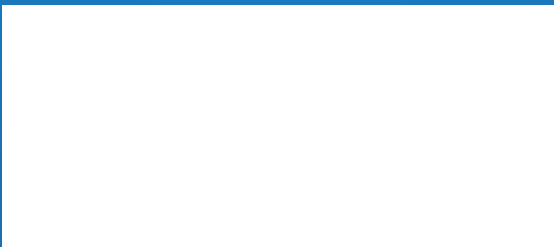
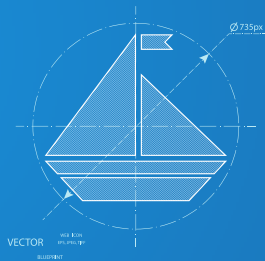
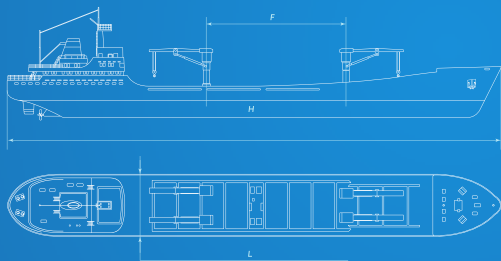




# RETIRE HAPPY

A Simple Guide to Your Next Big Adventure



# DISCLOSURES



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# HAPPINESS:

Define What It Means for You

## What Is Retirement to You?



**W**hat is the purpose of retirement? Is it really about simply ceasing to work? Or is it perhaps a gateway to a new season of contribution, purpose, and enjoyment in your life?

Happiness in retirement can have many definitions. For some, it may look like freedom to travel and begin new adventures. For others, a happy retirement may mean starting a new business, picking up a hobby, volunteering, or spending more time with loved ones. Collectively, Americans over the age of 65 will enjoy over 140 billion hours of leisure this year. No matter how you expect to fill your hours, proper preparation is essential.<sup>1</sup>

## The Good Ship Happiness



Imagine you are preparing to embark on a long voyage. How will you begin? You might start by picking a date for when you expect to depart. Once you know when you expect to set sail, you might start thinking about what sort of vessel you want

to sail in and what route to take. Will it be a simple, quiet canoe paddling along a gentle lake or a jaunty seafaring trawler stocked with fine champagne? Before you leave on a journey of indefinite duration, what else might you do to prepare? You might pack safety gear and stow a lifeboat away in case of foul weather. Surely, you would want to have a map of the territory.

This ebook is intended to help you prepare for your retirement voyage. Here, you will find a high-level overview of some key considerations to help you get ready. We will talk about your goals and go over some potential sources of income that could fund your voyage. We will also talk about some of the costs—and the risks—you might face along the way.



***FUN FACT: Nearly six in 10 workers have thought about how they will occupy their time during retirement.<sup>2</sup>***

While 65 percent of workers report that preparing for retirement makes them feel stressed, future retirees are also looking forward to traveling, spending more time with friends and family, and picking up new hobbies. Although preparing for retirement takes focus and discipline, there is an awful lot to stay positive about. Anchors aweigh!<sup>3,4</sup>

1. US Bureau of Labor Statics, 2023; US Census Bureau, 2023
2. EBRI.org, 2023
3. EBRI.org, 2023
4. TransamericaInstitute.org, 2022

# GOALS:

Clarify What “Happy” Means to You

## Goals for the Golden

**R**etirement years have been called “golden,” a time to rest from the rigors of work, take it easy, and spend time with loved ones. But as expectations for those years evolve, attitudes toward retirement are shifting, and it’s no longer necessarily about riding off into the sunset. Today, nearly three out of every four workers expect to work for pay during their retirement—and not entirely out of necessity. In fact, almost all retirees who do end up working for pay during retirement give a positive reason, such as wanting to stay active and involved (90 percent) or because they enjoy working (81 percent).<sup>1</sup>



***FUN FACT:** According to a 2023 report from *International Living* magazine, Portugal tops the list of places to retire abroad. Mexico ranks second, followed by Panama, Ecuador, and Costa Rica.<sup>2</sup>*



In the end, your goals will define what your “happy” looks like. Below are some goal-related questions to consider. Use them to prompt your own reflection—jotting your answers down can be especially helpful—and bring your thoughts to our next conversation. This foundation work will put you ahead as we craft your retirement strategy together.

