Global Atlantic
FINANCIAL GROUP

# Building your savings to — and through — retirement

**A guide to meeting your accumulation needs**

**Accumulation**
Planning Guide

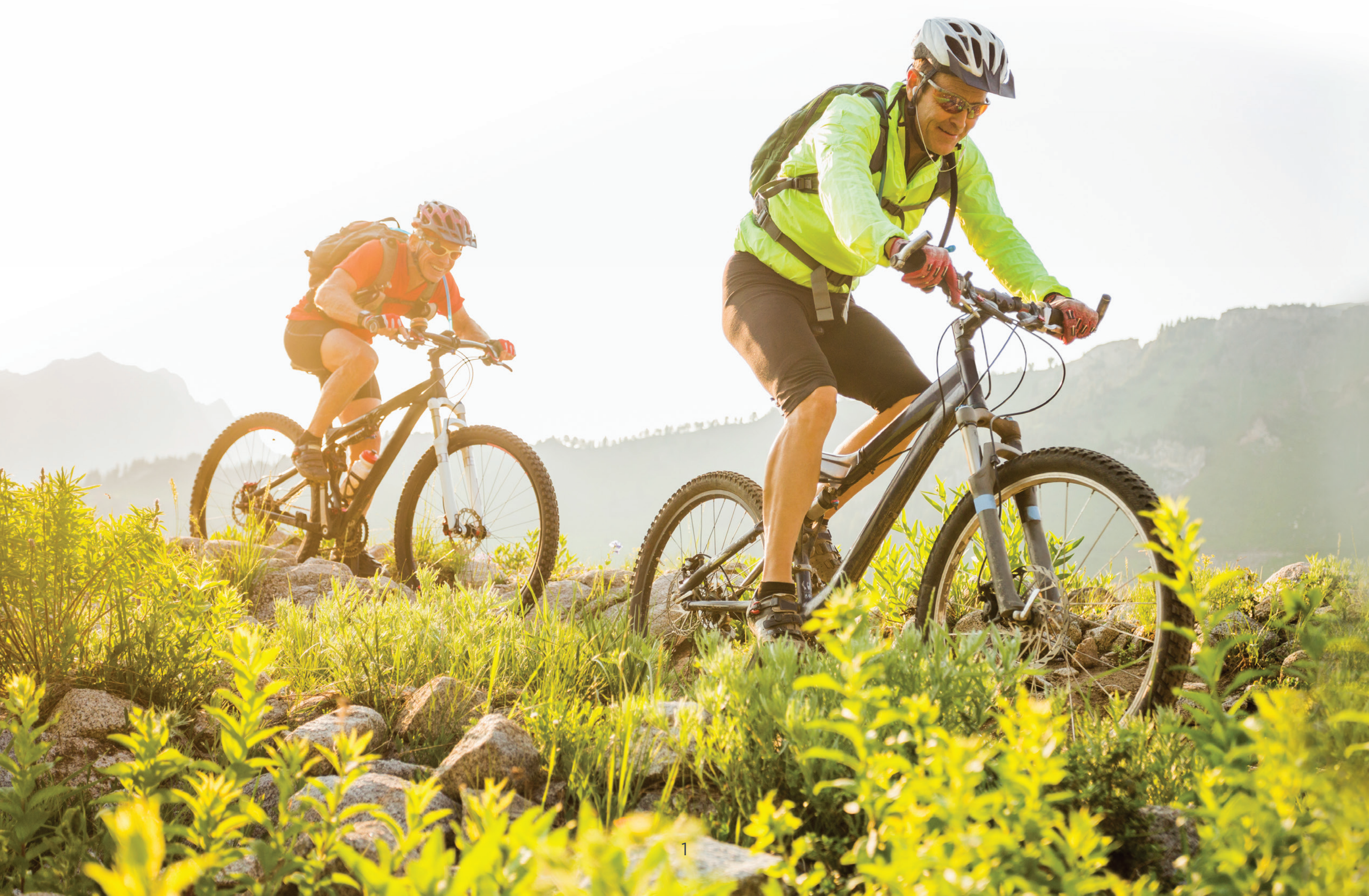
## Is "how much do I need?" the only question?

