Rejuvenate Your Retirement®

SESSION 1

2020 EDITION

Presented by:
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Our History

Our independent firm was established in 2009 with the goal to provide a different, better experience to local families who desire financial advice. It would be transparent, easy to understand, conflict free, and authentic. It would be centered around the client and focused on transforming their lives. It would be a refreshing alternative!

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CFP

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Simplifying the Complexities

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About Your Instructor

- 1997 Moved to Sonoma County from San Diego.
- 2000 Graduated with a BS in Business Management from Sonoma State University.
- 2003 Began advising individuals and families on financial planning and personal investment management.
- 2008 Received my CFP (Certified Financial Planning) designation during the Great Recession.
- 2009 Still in the recession, I quit my job as a financial advisor working for a brokerage company to start an independent firm and become a fiduciary advisor for my clients.
- 17 years later I've helped 100's of people through retirement and currently manage over $145 million and advise on over $250 million for a select group of clients.
- Live in Petaluma with my wife and 3 boys (14, 12, and 10 yrs old).
- Active in the community through Rotary, Petaluma Education Foundation, and many other non-profits.
- Enjoy my kid's sports, working-out, golf, riding my Harley, fine whiskey, and educating others in finance.

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SECTION
1

RETIREMENT INCOME CONCERNS

About This Course

Day 1:

Section 1: Retirement Income Concerns

Section 2: How Long Will My Money Last?

Section 3: Investments

Day 2:

Section 4: Retirement Income Sources

Section 5: Health Care Planning

Section 6: Estate Planning

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Introduction

- How did your parents retire?
- Your experience so far may have been very different
- Combined with increasing lifespans and (in some cases) earlier retirement, today's seniors may spend more than a quarter of their lives in retirement
- What's your unique vision of an ideal retirement?

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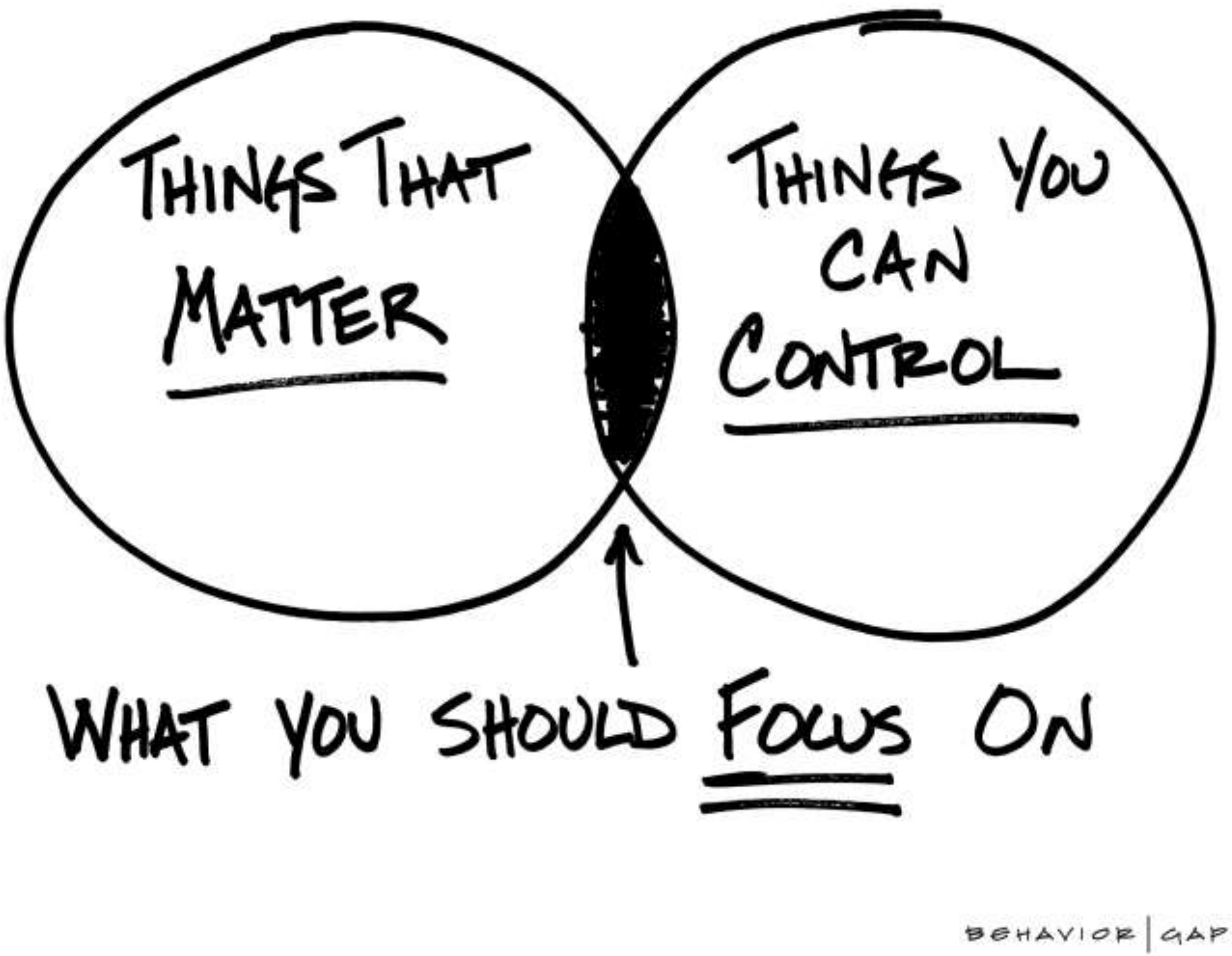

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Finding Balance in Retirement

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Exercises: Evaluate Your Retirement

1. Evaluate the importance of each area of life using your workbook.

   Rate the most important areas with a 10 and the least important with a 1.

- ❑ **Career/Work**
- ❑ **Community/Charity**
- ❑ **Education/Growth**
- ❑ **Family/Relatives**
- ❑ **Friendships**
- ❑ **Health/Fitness**

- ❑ **Home/Relocation**
- ❑ **Money/Financial**
- ❑ **Recreation/Leisure**
- ❑ **Spirituality/Religion**
- ❑ **Spouse/Romance**
- ❑ **Other**

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Exercises: Evaluate Your Retirement

2. Evaluate the satisfaction you feel in each area of life using your workbook.

   Rate your most satisfied areas with a 10 and the least satisfied with a 1.

- ❑ **Career/Work**
- ❑ **Community/Charity**
- ❑ **Education/Growth**
- ❑ **Family/Relatives**
- ❑ **Friendships**
- ❑ **Health/Fitness**

- ❑ **Home/Relocation**
- ❑ **Money/Financial**
- ❑ **Recreation/Leisure**
- ❑ **Spirituality/Religion**
- ❑ **Spouse/Romance**
- ❑ **Other**

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Exercises: Plan Your Retirement

1. **Select an enjoyable activity you can do by yourself:**
2. **Select an enjoyable activity you can do with others (or to meet new people):**
3. **Select a task where you can apply your skills by yourself:**
4. **Select a task where you can apply your skills with others:**
5. **Select a cause that you can support by yourself:**
6. **Select a cause that you can support with others (or to meet new people):**

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Financial Rules Change at Retirement

	Career	Retirement
Financial Objective	"Am I saving enough to retire?"	"Will the money I've saved last through my retirement?"
Time Horizon	"I have until my planned retirement date to save enough money."	"I need this money to last the rest of my life, but I don't know how long that will be."
Asset Allocation	"My portfolio is optimized for growth."	"I have to decide how much I can safely take from my port-folio to use as income."