“

It isn't what you have, or who you are, or where you are, or what you are doing that makes you happy or unhappy. It is what you think about.

*Dale Carnegie, writer and lecturer*

## Your Ideal Retirement Scenario



As you answer the questions below, try to envision your absolute ideal scenario. Answer each question from a “perfect-world” perspective, no holding back. Don’t worry; we will get into realities later. This is your chance to dream big!

- How will you spend your time during retirement? Describe your average day.
- What new roles do you plan to take on (student, grandparent, mentor, business owner, volunteer, avid golfer)?
- What activities would you like to engage in during retirement?

- What new and existing expenditures do you foresee that you will need to pay for?
- What sources of income do you envision living off of?
- How long do you expect your retirement to last?
- What are your financial goals (buying a home, leaving a legacy, paying for college)?
- What is your tolerance for risk in investing?
- The world is your oyster. Where would you like to live?
- When is your ideal retirement date?
- What are your primary investment objectives (growth, income, capital preservation, tax management)?
- What is your retirement purpose? When are you considering retirement?

Hopefully, thinking through this list of questions has gotten you a little starry-eyed. Envisioning your future is an important first step, and at this point, aiming high is a good thing. Knowing your ideal scenario can help you stay motivated when obstacles arise.

In the coming sections, we will turn from dreaming to scheming. We will take a look at what costs, funds, and risks to consider as you put together a retirement strategy that suits your goals.

1. EBRI.org, 2023
2. InternationalLiving.com, 2023

# COSTS:

## Know What Your Journey Will Require

**N**ow that you have done some quality thinking about what sort of retirement you envision for yourself, your next step is to consider how much it might be expected to cost. One rule of thumb stipulates that you should expect to need 80 percent of your pre-retirement income per year in retirement.<sup>1</sup>

So, how much will you need?

### Spending & Life Expectancy

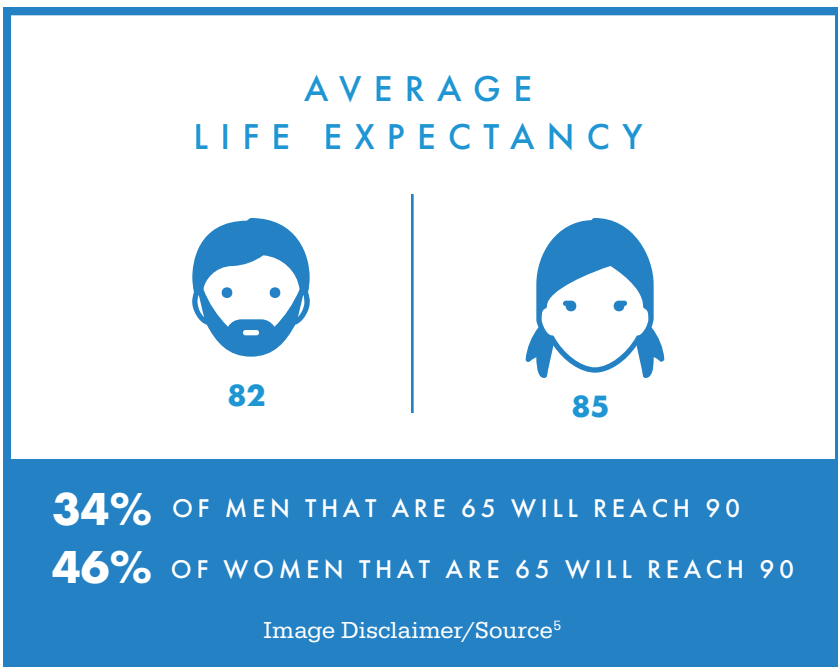


The answer largely depends on two main factors: how long you expect to live and how much you want to spend during retirement. While some are skilled at understanding spending, they may be less knowledgeable about how long they are expected to live. A landmark study found that 28 percent of adults underestimated their average life expectancy by about five years. Put another way, most adults think they are going to die younger than statistics indicate.<sup>2</sup>

