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Financial Advisor

RETIREMENT SYMPOSIUM

Preparing and Practicing for Retirement

PANELISTS

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Commonwealth Financial Network[®]

Practice Retirement®

What it can do for you

Relationship building and referrals

- Encourages client dialog and referrals
 - Approach your clients with a positive and refreshing message
 - Address your clients' nonfinancial needs/concerns

Sales cycle is longer

- Extends retirement planning time line
 - Shifts retirement date, which lengthens sales window
 - Defers drawdown of assets or annuitization

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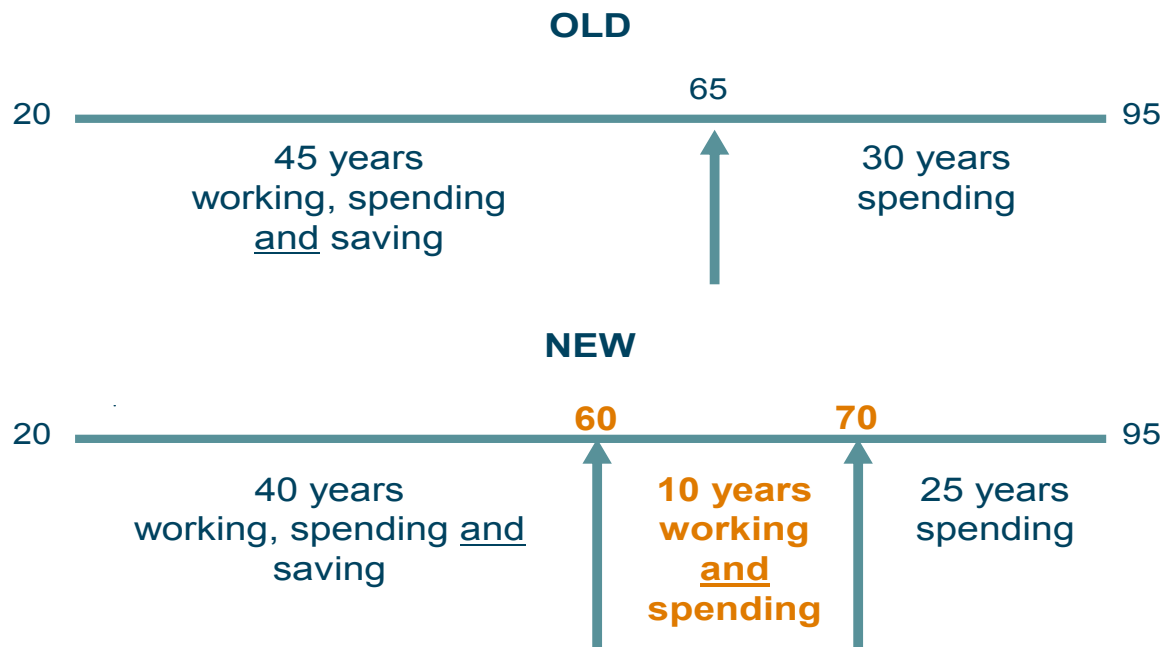
Finding balance on the path to retirement

- I. Work AND retire
- II. Put time on their side
- III. Start trying it on for size

Goal: Help your clients enter retirement better prepared financially AND non-financially

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A new time balance is needed



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Give your clients permission to enjoy their 60s

The “new math”

- Keep working longer... up to age 70
 - More money to fund their fun in their 60s
 - Income to fill in the gap while waiting to take Social Security
- Start their leisure activities sooner...at 60
- Shorten time to support themselves...by 5 years

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Get their financial house in order and help them prepare emotionally

Get financial house in order

- Pay off mortgage
- Eliminate credit card debt
- Rid themselves of extraneous monthly charges
- Purchase any big ticket items
 - New car or boat
 - New computer or flat screen TV

Make emotional adjustments

- Encourage client to take the time to adjust to what full retirement will probably look and feel like

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Retiree in Training mindset: Work AND Retire