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Embracing a Self-Reliant Retirement

Today's Retirees Often:

- Continue working on a full- or part-time basis
- Open businesses, consult or even start new careers
- Volunteer with churches, charities and the community
- Go back to school
- Get involved with clubs
- Pursue recreational activities or hobbies
- Travel

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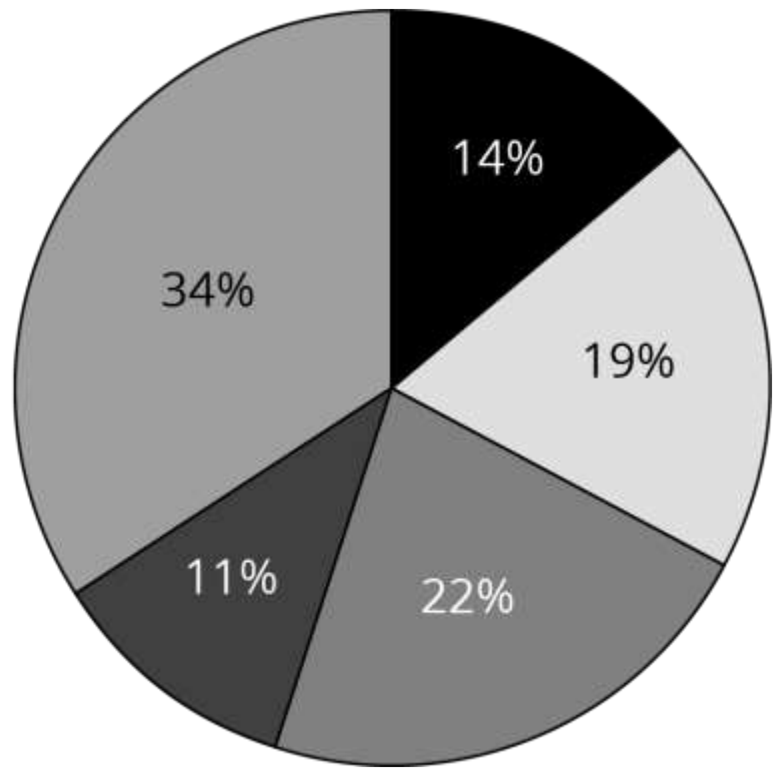
Americans Retire Earlier Than Expected[1]

Planned Retirement Age

Before 60	14%
60-64	19%
65	22%
66-69	11%
70+	34%



[1] The 2019 Retirement Confidence Survey. Greenwald & Associates, Employee Benefit Research Institute

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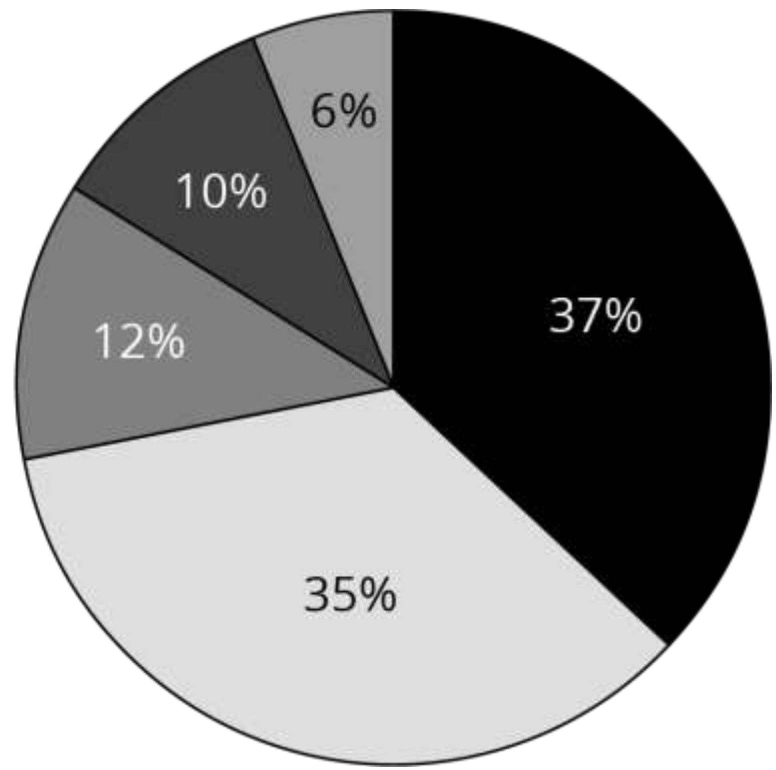
Americans Retire Earlier Than Expected[1]

Actual Retirement Age

Before 60	37%
60-64	35%
65	12%
66-69	10%
70+	6%



[1] The 2019 Retirement Confidence Survey. Greenwald & Associates, Employee Benefit Research Institute

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Americans Are Living Longer


USA TODAY
September 6, 2019
50 counties with high life expectancies: Does yours make the list?


Forbes
September 12, 2019
The Surprising Science Behind Why People Underestimate Their Lifespans


FOX BUSINESS
September 12, 2009
Wealthier Americans live longer, new report shows

CURRENT AGE	LIFE EXPECTANCY AT AGE 65[1]	
	Male	Female
60	81.6	84.6
65	82.9	85.5
70	84.4	86.6
75	86.2	88.0
80	88.3	89.7

[1] Social Security Administration, temporarily suspended updates to this chart.

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How Long Will My Money Last?

WITHDRAWAL RATE (FIRST YEAR)	RATE OF RETURN (PRE-TAX)		
	3%	5%	7%
2%	50 Years	158 Years	∞
3%	33 Years	52 Years	∞
4%	25 Years	33 Years	71 Years
5%	20 Years	24 Years	36 Years
6%	16 Years	19 Years	25 Years
7%	14 Years	18 Years	22 Years
8%	13 Years	14 Years	16 Years

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Transferring Longevity Risk

The challenge of making money last in retirement has never been greater:

- In general, life expectancies are increasing
- Fewer people have traditional defined benefit pensions
- Most retirees are covered by Social Security but this program faces financial challenges
- Stock and bond market volatility can be high and interest from bank accounts and CDs can be low

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SECTION

2

HOW LONG WILL MY MONEY LAST?

Introduction

- What are your retirement income goals? What will it take to meet them?
- Estimate how long your money might last
- Understand the effects of taxes and inflation
- Understand the risks of market timing and investing into a declining market

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Retirement Income Withdrawal Exercise

1. Estimate annual withdrawals
2. Identify income sources
3. Estimate investment assets
4. Calculate annual withdrawal rate

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Step 1: Estimate Annual Expenses

Necessary Expenses:

- Housing $__________
- Transportation $__________
- Income taxes $__________
- Healthcare $__________
- Food $__________
- Clothing $__________
- Misc. $__________

Discretionary Expenses:

- Entertainment $__________
- Travel $__________
- Gifts $__________
- Misc. $__________

Necessary annual expenses	*$________*
+ Discretionary annual expenses	*$________*
Total annual expenses	***($68,550)***

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Step 2: Identify Income Sources

Income Sources:

- Social Security $__________
- Pension $__________
- Employment $__________
- Rental income $__________
- Farm income $__________
- Royalties $__________
- Trust income $__________
- Other sources $__________

Each income source needs to be calculated:

- On a monthly basis
- On an annual basis

Annual income sources = $45,120

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Step 3: Estimate Investment Assets

Investment Assets

- Savings accounts & CDs
- 401(k), 403(b), SEP-IRA, SIMPLE, 457 Plans
- IRAs
- Stocks & bonds
- Mutual funds & ETFs
- Deferred annuities
- Other

Total investment assets = $585,750

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Step 4: Calculate Annual Withdrawal Rate

Total annual expenses or income needed:	*$68,550*
- Income sources (annual total):	*($45,120)*
= Annual income required from assets:	***$23,430***

Annual income required from assets:	*$23,430*
÷ Total investment assets:	*$585,750*
= Percentage annual withdrawal rate:	***4%***

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Retirement Income Withdrawals[1]

RATE OF WITHDRAWL (FIRST YEAR)	RATE OF RETURN (PRE-TAX)			
	3%	**5%**	**7%**	**9%**
2%	50	158	∞	∞
3%	33	52	∞	∞
4%	25	33	71	∞
5%	20	24	36	∞
6%	16	19	25	44
7%	14	18	22	36
8%	13	14	16	20

[1] Withdrawals are taken at the beginning of each year. After the first year, annual withdrawals increase by 3% each year to compensate for future inflation. Results do not include any fees or expenses that would be incurred with an actual investment. Hypothetical investment results do not represent any specific product and are for illustrative purposes only.

