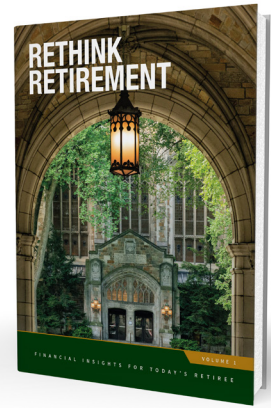


# RETHINK RETIREMENT REVISIONS OVERVIEW



VOLUME 1

Annual updates have been highlighted below.

## PAGE 8 - LONGER LIVES, HIGHER COSTS

The shift from traditional pensions to 401(k)s is not the only change facing new retirees such as Art. People of Art's generation often live for many years with no earned income, after the paychecks stop.

According to the 2012 IAM Basic Mortality Table, one out of four 65-year-old men of average health will live to age 94, while one out of four 65-year-old women will live to age 96. For married couples, there is almost an even chance that one of them will live to celebrate a 94th birthday, a one in four chance that one or both will reach age 98, and a 5% chance that one will celebrate his or her 103rd birthday.<sup>2</sup>

The reality is retirees today have a realistic probability to living to at least, and possibly beyond, the average life expectancy. And with people living longer, the chances of outliving your financial resources increase.

## PAGE 16 - CRASH COURSE

In 2015, the same year that Bill (who started three years earlier) was withdrawing about \$70,000, Jill was taking over \$64,000 from her portfolio, following the 4% rule. However, due to the nasty bear market at the start of her retirement, Jill's \$1 million stock portfolio had declined to around \$250,000.

## PAGE 17 - CRASH COURSE

(From Big Brother Bill Chart)

2016	\$1,571,094	9.54%	\$149,882	\$72,245	\$1,648,731
2017	\$1,648,731	19.42%	\$320,184	\$74,412	\$1,894,503
2018	\$1,894,503	-6.24%	(\$118,217)	\$76,644	\$1,699,642
2019	\$1,699,642	28.88%	\$490,857	\$78,943	\$2,111,556

# RETHINK RETIREMENT REVISIONS OVERVIEW

VOLUME 1

## PAGE 17 - CRASH COURSE (CONTINUED)

(From Big Brother Bill Chart)

### ASSUMPTIONS

- Investment Amount: \$1,000,000
- Index Illustrated: SP500
- Time Period: 1996 - 2019
- Annual Income Withdrawal: 4.00%
- COLA on Desired Income: 3.00%

### ENDING BALANCE

- Average One Year Index Return: 9.11%
- Total Annual Withdrawal: \$1,337,065
- Total Change in Account Value: 111.16%

## PAGE 18 - CRASH COURSE

(From Little Sister Jill Chart)

Year	Balance	Return	Withdrawal	Balance	Balance
2016	\$308,973	9.54%	\$29,476	\$66,115	\$272,334
2017	\$272,334	19.42%	\$52,887	\$68,098	\$257,123
2018	\$257,123	-6.24%	(\$16,044)	\$70,141	\$170,938
2019	\$170,938	28.88%	\$49,367	\$72,245	\$148,060

### ASSUMPTIONS

- Investment Amount: \$1,000,000
- Index Illustrated: SP500
- Time Period: 1999 - 2019
- Annual Income Withdrawal: 4.00%
- COLA on Desired Income: 3.00%

### ENDING BALANCE

- Average One Year Index Return: 6.58%
- Total Annual Withdrawal: \$1,147,066
- Total Change in Account Value: -85.19%

## PAGE 26 - TAXES AND INFLATION IMPACT RETURNS

### IRS TAX RATE TABLES FOR 2020<sup>7</sup>

**TABLE 1: MARRIED INDIVIDUALS FILING JOINT RETURNS AND SURVIVING SPOUSES**

If Taxable Income Is:	The Tax Is:
\$0 - \$19,750	10% of the taxable income
\$19,751 - \$80,250	\$1,905 + 12% of the amount over \$19,750
\$80,251 - \$171,050	\$8,907 + 22% of the amount over \$80,250
\$171,051 - \$326,600	\$28,179 + 24% of the amount over \$171,050
\$326,601 - \$414,700	\$64,179 + 32% of the amount over \$326,600
\$414,701 - \$622,050	\$91,379 + 35% of the amount over \$414,700
\$622,051 +	\$161,379 + 37% of the amount over \$622,050

