A framework for your retirement income strategies

Introducing the 4 C's℠

Preparing for the retirement you envision starts here.

Retirement in America is changing – so retirement planning calls for a new approach.

If you're like most Americans, you're concerned about saving enough for retirement. But to enjoy the retirement you envision, it's also important to consider your transition into retirement – and your years in retirement, too.
The 4 C's℠ – clarity, comfort, cost of living, and certainty – can help.

Clarity

Creating your retirement income strategy starts with a clear picture of where you are – and where you want to go. Gathering a few facts and answering five simple questions can help you and your financial professional get started:

How much income will you need in retirement?

Even though it can vary widely among retirees, some estimates indicate that you'll probably need at least 70-80% of your current income as a foundation for retirement income.

How many years might you live in retirement?

Many Americans alive today could spend 20 – or more – years in retirement. That's why it's important to have a plan for your retirement income.

What resources do you have to fund your retirement?

Few Americans have pensions anymore. And although you may be counting on some Social Security income, you're likely responsible for funding much of your own retirement. Do you own any of the following:

□ IRAs □ 401(k)s □ Annuities □ Personal savings

What is your risk tolerance?

Knowing how comfortable you are with the possibility of losing money can help you choose financial products that match your risk tolerance and long-term financial goals.

Do you plan to leave anything to your heirs or favorite charities?

For many Americans, leaving a legacy is an important part of their retirement strategy. Tell your financial professional if this is important to you.

A FRAMEWORK FOR YOUR RETIREMENT

CLARITY | Comfort | Cost of living | Certainty

Comfort

When it comes to retirement planning, most of us have a simple goal: We want to maintain our current lifestyle in retirement – and know our income will last. That's why you may want to consider protecting a portion of your savings throughout the three stages of retirement.

While you're saving

While you're saving for retirement, it's important to consider risk. In a recent study, 76% of those surveyed said they'd prefer a guaranteed 4% rate of return over a potential 8% that carried more risk.[1]

How comfortable are you with risking greater losses for the possibility of a higher rate of return? Talk to your financial professional about your risk tolerance and about how it may affect your long-term savings goals.

During your transition into retirement

Experiencing asset losses can be especially painful as you're getting ready to retire, because they can significantly reduce your income potential. And although it's tempting to think that you'll simply delay your retirement, unexpected job setbacks and health concerns may derail those plans. Your financial professional can help you reframe your retirement strategies to help protect a part of your retirement savings during this critical transition phase.

When you start receiving income

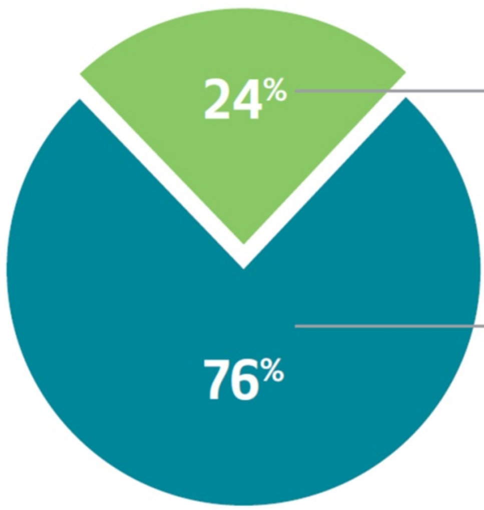
Many people are surprised to discover that they spend almost as much at retirement as they did while working. That's because every day is in effect a Saturday, and their spending habits may shift toward leisure activities. Your financial professional can help you identify your needs and wants, and help you determine whether you could be facing an income gap between your sources of income and your spending needs in retirement.

[1]The Allianz Reclaiming the Future Study, June 2010.