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Withdrawing Investment Income from your Portfolio[1]

	$30,000/YR	$40,000/YR	$50,000/YR	$75,000/YR	$100,000/YR
+30 Years	$612,032	$816,043	$1,020,054	$1,530,081	$2,040,108
+25 Years	$542,882	$723,842	$904,803	$1,357,204	$1,809,606
+20 Years	$463,057	$617,409	$771,761	$1,157,642	$1,543,522
+15 Years	$370,910	$494,546	$618,183	$927,274	$1,236,365
+10 Years	$264,538	$352,717	$440,897	$661,345	$881,793

[1] Please note that this chart comes with a few assumptions, including 6% average annual yield on balance (hypothetical and does not represent any specific investment or strategy), 3% annual inflation rate, all savings are fully invested and the principal is $0 at the end of the stated term

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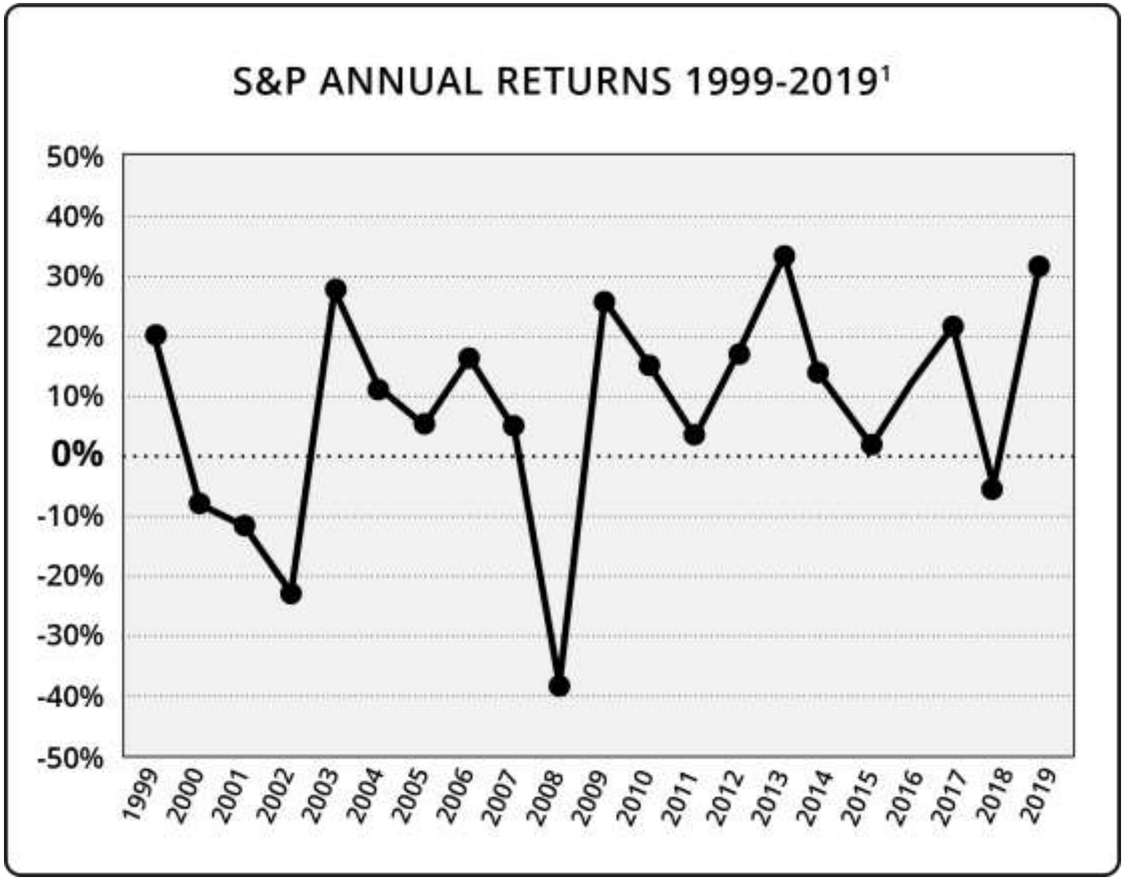
Investing in a Declining Market



[1] S&P Dow Jones Indices, *http://us.spindices.com/indices/equity/sp-500*

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Impact of Down Markets[1]

- Systematic withdrawals are subject to market fluctuations
- It can make a significant difference when a down market occurs

Example

- $1,000,000 nest egg
- $50,000 annual withdrawal (5%) over 30 years
- 3% annual adjustment for inflation

EARLY MARKET DECLINE		LATE MARKET DECLINE
Return	**Year**	**Return**
-10%	1	7.5%
-5%	2	7.5%
0%	3	7.5%
7.5%	4-27	7.5%
7.5%	28	-10%
7.5%	29	-5%
7.5%	30	0%

[1] Return is annualized percentage. Inflation adjustment compounded annually. Withdrawals taken at the beginning of the year. Sales charges and taxes are not considered. Hypothetical illustration, not typical of actual returns or representative of any specific investment.1

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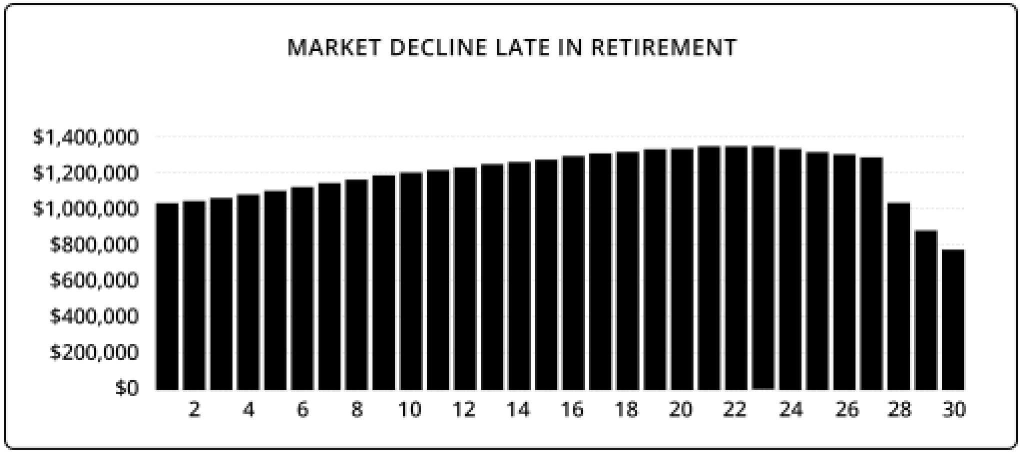
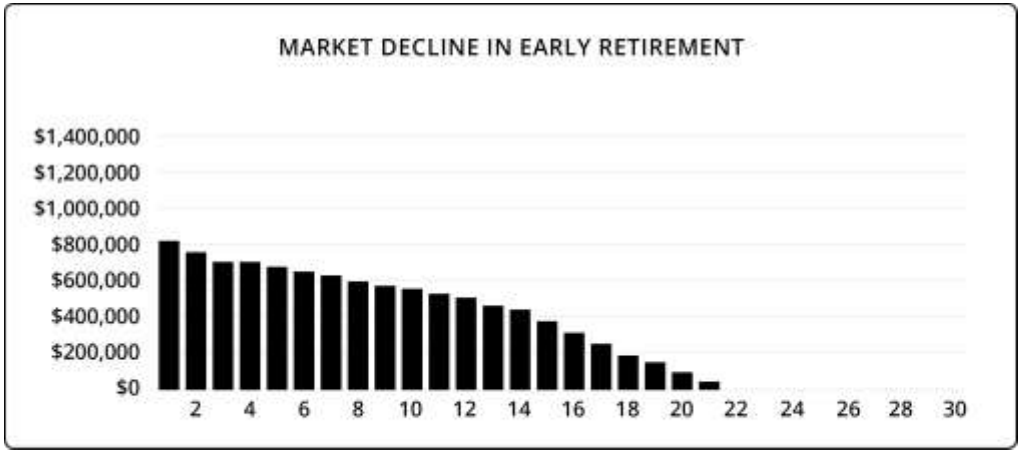
Investing in a Declining Market





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Taxes & Inflation[1]

Investment	$100,000
Annualized return (5%)	$5,000
Minus federal income tax (24%)	$1,200
After-tax earnings	$3,800

Investment	$100,000
After-tax earnings	$3,800
Total value	$103,800
Minus inflation (3%)	$3,114
Purchasing power after taxes & inflation	$100,686

[1] This illustration is hypothetical and does not represent the performance of any investment product.

