



Upcoming Webinars

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Financial Planner's Ethical Dominance: 2 CE Ethics Credits Presented by Jeff Rattiner, CFP	Tuesday, August 13, 2019 at 3:00 PM ET
Get Expert Advice on Medicare Enrollment Options Presented by Aaron Zolbord	Thursday, September 26, 2019 at 4:00 PM ET

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Logistics

- Copy of Today's Materials**
1. Sent to email you used to register
 2. See handouts section of GTW panel

Landline, not computer audio

Questions: You can post any time. Will address at conclusion of presentation

Requirements to obtain CE

CFPs

- 1. Must attend entire session
- 2. Must use unique URL to login

NO Phone Calls

3. Must provide CFP ID # in survey

RICPs, CLUs and ChFCs

- 1. Must attend entire session
- 2. Must use unique URL to login

NO Phone Calls

3. Must note self-report in survey

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4



Please participate in polls and survey

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5

Do you currently incorporate annuities in your financial planning process?

Not but I plan to start.

No and I don't plan to start.

Yes, I do.

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Retirement Requires a Different Approach



Harry Markowitz

"Professor Mandell, editor of *Financial Services Review*, invited me to contribute an article related to financial research for the individual for the first issue of this journal. Since the subject is not my specialty, it was uncharacteristically risky of me to have accepted the invitation. But an evening of reflection convinced me that there were clear differences in the central features of investment for institutions and investment for individuals, that these differences suggest differences in desirable research methodology, and that a note on these differences may be of value."

Financial Services Review, 1991

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What's Different About Retirement?

- Reduced earnings capacity
- Visible spending constraint
- Heightened investment risk
- Unknown longevity
- Spending shocks
- Compounding inflation
- Declining cognitive abilities

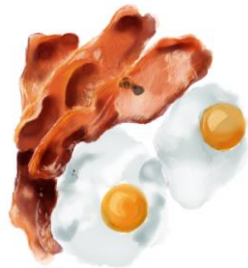


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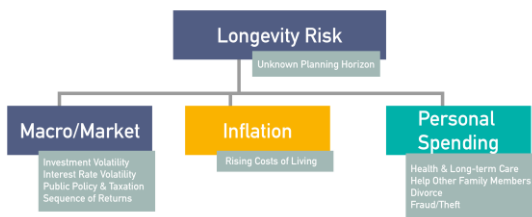
Pre-Retirement

vs.

Retirement

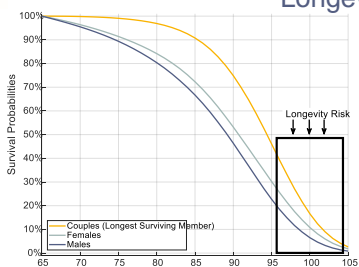


Key Retirement Risks



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Longevity Risk



Source: Society of Actuaries, 2012 Individual Annuity Mortality tables, with projections for 2019

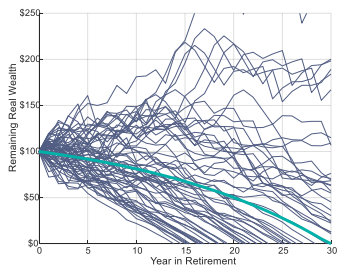
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Safe Withdrawal Rates and The 4% Rule



William Bengen
Journal of Financial Planning, October 1994

Market Risk: Fixed vs. Random Returns



Wealth Glidepath Over a 30-Year Retirement

For a 6.3% Initial Withdrawal Rate, 50/50 Asset Allocation, Inflation Adjustments

Using S&P 500 Data, 1926-2018, S&P 500 and Intermediate Term Government Bonds

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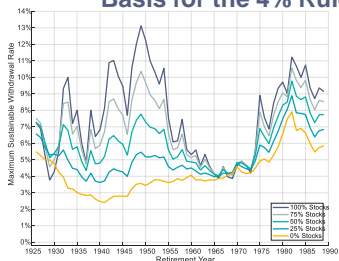
Basis for the 4% Rule



Maximum Sustainable Withdrawal Rates For 50/50 Asset Allocation, 30-Year Retirement, Inflation Adjustments, No Fees Using S&P 500 Data, 1926-2018, S&P 500 and Intermediate Term Government Bonds For representative use only. Not for public distribution.