# RETHINK RETIREMENT REVISIONS OVERVIEW

VOLUME 1

## PAGE 27 - TAXES AND INFLATION IMPACT RETURNS (CONTINUED)

**TABLE 2: HEADS OF HOUSEHOLD**

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
\$0 - \$14,100	10% of the taxable income
\$14,101 - \$53,700	\$1,360 + 12% of the amount over \$14,100
\$53,701 - \$85,500	\$5,944 + 22% of the amount over \$53,700
\$85,501 - \$163,300	\$12,698 + 24% of the amount over \$85,500
\$163,301 - \$207,350	\$30,698 + 32% of the amount over \$163,300
\$207,351 - \$518,400	\$44,298 + 35% of the amount over \$207,350
\$518,401 +	\$149,298 + 37% of the amount over \$518,400

**TABLE 3: UNMARRIED INDIVIDUALS**

*(Other than surviving spouses and heads of households)*

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
\$0 - \$9,875	10% of the taxable income
\$9,876 - \$40,125	\$952.50 + 12% of the amount over \$9,875
\$40,126 - \$85,525	\$4,453.50 + 22% of the amount over \$40,125
\$85,526 - \$163,300	\$14,089.50 + 24% of the amount over \$85,525
\$163,301 - \$207,350	\$32,089.50 + 32% of the amount over \$163,300
\$207,351 - \$518,400	\$45,689.50 + 35% of the amount over \$207,350
\$518,401 +	\$150,689.50 + 37% of the amount over \$518,400

**TABLE 4: MARRIED INDIVIDUALS FILING SEPARATE RETURNS**

<i>If Taxable Income Is:</i>	<i>The Tax Is:</i>
\$0 - \$9,875	10% of the taxable income
\$9,876 - \$40,125	\$952.50 + 12% of the amount over \$9,875
\$40,126 - \$85,525	\$4,453.50 + 22% of the amount over \$40,125
\$85,526 - \$163,300	\$14,089.50 + 24% of the amount over \$85,525
\$163,301 - \$207,350	\$32,089.50 + 32% of the amount over \$163,300
\$207,351 - \$311,025	\$45,689.50 + 35% of the amount over \$207,350
\$311,026 +	\$80,689.50 + 37% of the amount over \$311,025

# RETHINK RETIREMENT REVISIONS OVERVIEW

VOLUME 1

## PAGE 74 - GLOSSARY

<b>REQUIRED MINIMUM DISTRIBUTION (RMD)</b>	A required minimum distribution (RMD) is the amount that traditional, SEP or SIMPLE IRA owners must begin distributing from their retirement accounts by April 1 following the year they reach age 72. Qualified employer plan participants may be able to defer RMDs until April 1 of the calendar year following the year in which they retire. RMD amounts must then be distributed by December 31 of year following the year in which they reach age 72 based on the current RMD distribution calculation amounts.
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## PAGE 76 - GLOSSARY (CONTINUED)

<b>STRETCH IRA</b>	A tax planning concept that is applied to defer the distribution—and accompanying income tax—of a qualified employer account or an Individual Retirement Account (IRA) to a beneficiary or beneficiaries. A stretch IRA strategy allows the original owner of an IRA to distribute assets to a designated beneficiary. By using this strategy, the IRA can be passed on while beneficiaries enjoy tax-deferred growth as long as possible. Non spousal IRA beneficiaries generally take taxable distributions of all funds within 10 years of death of the account owner whom they inherited it from. The term "stretch" does not represent a specific type of IRA; rather it is a financial strategy that allows people to stretch out the life—and therefore the tax advantages—of an IRA
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## PAGE 78 - APPENDIX

<sup>2</sup> IAM Mortality Table, 2012

<sup>3</sup> ~~Society of Actuaries, Mortality Improvement Scale MP-2016, pg 15, October 2016~~

<sup>3</sup> 2016 SBBI Yearbook - Stocks, Bonds, Bills and Inflation - U.S. Capital Markets Performance by Asset Class 1926-2015, Duff & Phelps, Appendix C-3 (21)

<sup>4</sup> 2016 SBBI Yearbook - Stocks, Bonds, Bills and Inflation - U.S. Capital Markets Performance by Asset Class 1926-2015, Duff & Phelps, Appendix C-1 (5-8)

<sup>5</sup> LIMRA Fact Book, 2015, pg 89

**(Note: Superscript numbers update until 14)**

*This material should be accompanied by "Rethink Retirement - Volume 1" (TC2000117-0222). This material is intended for financial educational purposes only and is not intended to give any tax or legal advice, nor is this material to be used to avoid any federal tax penalties. You are encouraged to seek advice from your own tax or legal counsel. You are encouraged to work with an estate planning team, including your own personal legal or tax counsel for your estate planning needs.*