

# Your life & money in retirement

Answers to your retirement questions

Congratulations  
& Welcome

# Objectives



**Stay excited**  
about retirement

**Key issues**  
to consider

**Discuss what**  
comes next

**Excitement**

**Pride**

**Absorption**

**Dignity**

**Purpose**

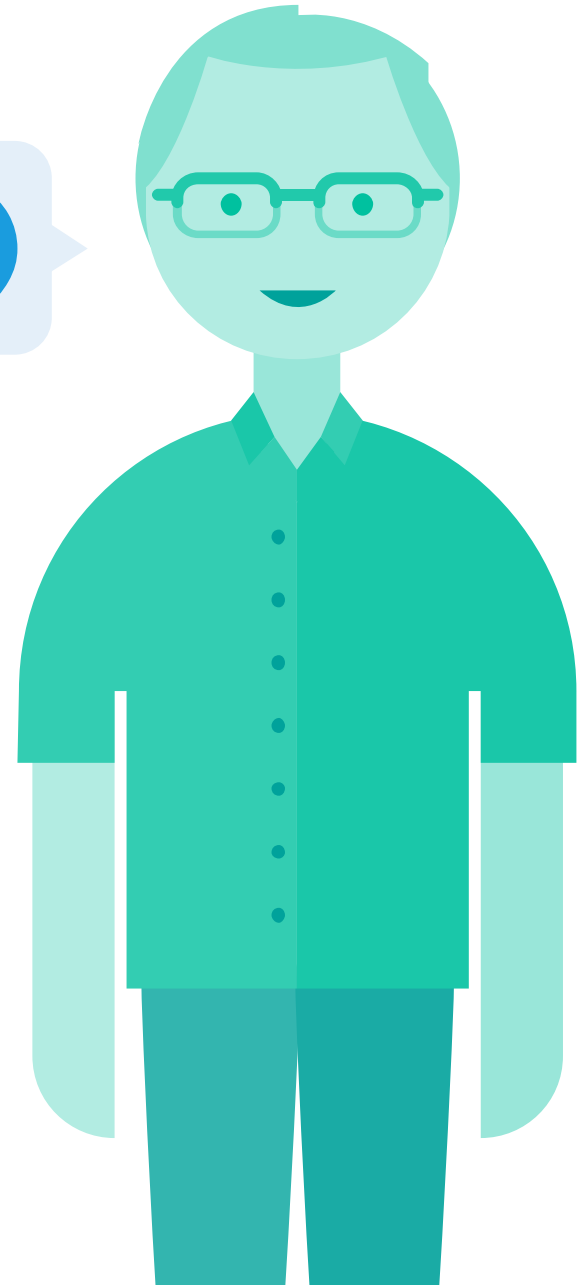
**Reflection**

**Fear**

# Tom's story



This is the moment of retirement



The adventure  
**begins**



Education



Hobbies



Adventures



Family



Travel

# Did you know?

- > 4% of all Peace Corps volunteers are 50+
- > Entrepreneurs over age 50 are on the rise
- > Retirees are seeking higher education



## Your finances in retirement

- Your paycheck is gone

---

- The unexpected happens

---

- What's done is done

---

- Make the most of what you have

# 6 key considerations



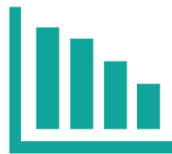
Longevity



Health care



Public policy



Inflation



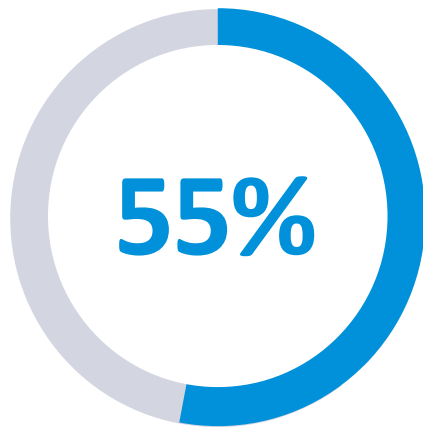
Investment  
Risk



Legacy

6 key considerations

# Longevity



**Today**, there's a 55% chance that the husband or wife of a married couple age 65 will **live to age 92**.

6 key considerations

# Health care

What is the average amount spent by individuals 65 and older on monthly health care costs?

\$ 555

Average monthly cost

6 key considerations

# Public policy

Will new taxes or tax increases reduce your retirement income?