Though average life expectancy has fallen by about three years due to the COVID pandemic, future retirees still need to prepare for the possibility of an extended retirement. The average person's life expectancy at age 60 is 82 years for

men and 85 years for women. At 65, men have a 34 percent chance and women have a 46 percent chance of living until 90.<sup>3,4,5</sup>

It is also important to be realistic about spending. You might not factor in occasional expenses, such as pet care, yard maintenance, or visits to salons or spas. But if you enjoy those services now, you may continue to want them during retirement, and you might find that you underestimated the real cost of maintaining your lifestyle. Gifts to children and grandchildren—and financial help for dependents—may represent other expenditures during retirement years. All of these “basic needs” should be accounted for in advance.



## Healthcare Costs

Understanding the potential costs of healthcare is another step toward a happy retirement. According to one recent

report, an average retired couple, age 65, will need \$315,000 saved to cover healthcare costs in retirement.<sup>6</sup>

Another factor is extended care, which seven out of 10 individuals turning 65 are projected to need at some point. Extended care programs, which are generally not covered by Medicare, can be expensive. Assisted living facilities, on average, cost \$4,774 per month, while nursing home care, on average, costs \$8,390 per month for a semi-private room.<sup>7</sup>



***FUN FACT: Sixty-four percent of workers feel confident that they will be able to retire comfortably when the time comes.<sup>8</sup>***

Medicare beneficiaries spend over \$6,500 out of pocket on health every year, almost half of which goes toward paying for premiums. Medicare beneficiaries who require extended care services pay over \$25,000 a year, on average.<sup>9</sup>

Another thing to remember: if you are preparing to retire before age 65, you may have to assume responsibility for your own healthcare costs upon your retirement. Make sure to factor this into your projections.

## Estate Strategy



A sound estate strategy is all about preparation—and paperwork. Before setting sail for retirement, you may want to consider having pertinent healthcare documents, financial documents, beneficiary forms, and life insurance in place. If you and your spouse have more than \$25.84 million (\$12.92 if you are single) in assets, you may want to consider taking steps to manage federal estate tax, which will be due at the second spouse's death. Keep in mind, however, that estate tax rates are scheduled to revert to lower levels in 2026 as part of the Tax Cuts and Jobs Acts. It's important to be intentional when preparing an estate strategy that suits your needs.<sup>10,11</sup>

A will is a key estate strategy document that enables you to specify who you wish to inherit your property and other assets. A living trust is another element of estate preparation to consider. Here is a tip: One major difference between a will and a living trust is when they take effect. A will takes effect when you die; a living trust takes effect when you execute it and begins to operate when you transfer assets to it.<sup>12,13</sup>

Creating an estate strategy is complex and should be done with the assistance of a tax or legal professional. Periodic changes in the laws governing estate strategy are a good reason to revisit your existing approach to estate management.

## Leaving a Legacy



Another potential cost to consider is the type of legacy you wish to leave when your journey is complete. A legacy can come in many stripes. It can be financial, institutional, instructional, or wish-fulfillment in nature. Or it may simply consist of

the passing on of values and life lessons. A financial legacy requires a clear blueprint and the persistent pursuit of your objective.

“

Happy people plan actions, they don't plan results.

*Dennis Waitley, speaker, writer, and consultant*

- 
1. Investopedia.com, March 28, 2023
  2. Society of Actuaries, 2023  
(based on a 2020 landmark study)
  3. NIH.gov, 2023
  4. GoBankingRates.com, May 18, 2023
  5. LongevityIllustrator.org, 2023. Figures based on a non-smoker in average health.
  6. Fidelity.com, April 2023
  7. GenWorth.com, 2023.  
Figures based on 2023 estimates.
  8. EBRI.org, 2023
  9. AARP.com, March 2023
  10. Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the



policyholder may also pay surrender charges and have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

11. Investopedia.com, February 16, 2023
12. Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust, consider working with a professional who is familiar with the rules and regulations.
13. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation.

