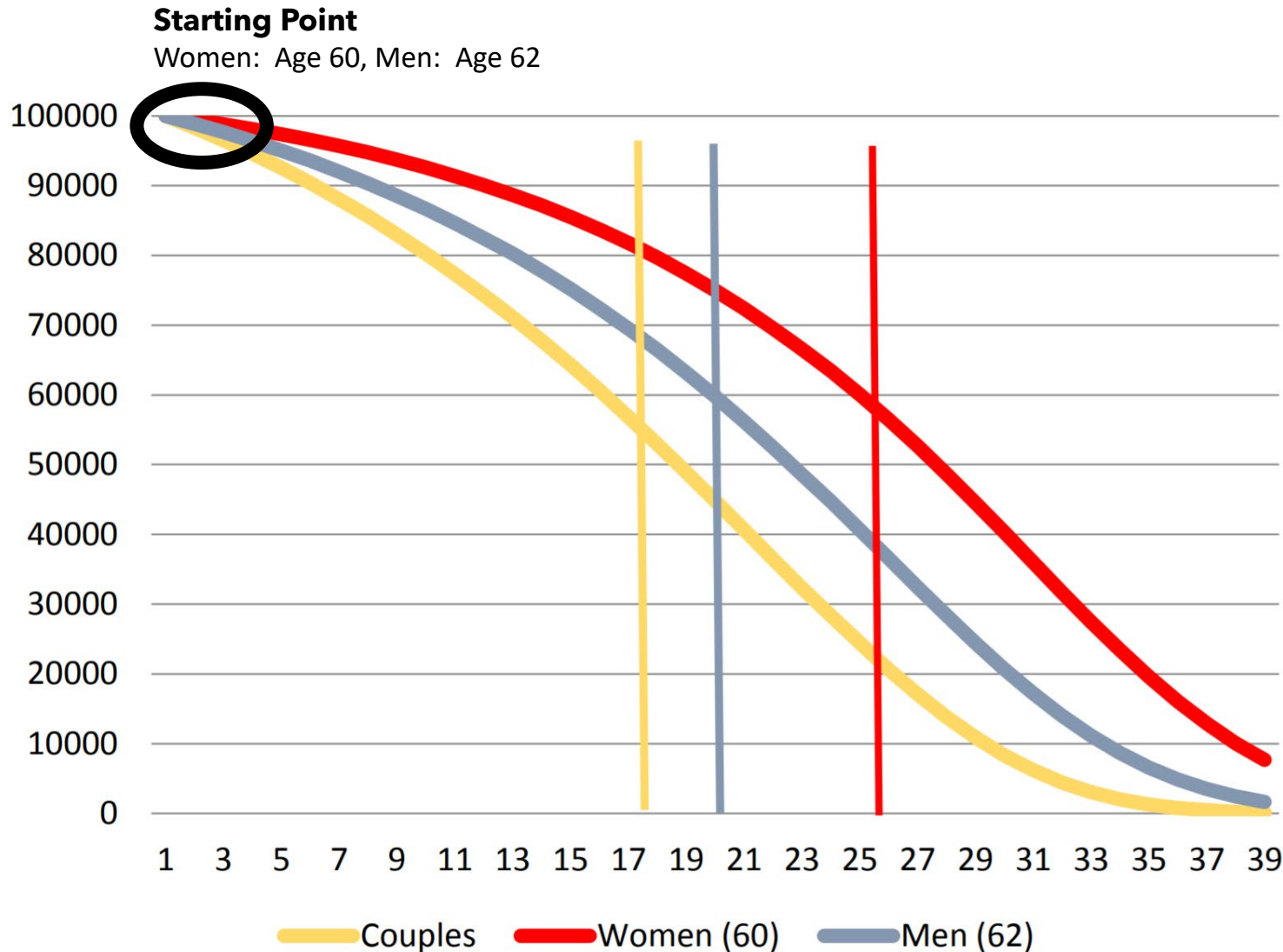
Risk #2 - Longevity Risk Includes

- The scary notion of outliving your money
- Planning is difficult when variables are unknown (lifetime, returns, inflation, etc.)
- 35% chance one spouse lives to 95

How Long Will You Live? We Often Guess Wrong.



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Women are at (more) Financial Risk

Individual and Couple Survival Probabilities (2010)

Both **Men** **Women**

Source (page 17):
https://www.nber.org/system/files/working_papers/w25009/revisions/w25009.rev0.pdf



Risk #3 - The Impact of Inflation Over 25 Years

	1996	2021	% Change
Gallon of 87 Gasoline <small>(gasprices.AAA.org)</small>	\$1.20	\$2.86	238%
Milk <small>(gallon, whole, fortified - BLS.gov)</small>	\$2.56	\$3.46	135%
House <small>(single family home, national avg. - NYU-Stern/NAR)</small>	\$117,400	\$334,500	285%

Asset growth is one way of preserving your purchasing power.