When thinking about saving for retirement, people often focus on a specific number they need to reach. "How much do I need?" is their primary concern, and that's definitely an important consideration.

But there's another key question:

## How do I keep growing my retirement assets as I near and enter retirement?

This is  especially important as your goals evolve and your ability to accept risk changes. That's the question this planning guide is designed to help you address.



## Retirement is not a finish line — it's a milestone along your way.

From the moment people start saving for retirement, their focus is mostly on how large their accounts need to be before they can cross the "finish line." This building period is all about "when," as in *when can I retire?*

But there are many reasons why you need to keep building even as you get closer to, and start, your retirement. This becomes especially clear when you consider some of the challenges that arise along the way, including taxes, personal and emotional shifts in your risk tolerance, the need to plan for a longer lifespan, and more. Thankfully, you have quite a few possibilities to help you meet those challenges. With sound planning, you can position yourself to increase your resources throughout your forties and fifties, into your sixties and possibly even during portions of your retirement.

The key is to adapt your approach as you near this milestone and even after you begin living in retirement.

## It's important to think about building "to" **and** "through" retirement.

First things first: during the "to retirement" time, you need to make sure you save enough for the essentials, such as food, transportation, shelter and expected medical care. Those are the building blocks of your retirement.

But even after you've saved enough to meet those basic needs, there are many reasons to stay focused on building. Because it's the lifestyle you lead that will define the quality of your retirement, not whether or not you're able to hire a plumber. Traveling, dining out, engaging in new activities, spending time with family (without becoming a financial burden) — these are the hallmarks of one's golden years.

By creating a plan to keep building your assets, you can not only secure an income that funds your essential needs but also prepare yourself to live out a retirement filled with the lifestyle you imagine.

# 52%

of working-age households will be at risk of being unable to maintain their standard of living in retirement.

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## Assessing risk tolerance

There are challenges throughout all stages of building your savings, and as you approach retirement, your tolerance for risk may change. The ability to withstand losses — financially and emotionally — defines your risk tolerance. If you play it too safe, you could limit your gains and be disappointed with your choices. You might also regret pursuing an overly aggressive strategy. It's vital that you consider your goals and your retirement time-frame, because those factors, along with your ability to endure certain losses financially, will affect your tolerance for risk.

## Addressing challenges

### Managing taxes

Taxes are a challenge to building your finances at all stages of life, but income taxes can prove to be the single largest expense in retirement[1] How you take payments, which accounts you withdraw from, and the order in which you withdraw can all increase or reduce your tax burden.[2]

### Interest rates

**12.06%**

5-year CD yield in 1984[3,4]

**0.86%**

5-year CD yield in 2016[3,4]

In some instances, declining interest rates can reduce your predictable income payments. Be sure you know how much of your future lifestyle depends on growth tied to these rates.

### Inflation

**$24.09**

The projected cost of a $5.99 burger meal 40 years from now.[5]

Even a small rise in inflation can have a big impact on retirement. A solid strategy to keep building up to and into retirement should take this into account.