# FUNDS:

## How You Will Finance the Journey

**Y**ou have put significant thought into what your ideal retirement will look like. You have taken a look at some of the costs you are expected to incur. Now, it is time to consider how you are going to pay for it. Like the rest of life, retirement doesn't come with guarantees. But thoughtful asset allocation, Social Security awareness, and a sound investment strategy can give you a head start in pursuing a truly happy retirement.

Remember, asset allocation is an approach to help manage investment risk. Asset allocation is not a guarantee against investment loss.

“

You can retire from a job, but don't ever retire from making extremely meaningful contributions in life.

*Stephen Covey, educator, author and businessman*

## Sources of Funding

Changes in employment may affect retirement strategy. As the baby boomer generation ages, there is a potential that Social Security benefits may decrease—or the age at which an individual can collect benefits may increase. As a result, savings and investments may become even more important. Let's review some of the most common sources of funding for retirement.



***FUN FACT: Every day from now until 2030, another 10,000 baby boomers will turn 65. That is roughly one person every 10 seconds.<sup>1</sup>***

## Workplace Retirement Plans

About eight in 10 workers expect a workplace retirement plan to be either a major or a minor source of income in retirement. Eligible workers can set aside a portion of their pre-tax income into an account, which then accumulates tax deferred. It is wise to take advantage of this, particularly if your employer offers contribution matching.<sup>2</sup>

Distributions from defined contribution plans are taxed as ordinary income and, if taken before age 59½, may be subject to a 10 percent federal income tax penalty. Once you reach age 73, you generally must begin taking required minimum Distributions (RMDs).

## Individual Retirement Accounts

A traditional IRA or Roth IRA may be another choice worth exploring. Traditional IRAs have been around since 1974. Contributions you make to a traditional IRA may be fully or partially deductible, depending on your individual circumstances.

Roth IRAs were created in 1997. Roth IRA contributions cannot be made by taxpayers with high incomes. The 2023 limits are \$228,000 for those who are married and filing jointly and \$153,000 for those filing as single or head of household. Roth IRA contribution limits are indexed to inflation.<sup>3</sup>

Once you reach age 73, you must begin taking RMDs from a traditional IRA in most circumstances. Withdrawals from traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10 percent federal income tax penalty.

Roth IRA contributions are phased out for taxpayers with adjusted gross incomes (AGIs) above a certain amount. To qualify for the tax-free and penalty-free withdrawal of earnings, Roth IRA distributions must meet a five-year holding requirement and occur after age 59½. Tax-free and penalty-free withdrawals can also be taken under certain other circumstances, such as the owner's death. The original Roth IRA owner is not required to take minimum annual withdrawals.

## Personal Savings and Investments

One survey found that 78 percent of today's workers expect their personal savings and investments outside their IRAs and employer-sponsored retirement plans to be a source of retirement funds. However, the same survey found that only 69 percent of current retirees reported that personal savings

and investments were a source of funds. It is important to create a savings and investment strategy that works for you.<sup>4</sup>

## Defined Benefit Plans

Defined benefit (DB) plans are traditional pensions: employer-sponsored plans under which benefits, rather than contributions, are defined. Benefits are normally based on factors such as salary history and duration of employment. Despite once being the most popular retirement plan offered by employers, today DB pension plans are available to only 15 percent of private-sector workers.<sup>5</sup>

“

The happiest people in the world are those who feel absolutely terrific about themselves, and this is the natural outgrowth of accepting total responsibility for every part of their life.

*Brian Tracy, speaker and author*

## Continued Employment

In a recent survey, 73 percent of workers stated that they were prepared to keep working in retirement. In contrast, only 23 percent of retirees reported that they actually worked for pay during retirement. Ideally, this is a matter of preference, not necessity.<sup>6</sup>

To estimate how much each of these income sources may potentially provide, take a look at your most recent statements.

With these numbers in hand, estimating any shortfall you may have is a matter of subtraction. Subtract the income you anticipate from the amount you think you will need in order to maintain your definition of being “happy” in retirement. This may help give you a ballpark number to bear in mind as you create your strategy.