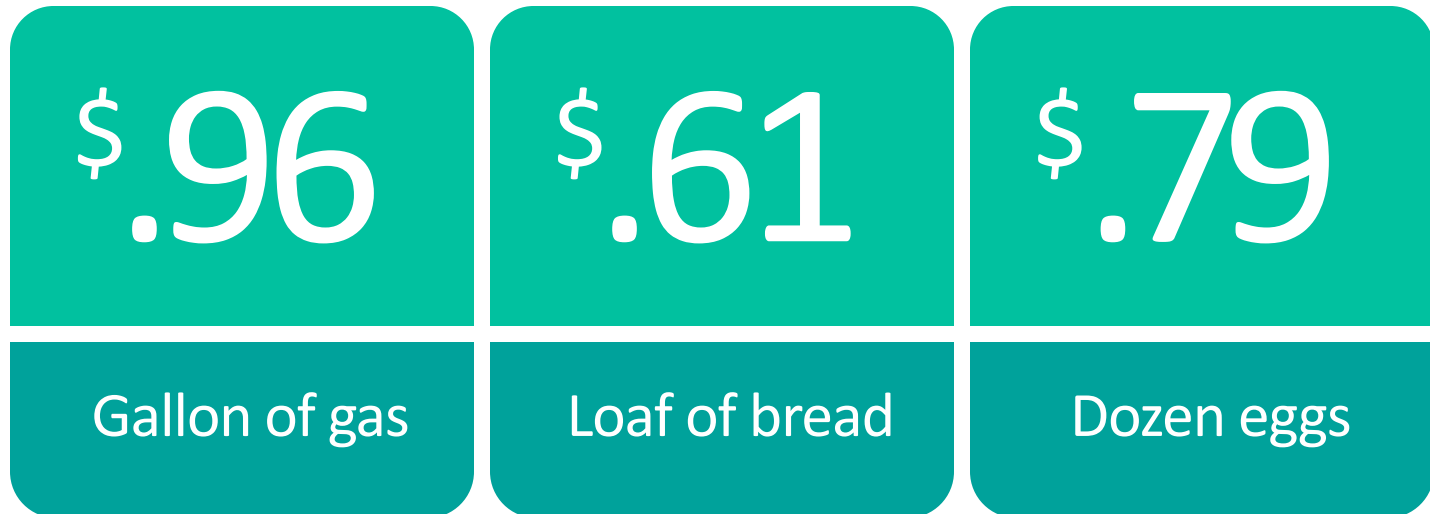
And what about Social Security?

Will Medicare continue in its current form?

6 key considerations

# Inflation

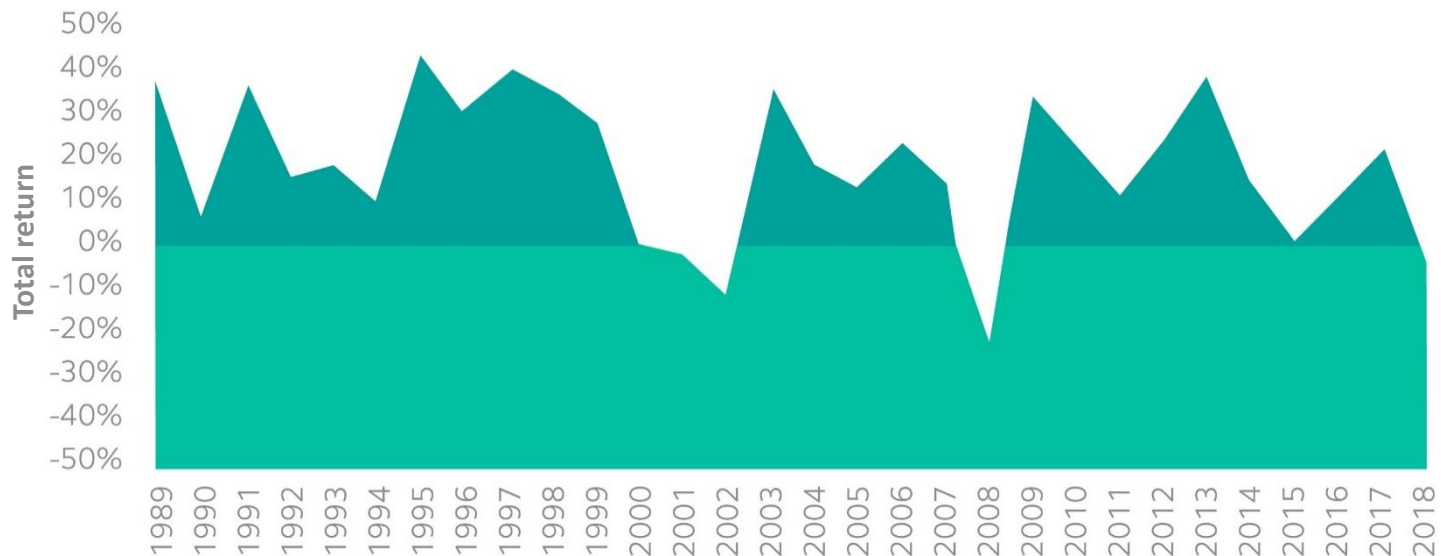
Think back 30 years...