## Possible ways to keep on building

**Pre-retirement**

#### Max out your 401(k)

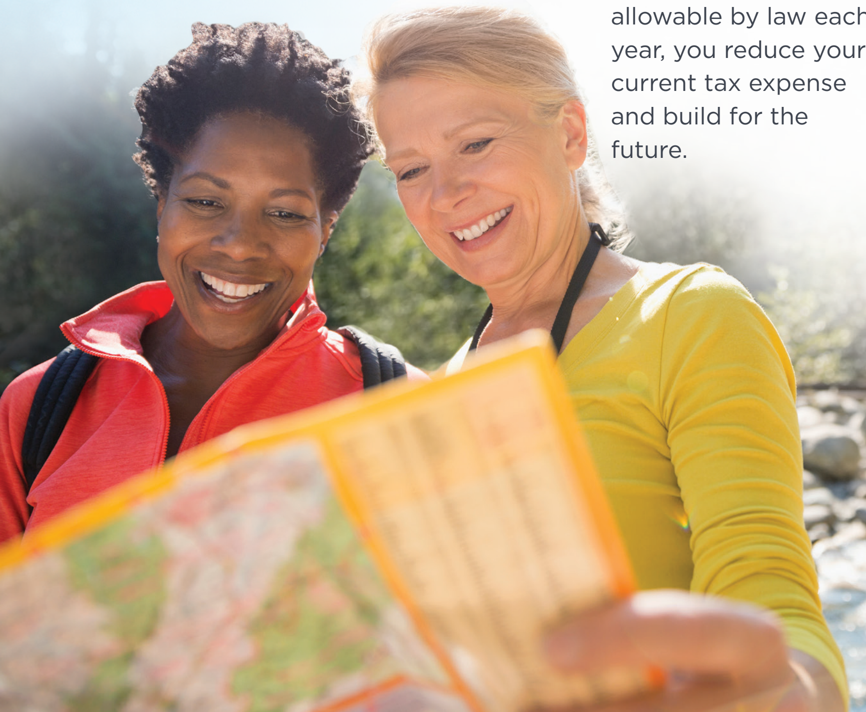
By making the maximum contribution allowable by law each year, you reduce your current tax expense and build for the future.

#### Make catch-up contributions

If you're over 50 and still in the workforce, you are allowed to put even more of your money into retirement accounts. In 2017, individuals 50 and up can contribute up to $24,000 in a 401(k) and $6,500 in an IRA.

#### Invest in stocks and mutual funds

Purchasing stocks or mutual funds might provide growth through retirement, but proceeds may require you to pay taxes.



## Market swings

# -$2.8 trillion

Approximate amount Americans lost in their 401(k)s and IRAs after the market crash of 2008[6]

# +54%

S&P 500 gain between early 2009 and late 2011[7]

As you near and enter the "through retirement" period, market declines can have a more immediate impact on your income, and your ability to weather market swings might not be as strong.

## Increased life expectancy

# 83-94 years old

Estimated life expectancy for women in 2050[8]

# 83-85 years old

Estimated life expectancy for men in 2050[8]

It's funny to think of living longer as a "risk," but when you live longer it means your income needs to "live" longer as well.

## Pre- and post-retirement

### Invest in Roth IRAs

Unlike traditional IRAs, deposits to Roth IRAs are made with after-tax dollars. That means that come retirement, you'll be able to withdraw your money federal income tax free.

### Annuities

By providing potential growth that is tax deferred, an annuity's investment earnings can accumulate and compound untouched by federal, state, or local income taxes until you begin making withdrawals, which is usually after retirement.[9]

## Post-retirement

### Delay Social Security benefits

If you start taking Social Security at 66, you'll receive 100% of your monthly benefit. If you delay benefits for one year, you'll receive 108%, and the percentage keeps growing for every year you delay payments. By age 70, you will receive 132%.[10]

### Work part-time

Working in retirement not only increases income but also has been found to lift energy-levels and provide higher amounts of personal satisfaction.