## Social Security



Social Security is the government-administered retirement income program. It can be complicated, and as a result, many individuals don't have a full understanding of their options.

Here are four facts that can help you choose the approach that is best for you.

### **1. Social Security is a critical source of retirement income.**

Some people have the perception that Social Security is of secondary or even tertiary importance in retirement. In reality, Social Security replaces about 37 percent of an average wage earner's income after retirement.<sup>7</sup>

### **2. You have choices about when you take Social Security.**

You have considerable flexibility around when you can begin drawing benefits. You may begin receiving them as early as age 62, though your benefits will be reduced at a rate of about 0.5 percent for each month you take them before your full retirement age. To maximize your benefits, you may delay receiving them until after attaining your full retirement age,

when they are scheduled to increase by 8 percent annually until you reach age 70.<sup>8</sup>

### 3. Social Security may be taxable.

Depending on your income level, your Social Security benefits may be subject to taxation. This may have substantial implications for whether you choose to work in retirement, how your assets are invested, and the timing of withdrawals from other retirement accounts.



***FUN FACT: Ernest Ackerman was the first person to receive a Social Security benefit. In March 1937, the Cleveland streetcar motorman received a one-time lump-sum payment of 17¢.<sup>9</sup>***

### 4. Social Security can be a family benefit.

When you start receiving Social Security, other family members may also be eligible for payments. A spouse (even if he or she has no earned income) qualifies for benefits if he or she is age 62 or older or at any age if he or she is caring for your child (the child must be younger than 16 or have been disabled before age 22). If you pass away, your survivors receive a percentage of your basic Social Security benefit—usually in the range of 75 percent to 100 percent for each member.<sup>10</sup>

## Funding Strategy



For many, having a consistent source of lifetime income to cover the cost of living in retirement is highly important. But, if you are like most Americans, the amount you can save for retirement is not unlimited. You may want to make sure that your savings are first directed toward the highest priority retirement funding choices. For many, this savings hierarchy begins with the 401(k), followed by an IRA and then taxable savings.

You will then want to consider how to invest each of these savings pools. One strategy is to simply mirror your desired asset allocation in all retirement accounts. Another approach is to put the income-generating portion of the allocation, such as bonds, into tax-deferred accounts, while using taxable accounts to invest in assets for which gains come from capital appreciation, like stocks.<sup>11,12</sup>

“

The foolish man seeks happiness in the distance, the wise grows it under his feet.

*James Oppenheim, poet and novelist*

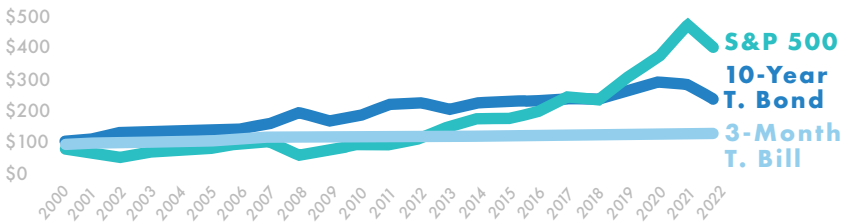
While diversification matters to a retirement funding strategy, your focus after retirement may shift to the best approach for drawing income from your accounts. Determining a withdrawal strategy that best fits your circumstances is paramount as you adjust from years of contributing to these accounts to years of living off of them. You should consider choosing an appropriate withdrawal amount, which accounts to withdraw from and when, and what to modify as time passes. We can help you evaluate your choices.<sup>13</sup>



Like asset allocation, diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.

## Asset Allocation

At any time, allocating your assets among investment choices is a good strategy to consider. But as you approach retirement, asset allocation takes on an even higher sense of urgency (asset allocation is an approach to help manage investment risk—it does not guarantee against investment loss).



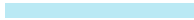
Standard & Poor's Corp. Chart from March 2000 through March 2022<sup>14,15</sup>

Let's take a closer look at the long-term performance of three major asset classes: cash alternatives, bonds, and stocks. Due to stock market volatility in 2008 and 2009, stock market returns trailed those of bonds throughout this period. However, stocks began to bounce back shortly after and eventually surpassed cash in 2014.

