

CRACKING OPEN YOUR NEST EGG

Turning your retirement
plan into income!

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Cardinal Retirement Savings
at Work Benefits

We want to hear from you!

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- 1 Go to PollEv.com
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What is your biggest concern related to
turning your retirement balance into
income?



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How to Turn Your Retirement Account Into Income

- Contemplate new priorities
- Consider available investment vehicles
- Control your annual withdrawals
- Confirm you won't outlive your money
- Chose your investments

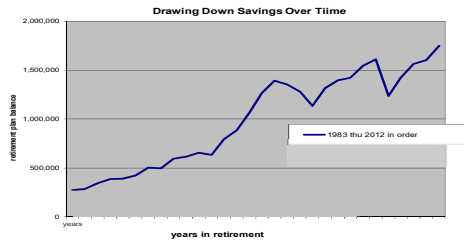




New Goal... New Risks!

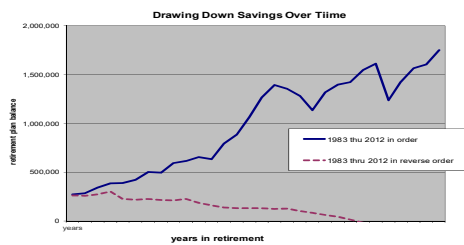


Market Returns Matter More Than Ever



Starting Balance of \$250,000. Assumes 5% annualized return in retirement with 3% inflation. Withdrawal of 5% of balance escalates each year for 3% inflation. For illustration purposes only. The above summary has been obtained from sources believed to be reliable but are not necessarily complete and cannot be guaranteed. Past performance is not a guarantee of future results.

Market Returns vs. Sequence of Returns

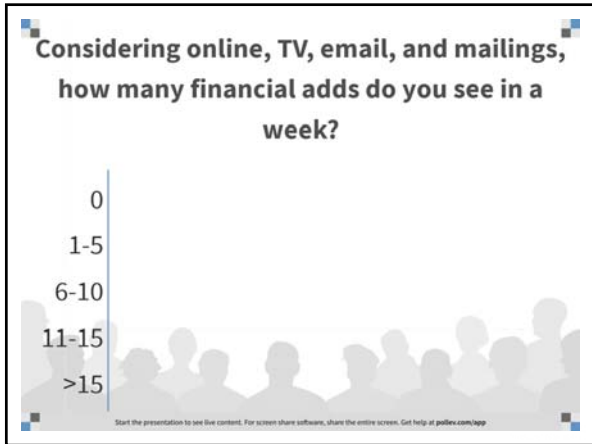


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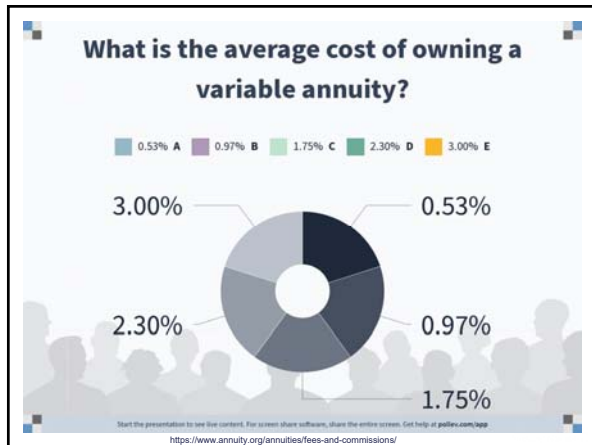
New Goal... New Risks!











What is an Annuity?

- Contract between you and insurer
- You surrender principal for the promise of future monthly income
- People who die early subsidize people who live longer

Francis Investment Counsel does not provide tax or legal advice. Annuities are an investment that is subject to risk and can lose money.



Turning Your 403(b) into a Pension

Monthly income generated from \$500,000

Add to My Report	Average Estimated Quotes <small>Joint Life & Period Certain Options Income Starts Immediately</small>	Est. Monthly Income
<input type="checkbox"/>	Life (7)	\$1,968
<input type="checkbox"/>	Life & 10 Years Certain (7)	\$1,965
<input type="checkbox"/>	Life & 20 Years Certain (7)	\$1,936
<input type="checkbox"/>	Life with Cash Refund (7)	\$1,907
<input type="checkbox"/>	5 Year Period Certain (7)	\$8,201
<input type="checkbox"/>	10 Year Period Certain (7)	\$4,356
<input type="checkbox"/>	15 Year Period Certain (7)	\$3,122
<input type="checkbox"/>	20 Year Period Certain (7)	\$2,534
<input type="checkbox"/>	25 Year Period Certain (7)	\$2,300

VS.