A **FRAMEWORK** FOR YOUR RETIREMENT

Clarity | **COMFORT** | Cost of living | Certainty

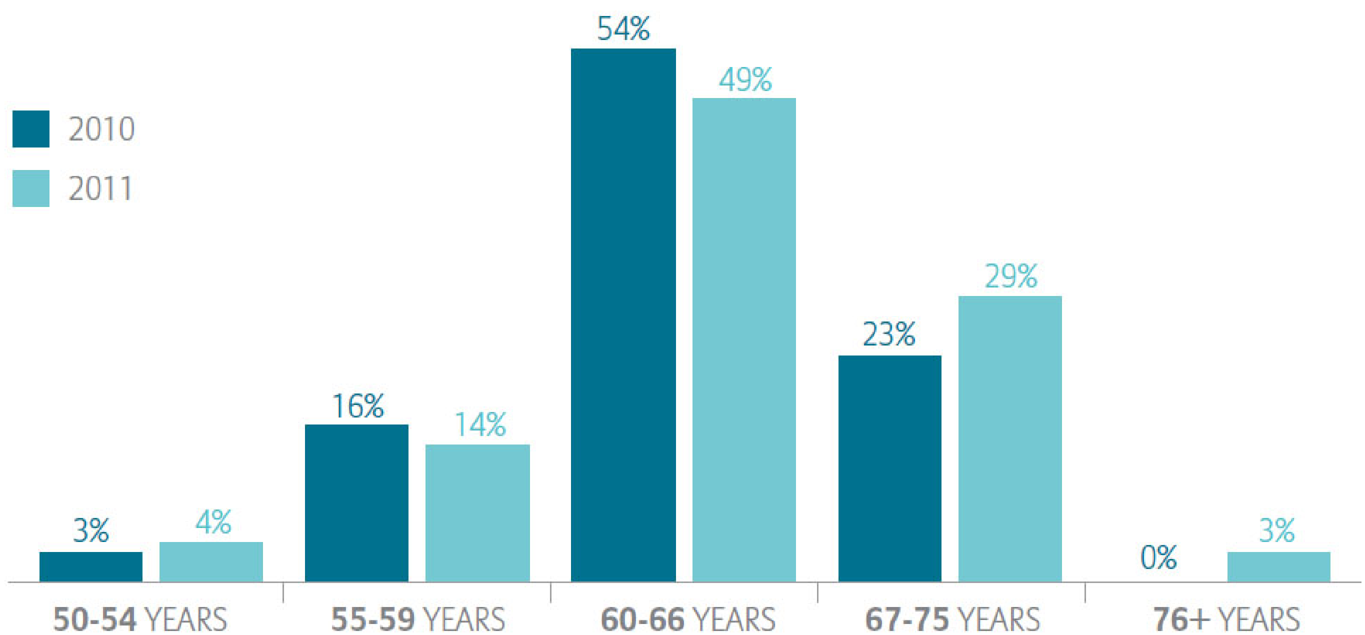
Comfort in retirement – **safety over return**[1]



Prefer **8% RETURN** with possibility of losing value/vulnerable to market downturn

Prefer **4% RETURN** and guaranteed not to lose value

Shifting **retirement age**[1]



[1]The Allianz ***Reclaiming the Future*** Study, June 2010.

Cost of living

For many retirees, the increasing cost of living is a major concern. That's because some retirement strategies may not consider the effect inflation can have on your savings, especially if you spend two decades – or even longer – in retirement.

Inflation matters for several reasons. **First, inflation can chip away at your purchasing power over time.** If the current rate of inflation (2.35%)[1] remains steady, $100 may buy you half as many groceries in 20 years as it does today.

Second, inflation matters because the cost of health care is rising far faster than the cost of consumer goods (health care costs rose by 160% between 1999 and 2011, compared to a 38% increase in the cost of consumer goods).[2] This disproportionate increase – combined with the fact that you may need more health care in retirement – could erode your savings faster than you expect.

Finally, inflation matters because your current retirement vehicles may not address its effects. For instance, 401(k)s, IRAs, and personal savings accounts may not include vehicles that offer protection against inflation. And even with periodic cost-of-living adjustments ("COLAs"), Social Security is losing ground against inflation.

Your financial professional can help you create a retirement income strategy that helps address the rising cost of living – no matter how long you live.