Risk #4 – Converting Assets to Income

*It's About
Your Income,
Not Your Balance.*

Retire at 70 & Live to 95

25 Retirement Years x 12 Months = 300 Months

\$500,000 Combined Household
Retirement Account Balance/300 months
= **\$1,667 per month = 4% “rule”**
(If taxable, less.)

Hypothetical example for illustrative purposes only



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ACCUMULATION SCENARIO A

YEAR	ANNUAL RETURN	YEAR-END VALUE
1	31.50%	\$174,418.37
2	6.60%	\$185,929.98
3	-10.80%	\$165,849.54
4	43.40%	\$237,828.24
5	12.00%	\$266,367.63
6	0.05%	\$266,500.81
7	26.90%	\$338,189.53
8	-8.70%	\$308,767.04
9	22.80%	\$379,165.93
10	16.50%	\$441,728.31
11	12.50%	\$496,944.34
12	-10.00%	\$447,249.91
13	24.00%	\$554,589.89
14	11.10%	\$616,149.36
15	-8.50%	\$563,776.67
16	4.00%	\$586,327.74
17	14.30%	\$670,172.60
18	19.00%	\$797,505.40
19	-14.70%	\$680,272.10
20	-26.50%	\$500,000
AVERAGE RETURN		8.27%

ACCUMULATION SCENARIO B

YEAR	ANNUAL RETURN	YEAR-END VALUE
1	-26.50%	\$97,488.59
2	-14.70%	\$83,157.77
3	19.00%	\$98,957.74
4	14.30%	\$113,108.70
5	4.00%	\$117,633.05
6	-8.50%	\$107,634.24
7	11.10%	\$119,581.64
8	24.00%	\$148,281.24
9	-10.00%	\$133,453.11
10	12.50%	\$150,134.75
11	16.50%	\$174,906.99
12	22.80%	\$214,785.78
13	-8.70%	\$196,099.42
14	26.90%	\$248,850.16
15	0.05%	\$248,974.58
16	12.00%	\$278,851.53
17	43.40%	\$399,873.10
18	-10.80%	\$356,686.80
19	6.60%	\$380,228.13
20	31.50%	\$500,000
AVERAGE RETURN		8.27%

Risk #5 Order of Returns Risk

What if . . . you pick a “bad” year to retire (i.e. the market goes down in my initial retirement years)?

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DISTRIBUTION SCENARIO A

YEAR	ANNUAL RETURN	WITHDRAWAL	YEAR-END VALUE
1	31.50%	\$30,000.00	\$618,505.00
2	6.60%	\$30,900.00	\$625,901.90
3	-10.80%	\$31,827.00	\$529,914.81
4	43.40%	\$32,781.81	\$712,888.72
5	12.00%	\$33,765.26	\$760,618.27
6	0.05%	\$34,778.22	\$726,202.97
7	26.90%	\$35,821.57	\$876,094.00
8	-8.70%	\$36,896.22	\$766,187.58
9	22.80%	\$38,003.10	\$894,210.53
10	16.50%	\$39,143.20	\$996,153.45
11	12.50%	\$40,317.49	\$1,075,315.45
12	-10.00%	\$41,527.02	\$930,409.59
13	24.00%	\$42,772.83	\$1,100,669.59
14	11.10%	\$44,056.01	\$1,173,897.69
15	-8.50%	\$45,377.69	\$1,032,525.80
16	4.00%	\$46,739.02	\$1,025,291.04
17	14.30%	\$48,141.19	\$1,116,882.28
18	19.00%	\$49,585.43	\$1,270,083.25
19	-14.70%	\$51,072.99	\$1,039,815.75
20	-26.50%	\$52,605.18	\$725,599.77
AVERAGE RETURN			8.27%

→ Scenario A still has money to last past 20 years into retirement.

DISTRIBUTION SCENARIO B

YEAR	ANNUAL RETURN	WITHDRAWAL	YEAR-END VALUE
1	-26.50%	\$30,000.00	\$345,450.00
2	-14.70%	\$30,900.00	\$268,311.15
3	19.00%	\$31,827.00	\$281,416.14
4	14.30%	\$32,781.81	\$284,189.04
5	4.00%	\$33,765.26	\$260,440.72
6	-8.50%	\$34,778.22	\$206,481.19
7	11.10%	\$35,821.57	\$189,602.84
8	24.00%	\$36,896.22	\$189,356.21
9	-10.00%	\$38,003.10	\$136,217.80
10	12.50%	\$39,143.20	\$109,208.93
11	16.50%	\$40,317.49	\$80,258.52
12	22.80%	\$41,527.02	\$47,562.29
13	-8.70%	\$42,772.83	\$4,372.78
14	26.90%	\$4,372.78	\$0
15	0.05%	\$0	\$0
16	12.00%	\$0	\$0
17	43.40%	\$0	\$0
18	-10.80%	\$0	\$0
19	6.60%	\$0	\$0
20	31.50%	\$0	\$0
AVERAGE RETURN			8.27%

→ Scenario B ran out of money in year 14.