Continued Investment

Rule of thumb:
 Live on 5% of assets = \$2,083
 Live on 4% of assets = \$1,666

Premium \$500,000 (Plan 65, Female 65). These quotes are estimates. To get exact quotes, check the "Add to My Report" box next to any annuity options and continue to step 2.
 Source: www.fidelity.com - Assumes 65 year old married couple in California with option listed.
 Rule of thumb assumes continued investment with 2% better than inflation rate of return with a 3% increase in annual withdrawal rate.

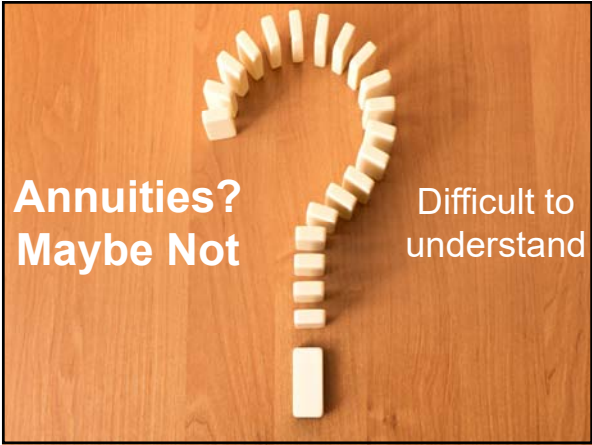
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Annuities? Maybe Not

Lack of liquidity

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True or False: You may remain in The Stanford Contributory Retirement Plan after you retire.

A B C

True False I don't know?

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See SCRP Summary Plan Description



Leave Savings in Your Plan

- Earlier penalty-free cash distributions
- Simplified investment choices
- Generally, less expensive
- RMD's waived if you keep working

- Less convenient withdrawals
- Less investment flexibility

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Roll Over Your Savings into an IRA

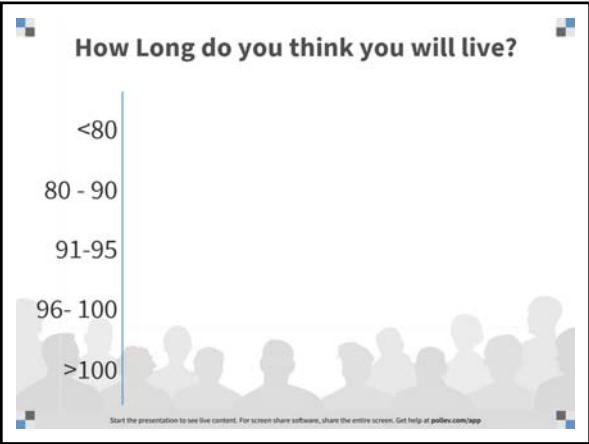
- Virtually unlimited investment options
- More flexible payment methods

- More effort required
- May be more expensive
- Less protection from creditors

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3. Control your annual withdrawals





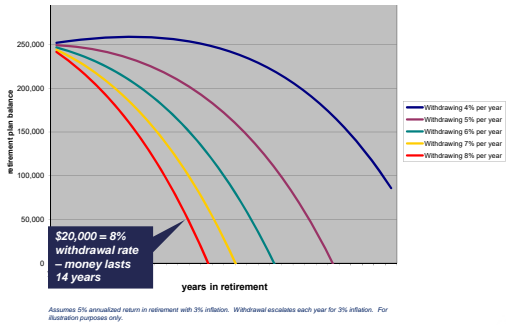


Withdrawal Rule of thumb

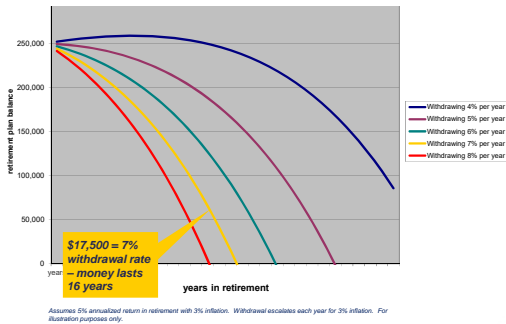
- If you know your balance, and need an income –
 - Balance * Rule of Thumb = Income
 - \$1,000,000 * .04 = \$40,000
- If you know your income need and need to know your required balance –
 - Income / Rule of Thumb = Required Balance
 - \$40,000 / .04 = \$1,000,000

Assumes 2% greater than inflation rate of return and 3% annual increase in withdrawal for inflation adjustment. For illustration purposes only.