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Income Taxes & Inflation

INFLATION RATE	INTEREST RATE NEEDED TO MAINTAIN PURCHASING POWER IN FEDERAL TAX BRACKETS						
	10%	12%	22%	24%	32%	35%	37%
1%	1.11%	1.14%	1.28%	1.32%	1.47%	1.54%	1.59%
2%	2.22%	2.27%	2.56%	2.63%	2.94%	3.08%	3.17%
3%	3.33%	3.41%	3.85%	3.95%	4.41%	4.62%	4.76%
4%	4.44%	4.55%	5.13%	5.26%	5.88%	6.15%	6.35%
5%	5.56%	5.68%	6.41%	6.58%	7.35%	7.69%	7.94%

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2020 Federal Tax Brackets

STATUS	TAXABLE INCOME	MARGINAL TAX RATE
Single	Up to $9,875	10%
	$9,876 - $40,125	12%
	$40,126 - $85,525	22%
	$85,526 - $163,300	24%
	$163,301 - $207,350	32%
	$207,351 - $518,400	35%
	$518,401+	37%
Married, Filing Jointly	Up to $19,750	10%
	$19,751 - $80,250	12%
	$80,251 - $171,050	22%
	$171,051 - $326,600	24%
	$326,601 - $414,700	32%
	$414,701 - $622,050	35%
	$622,051+	37%

Internal Revenue Service

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2020 Federal Tax Brackets

STATUS	TAXABLE INCOME	MARGINAL TAX RATE
Married Filing Separately	Up to $9,875	10%
	$9,876 - $40,125	12%
	$40,126 - $85,545	22%
	$85,546 - $163,300	24%
	$163,301 - $207,350	32%
	$207,351 - $311,025	35%
	$311,026+	37%
Head of Household	Up to $14,100	10%
	$14,101 - $53,700	12%
	$53,701 - $85,500	22%
	$85,501 - $163,300	24%
	$163,301 - $207,350	32%
	$207,351 - $518,400	35%
	$518,401+	37%

Internal Revenue Service

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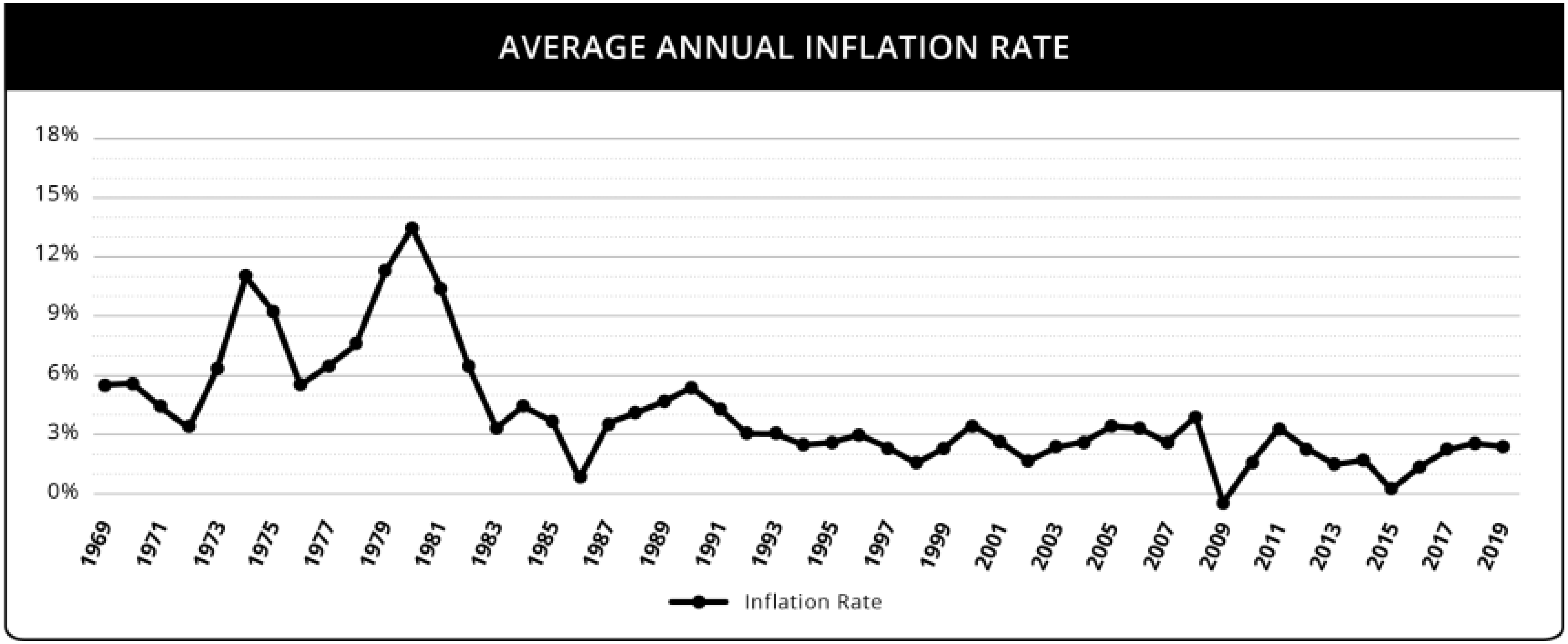
Understanding Inflation[1]



[1] Consumer Price Index, 1969 – 2019. For illustrative purposes only.

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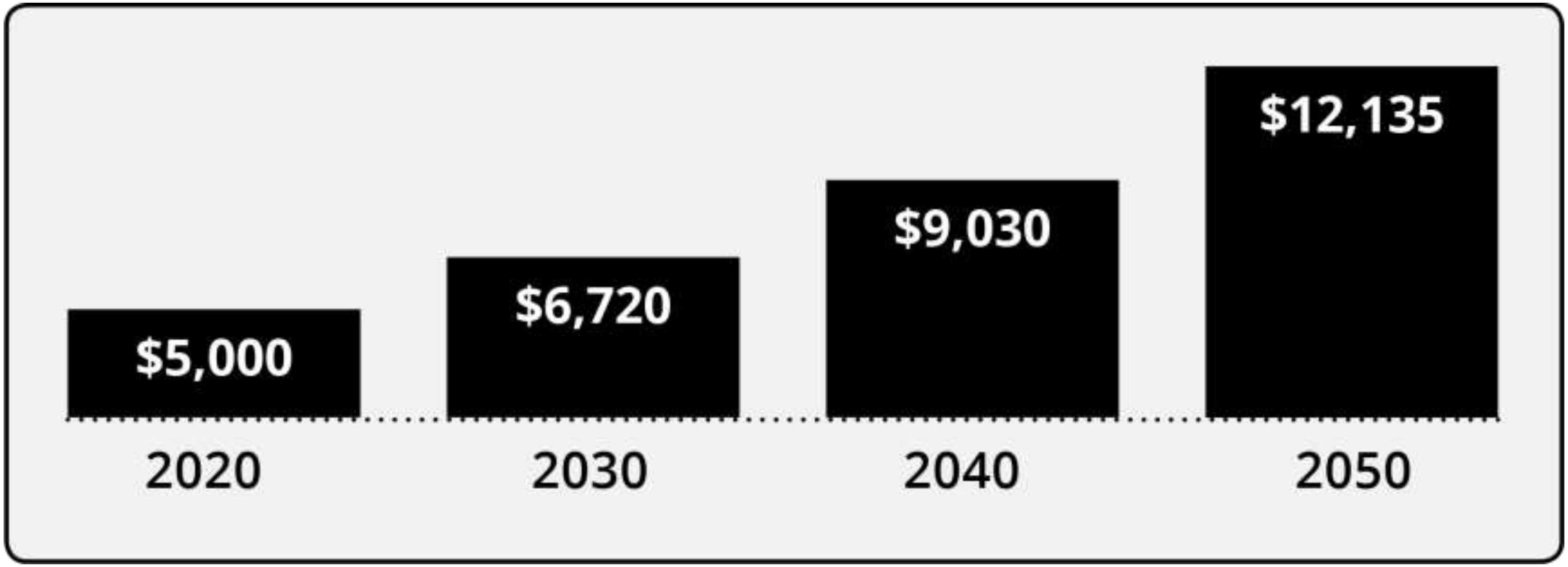
Understanding Inflation

- At a hypothetical 3% annual inflation rate, how much monthly income would be required to create the equivalent of $5,000 in today's dollars?[1]



[1] Chart is for illustrative purposes only.