- 1) Withdraw income
- 2) Market moves
- 3) Repeat

Gold has \$725,599 after Year 20

Blue is depleted in Year 14

Order Matters

Hypothetical example for illustrative purposes only.

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**CHANGING FROM
WORK INCOME
TO
RETIREMENT INCOME
SHOULDN'T BE
THIS STRESSFUL**

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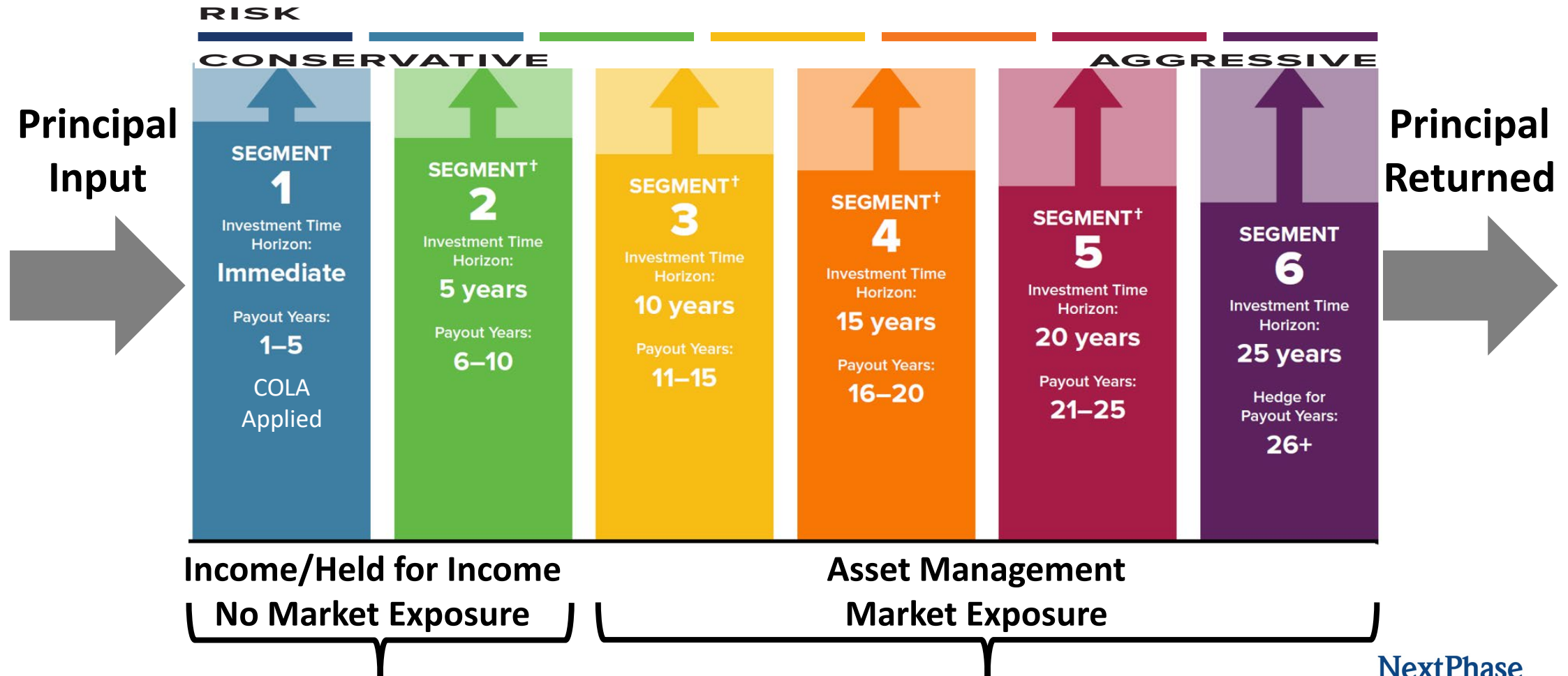