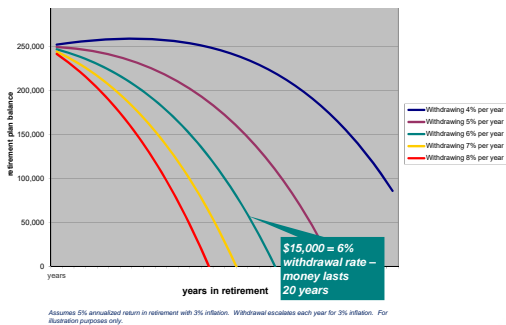
How Long Will Your Money Last?



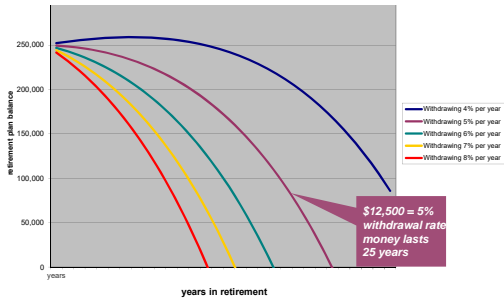
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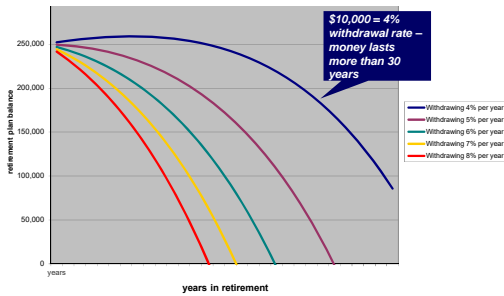


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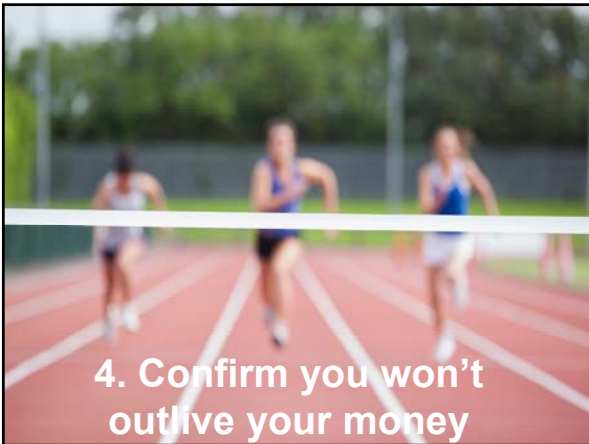


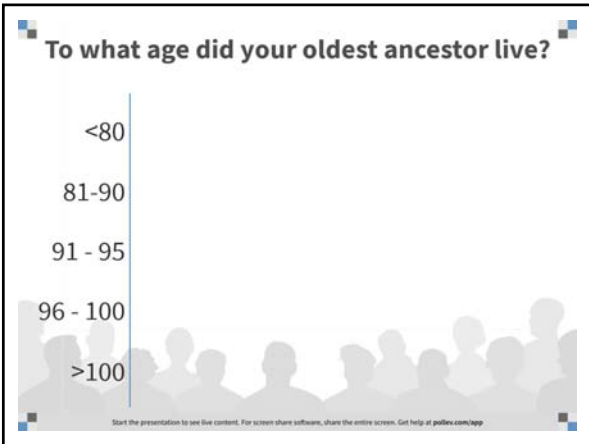
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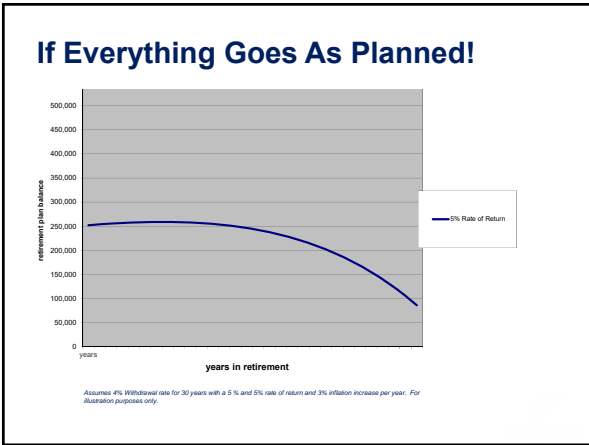
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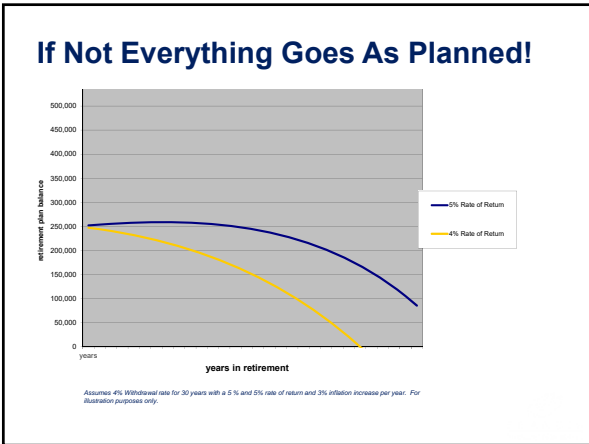


