APPROACHING THE TRANSITION

Having a thoughtful plan for retirement is an important step in helping protect the future well-being of you and your family.

RAYMOND JAMES®

TRANSITIONING YOUR INCOME IN TODAY'S ECONOMIC CLIMATE IS A CHALLENGING AND PERSONAL PROCESS.

Even in the best of times, planning for this transition in life can be complicated, time consuming and emotionally draining. That's why you need the guidance of a financial advisor who specializes in retirement – someone with the right experience and expertise to help you take a calm, measured look at what it takes to build a comprehensive plan for retirement and professionally manage its implementation and ongoing support.

Looking realistically at what may lie ahead is key to developing a plan. Yet it is where many people have the most difficulty either through fear of the unknown or just procrastination. Fortunately for you, we've looked to the future many times for many clients over the years. That gives us a unique perspective to help you focus on what decisions lie ahead, how they can affect your plan, and how to best prepare for what you want to achieve.

NEW RISKS LIE AHEAD – BE PREPARED TO MANAGE THEM.

As you enter this new phase in your life, you'll have different concerns than those you faced in your primary earning years. Properly managing these new risks is crucial to your quality of life over the next 20 to 30 years. Our job is to identify them, determine how they may affect you and your unique situation and provide you with strategies with which to deal with them effectively.

Living longer

First, you should plan for a long retirement. Statistics show a couple aged 65 has an 85% chance that at least one of them will live past 85.[1] This means your resources will have to last longer than you may have expected, so it's important to work with your advisor to assess your current and anticipated lifestyle – including the possibility you may need to reduce expenses to ensure that your assets provide enough income over your lifetime.

Things cost more over time

Given longer life spans, inflation can significantly erode your purchasing power. For instance, a 3% rate of inflation over 30 years can reduce $100,000 in purchasing power today to only $40,000 in year 30. That means you must take steps to reduce the impact of inflation on your retirement assets.[2]

Running out of money

How much do you see yourself spending over 20 or more years of retirement? How much you spend is critical to ensuring that your assets do not run out before you are ready. Managing and controlling spending at a sustainable rate is key. Raymond James offers sound planning and competitive cash management products that can help you manage and track your spending.

The markets

We cannot control financial markets, but working with your advisor can help you devise strategies to minimize the risk that market downturns can have on your ability to reach your goals. You also cannot always pick the right time to retire. A consecutive sequence of poor market returns can negatively impact the sustainability of your retirement assets, particularly during the early years of your retirement. Proper asset allocation[3] and some specialized financial products can help mitigate this risk.

[1] Source: Annuity 2000 Mortality Tables. Created by Raymond James using Ibbotson presentation materials. © 2011 Morningstar. All Rights Reserved. 3/1/2011

[2] Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. Created by Raymond James using Ibbotson presentation materials. © 2011 Morningstar. All Rights Reserved. 3/1/2011

[3] There is no assurance that any investment strategy will be successful. Investing involves risk and investors may incur a profit or a loss. Asset allocation and diversification do not ensure a profit or protect against a loss. Past performance is not indicative of future results.

The unknown "what ifs?"

What do you worry about in the future? You face many unforeseen risks in the later stages of your life, and it's important to consider which you can protect against and take action on early. Some unknowns are easier to protect against than others, such as the rising costs of healthcare – both long-term and acute – disability, even the death of a spouse. Your advisor has the experience and the resources to help you in this process.

ESTABLISHING YOUR PRIORITIES

Drawing a clear picture of what may lie ahead can help you establish your priorities. Because your retirement will be unique to your circumstances, no simple calculator or rule of thumb can give an accurate vision of your future. That is why a planning process tailored to your needs is critical.

The first step is to describe what retirement means to you. Your advisor can then start to help you determine which goals are most important to you and where you might be willing to make trade-offs.

Things you and your advisor will consider can include planning to retire sooner even if it means a lower projected income or working a few more years; maximizing your income from your portfolio or planning to leave an inheritance for family members or charities; purchasing a second home or building reserve funds for unexpected medical expenses you may face.

UNDERSTANDING NEEDS AND WANTS IN ORDER TO SET YOUR GOALS

In the early days of retirement, expenses may rise as you make the transition and take advantage of your new freedom and the opportunity to do new things. After that, expenses may decline or flatten as your pace begins to slow – only to rise again later as healthcare costs become increasingly relevant.