How the Program Works

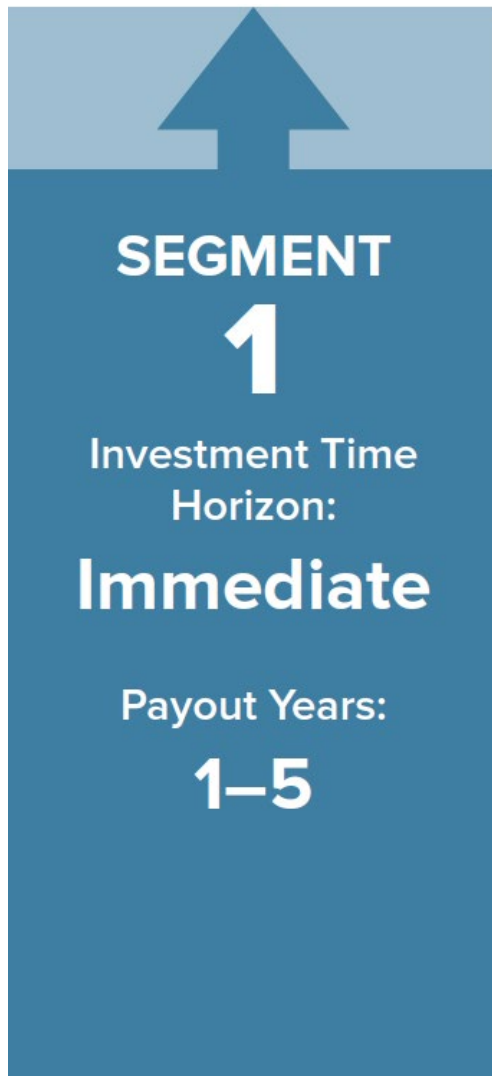
Typical Example

- *Individual/Couple seeking supplemental retirement income*
- *Sweet spot: \$500,000 to \$1.5 million+ of combined investable assets*
- *Completed a financial advisor's inventory/needs discovery*
- *short-term income concerns*
- *long-term asset growth needs*
- *expects to need cost of living adjustments at 3%/yr.*
- *Interested in seeing a NextPhase program illustration*

How NextPhase (Basically) Works



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SEGMENT
1
Investment Time
Horizon:
Immediate
Payout Years:
1–5

The graphic for Segment 1 features a blue background with a white upward-pointing arrow at the top. The text is centered and uses a mix of white and blue colors for emphasis.



SEGMENT⁺
2
Investment Time
Horizon:
5 years
Payout Years:
6–10

The graphic for Segment 2 features a green background with a white upward-pointing arrow at the top. The text is centered and uses a mix of white and green colors for emphasis.

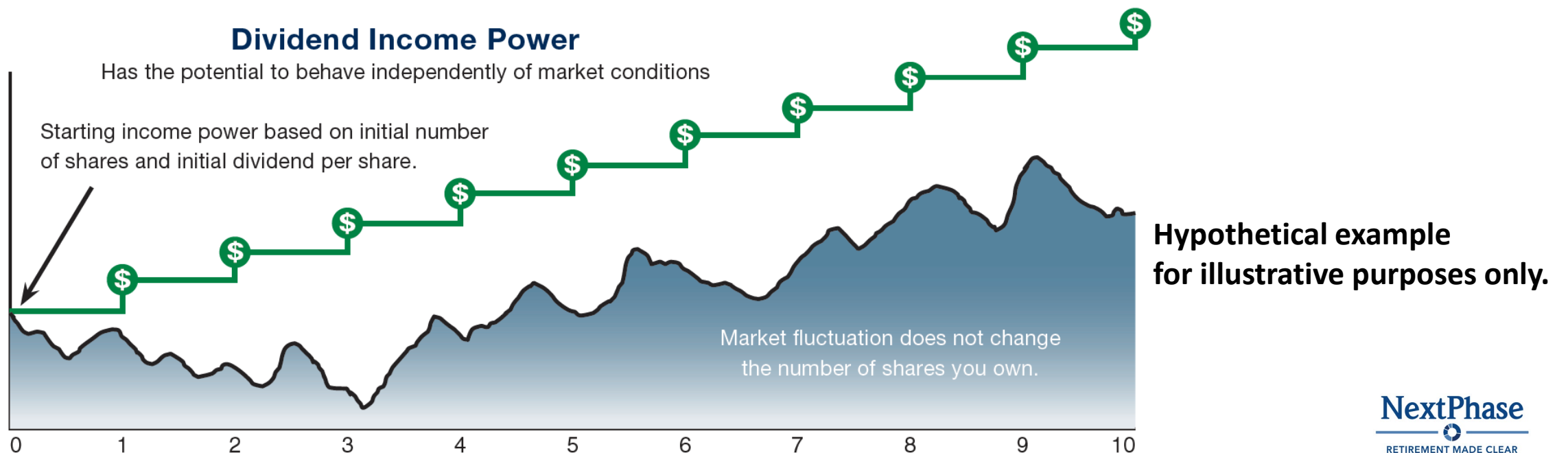
Goal: Income Stability

- Client income is buffered from the market by 10 years
- Segment 1 is always the source of income in all years
- Segment 2 refills Segment 1, etc.
- Segments 1 & 2 goals are primarily return **of** principal
- Numerous strategies are available