1 Source: finra.org/investors/taxation-retirement-income
2 Source: kiplinger.com/article/taxes/T055-C000-S002-how-6-types-of-retirement-income-are-taxed.html
3 Traditional deposit products may be FDIC insured and CDs are bank products that are FDIC insured. Fixed Index annuities are insurance contracts that are guaranteed by the issuing insurance company and are not FDIC insured.
4 Source: bankrate.com/banking/cds/historical-cd-interest-rates-1984-2016/
5 Calculation based on 3.54% inflation, which was the average rate for the 40 years spanning 1977-2017
6 Source: urban.org/sites/default/files/publication/32481/901206-How-Is-the-Financial-Crisis-Affecting-Retirement-Savings-.PDF
7 Source: theatlantic.com/business/archive/2015/10/the-recession-hurt-americans-retirement-accounts-more-than-everyone-thought/410791/
8 Source: abcnews.go.com/Health/ActiveAging/humans-live-longer-2050-scientists-predict/story?id=9330511
9 Taxable distributions (including certain deemed distributions) are subject to ordinary income taxes, and if made prior to age 59½, may also be subject to a 10% federal income tax penalty. Distributions received from a non-qualified contract before the Annuity Commencement Date are taxable to the extent of the income on the contract. Payments from IRAs are taxable in accordance with the normal rules surrounding taxation of payments from an IRA. Early surrender charges may also apply. Withdrawals will reduce the death benefit and any optional guaranteed amounts in an amount more than the actual withdrawal.
10 Source: ssa.gov/planners/retire/1943-delay.html

## Start the conversation

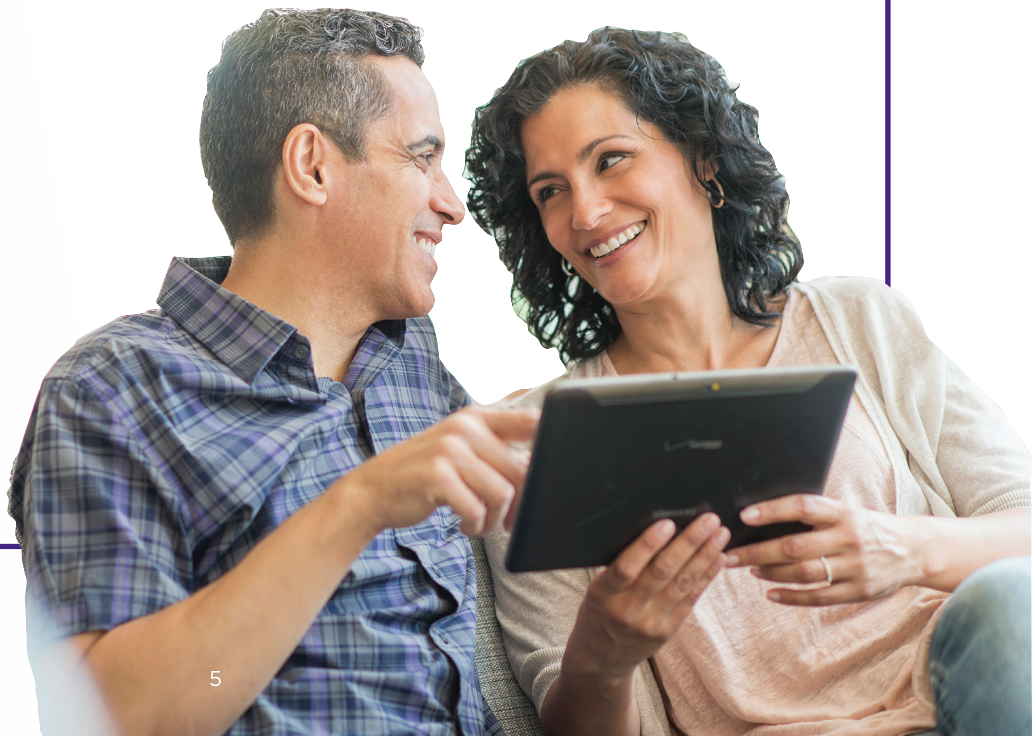
A well-planned retirement can provide some of the most fulfilling experiences and greatest times of your life. It's important to consider your strategies for building assets "to" and "through" this time.

To get a full understanding of your needs and options, start a conversation with your financial professional.

### Questions you might want to ask include

- Do my current retirement resources have the potential to grow during retirement?
- What approaches can I take to counteract the effects of inflation?
- Should I be making catch-up contributions?
- Can you help me determine my risk tolerance?

Your financial professional can work with you to help you achieve your objectives with a strategy that's personalized for your retirement.



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