MANAGING HEALTHCARE COSTS

The rising cost of healthcare will be one of the strongest headwinds impacting your ability to maintain a secure retirement. Illness and other medical issues are likely to affect the amount you'll need to spend – and could also, at some point, require you to rethink your goals.

The majority of retired Americans expect Medicare to cover their healthcare costs, but in reality, Medicare only pays about 60% of current retirees' medical costs, according to the Employee Benefit Research Institute. For instance, you'll still have copays, premiums and deductibles, and it doesn't cover hearing, dental or vision costs. Some retirees are fortunate enough to receive a retiree healthcare benefit from a former employer, but that has become increasingly rare. So, many turn to supplemental insurance to cover the remaining 40%. Even with an employer subsidized plan, you may need to sign up – and pay premiums – for Medicare Part B and Part D.

Your financial advisor can help find ways to generate the income necessary to accommodate both routine and unanticipated medical expenses.

Your state's health insurance assistance program also may offer some help. Available resources and information from www.medicare.gov or www.aoa.gov can be helpful. Another consideration: If you plan to still work, even part time, or consider returning to work, you may also be eligible for healthcare coverage through your new employer.

We believe Raymond James advisors are different from other advisors in their focus on process and setting clear expectations about their role and your role. To help clarify our approach, we've created a simple way to illustrate how your resources work together to fund your unique goals.

First, you and your advisor will establish and quantify your needs and wants in retirement. Quite simply, needs are those things that are essential to have. And wants are those things that are nonessential – you don't need them to live, but they would be nice to afford.

NEEDS

Examples of essential expenses

Mortgage
Insurance
Food
Clothing
Healthcare

Examples of nonessential expenses

Travel
Entertainment
Club memberships
Charitable giving
Legacy for heirs

WANTS

The next things you and your advisor will discuss are your sources of income. In order to meet the expenses you quantified, you'll need to account for and quantify every source of reliable income in retirement, as well as identify your assets intended to support your income in retirement.

RELIABLE INCOME

Examples of reliable income

Social Security
Pension payments
Part-time employment
Other income

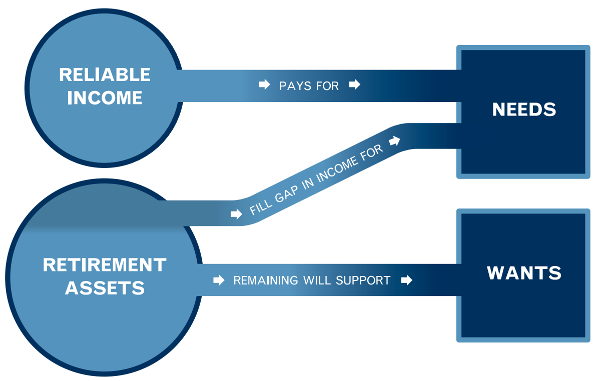
Examples of retirement assets

401(k)s
IRAs
Roth IRAs
Annuities
Brokerage & checking accounts
Certificates of deposit

RETIREMENT ASSETS

Once you and your advisor have identified and totaled all the elements shown in the graphic illustration – how much your needs will cost, how much your wants will cost and how much you'll have in reliable income and retirement assets – you'll have a more complete picture of your cash flow in retirement.

This framework captures your unique situation and will help you and your advisor create a spending plan specific to your situation. It highlights how much of your assets will be able to fund your "needs gap" as well as your "wants" each year – or more specifically your "withdrawal rate." Four percent is a good rule of thumb to use to quickly assess if your withdrawal rate is sustainable.



In our process, our primary goal is to ensure that you have enough income from reliable income sources and/or your assets to meet your needs. First and foremost, we want you to feel secure that your needs will be met. Any additional retirement assets will then go to pay for your wants.

GAIN A COMPLETE PICTURE OF YOUR FINANCIAL ACTIVITY

A Raymond James Capital Access account is an easy-to-use cash-management program that can help simplify and enhance your financial life. It offers an array of services – like check writing, online bill paying, overdraft protection, personal loans, a Visa® platinum debit card, daily sweeps of uninvested money into interest bearing accounts, and more – that address immediate and long-term cash needs quickly and efficiently. It links to your Raymond James brokerage accounts so you can keep – and track – all your financial information in one place. With detailed monthly and annual account statements of your portfolio holdings and financial activity, you and your advisor gain an important view of your complete financial picture so you can work together to help ensure a secure retirement.