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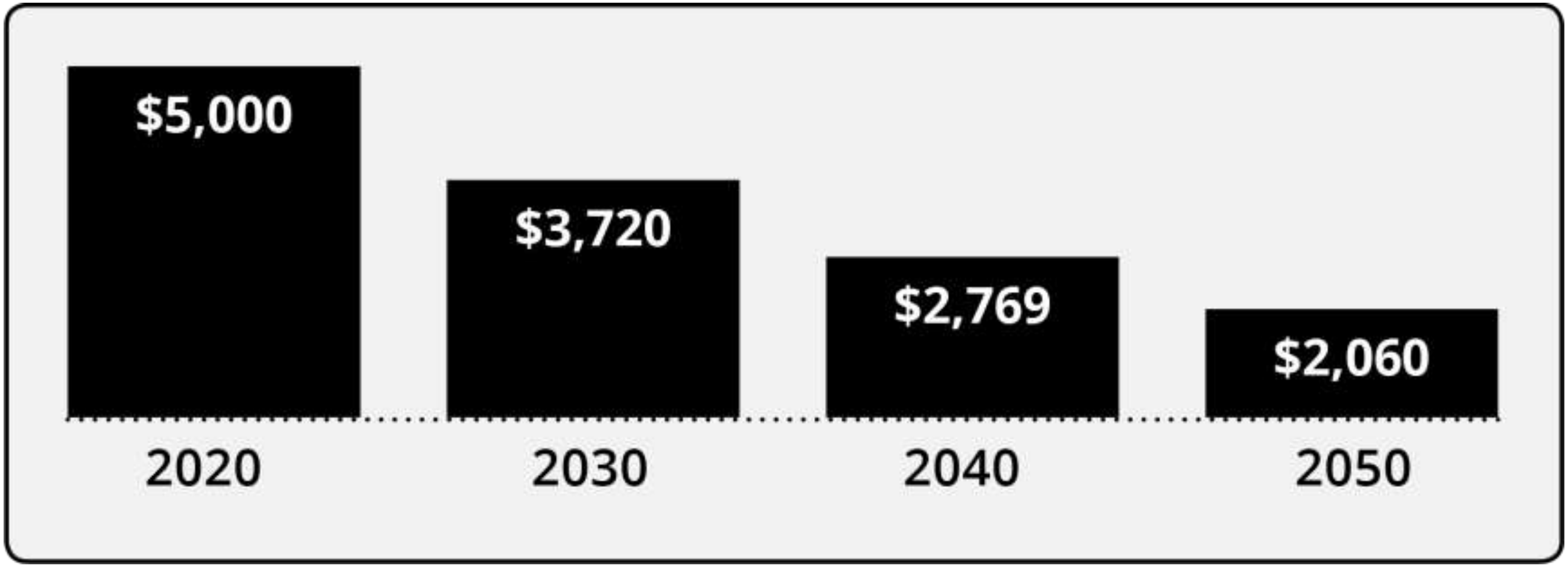
Understanding Inflation

- At a hypothetical 3% annual inflation rate, what might be the future purchasing power of $5,000?[2]



[2] Chart is for illustrative purposes only.

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SECTION 3

INVESTMENTS

Investors should consider the investment objectives, risks and charges and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investment company. You can obtain a prospectus from your financial representative. Read the prospectus carefully before investing.

Investments: Feelings vs. Behavior

Many retirees feel that:

- They would be satisfied with a 6% return[1]

However:

- Some invest as if their goal was a 2% return[1]
- Others invest as if their goal was a 10% return[1]

[1] This hypothetical return does not represent any particular investment.

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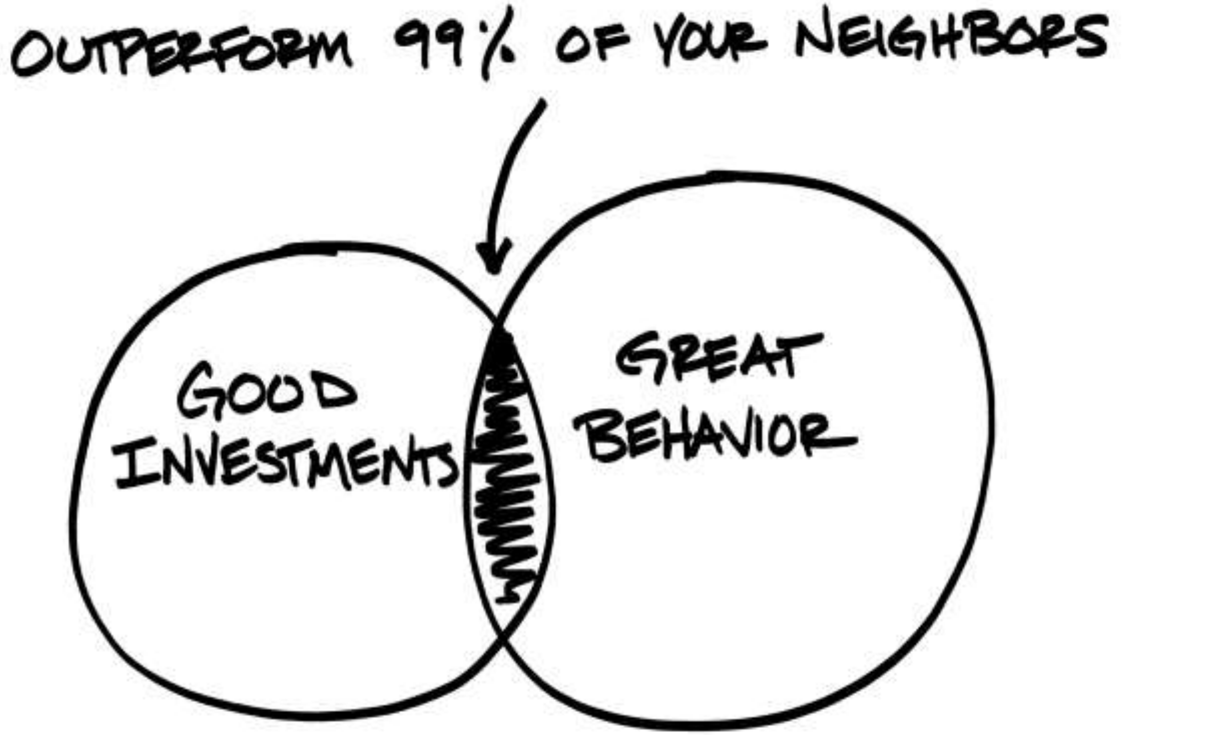

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Investments Considerations

- Investment Objectives
- Current Investments
- Tax Situation
- Time Horizon
- Financial Capacity for Risk
- Comfort Level

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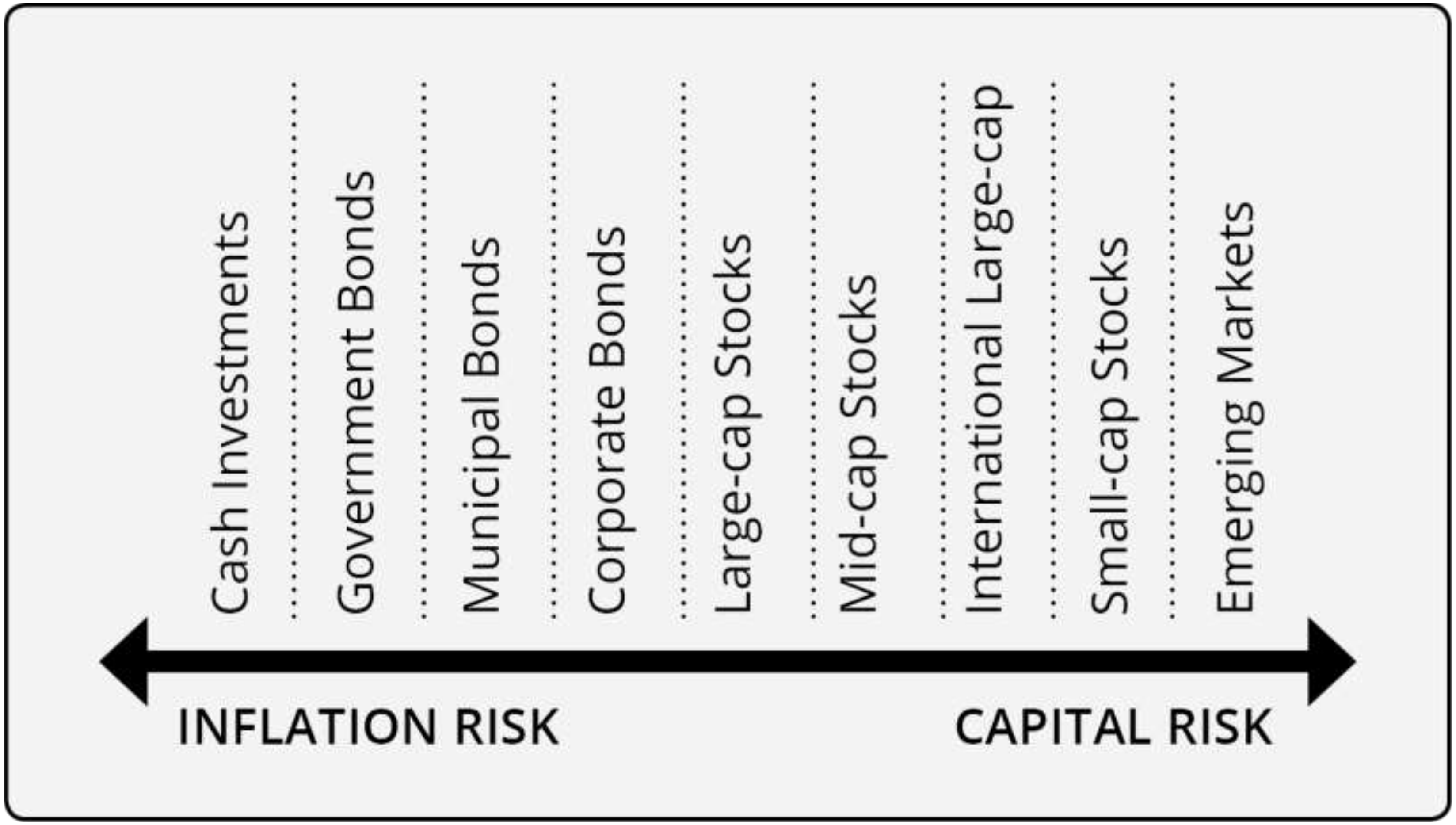
Inflation vs. Capital Risk



