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WealthProtection Expertise<sup>SM</sup>

# The inspired retirement guide

A holistic planning workbook to help you reach your future income goals



Client Workbook

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# Owning your retirement

Retirement has evolved since your grandparents took their last paycheck. Just 30 years ago, many Americans retired with an employer benefits package that sustained them for life. Employers covered most healthcare costs, and nearly half of all private-sector workers had pensions. Those were the days when retirees could practically live on their Social Security checks alone.<sup>1</sup> But in the 1980s, retirement was expected to last only about 15 years for males and 19 years for females.<sup>2</sup>

Today's retirees are living longer. So, there's a good possibility your retirement could last for 25 years or more. And as company-sponsored retirement plans continue to replace traditional pensions, and Social Security accounts for less of household income, people are taking a more active role in creating their own retirement package—starting early in their careers.

This workbook will help you identify your future goals, financial resources and expenses so you can work with your advisor and prepare your retirement income plan.

<sup>1</sup> MarketWatch, "How retirement has changed in the last 30 years," <http://www.marketwatch.com/story/how-retirement-has-changed-in-the-last-30-years-2016-02-16>, February 16, 2016.

<sup>2</sup> Social Security Administration, "Life Expectancy for Social Security," <https://www.ssa.gov/history/lifeexpect.html>.

**One of every four individuals who celebrates their 65th birthday will live beyond age 90.**

Source: Social Security Administration, "Calculators: Life Expectancy," <https://www.ssa.gov/planners/lifeexpectancy.html>.



## Did you know?

**Senior citizens rely on Social Security for 39% of their total income. Yet the average monthly benefit is only \$1,335.**

Source: Social Security Administration, <https://www.ssa.gov/news/press/basicfact.html>.

# Prepare for the challenges

## 1 Outliving your retirement savings

Unfortunately, it's not uncommon to underestimate your life expectancy. Even though 71% of advisors suggest planning for more than 25 years of retirement, only 27% of individuals expect to do this.<sup>3</sup>

## 2 Inflation

Inflation can erode your buying power over the long-term. So if you currently need \$60,000 to maintain your lifestyle, in 20 years you would need nearly double that income—\$108,366 annually—to live comfortably.<sup>4</sup>

## 3 Taxes

Tax laws change. Not long ago, retirees were caught by surprise by rising taxes. And many regretted not planning for taxes before retirement.

## 4 Market volatility

If you're in or near retirement, market risk can outweigh the rewards. But if you have a longer investment timeframe, avoiding market opportunities could inhibit the growth of your retirement savings.

## 5 Long-term care expenses

Nearly 70% of people turning age 65 will need long-term care at some point.<sup>5</sup> Yet, the cost of care is rising. Typically, Medicare and health insurance does not cover long-term care.

<sup>3</sup> Lincoln Financial Group and Hanover Research, Inc., "Wealth Protection Survey, 2015." <http://newsroom.lfg.com/wealth-protection-expertise>.

<sup>4</sup> "Inflation Calculator—Save Enough to Account for Inflation," buyupside, <http://www.buyupside.com/calculators/inflationjan08.htm>; \*assumes 3% annual inflation rate.

<sup>5</sup> U.S. Department of Health & Human Services, "Medicare & You 2015," [www.Medicare.gov](http://www.Medicare.gov), [www.medicare.gov/Pubs/pdf/10050.pdf](http://www.medicare.gov/Pubs/pdf/10050.pdf), published December 2014.

# Start building your plan

You may spend more than 45 years saving for retirement, think about what you want to do when you get there.