## 6 key considerations

# Investment risk

## S&P 500 Composite Total Return 1989 - 2018



"Standard & Poor's," "S&P," "S&P 500," "Standard & Poor's 500" and "500" are trademarks of The McGraw-Hill Companies, Inc. and have been licensed for use by Principal Life Insurance Company. 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.

6 key considerations

# Legacy

You can create a financial legacy for your loved ones and designate money to charities or organizations that have made a difference in your life.



# 7 planning steps

- 1 Consider your health care options carefully
- 2 Determine your income needs
- 3 Identify your retirement assets
- 4 Know your guaranteed sources of income
- 5 Strike a balance
- 6 Review wills, trusts and beneficiaries
- 7 Plan charitable gifts

# 1 Health care

A hip fracture means...



Surgery



Hospital stay



Rehab facility



Outpatient rehab

Total cost of  
**\$39,299**

# Coni's story



On the verge of retirement



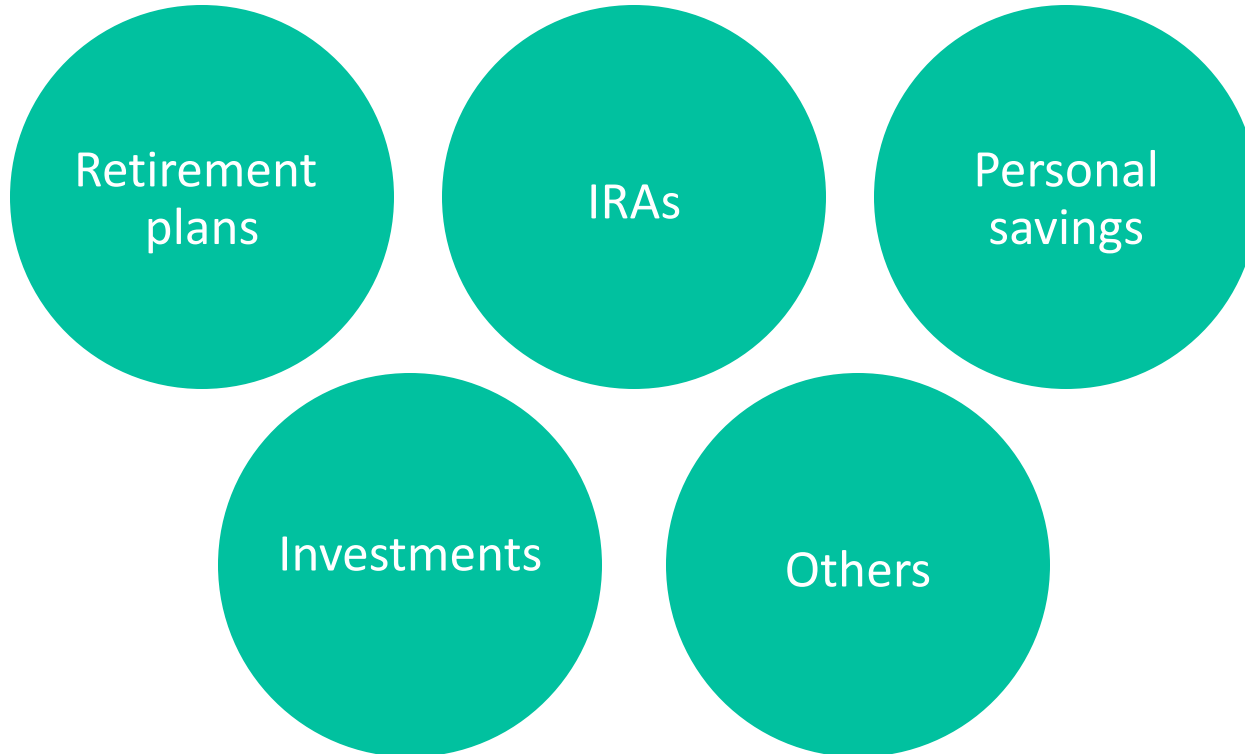
## 2 Income



= **\$45,000**  
per year for 30 years

Assumes 4.5% withdrawal rate and 7% return.  
Hypothetical and for illustrative purposes only. Your individual situation may vary.