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Risk Management Strategies

Diversification

- Diversification may reduce both inflation and business risk
- This involves investing money in several different investments
- If some investments don't perform well, they may be offset by others[1]

[1] While diversification may help reduce volatility and risk, it does not guarantee future performance.

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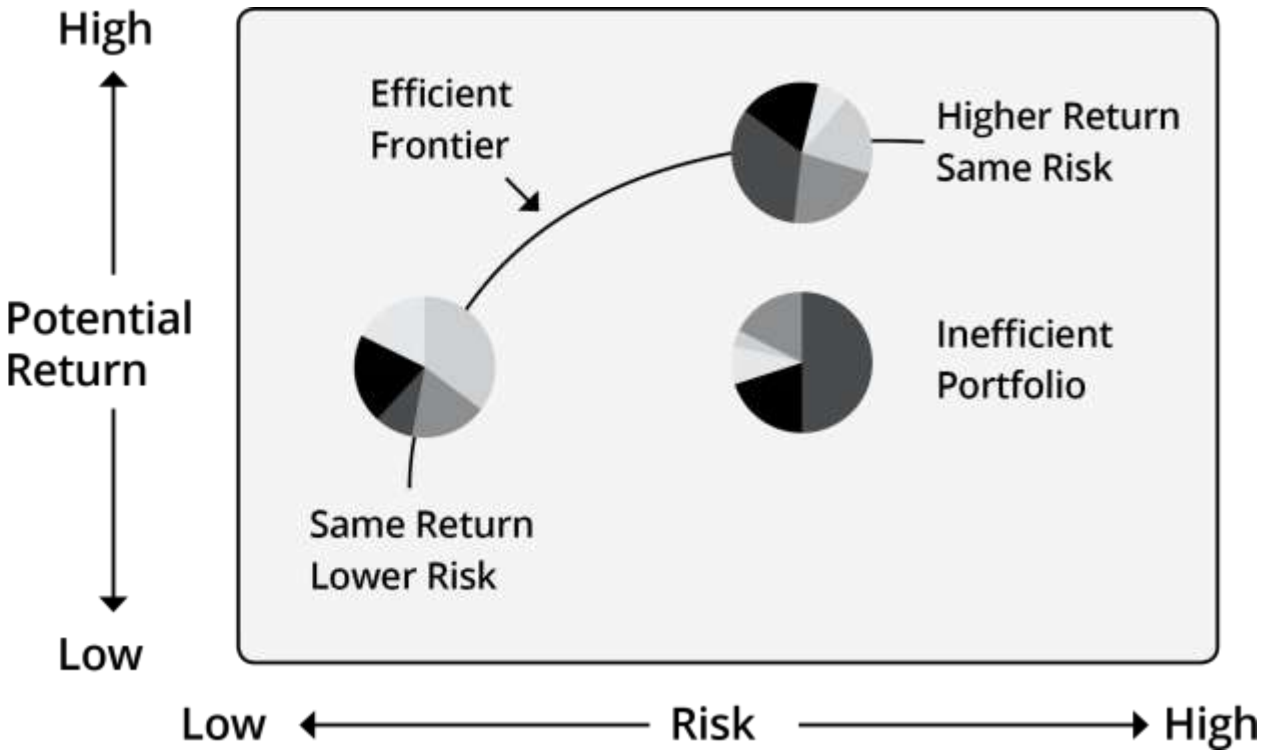
Risk Management Strategies

Asset Allocation[1]



[1] Asset allocation does not guarantee a profit or protect against a loss in a declining market. It is a method used to help manage investment risk. Rebalancing can entail transaction costs and tax consequences that should be considered when determining a rebalancing strategy.

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Risk Management Strategies

Asset Allocation

- Your asset allocation should change when your objectives change
- Rebalancing realigns a portfolio with its risk and return objectives

When to rebalance:

- After a certain time period
- After allocation changes by a certain percentage

Considerations when rebalancing:

- Minimize potential tax consequences and trading costs

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Diversification & Asset Allocation

															2005 - 2019	
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Ann.	Vol.
EM Equity 34.5%	REITs 35.1%	EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Large Cap 9.0%	REITs 22.2%
Comdty. 21.4%	EM Equity 32.6%	Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	REITs 8.3%	EM Equity 22.1%
DM Equity 14.0%	DM Equity 26.9%	DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Small Cap 7.9%	Comdty. 18.6%
REITs 12.2%	Small Cap 18.4%	Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	EM Equity 7.8%	Small Cap 17.7%
Asset Alloc. 8.1%	Large Cap 15.8%	Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	High Yield 7.2%	DM Equity 17.3%
Large Cap 4.9%	Asset Alloc. 15.3%	Large Cap 5.5%	Comdty. -35.6%	Large Cap 26.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Asset Alloc. 6.6%	Large Cap 14.0%
Small Cap 4.6%	High Yield 13.7%	Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	DM Equity 5.3%	High Yield 10.9%
High Yield 3.6%	Cash 4.8%	High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Fixed Income 4.1%	Asset Alloc. 10.0%
Cash 3.0%	Fixed Income 4.3%	Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Cash 1.3%	Fixed Income 3.4%
Fixed Income 2.4%	Comdty. 2.1%	REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	Comdty. -2.6%	Cash 1.0%

[1] While diversification may help reduce volatility and risk, it does not guarantee future performance.

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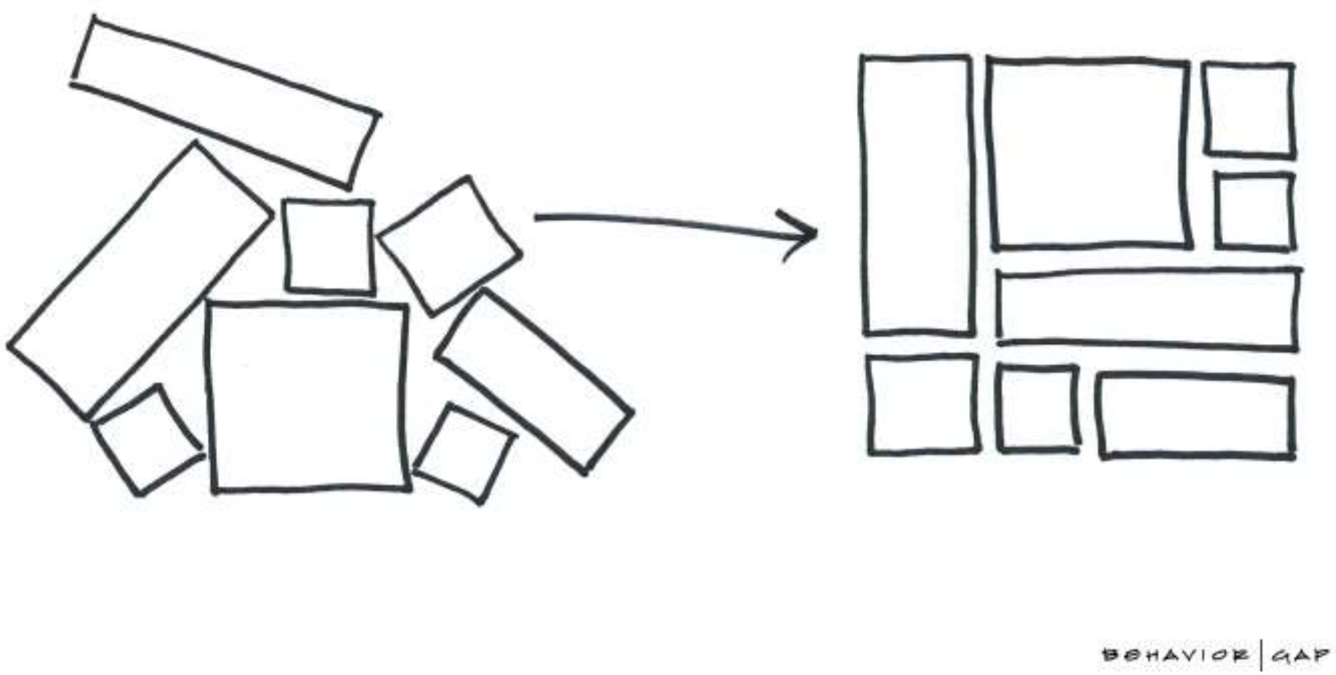