TIME

MONEY



WORK

PLAY

SAVE

SPEND

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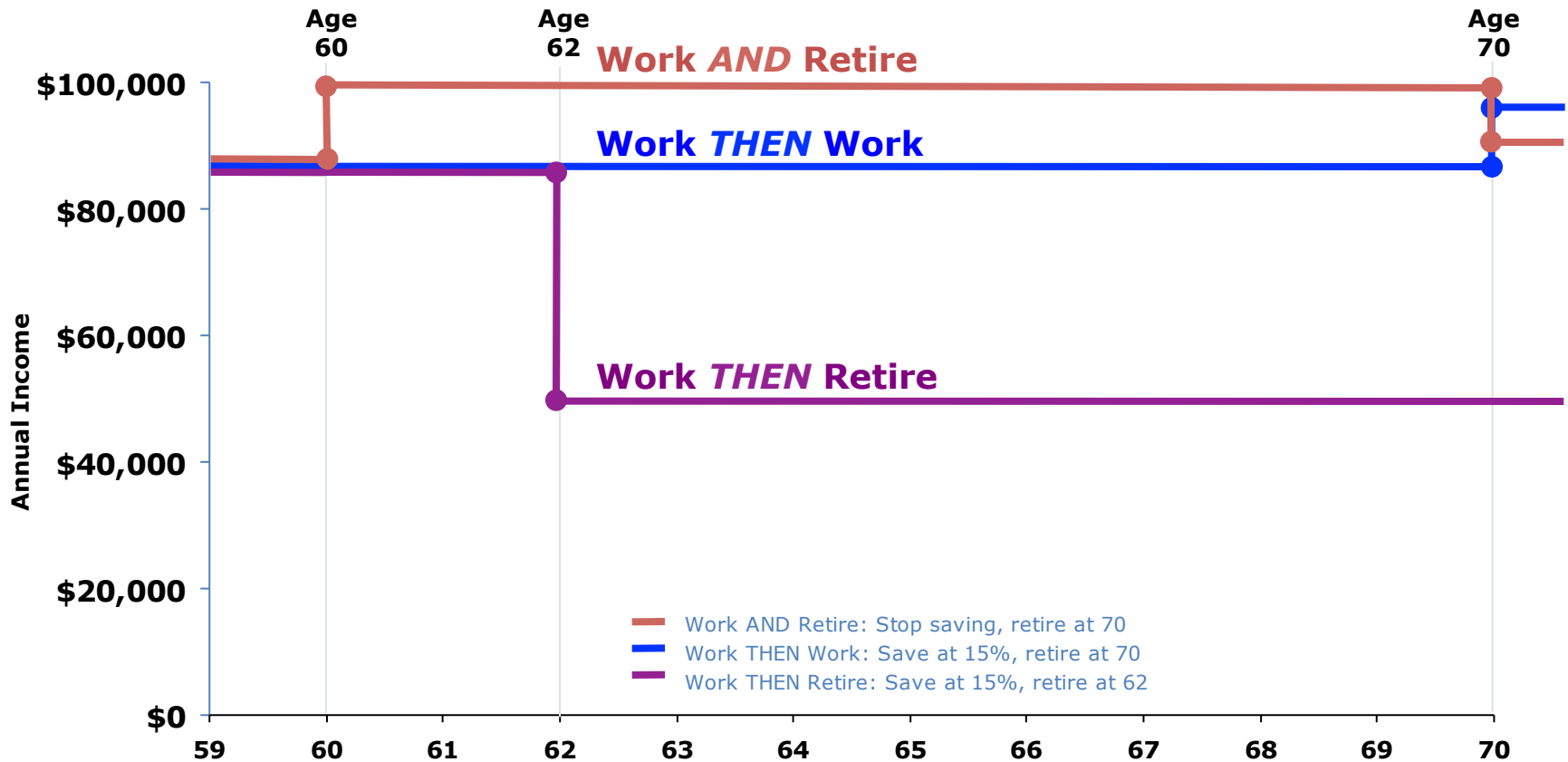


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Impact on income



This chart is shown for illustrative purposes only and does not represent the performance of any specific security. All figures shown pretax in Present Value at age 60, discounted at 3% annually. Preretirees assumed to be a couple contributing (if applicable) to their 401(k) plans, both age 60 with identical current salaries and work history. The "salary at 60" above is their combined current salary. Retirement asset growth is assumed to be 7% annually, preretirement; 6% annually, postretirement. Inflation is assumed to be 3% annually, applying to salary, contribution amounts, and savings withdrawals and Social Security benefits (the latter due to cost of living adjustments) after the initial year of retirement. First-year savings withdrawal rates are based on age retiring: 3.7% at age 62 through 4.5% at age 70, each year of delay adding 0.1% to the withdrawal amount; initial amounts increase each year thereafter for inflation. Social Security benefits are estimated in "inflated (future) dollars" on the Social Security Administration's website, ssa.gov (using the Quick Calculator, assuming a 0% relative growth factor) then discounted 3% annually. Sources: T. Rowe Price Services, Inc., and ssa.gov.

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Financials behind the approaches

- **Couple, age 60, \$100k combined salary/\$500k nest egg**
- **Illustrates impact and trade-offs of compounding, Social Security, and salary**

	Cliff Diver: Work <i>THEN</i> Retire Save 15% until age 62 Retire at 62	Worker Bee: Work <i>THEN</i> Work Save 15% in 60s Retire at 70	Retiree in Training: Work <i>AND</i> Retire Don't save during 60s Retire at 70
Cumulative Total Income (age 60–69), Net of Contributions	\$586k	\$850k	\$1mm
Annual Retirement Income: Withdrawals and Social Security	\$52k	\$96k	\$88k
Savings Withdrawals	\$21k	\$41k	\$33k
Social Security	\$31k	\$55k	\$55k

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How You Can Help Your Clients

- Define goals for their vibrant 60s
- Set milestones
- Put together a schedule
- Define the role of work in their lives
- Rate material and nonmaterial aspects of their work
- Start moving toward their ideal work/play and save/spend balance

Thank You!

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The Emotional Side of Retirement

- Vocational Irony
- Passages
- “Retirementality”
- What If . . .
- The Morale

 @jyoungwirth