# 3 Identify your retirement assets



# 4 Guaranteed income

**Guaranteed**  
sources  
of income

- > Social Security
- > Pensions
- > Annuities

\*Guarantees are based on the claims-paying ability of Principal Life insurance Company.

## 4 Guaranteed income



Guarantees are based on the claims-paying ability of the issuing insurance company.

## 5 Strike a balance

\$ 3,000	essential expenses	
- \$ 1,375	Social Security income	
- \$ 1,000	pension income	
		Gap of \$ 625

# \$300,000 nest egg



**\$120,000**

Immediate income annuity

.....  
\$625 monthly income for  
essential expenses

**\$180,000**

Mutual funds\*

.....  
Withdrawals for  
discretionary expenses

Hypothetical and for illustrative purposes only. This specific allocation may not be appropriate for all investors and actual values should be a result of individual analysis. \*There are risks involved with investing, including the possible loss of principal.

# 5 Strike a balance

How does the income annuity work to cover the gap?

- > This example assumes a 66-year old male retiring immediately with a desired pre-tax annual income of \$40,000.
- > It assumes \$114,031.23 is invested in a Principal Income Annuity using a *Life Income with 10-year guarantee period* payment option.
- > The premium and income payment will vary, based on a variety of individual factors like age, gender and payment option.
- > Income annuities provide a guaranteed stream of income in exchange for a reduction in liquidity and exposure to potential market gains. Guarantees are based on the claims-paying ability of Principal Life Insurance Company.

## 6 Wills, trusts & beneficiaries



of Americans  
**without wills**

## 6 Charitable giving



A quarter of  
American adults over  
age 55 volunteer<sup>1</sup>

Volunteers contributed  
**7.9 billion hours**, worth an  
estimated \$184 billion<sup>2</sup>

Individual charitable contributions  
totaled **\$286 billion**<sup>3</sup>

<sup>1</sup> Bureau of Labor Statistics, *Volunteering in the United States*, 2016

<sup>2</sup> Charity Navigator, *Guide to Volunteering*, 2019

<sup>3</sup> Charity Navigator, *Giving Statistics*, 2019

**Excitement!**

**May you have a long,  
happy & healthy life!**

# Name

Title, Principal Financial Group®

555.444.3333 x123 Office

Name.last@principal.com Email



Thank you!

# Important information

**NOTE TO PRESENTER:** Disclosures in red below are only for use with Retire Secure clients. Delete if not applicable to you:

Retirement professionals are sales representatives for the members of the Principal Financial Group. They do not represent, offer or compare products and services of other financial services organizations.

Retirement income calculations do not take into account savings in qualified employer retirement plans. Please review guaranteed income options in those employer plans before making distribution decisions.

**Before investing in mutual funds or variable annuities, investors should carefully consider the investment objectives, risks, charges and expenses of the funds or the contract and the underlying investment options. A prospectus and, if available, the summary prospectus containing this and other information can be obtained from your local representative. Please read the prospectus, and, if available, the summary prospectus carefully before investing.**

There are risks involved with investing, including possible loss of principal. There is no assurance that the goals of the strategies described will be met.

No part of this presentation may be reproduced or used in any form or by any means, electronic or mechanical, including photocopying or recording, or by any information storage and retrieval system, without prior written permission from the Principal Financial Group®.

*Important information continues on next slide*

# Important information

This presentation is intended to be educational in nature and is not intended to be taken as a recommendation.

The subject matter in this communication is provided with the understanding that Principal® is not rendering legal, accounting, or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

Insurance products issued and plan administrative services provided by Principal Life Insurance Company. Securities offered through Principal Securities, Inc., 800.852.4450, member SIPC and/or independent broker/dealers. Principal Life and Principal Securities are members of the Principal Financial Group®, Des Moines, IA 50392

Principal, Principal and symbol design, and Principal Financial Group are trademarks and service marks of Principal Financial Services inc., a member of the Principal Financial Group.



<b>Not FDIC or NCUA insured</b>
May lose value • Not a deposit • No bank or credit union guarantee Not insured by any Federal government agency