

A Process-Centered Approach to Retirement Income

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Current State

Retirement Income Products and Tools

Insurance

- Annuities:
 - E--Deferred Variable
 - --Deferred Fixed
 - --Immediate
- Long Term Care
- Life Insurance

Investments

- Target Date Funds
- Lifestyle Funds
- Income Funds
- Managed Accounts

Tools & Processes

- Distribution Planning Tools
- Laddered Distribution Programs
- Systematic Withdrawal Plans
- Asset Management Platforms

What's the Problem?

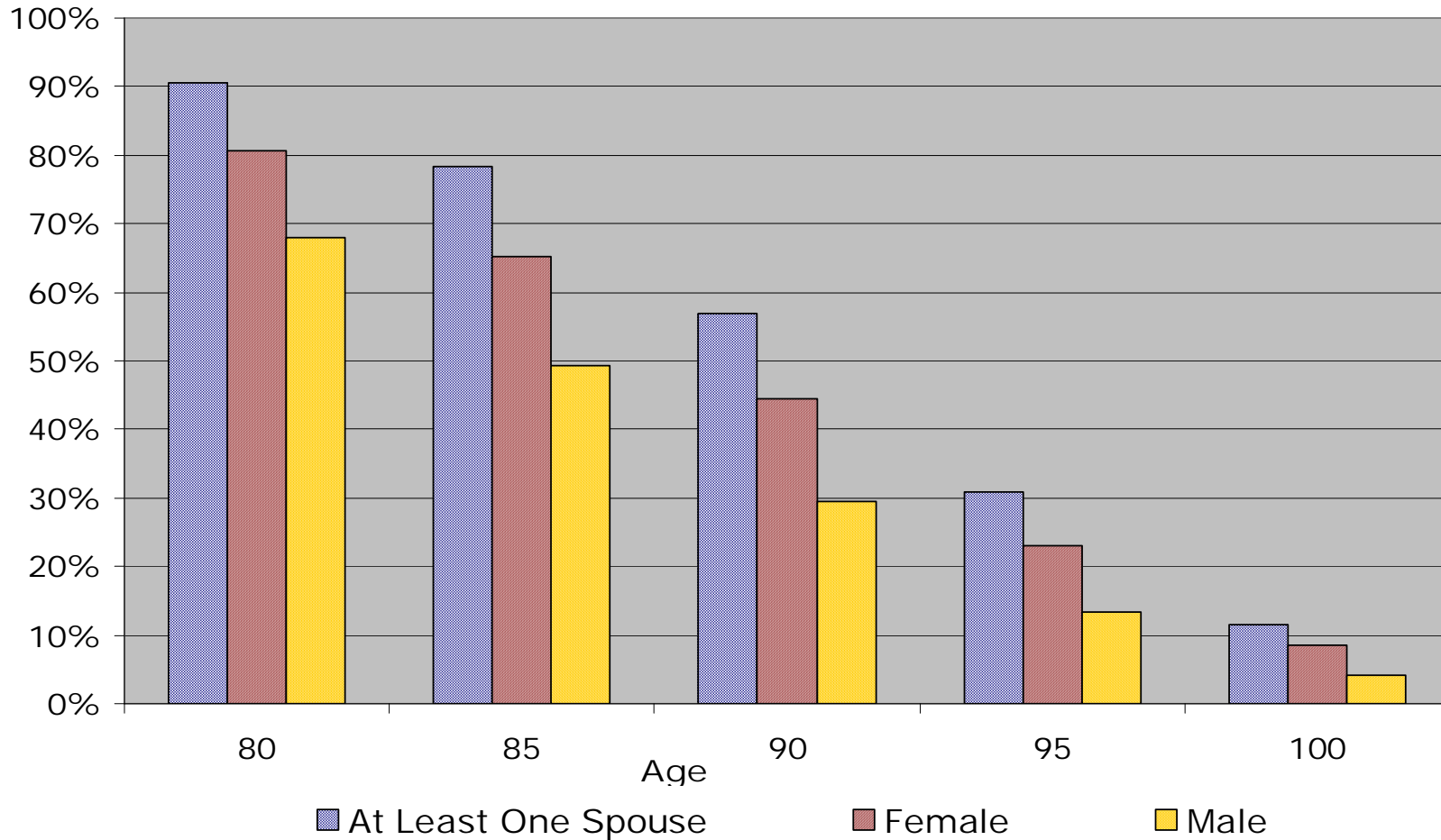
- Single-product-category solutions aren't optimal to address:
 - Diversity of client needs
 - Evolution of needs
 - Significant life events
- Standalone planning tools lack integration with:
 - Actionable product recommendations
 - Plan implementation
 - Ongoing monitoring
- Existing tools & processes designed for accumulation