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Risk Management Strategies

Asset Allocation for Retirees

1 **Regular income** (maintain lifestyle)
Conservative allocation

2 **Future income** (major expenses)
Moderately conservative allocation

3 **Hopefully not needed** (emergency/inheritance)
Moderately aggressive allocation

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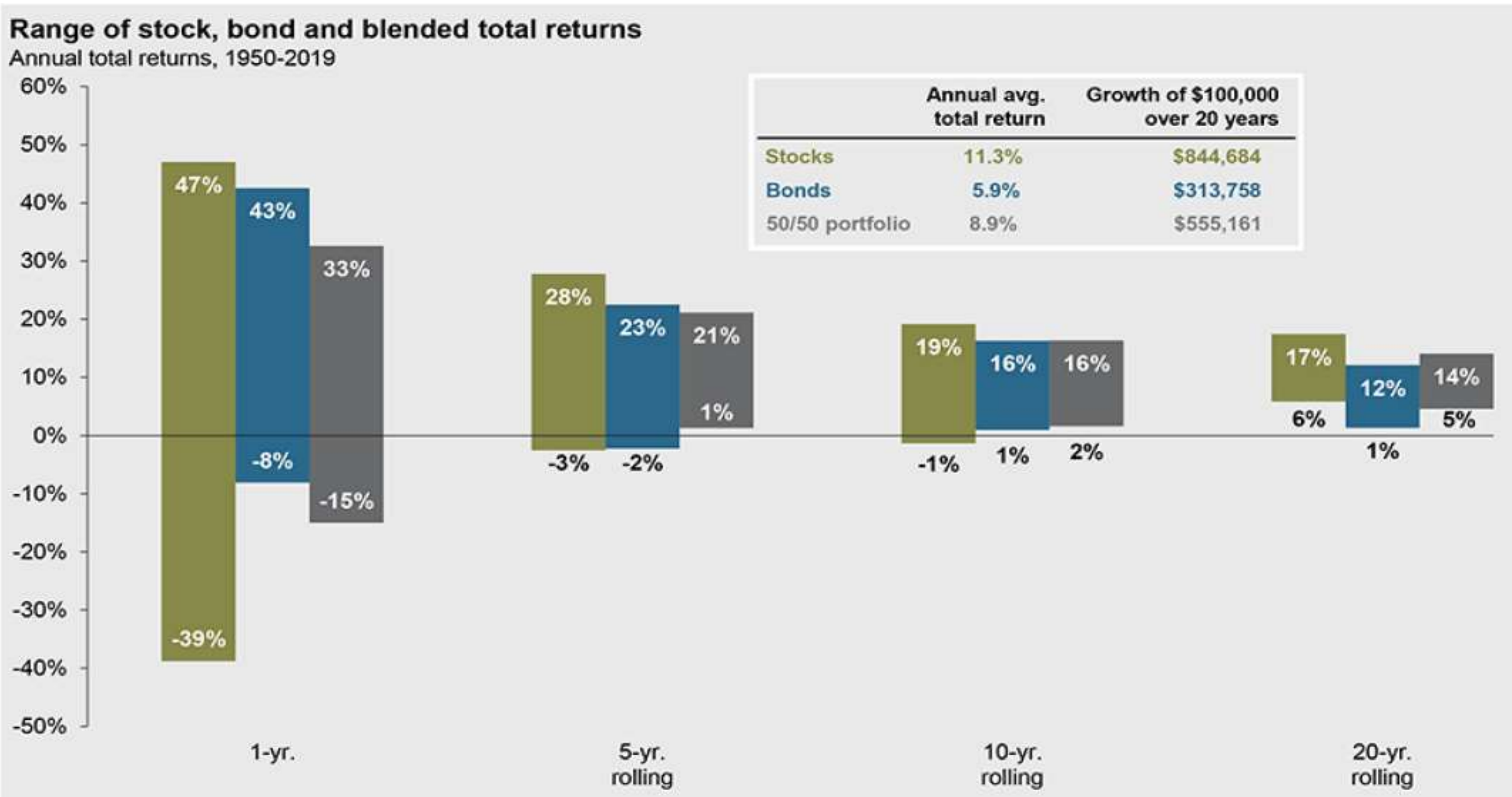
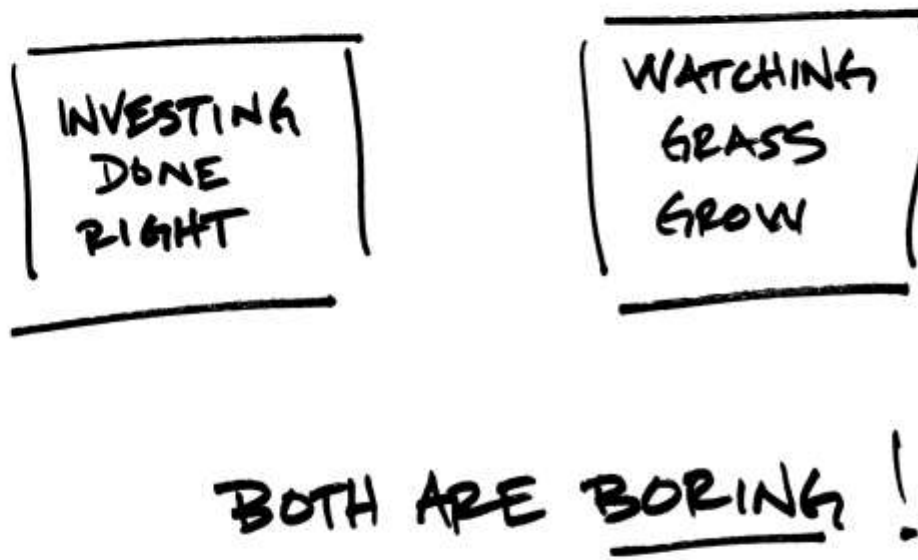
Time & Asset Allocation



Source: Barclays, Bloomberg, FactSet, Federal Reserve, Robert Shiller, Strategas/Ibbotson, J.P. Morgan Asset Management.
Returns shown are based on calendar year returns from 1950 to 2019. Stocks represent the S&P 500 Shiller Composite and Bonds represent Strategas/Ibbotson for periods from 1950 to 2010 and Bloomberg Barclays Aggregate thereafter. Growth of $100,000 is based on annual average total returns from 1950 to 2019.
Guide to the Markets – U.S. Data are as of December 31, 2019.

J.P.Morgan
Asset Management

Co



BEHAVIOR | GAP

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Tax Treatment of Investment Income

- A primary reason to invest is to make more money
- Since taxes may be your largest investment expense, a key consideration is how investment returns are taxed

There are three different tax treatments of investment income:

- Taxable in current year
- Tax-deferred
- Tax-exempt

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Taxable Investments in Current Year

QUALIFIED DIVIDENDS & LONG-TERM CAPITAL GAINS[1]		
Single	Up to $40,000	0%
	$40,001 - $441,450	15%
	$441,451+	20%
Married, Filing Jointly	Up to $80,000	0%
	$80,001 - $496,600	15%
	$496,601+	20%

[1] Qualified dividends are from domestic corporations and certain foreign corporations but don't include dividends from certain preferred stock and most Real Estate Investment Trusts (REITs.) The current maximum tax rate on long-term capital gains (excluding unrecaptured Section 1250 gain and gain from sales of collectables and qualifying small business stock) is 20%. Non-qualified dividends and short-term capital gains (for assets held less than 12 months) are taxed as ordinary income. Consult your tax advisor pertaining to your specific situation.