One Strategy: Dividend-Paying Companies

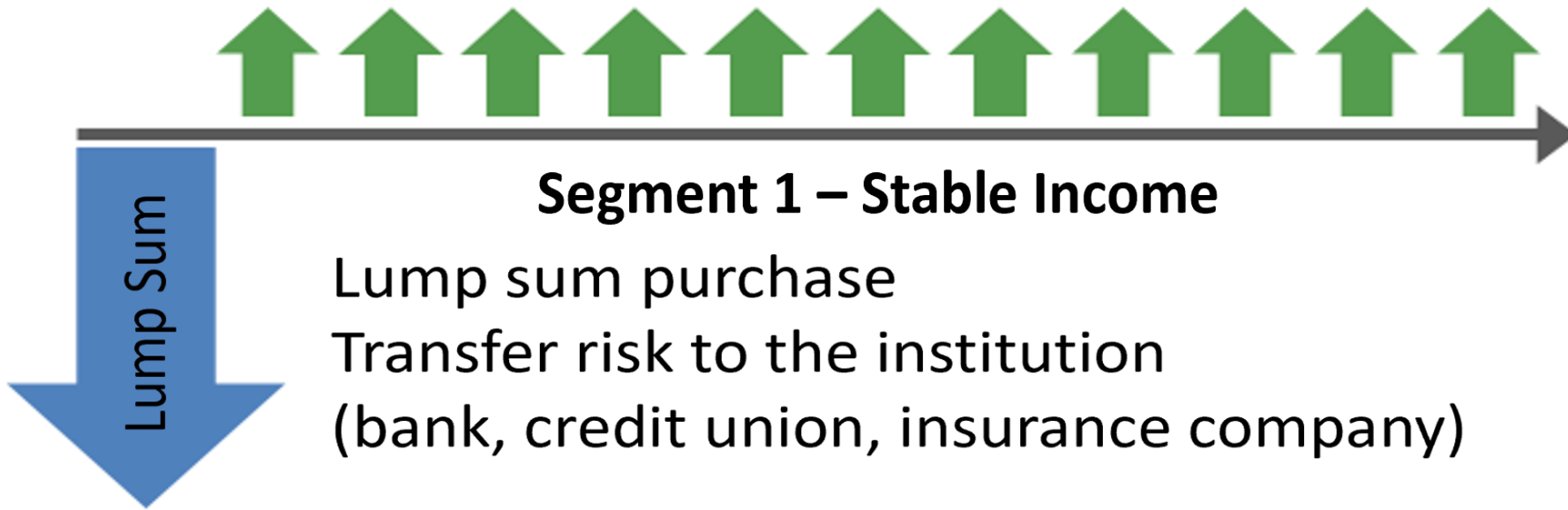
- Dividend behaves independently of stock price (see chart)
- Companies which have paid a dividend
- Companies which have maintained or increased dividends





Other Strategies: Insurance/Bank/Credit Union-based

- Backed by financial strength of institution
- Emphasis on reliable stream of income
- Keep it simple strategy



Hypothetical example
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Asset Risk