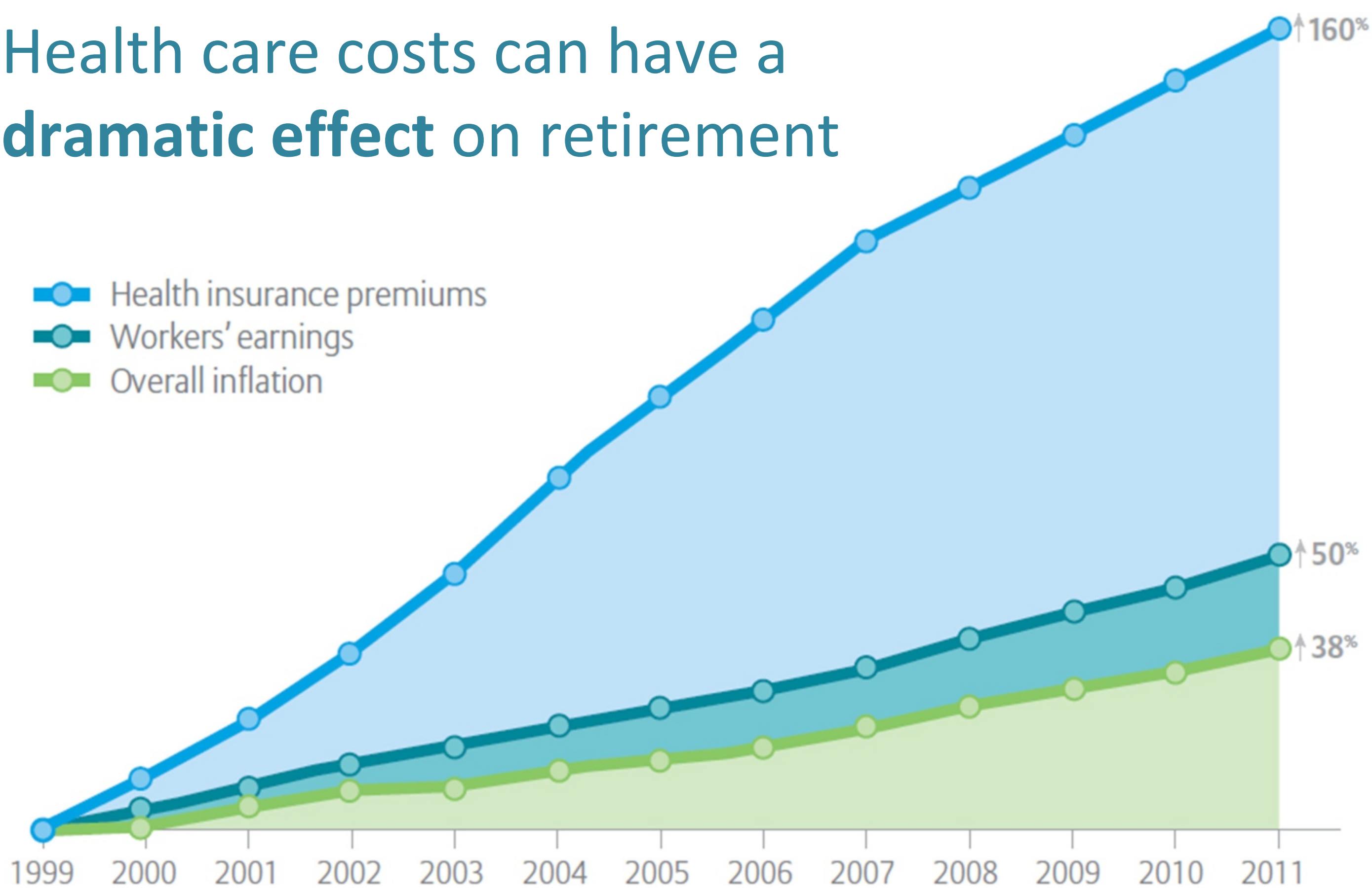
[1]U.S. Department of Labor, Bureau of Labor Statistics.

[2]"Trends in Health Care Costs and Spending," Kaiser Family Foundation, April 2011.

How many bags of groceries does **$100** buy?

This hypothetical example is provided for illustrative purposes only.

Health care costs can have a **dramatic effect** on retirement



These hypothetical examples are for illustrative purposes only and do not depict actual performance of a specific product or actual inflation rates. Source: "Trends in Health Care Costs and Spending," Kaiser Family Foundation, September 27, 2011.

Certainty

There are two certainties in retirement: We're living longer, and we'll continue to experience market volatility. Wouldn't it be nice to have the certainty of guaranteed lifetime income as well?

In 1945, the average life expectancy was 68.4 years for women and 62.9 years for men.[1] But by 2015, those figures are expected to rise to 81.4 and 76.4 respectively.[2] Assuming retirement at age 65, it's **conceivable that some of us could spend 20 years – or longer – in retirement.**

Market volatility is also a concern, because **losses can significantly reduce your income potential.** This is especially true if the losses happen shortly after you enter retirement, when you're just beginning to receive income.

Fortunately, there are solutions to these challenges. Your financial professional can tell you about products such as annuities that are designed to meet long-term needs for retirement income. They provide guarantees against the loss of principal and credited interest, and the reassurance of a death benefit for beneficiaries.

With a little planning, you can enjoy a third certainty: knowing that you'll always have a guaranteed income stream, no matter how long you live. Ask your financial professional if an annuity may be appropriate for you situation.

Ask your financial professional how you can enjoy the certainty of having guaranteed income for life.