Critical Issues

- Longevity- Outliving Retirement Assets
- Impact of Unforeseen Events
- Withdrawal Rate
- Functional Inflation
- Healthcare Costs
- Market Risks
- Bequest Planning

The Risks

Probability of a 65-Year-Old Living to Various Ages



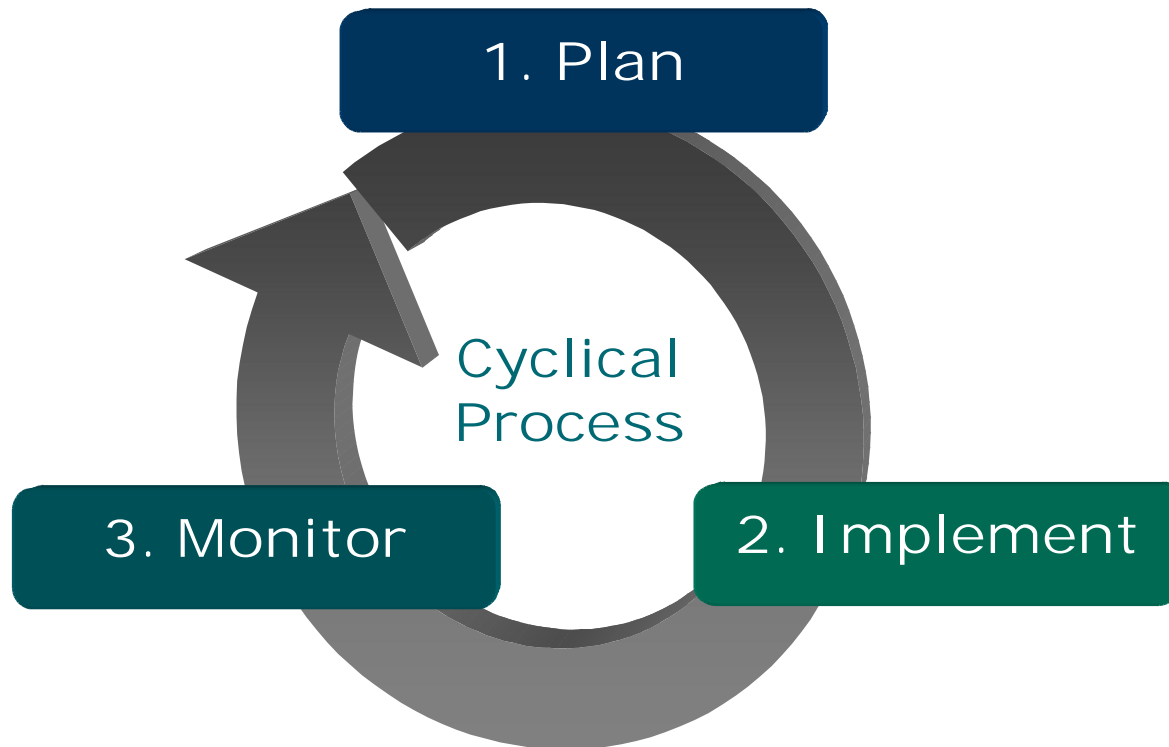
Source: Society of Actuaries, 1996 .U.S.
Annuity 2000 Mortality Table