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Investments with Tax Advantages[1]

INVESTMENT INCOME	EXAMPLES	FEDERAL INCOME TAX
Tax-deferred	401(k), 403(b), 457 plans, IRAs, deferred annuities	Money withdrawn is usually taxed as ordinary income (may be subject to early withdrawal penalties)[1]
Tax-exempt	Municipal bonds, Roth IRA, Roth 401(k), Roth 403(b)	Withdrawals are normally not subject to tax[2]

[1] 10% early withdrawal penalties usually do not apply to distributions taken after age 59 ½ or from qualified plans after the plan participant separated from service at age 55 or older.
[2] Municipal bonds may only be exempt from state and local taxes if you buy bonds issued by the state or city where you live. Municipal bonds may also be subject to the alternative minimum tax (AMT).

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Tax Exempt[1] vs. Taxable Income

	A FEDERALLY TAX-EXEMPT RETURN OF:					
	.5%	1%	2%	3%	4%	5%
Tax Bracket	Is equivalent to a federally taxable return of:					
10%	0.56%	1.11%	2.22%	3.33%	4.44%	5.56%
12%	0.57%	1.14%	2.27%	3.41%	4.55%	5.68%
22%	0.64%	1.28%	2.56%	3.85%	5.13%	6.41%
24%	0.66%	1.32%	2.63%	3.95%	5.26%	6.58%
32%	0.74%	1.47%	2.94%	4.41%	5.88%	7.35%
35%	0.77%	1.54%	3.08%	4.62%	6.15%	7.69%
37%	0.79%	1.59%	3.17%	4.76%	6.35%	7.94%

[1] Federally tax-exempt investments such as certain money market mutual funds and municipal bonds are not FDIC insured. Investments may be subject to state and local taxes and the federal alternative minimum tax (AMT). Non-taxable interest is included in calculations to determine potential taxation of Social Security benefits.

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Do-It-Yourself Investing

- Due to the extensive knowledge, time and discipline required, many are not interested in managing their investments
- Some people have been successful managing their portfolio
- As we get older, there may be a time to use a professional money manager
- It is important to prepare as circumstances may be expected or unexpected

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Professional Money Management

Advantages of professionally managed investments include:

- Professional investment research
- Experienced portfolio managers
- A smaller investment may achieve greater diversification
- Some investments may only be available through a managed account

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Mutual Funds

About Mutual Funds

- Designed with specific objectives which help you to narrow your choices
- Popular due to diversification and professional money management
- Fund company and manager(s) select investments that meet certain criteria
- Fund manager(s) decide when to buy and sell investments
- Most portfolios consist of 20 to over 200 different investments

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Exchange-Traded Funds (ETFs)

About Exchange-Traded Funds

- An ETF is a portfolio of securities that provides a diversified investment
- Many ETFs try to imitate market indexes or sectors[1]
- ETFs are transparent and report portfolio holdings daily
- ETFs trade like stocks you can buy and sell throughout the day

[1] All market indices listed are unmanaged and cannot be invested into directly.

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Exchange-Traded Funds (ETFs)

Investing in an Exchange-Traded Fund[1]

- Individual investors typically buy shares on the secondary market
- The price of an ETF is based upon supply and demand, which may be at a premium or discount to the value of the underlying assets
- ETF fees, charges and expenses are disclosed in the prospectus
- Capital gains, interest or dividends passed along and reported to the IRS

[1] Exchange-Traded Funds (ETFs) are subject to the same risks as those of the underlying securities. Some ETFs have more risk than others depending upon the risk of the asset subclass the fund is tracking and/or the trading volume or liquidity of the ETF.

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Comparing Exchange-Traded Funds, Index Funds & Mutual Funds[1]

FEATURES	ETFS	INDEX MUTUAL FUNDS	ACTIVE MUTUAL FUNDS
Continuous trading & pricing	Yes	No	No
Traded on exchanges	Yes	No	No
Prospectus available	Yes	Yes	Yes
Provides diversification	Yes	Yes	Yes
Financial transparency (daily)	Yes	No	No
Early redemption fees	No	Possible	Possible
Sells holdings to meet redemptions	No	Yes	Yes
Actively managed	Possible	No	Yes
Tracks index or sector	Yes	Yes	No

[1] Exchange-Traded Funds (ETFs) are subject to the same risks as those of the underlying securities. Some ETFs have more risk than others depending upon the risk of the asset subclass the fund is tracking and/or the trading volume or liquidity of the ETF. Mutual fund share values fluctuate in accordance with market and economic conditions. It is possible to lose money by investing in mutual funds.

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Introduction to Annuities

- A contract between the policy owner and an insurance company
- Designed as long-term retirement vehicles[1]
- No laws restrict contribution amounts[2]
- Income tax-deferral is available[3]
- May provide lifetime income[4]
- May avoid probate[5]
- A surrender charge may apply during the early years of the contract

[1] A penalty may apply to withdrawals prior to age 59 ½.
[2] Minimum and maximum contribution limits may apply.
[3] Income tax-deferral is not available to corporate or trust owned policies.
[4] All guarantees are based on the claims-paying ability of the issuing insurance company.
[5] Applies only if death occurs prior to contract annuitization.

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Immediate & Deferred Annuities

Immediate Annuities	Deferred Annuities
Income payments begin within one year of purchase	Assets accumulate tax-deferred to provide future income
Income payments are locked in using a predetermined formula	Withdrawal choices may be available during the deferral period. Can be annuitized and payments begin using a predetermined formula
Purchased with a single premium	Purchase with a single premium or periodic payments
Contract is irrevocable	Contract can be surrendered[1] or exchanged for another annuity (Section 1035 exchange)[2]
No tax penalty on lifetime payments starting before age 59 ½[3]	A 10% nondeductible tax penalty on gains or interest withdrawn or annuitized prior to age 59 ½

[1] A surrender charge may apply during the early years of the contract.
[2] Consider costs, expenses, policy structure and new surrender charges before exchanging an annuity.
[3] Unless the immediate annuity is purchased with the proceeds from a deferred annuity.

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Deferred Annuity Comparison

FEATURE	FIXED	FIXED-INDEXED	VARIABLE
Income tax-deferral	Yes	Yes	Yes
Guaranteed principal[1]	Yes	Yes[2]	No
Guaranteed minimum return[1]	Yes	Yes	No
Investment market return	No	Yes[3]	Yes
Investment market risk	No	Yes[3]	Yes
Variable investment choices[4]	No	No	Yes
Variable investment fees and charges[5]	No	No	Yes
Transfer between investment choices[6]	N/A	N/A[7]	Yes
Guaranteed minimum death benefit[1]	Yes	Yes	Usually
A variety of withdrawal choices	Yes	Yes	Yes
Lump-sum withdrawals[8]	Yes	Yes	Yes
Can provide income you cannot outlive[1]	Yes	Yes	Yes
Monthly annuitized income may vary[9]	No	No	Yes

[1] All guarantees are based on the claims-paying ability of the issuing insurance company.
[2] Guaranteed minimum return is typically 90% of premium paid at a 3% annual interest rate.
[3] The interest credited is based on the percentage change of external index. Interest credited is usually 0% if percentage change is negative.
[4] These variable investments are available only as investment choices in variable annuity contracts issued by life insurance companies. They are not offered or made available to the general public directly.
[5] Variable investment fees and charges are provided in the prospectus, which should be read before purchasing.
[6] Policy provisions may limit exchanges allowed per year.
[7] Some annuities offer multiple index accounts and transfers.
[8] Lump-sum withdrawals are only available prior to annuitization. Surrender charges may apply. Withdrawals are subject to last in, first out income tax treatment.
[9] Annuitized income from a variable annuity results from the liquidation of a set number of units each payment period. The value of the units will vary, depending on the performance of the underlying investments.

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Financial Advisors & Investments

- ***What licenses and credentials do they hold?***
    - *Find CFP’s at www.letsmakeaplan.org*
- ***Do they have a history of regulatory problems?***
    - *For FINRA regulated broker advisors, find out using www.BrokerCheck.org*
    - *For SEC Registered Investment Advisors, find out using www.adviserinfo.sec.gov*

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Financial Advisors & Investments

- ***Do I understand their pay structure?***
    - *Commission Only*
    - *Fee-Based (% of AUM Fees and/or Commissions)*
    - *Fee-Only (% of AUM Fees and/or Hourly Fees)*
- ***Are they a fiduciary?***
    - *Advisor and Firm*
- ***Call their client references***
- ***What is a "senior designation?"***

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