Conservative



Moderate

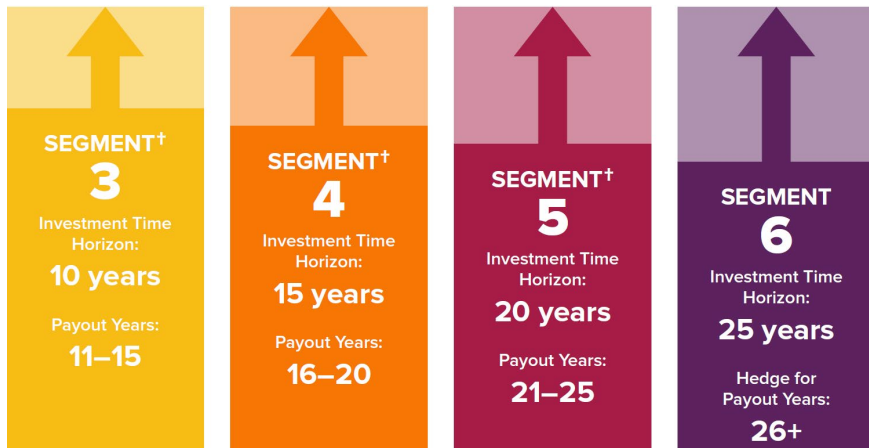


Aggressive



Goal: Asset Growth

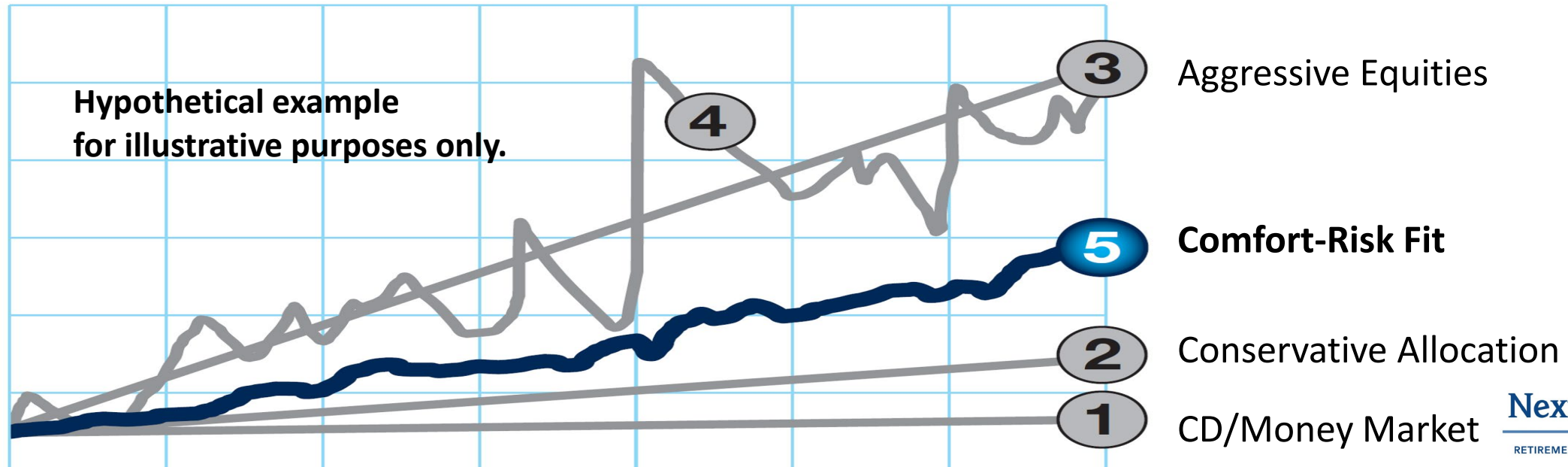
- Segment 5 refills Segment 4, etc.
- Segments 3 to 5+ goals are primarily return on principal



Goal: Long Term Asset Growth

Investment Qualities Sought

- Seeking strategic, long term growth
- Companies executing on performance
- Fundamentally/Technically vetted



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*Should you
continue to invest
during your
25(?) years of
retirement?*

The “Glidepath Problem”



Your Lifetime

Inflation (purchasing power degradation)