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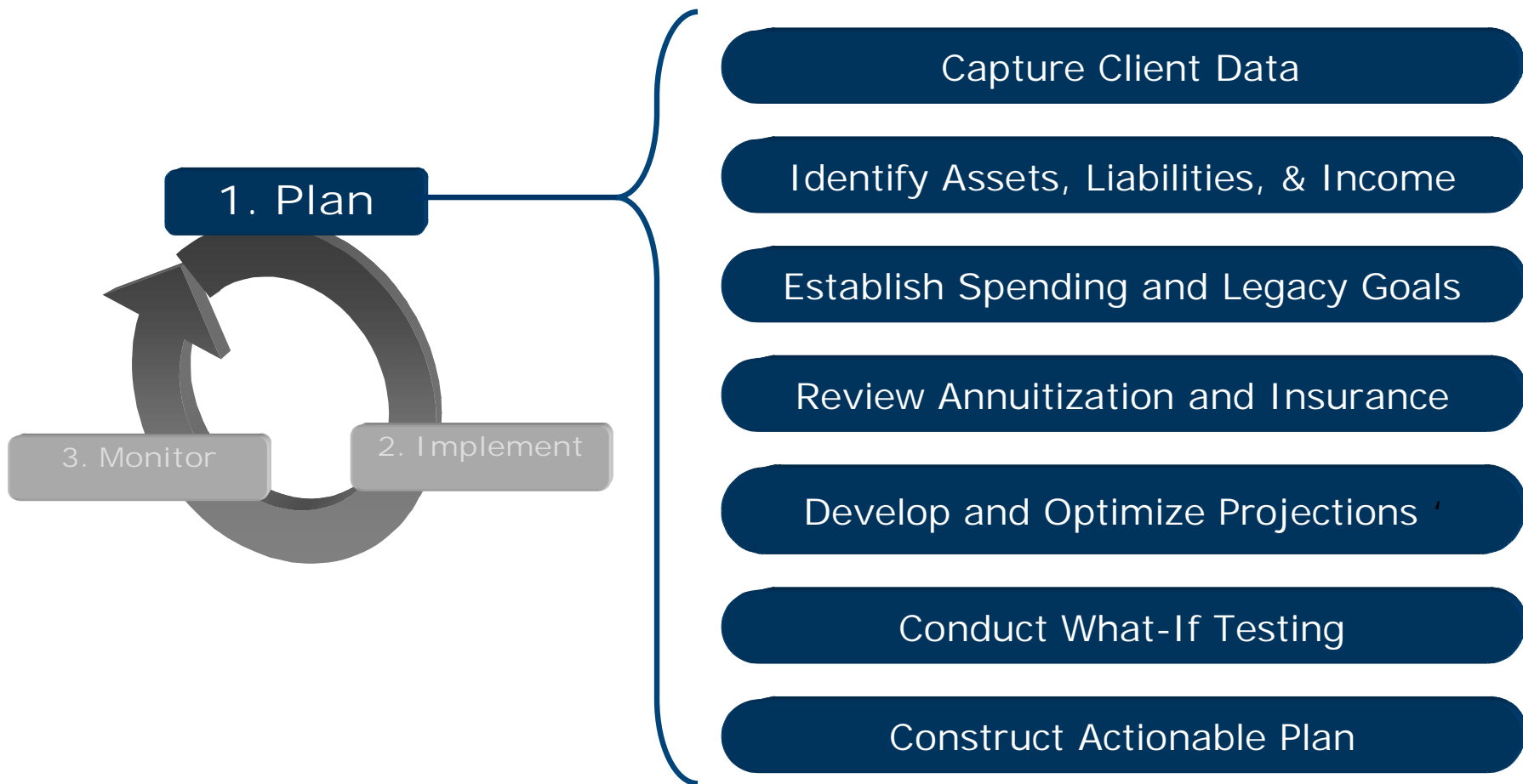
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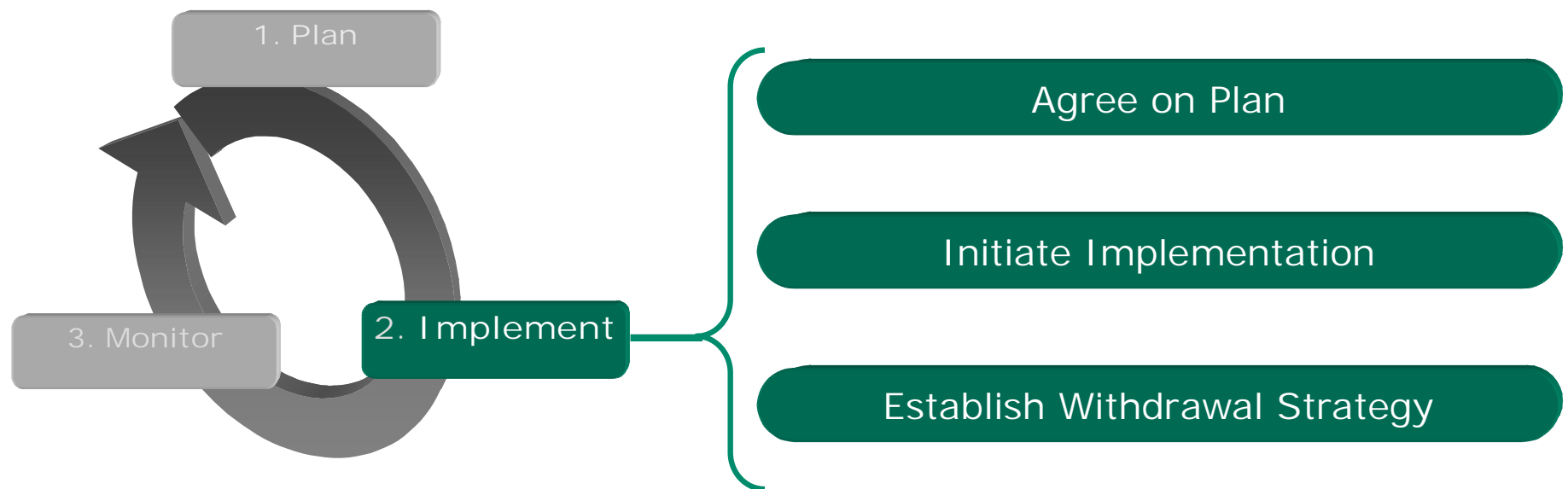
A Process Based Solution