Travel



Start a new career



Continue your education



Volunteer



Buy a vacation home



Spend more time with loved ones



Take up a new hobby



Write a book



Live an active lifestyle

Consider what's important in your life		Talk to your advisor about
<b>Do you want to retire early?</b>	Are you planning to retire before your full retirement age?	<b>Income:</b> Will you have income equivalent to 70%–80% of your annual salary? <b>Social Security:</b> Are you willing to settle for less than your full retirement benefits? <b>Healthcare:</b> You'll need to factor in out-of-pocket costs for insurance if you are not yet eligible for Medicare.
<b>Where will you retire?</b>	Do you want to relocate to be closer to friends or family? Would you prefer to stay in your home?	<b>Tax risk:</b> Before you move out of state, review the state's estate tax laws. You may want to consider trust planning. <b>Long-term care planning:</b> Help ensure that you receive the care you want and that your assets are protected. The price of long-term care services varies around the country. Visit this site to compare costs: <a href="http://www.whatcarecosts.com/lincoln">www.whatcarecosts.com/lincoln</a>
<b>Do you want to work?</b>	Do you want to start another career or work part time? Will you need additional income?	<b>Tax risk:</b> Discuss how your income may affect your Social Security benefits.
<b>What type of lifestyle do you want?</b>	What will your living expenses be in retirement? • Consider travel plans, education, etc.	<b>Income:</b> Address any income shortfalls and strategies for supplemental income.
<b>Will you downsize?</b>	Do you want to sell your home, a vacation home or rental property?	<b>Tax risk:</b> Before you sell, discuss strategies to help minimize capital gains tax exposure.
<b>Do you have an estate plan?</b>	Do you want to pass on property or family heirlooms to your loved ones? Do you want to create wealth for your children, grandchildren or favorite charity?	<b>Estate planning:</b> Find out what you can do to accomplish your goals and help protect your assets and loved ones from tax exposure.

## List your top goals

## Costs associated with your goals

- \_\_\_\_\_ \$ \_\_\_\_\_
- \_\_\_\_\_ \$ \_\_\_\_\_
- \_\_\_\_\_ \$ \_\_\_\_\_



# A holistic approach for your retirement income plan

Just as retirement has changed over the years, so have retirement solutions. Today there are products designed to help you manage financial challenges throughout your life so that you can feel confident about the future.

It's ideal to plan ahead because as you transition from saving to taking retirement income, you want to make sure that what you have in your portfolio will:



**Continue to provide growth**



**Be protected from financial risk**



**Produce sufficient income for your lifestyle**



**Create and protect your legacy**

## Talk with your advisor about solutions for your portfolio

 **Accumulate**

 **Produce income**

 **Protect assets**

 **Create a legacy**

**Ask how you can have:**

- ✓ Market growth opportunities to help you accumulate more over the long-term
- ✓ Tax-deferred growth opportunities to help you build up your savings faster
- ✓ Guaranteed growth

- ✓ Income options for your retirement
- ✓ Guaranteed lifetime income
- ✓ An income tax-free financial resource

- ✓ Principal protection
- ✓ Inflation protection
- ✓ Protection from market losses
- ✓ Financial protection for your loved ones or your business
- ✓ Protection from long-term care expenses or chronic illness
- ✓ Built-in guarantees to help protect your assets

- ✓ Opportunities to increase wealth for the next generation
- ✓ A tax-efficient way to pass assets to loved ones or a favorite charity
- ✓ A plan that gives you control of your estate assets
- ✓ A guaranteed legacy

# How much income will you need?



## Expenses

Monthly expenses	Estimated amount
Mortgage/rent	\$
Property expenses (including taxes, insurance, maintenance)	\$
Food	\$
Clothing	\$
Medical (including prescriptions)	\$
Utilities (electric, gas, water, sewer, trash, cable, phones, internet)	\$
Auto (including car payment, insurance, fuel, maintenance)	\$
Personal debt	\$
Hobbies/entertainment	\$
Your goals (costs from page 4)	\$
<b>Total expenses</b>	\$



## Income

Income source	Estimated amount
Pension	\$
Social Security	\$
Trusts and settlements	\$
Other income	\$
<b>Total income</b>	\$



## Retirement assets — your investments

Retirement asset	Estimated amount
Mutual funds	\$
Stocks	\$
Bonds	\$
CDs	\$
Real estate	\$
Annuities	\$
Retirement plans	\$
Cash	\$
Other investments	\$
<b>Total retirement assets</b>	\$

Total income \$  – Total expenses \$  = Deficit/surplus \$

Total retirement assets \$  + Deficit/surplus \$  = Your starting point \$

# Find the gap and fill it

After you've completed your worksheet, how will you address the following challenges?

## 1 Outliving your retirement savings

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## 2 Inflation

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## 3 Taxes

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## 4 Market volatility

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## 5 Long-term care expenses

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Prepare to reach your goals.

Lincoln Financial Group is committed to helping you plan for retirement, prepare for the unexpected, and protect your assets from key financial challenges: taxes, long-term care expenses, longevity, inflation, and market risk. More than 17 million Americans and their producers rely on Lincoln Wealth Protection Expertise—the knowledge, experience, strategies, and products—to help them overcome these challenges and meet their goals.

At Lincoln Financial, we help you take charge of your life, plan for your future, and protect the ones you love. Whether you're just starting, approaching retirement, or already there, we can help you make the most of it.

## Start planning for your future today

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