Investment Growth Opportunity

If I'm going to invest,
how can my investment risk be managed
to minimize my worry?

The risk your investments take is aligned with your comfort level.

More likely to focus comfortably on long term goals and remain invested.



**Comfort-Risk
Aligned**

**Not
Aligned**

More likely to feel like he's on an investment roller coaster, exiting (selling) at the bottom.



3 Factors Drive Economic Growth

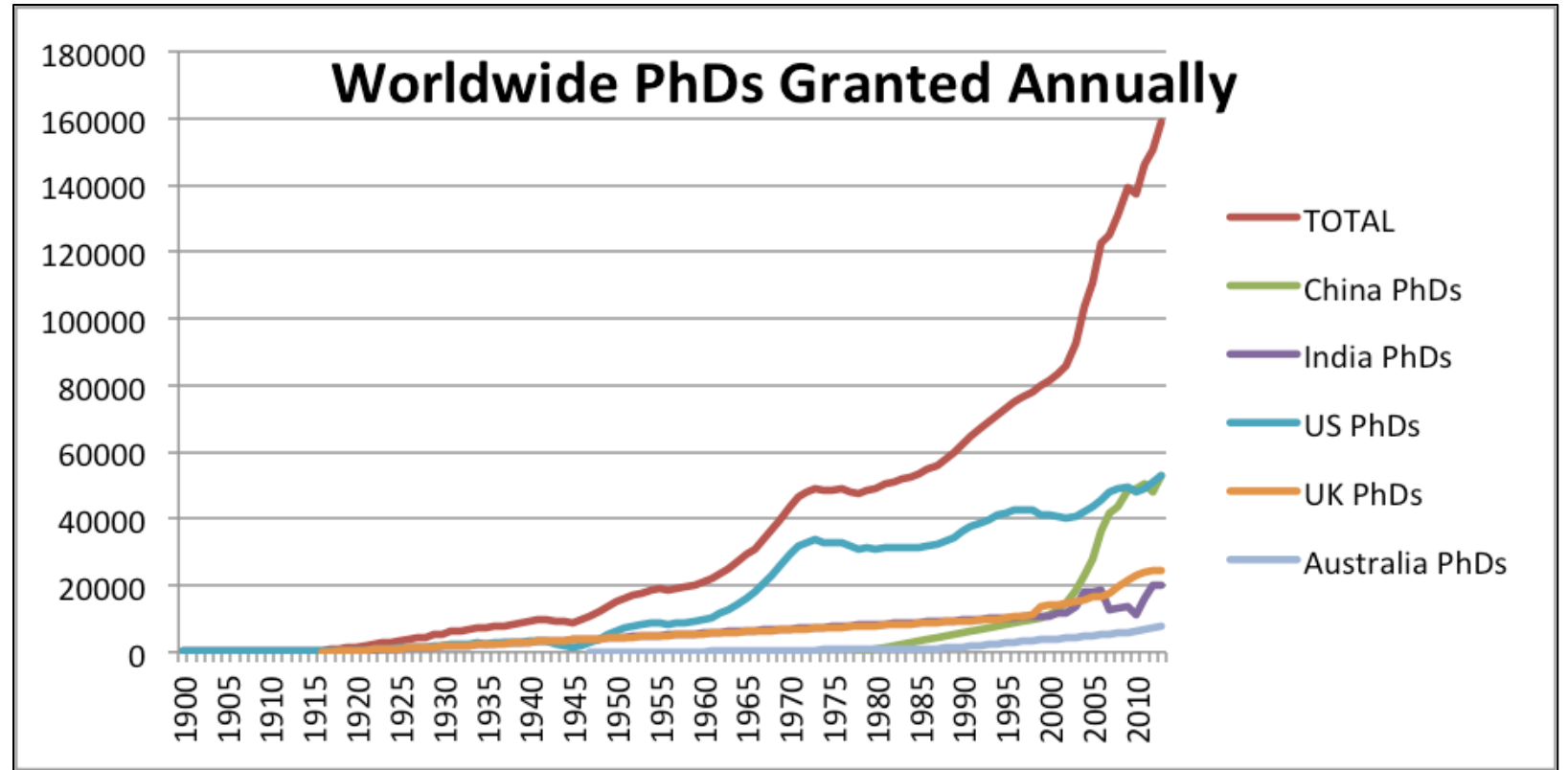
- 1) Labor
- 2) Capital
- 3) Technological advancement**
(the only factor of the three that drives long term growth)