While cash alternatives have shown a steady return over the last 20 years, they have underperformed the other two asset classes. Conservative investors who kept all their assets in cash alternatives didn't experience the market volatility, but they did see lower returns and may have lost purchasing power due to inflation.

Remember, asset allocation is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline. We can help you develop an asset allocation strategy that suits your risk tolerance, time horizon, and retirement goals.

Funding your ideal retirement is not a stroll in the park. But, with foresight, focus, and a solid strategy in place, you can make your retirement years some of the best ones of your life.



1. SeniorLiving.org, February 28, 2023
2. EBRI.org, 2023
3. IRS.gov, 2023
4. EBRI.org, 2023
5. Investopedia.com, December 30, 2022
6. EBRI.org, 2023
7. CBPP.org, April 17, 2023. Based on someone who has worked their entire adult life at average earnings and retires at age 65 in 2022.
8. SSA.gov, 2023
9. SSA.gov, 2023
10. SSA.gov, 2023

11. Asset allocation is an approach to help manage investment risk. Asset allocation does not guarantee against investment loss.
12. The market value of a bond will fluctuate with changes in interest rates. As rates rise, the value of existing bonds typically falls. If an investor sells a bond before maturity, it may be worth more or less than the initial purchase price. By holding a bond to maturity, an investor will receive the interest payments due plus their original principal, barring default by the issuer. Investments seeking to achieve higher yields also involve a higher degree of risk. The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost.
13. Diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.
14. Stern.NYU.edu, 2023
15. Stocks are represented by the S&P 500 Composite Index, an unmanaged index that is generally considered representative of the U.S. stock market. Bonds are represented by the 10-year Treasury Note, and cash is represented by the 3-month Treasury Bill. The market indexes discussed are unmanaged and generally considered representative of their respective markets. Individuals cannot directly invest in unmanaged indexes. Past performance does not guarantee future results. U.S. Treasury Notes and Bills are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note or Bill prior to maturity, it may be worth more or less than the original price paid.

# RISKS:

## Prepare to Sail Through Any Weather

**E**ven with meticulous preparation, goal setting, and a prudent funding strategy, your retirement journey can be exposed to a variety of risks. However, knowledge is power. By educating yourself about these risks ahead of time, you can equip your vessel to weather any storm.

### Unrealistic Assumptions



Some of the most hazardous risks you may encounter can stem from your assumptions. Even with careful preparation, life is unpredictable. Just like the rest of your life, your retirement years will be full of unexpected changes, challenges, and opportunities. The following data can help you begin to form a realistic idea of what to expect.

One survey found an interesting disconnect between the expectations of workers and the reality reported by those who have retired. For example, 73 percent of workers surveyed expected to continue working for pay during retirement. In contrast, 23 percent of retirees actually did continue working for pay.<sup>1</sup>

Similarly, 54 percent of workers expect employer-sponsored retirement savings plans to be a major source of retirement

income, while 19 percent of retirees report that employer-sponsored retirement savings plans are a major source of retirement income.<sup>2</sup>

Interestingly, only 33 percent of workers expect Social Security to be a major source of retirement income, while 67 percent of retirees reported that Social Security actually is a major source of retirement income. Remember, preparing for retirement means being realistic about what you can expect, and we are here for a conversation, anytime.<sup>3</sup>

### IDEA

73%

*expect to work for pay  
past retirement*

### REALITY

23%

*actually work for pay  
past retirement*

### IDEA

54%

*expect employer  
sponsored retirement  
savings to be a major  
source of income*

### REALITY

19%

*actually receive  
employer-sponsored  
retirement savings as  
their major source of  
income*

### IDEA

33%

*expect Social Security to  
be a major source of  
retirement income*

### REALITY

67%

*receive Social Security as  
their major source of  
retirement income.*

## Longevity



Your retirement years may be a longer season of your life than you anticipate. When you are preparing for retirement, having realistic expectations about lifespan may help you to better prepare for whatever this new season of life may bring your way. The average person's life expectancy has risen by over 20 years over the last century. Living longer can be a multiplier of many other risks and can require additional retirement savings. For some, it may also mean changing their stance on working during retirement. What's essential is to ensure that income will continue to flow in for as long as it is needed.<sup>4</sup>

## Market Volatility



Market volatility is an inevitable risk for every investor. Changing interest rates, global developments, and even investor psychology can drive markets higher or lower. While it is tempting to believe that experienced investors can learn to predict the market, time has shown that the market can be volatile. Let's look at three significant drops in stock prices over the past 30 years.

