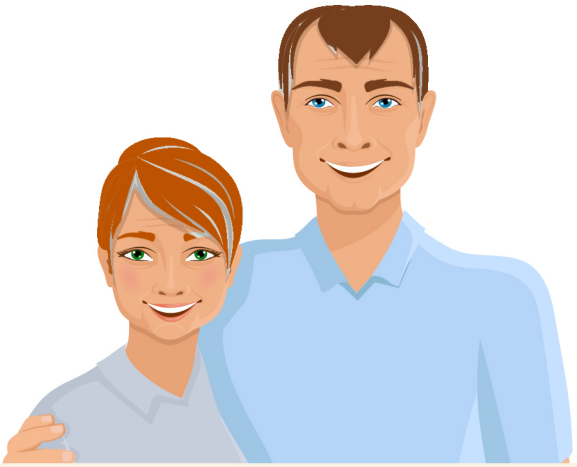
RETIREMENT REDZONE



Kim
64 years old
Vice President and loves to be thrifty

Tony
63 years old
Business Owner and very comfortable taking risks

Goals and Concerns

- Managing and protecting their portfolio and wealth
- When should we take social security?
- Health care in retirement
- Taxes
- When can we retire and how much do we need to recreate our lifestyle?
- What should we do with our pensions? What options and when should we elect?
- Retirement expense uncertainty - aging parents, long term care & dependent adult children
- Second career

A Starting Point

Kim and Tony have been married for nine years now and both have kids from previous marriages. They are open with each other about their finances but handle almost everything separately. As they gear up for retirement, they are getting increasingly concerned that they may not have properly prepared and are unsure when they can confidently step away from work. They've sought out help on Kim's pension and their Social Security retirement benefits but have yet to receive concise recommendations on how and when to elect the benefits. With variables like their aging parents, dependent adult children, health care costs and the possibility of long term care needs, projecting their expenses seems next to impossible.

The Engagement Begins

As they begin to work through the current state of their finances alongside their new advisor, they find that they somehow overlooked a glaring issue within their finances – their beneficiaries. As they gathered statements for their newly hired financial planner, what initially seemed like a pesky ask (gathering all beneficiaries for the accounts) amounted to quite the discovery of ex-spouses listed on accounts. Walking through their ideal lifestyle in retirement prompts conversations of summers at the shore, international travel, resurrecting old hobbies, and spending valuable time with their large family. Surely a picturesque retirement plan, but they fear that even one of many potential risks could unravel their ideal future.

Life's Next Phase

Together they develop a retirement income plan providing them some much-needed guidance on their pensions and social security, as well as creating a strategy around their requiring minimum distributions (or RMDs).

- They plan a transition of their investment strategy to gear-up for retirement withdrawals
- Appropriately update all their beneficiaries
- Weigh the cost and benefits of utilizing long term care insurance within their plan

They settle from the initial surge of meetings with their new advisor with some immediate changes they've already implemented, along with a much greater sense of confidence that they can live the lifestyle they want in retirement. They've come to realize that even though there will always be uncertainty for their golden years, there are proactive steps they can taketo drastically reduce the financial risks attached to them.

These are hypothetical case studies used for illustrative purposes only. The strategies discussed in these case studies may not be suitable for all readers. Please consult a CFP® professional, CPA, or attorneyprior to taking any action.

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