The world has all three factors in abundance.

The Federal Reserve Bank of St. Louis cites labor, capital, and technological advancement as the three drivers that drive economic growth with technology being cited as the only factor of the three driving growth long term. The St. Louis Fed further clarifies that technological change is the largest contributor to productivity (<https://research.stlouisfed.org/publications/page1-econ/2017/03/03/the-productivity-puzzle-paragraph-entitled-Where-Does-Productivity-Come-From?>). The argument of correlating PhDs and patents (especially) as drivers of technology in nonsocialist economies is made here: <https://www.forbes.com/sites/marshallphelps/2015/09/16/do-patents-really-promote-innovation-a-response-to-the-economist/#64c361af1921>

Why invest
during
retirement?

Because there
are more people
now who invent.

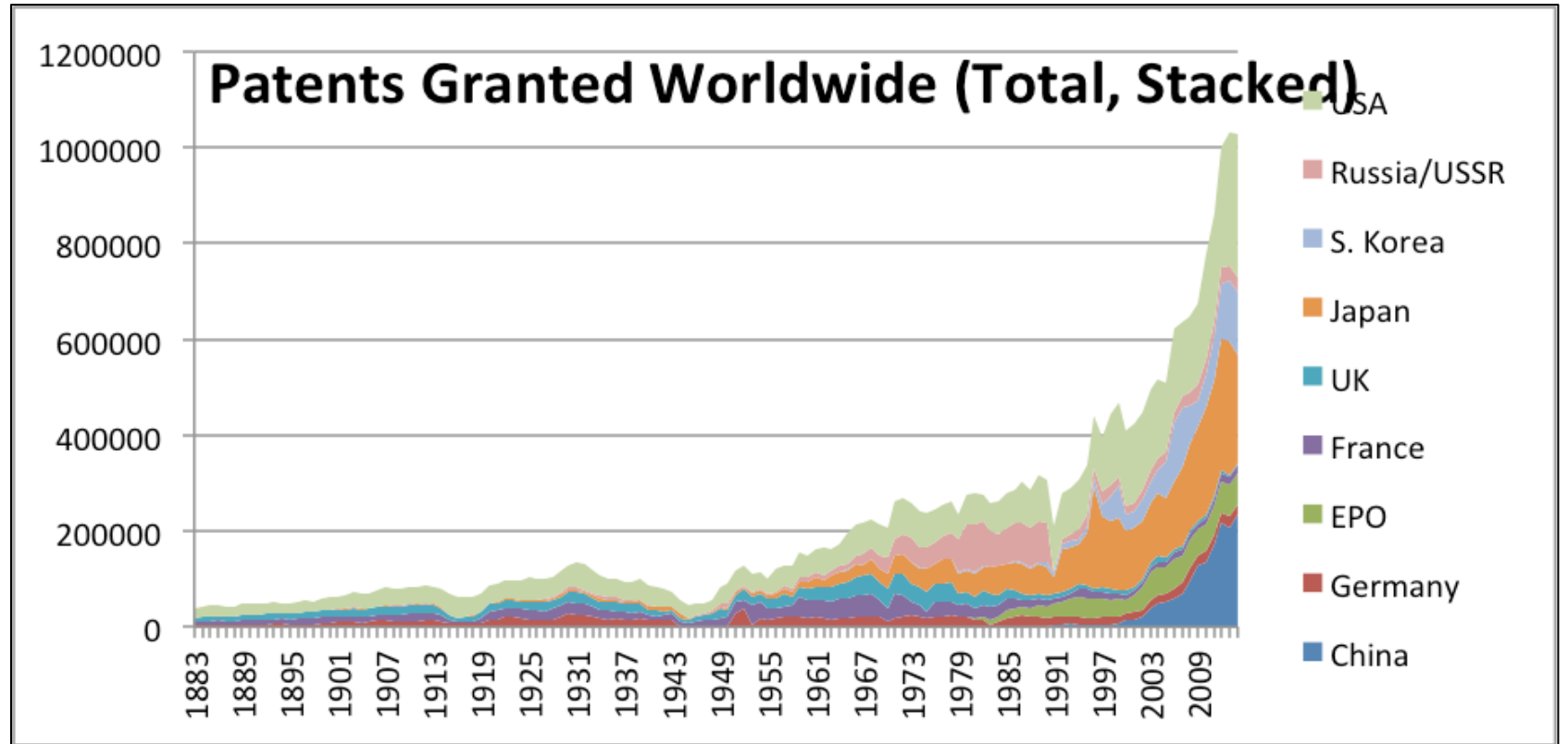


Source (chart): <https://futureoflife.org/2015/11/05/90-of-all-the-scientists-that-ever-lived-are-alive-today/>

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Why invest
during
retirement?

Because more is
commercially
invented now.



Source (chart): <https://futureoflife.org/2015/11/05/90-of-all-the-scientists-that-ever-lived-are-alive-today/>

How will you manage my money to help ensure there is enough available to replenish the lower numbered segments?

Your asset manager may use a combination of:

- Structured investment products held to maturity
- Use dividends from owned equities
- Utilize appreciated assets for income
- Utilize long term invested assets to support prioritized short term income

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*Why should I have confidence
that my principal may be returned to me
(or my beneficiaries)
at the end of the program?*

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WEALTH 2 K

NextPhase
RETIREMENT MADE CLEAR

Client Name - Michael Test

IFLM STRATEGY [MORE INFORMATION]
Choose a strategy: Conservative
Inflation assumption: 3.00%
Rate of return assumptions:

SEGMENT	RATE OF RETUF	SEGMENT	RATE OF RETURN
1	N/A	4	6.00%
2	2.00%	5	7.00%
3	5.00%	INVESTMENT SEGMENT	8.00%

ASSETS & INCOME [MORE INFORMATION]
Need type:
 Present value of assets:
 Defer income FV:
 Desired monthly income:
CALCULATE

SUMMARY [MORE INFO]
Total Amount Required
Total Ending Balance
Total Years of Income
Income Generated by IFLM
Income from Other Floor Sources
Total Income

ADDITIONAL INCOME [MORE INFORMATION]
Income floor begins in: Segment 1
Annual Income: \$0
Source of income: Other
Annual withdrawal rate: 0%

INVESTMENT SEGMENT [MORE INFORMATION]
Desired ending balance:
Deferral duration: 25

RESERVE ACCOUNT
Account Balance:
Reserve Account ROR:

DETAILS

INCOME DURATION: 25 YEARS

	SEGMENT 1 (YR 1 - 5)	SEGMENT 2 (YR 6 - 10)	SEGMENT 3 (YR 11 - 15)	SEGMENT 4 (YR 16 - 20)	SEGMENT 5 (YR 21 - 25)
Income duration:	5	5	5	5	5
Income start year:	1	6	11	16	21
Deferral duration:	0	5	10	15	20
Monthly income today's dollars:					
Inflation adjusted income:					
Deferral rate of return:	N/A	2.00%	5.00%	6.00%	7.00%
Withdrawal rate of return:	1.00%	2.00%	3.00%	3.00%	3.00%
Segment starting value:					

INVESTMENT SEGMENT
0
N/A
25
8.00%
N/A

CANCEL RE-CALCULATE GENERATE INCOME PLAN

NextPhase Software

- Estimates the program's design to a 90% probability
- Design collaboration is between you & your financial advisor
- Maps out retirement income and principal return

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Your Customized NextPhase Report . . .

- Includes your stated needs/goals
- Projects your strategy as ledgers and charts
- Is reviewed with you annually by your advisor
- Is updated every five years in NextPhase software

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- Stabilizes your income by insulating it from the market
- Uses professional asset managers for long term growth
- Customized, compatible, pragmatic program
- Includes customizable inflation adjustments
- Designed to return your principal after 25+ years

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Process

**NextPhase works because it's designed for you.
We'll ask about your . . .**

- . . . Needs and goals
- . . . Income sources and estimated expenses
- . . . Concerns and questions
- . . . *and whatever else you'd like to discuss.*

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What's Next



- 1) Videos and Additional Information (link emailed to you)
- 2) Complete the financial survey (emailed to you)
- 3) Schedule a 1-on-1 advisor consultation (no cost, no obligation)
- 4) Program implementation

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NextPhase



RETIREMENT MADE CLEAR

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NextPhase



RETIREMENT MADE CLEAR

Questions?

[Advisor Contact Information]

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