PUTTING YOUR PLAN IN PLACE

As you put your retirement plan in place, work with your advisor to consider the variables you can control, those that you can influence – and those that you cannot control, but still must acknowledge. Focus on modifying those factors you can control or influence. For example, you can decide to maximize your IRA or 401(k) contributions each year, but that decision may require you to reduce your current spending.

Creating a plan for retirement with a financial advisor can help you withstand those risks that you can't control. Your financial advisor can work with you to implement strategies, such as a disciplined asset-allocation, or products, such as long-term care insurance, to address some of these variables.

IT'S NEVER TOO EARLY – OR LATE

TO PLAN FOR THE FUTURE

As we've discussed, many things are beyond our control – the future of home prices, the ups and downs of the stock market, and the rate of inflation, just to name a few. But you can take charge of your financial future through careful, comprehensive planning.

If you haven't already met with your financial advisor to discuss your retirement goals, now is the time to do so. You may find that you're better prepared for retirement then you had imagined – or you may discover that you need to make some careful adjustments.

TAKING THE NEXT STEP

You and your financial advisor can work together to:

Gain an understanding of your retirement finances.
Assess possible outcomes and weigh your options.

Establish your priorities.
Distinguish between your "needs" and your "wants."

Determine how much you need to retire.
Share your personal income statement with your financial advisor.

Take control of your plan for retirement.
Consider the variables you can control and those you can't.

Develop a process for managing your investment.
Work with your financial advisor to establish a comprehensive, dynamic plan for the future.

Plan your next steps.
Make an appointment with your advisor to determine whether your plan is on track.

YOUR FINANCIAL INVENTORY

STEP 1 Determine your retirement living expenses.

What do you project your living expenses will be in retirement? Give a general estimate of your essential expenses (needs) and nonessential expenses (wants) and circle whether the estimate is annual or monthly. If you need a detailed budget worksheet, we can provide one for you.

Needs:

Annual or Monthly

$ ____

Wants:

Annual or Monthly

$ ____

STEP 2 Determine other retirement goals, and determine if they are a need or a want.

What major expenditures are you planning on in retirement?

Expenditure	Need or Want? (Circle one)		Frequency (One time, annual, every __ years)	Projected Amount
New car	Need	Want		$
Major travel	Need	Want		$
Other	Need	Want		$
Other	Need	Want		$

Do you have plans to support or save to benefit others in retirement?

Expenditure	Need or Want? (Circle one)		Frequency (One time, annual, every __ years)	Cost
Education	Need	Want		$
Family support	Need	Want		$
Legacy	Need	Want		$
Charity	Need	Want		$

STEP 3 Look at your expected monthly income sources.

Income	Year Ends	Monthly
Social Security (Receiving now? ☐ Yes ***or*** at age ________)		$
Social Security (Receiving now? ☐ Yes ***or*** at age ________)		$
Pension payments		$
Employment income		$
Current annuity income*		$
Other		$
	Total Monthly Income	$
	Total Annual Income	$

*Income stream you receive from an annuity

Tear along this line.

STEP 4 Review and list all of your assets.

Indicate which of your financial assets are available and designated for funding your retirement.

Financial Assets	Owner	Designated for Retirement?	Additions/Year (Annual Contribution)	Current Value
Checking account 1		☐	$	$
Checking account 2		☐	$	$
Bank savings/deposits		☐	$	$
CDs		☐	$	$
Brokerage account 1		☐	$	$
Brokerage account 2		☐	$	$
College savings/529		☐	$	$
401(k) 1		☐	$	$
401(k) 2		☐	$	$
IRA 1		☐	$	$
IRA 2		☐	$	$
Roth IRA 1		☐	$	$
Roth IRA 2		☐	$	$
Annuity assets**		☐	$	$
Other		☐	$	$
		Total Financial Assets	$	$

**Annuities you own that have not already been included in the account values or income sources you listed

Please list any other assets (nonfinancial) such as home, business, collectibles, investment properties, etc.

Other Assets	Owner	Value
Residence		$
Business		$
Other		$
	Total Other Assets	$

STEP 5 Risk Tolerance

What type of investor are you? Select one description based upon your willingness to accept investment risk.

Conservative Moderately Conservative Moderate Moderately Aggressive Aggressive

LESS RISK MORE RISK

Tear along this line.

LIFE WELL PLANNED.

RAYMOND JAMES®

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863

LIFEWELLPLANNED.COM