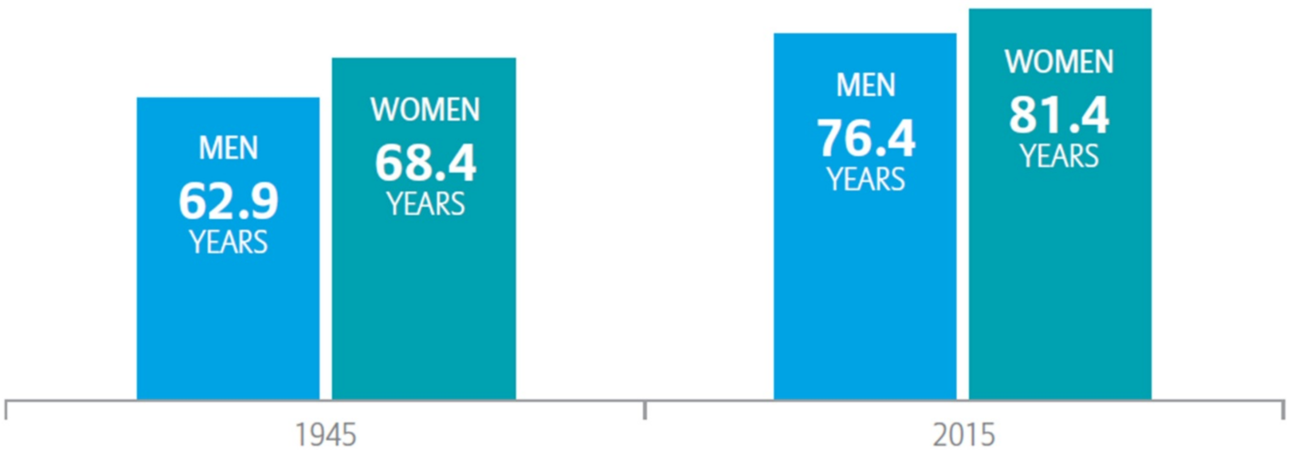
[1]Life Tables for the United States Social Security Areas, 1900-2010, Actuarial Study Number 120, August, 2005.

[2]U.S. Census Bureau, Statistical Abstract of the United States, 2012, Table 104. Expectation of Life at Birth, 1970 to 2008, and Projections, 2010 to 2020.

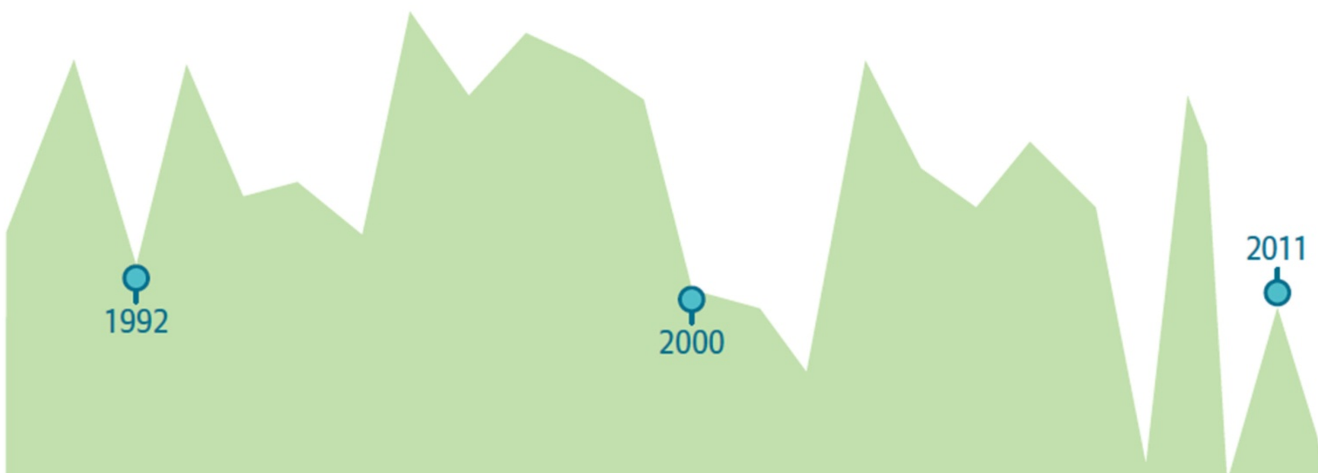
A FRAMEWORK FOR YOUR RETIREMENT

Clarity | Comfort | Cost of living | **CERTAINTY**

Longer **life expectancy**[1,2]



Market volatility is certain[3]



[1]Life Tables for the United States Social Security Area, 1900-2100, Actuarial Study Number 120, August, 2005.

[2]U.S. Census Bureau, Statistical Abstract of the United States, 2012, Table 104. Expectation of Life at Birth, 1970 to 2008, and Projections, 2010 to 2020.

[3]This graph represents changes in the S&P 500® Index between 1992 and 2011. It is not possible to invest in the index. Standard & Poor's 500® Index (S&P 500®) is comprised of 500 stocks representing major U.S. industrial sectors. Performance figures are inclusive of dividends reinvested. S&P 500 is a registered service mark of Standard & Poor's Financial Services LLC. The product is not sponsored, endorsed, sold, or promoted by Standard & Poor's and Standard & Poor's makes no representation regarding the advisability of purchasing the product.