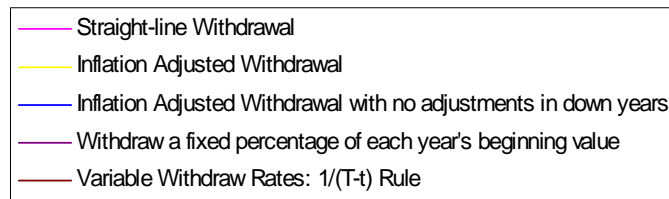
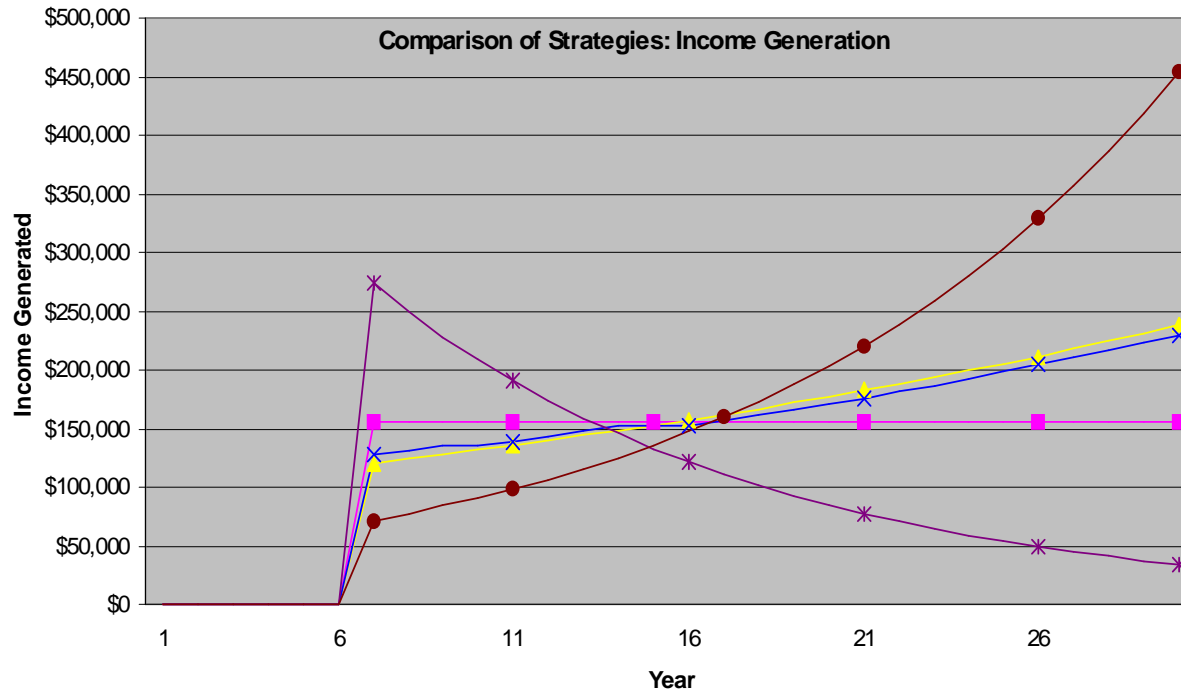
Phase 1: Plan



Phase 2: Implement



Withdrawal Strategies



Assumptions:

- Portfolio value is \$1,000,000
- \$50,000 contributed on 6th year
- Withdrawal years are 7- 30
- Expected annual return = 8%
- Standard deviation of 8%
- Inflation 3%/yr
- Estate bequest goal = \$200,000

Phase 3: Monitor



In Summary:

The integration of process, tools, and products which are specifically designed for retirement income:

- Helps ensure suitability through a client-specific step-by-step iterative what-if process
- Supports retention and consolidation of assets by addressing comprehensive needs
- Maintains relationship by ongoing monitoring and adjustments for significant/unforeseen life events

White Paper

“A Process-Centered Approach to Retirement Income:
Best Practices for Institutions and Their Advisors”

Available at: www.fundquest.com/usa