- Between February 12, 2020, and March 23, 2020, the Dow lost 37 percent of its value due to the onset of the COVID-19 pandemic. Fortunately, recovery was swift, and by November 2020, US markets had returned to their pre-pandemic highs.<sup>5,6</sup>
- On September 17, 2001—the first day of trading after the terrorist attack on the World Trade Center—the Dow dropped nearly 685 points, which, at the time, was its biggest one-day point decline in history.<sup>7</sup>

- In 2008, major financial markets lost more than 30 percent of their value, including a record-breaking 774-point drop in the Dow on September 29, 2008. The causes of this decline are still being debated.<sup>8</sup>

Although these three drops had different causes, the most fascinating thing is the one factor they all had in common: each of them caught almost everyone by surprise.

In uncertain times, it can be tempting to react out of fear. But a balanced portfolio that reflects your goals, risk tolerance, and time horizon can help you weather market volatility while still taking advantage of investment opportunities.<sup>9</sup>

“

Our lives improve only when we take chances, and the first and most difficult risk we can take is to be honest with ourselves.

*Walter Anderson, former editor and CEO of Parade Magazine*

## Sequence of Returns Risk



This is one of the most insidious risks to watch out for. Sharp drops in market prices during the accumulation phase are unsettling, but history has shown that markets recover over time. However, past performance is no guarantee of future results. Market declines, in combination with income withdrawals, can accelerate the depletion of your retirement portfolio since the assets sold to provide retirement income won't be there to participate in future market activity.

Sequence of returns risk has been called the “silent killer” of retirement strategies. Maintaining a cash reserve to fund your income needs is one way to help mitigate this type of risk during your distribution phase, but there are other strategies to consider. Let’s have a conversation about the best approach for you.



*FUN FACT: Over 10 percent of retirees are currently providing financial support to a family member.<sup>10</sup>*

## Inflation Issues



Keeping too much of a portfolio in secure investments exposes a person to another risk: inflation. Low-risk investments tend to generate low rates of return, and over some periods, low-risk, low-return investments may fail to keep pace with inflation.

Although historical inflation has remained relatively low for the past two decades, recent years have seen a spike resembling the high inflation rates of the 1970s. It remains uncertain whether the U.S. public debt and loose monetary policies will revive the inflation rates of yesteryear. Still, it’s clear that the federal reserve is committed to returning inflation to its historical level. Regardless of the outcome, even low inflation rates over an extended period can impact your retirement finances.<sup>11</sup>



A simple example illustrates this. An income of \$50,000 today at an inflation rate of 3 percent would have a purchasing power of just over \$32,000 in year 15—a 35 percent erosion. Said differently, to maintain the desired lifestyle that a \$50,000 income would provide requires \$77,900 of income after 15 years of 3 percent inflation.<sup>12</sup>

Remember: inflation is a thief; it steals the purchasing power of your retirement savings. But, as with your other possessions, there are strategies that may help you avoid being robbed of your purchasing power.

“

I have decided to be happy, because it is good for my health.

*Voltaire, French Enlightenment writer and philosopher*

## Health and Extended Care




While thinking about aging might not be especially fun, health care is a major consideration for those facing retirement age. In fact, 70 percent of people turning 65 can expect to need some form of extended health care during their lifetimes. However, when workers were surveyed, only 29 percent said they have started to research extended care strategies.<sup>13,14</sup>

Costs are higher than ever: Americans are spending billions of dollars a year on extended health care services. These annual costs range widely based on geographic location, from over \$75,000 in Oklahoma to over \$400,000 in Alaska.<sup>15,16</sup>

There are a variety of products at your disposal for extended care, the most obvious being insurance. Additional choices may include riders on life insurance, fixed annuities, or self funding through savings. What's important is making sure the funding choices you select are designed to work together, and work for you.<sup>17,18</sup>

This is an important topic to discuss with us and with your loved ones. Together, we can create a strategy that is designed to ensure your comfort and security for as long as needed.