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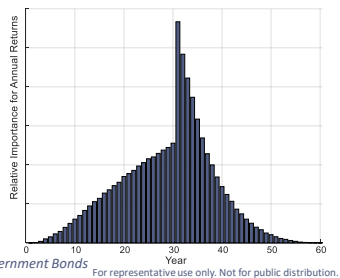
Basis for the 4% Rule



Maximum Sustainable Withdrawal Rates For 50/50 Asset Allocation, 30-Year Retirement, Inflation Adjustments, No Fees Using S&P 500 Data, 1926-2018, S&P 500 and Intermediate Term Government Bonds For representative use only. Not for public distribution.

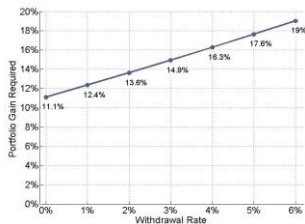
Lifetime Sequence of Returns Risk

50/50 Asset Allocation,
Inflation-Adjusted Spending
100,000 Monte Carlo Simulations
Based on S&P 500 Data, 1926–2017,
S&P 500 and Intermediate-Term Government Bonds



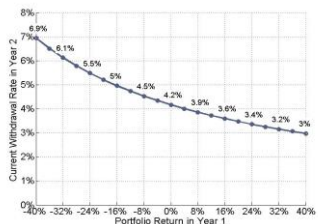
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Subsequent Return to Recover from a 10% Portfolio Loss When Distributions are Taken



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Impact of First-Year Portfolio Return on Second-Year Withdrawal Rate for a 4% Initial Withdrawal Rate



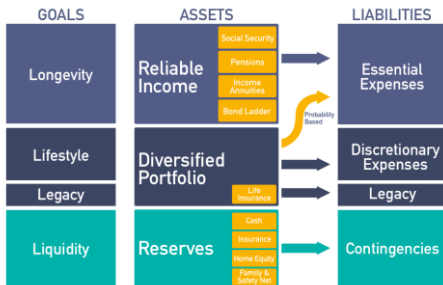
Managing Sequence Risk

- **Spend Conservatively**
- **Spending Flexibility**
- **Reduce Volatility**
Build a lifetime spending floor with annuities
- **Buffer Assets – Avoid Selling at Losses**

Retirement Goals

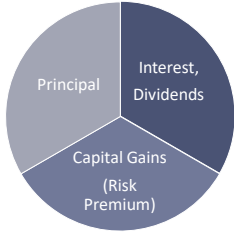
Lifestyle	Liquidity
Longevity	Legacy

Retirement Optimization Plan



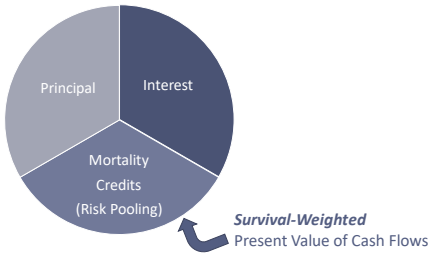
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Sources of Investment Spending

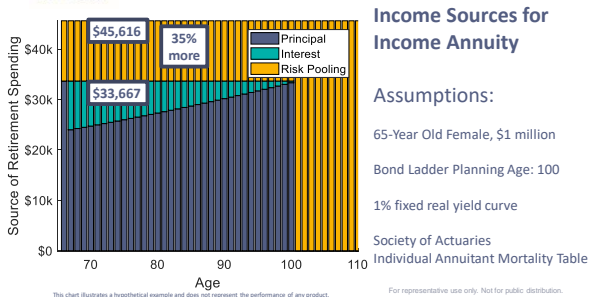


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Sources of Annuity Payments

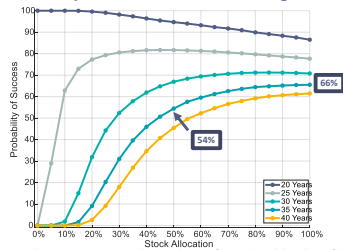


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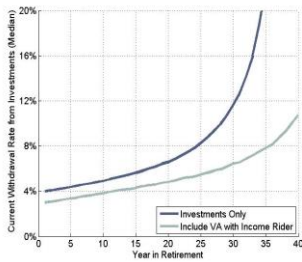
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Probability of Success: Funding Real \$45,616



Source: Own calculations with 100,000 Monte Carlo Simulations for stock and bond portfolios. Bonds earn a fixed real return of 1%. Stocks earn an arithmetic average real return of 7% with a 20% annual volatility.

Median Current Withdrawal Rates from the Investment Portfolio



Partial Annuitization Strategy

Goal: Spend 4% + 2% COLA

Investments only

vs.

1/2 of assets to lifetime income guarantee with 5% flat lifetime payout, 1/2 of assets in investment portfolio

Managing Retirement Risks with an Income Guarantee

Retirement Risk	Threat to Standard of Living	Role of Income Guarantee
Longevity Risk	Insufficient Resources to Support Long Life	By pooling risk, lifetime income guarantee allows for continuing income receipt no matter the length of life
Market Risk	Market Losses + Distributions Lead to Faster Asset Depletion	Income continues even if poor market returns and distributions have depleted the underlying portfolio
Spending Shocks	Unplanned Expenditures Deplete Assets	More efficiently earmarks assets for spending goal, creating true liquidity for spending shocks with other assets

**THANK YOU!
ANY
QUESTIONS?**

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@WadePfau (Twitter)

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Best Practices for Retirement Income

Paul Weidner
AIF Registered Investment Advisor Distribution
July 23, 2019

Member since 1992
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Variable annuities

An effective strategy for both sides of retirement planning



*Available for an additional charge.

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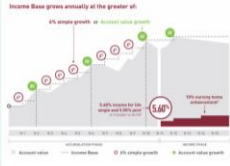
Preparing for your clients' future retirement

Lincoln Lifetime IncomeSM Advantage 2.0



MEET WALTER

- Walter's advisor recommends using \$1,000,000 of his qualified money to invest in a Lincoln variable annuity with Lincoln Lifetime Income Advantage 2.0SM - an optional living benefit rider available for an additional charge.
- \$100K lifetime income (age 65, single life)
- \$100K joint life (age 65, based on youngest life)
- Added protection with a waiting home enhancement that increases withdrawals to 10% at age 70
- Access for risk-managed investment options
- Income Base grows at greater of 6% simple or account value
- Tax-deferral during accumulation for more growth potential
- Protection for beneficiaries on withdrawal with a dollar-for-dollar waiver of principal death benefit
- Option to take income using Lincoln's patented solution: **SMARTSM** Advantage Guaranteed Income Benefit



This hypothetical example does not reflect a specific outcome.
 Each SMART Advantage 2.0 and Smart Income Advantage 2.0 are available for purchase using either qualified or nonqualified assets.
 Lincoln Lifetime IncomeSM Advantage 2.0 is available for an additional annual charge of 1.25% or 1.50% for joint coverage, above standard contract expenses (premium annual charge of 2.25% single, 2.45% joint), investment management fees.
 *Must be 70 (based on average life) or older for the waiting home enhancement, cannot be in pending issue the year prior to other elections or for the year after death from a minimum 90 consecutive day stay with the account value must be greater than \$50,000. See this notice to clients and the act notice for details. See available in CA, IL, IN, MI, NY, OH, and WI.
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RIA Technology Platform(s)



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Would you like to see a client illustration utilizing a Lincoln annuity solution?

- Yes, please have a Lincoln RIA consultant contact me.
- No thanks.

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Would you like to learn how Lincoln integrates with various account aggregation/portfolio management platforms?

- Yes, please have a Lincoln RIA consultant contact me.
- No thanks.

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Would you like to learn more about various options for billing on Lincoln annuity positions?

- Yes, please have a Lincoln RIA consultant contact me.
- No thanks.

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Contact:

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RIA Sales Manager

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Variable products are sold by prospectuses, which contain the investment objectives, risks, and charges and expenses of the variable product and its underlying investment options. Read carefully before investing.

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