- 
1. EBRI.org, 2023
  2. EBRI.org, 2023
  3. EBRI.org, 2023
  4. Statista.com, 2023
  5. Investopedia.com, April 24, 2023
  6. The Dow Jones Industrial Average (DJIA) is an unmanaged index that is generally considered representative of large-capitalization companies in the U.S. stock market. Index performance is not indicative of past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index.

7. Investopedia.com, July 31, 2022
8. Investopedia.com, February 10, 2023
9. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.
10. EBRI.org, 2023
11. InflationData.com, 2023
12. This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments.
13. GenWorth.com, 2023
14. Salesforce.com, March 2022
15. Congress.gov, 2023
16. GenWorth.com, 2023. Figures based on 2023 estimates and reflect the average annual cost of a private room in a nursing home facility.
17. Several factors will affect the cost and availability of life insurance, including age, health, and the type and amount of insurance purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, the policyholder may also pay surrender charges and have income tax implications. You should consider determining whether you are insurable before imple-

menting a strategy involving life insurance. Any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

18. The guarantees of an annuity contract depend on the issuing company's claims-paying ability. Annuities have contract limitations, fees, and charges, including account and administrative fees, underlying investment management fees, mortality and expense fees, and charges for optional benefits. Most annuities have surrender fees that are usually highest if you take out the money in the initial years of the annuity contract. Withdrawals and income payments are taxed as ordinary income. If a withdrawal is made prior to age 59½, a 10% federal income tax penalty may apply (unless an exception applies).

# RETIRE HAPPY:

Make It a Bon Voyage

**C**ongratulations! You have covered a lot of ground in these pages. We salute your willingness to educate yourself and prepare for your future. As a final exercise, let's go back to the Ideal Retirement Scenario you dreamed up back in Chapter 2. How does it look to you now? Do you need to make any adjustments to your goals or expectations?



***FUN FACT:** Households headed by those who are 65 or older have, on average, 22 times more wealth than households headed by those who are 35 or younger.<sup>1</sup>*

## Set Yourself Up for Success

It may be worthwhile to create a second version of your future in your mind's eye. You can call this your "Acceptable

Retirement Scenario.” This time, scale back from dreaming big and think of a doable “Plan B.” Envision a post-retirement life with which, if all else fails, you could be content. What legacy will you leave? What is the minimum you need to be happy? If a three-year sailing voyage around the world doesn’t pan out, what about a three-month Caribbean cruise instead?

The truth is that your most realistic scenario may fall somewhere between Ideal and Acceptable. Understanding this now may help you avoid surprises later on and set you up to win.

“

Twenty years from now, you will be more disappointed by the things that you didn’t do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sails. Explore. Dream. Discover.”

*H. Jackson Brown Jr., author of Life’s Little Instruction Book*

## Your Greatest Ally



Financial strategy may not come naturally to everyone. That’s where we come in. When we stay involved in the conversation about your retirement, we can be your greatest retirement ally. But don’t take our word for it. The positive effects of working with a financial professional are clear. One study conducted by Vanguard, one of the world’s largest money managers, found that working with a professional and receiving that level of investment guidance could help

investors see about a 3 percent higher net portfolio return over time.<sup>2</sup>

Sound financial guidance may have another benefit: if it helps you stay focused on your goals, you may experience an increased sense of purpose in your later years. Having a clear purpose has been shown to reduce stress and increase longevity as you age.<sup>3</sup>

Like any adventure, your retirement years may be full of possibilities, risks, and rewards. The better prepared you are for the journey, the more likely you are to make it a happy one.

**Bon voyage!**



1. CBO.gov, 2022
2. Investopedia.com, November 29, 2022
3. MedicalNewsToday.com, November 21, 2022