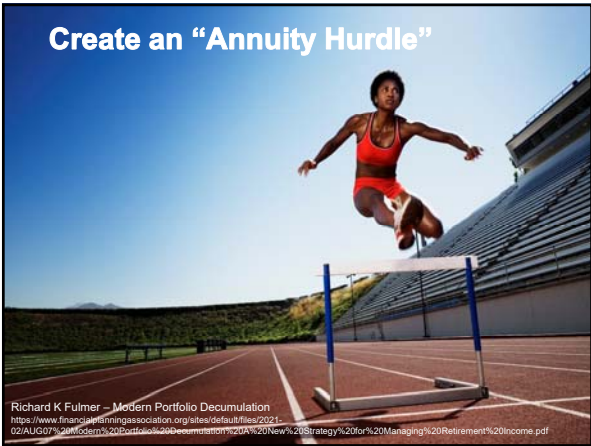
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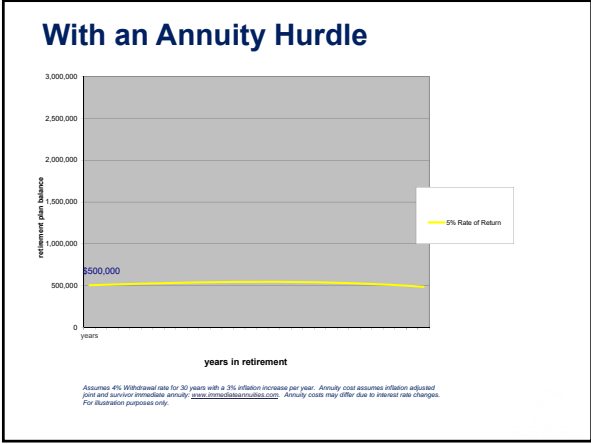




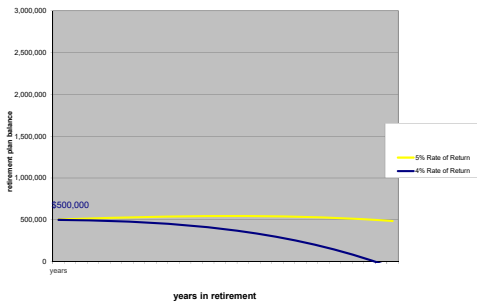


Create an "Annuity Hurdle"

- Determine the amount of income needed
- Calculate cost of immediate annuity to cover needed income (www.newretirement.com)
- Calculate the change in cost over life expectancy
- Consider the cost of the immediate annuity the minimum balance for your account

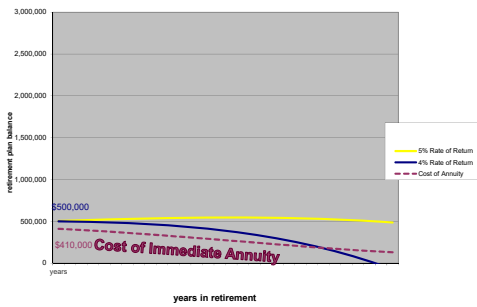


With an Annuity Hurdle



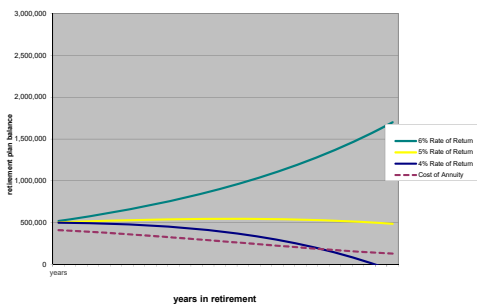
Assumes 4% Withdrawal rate for 30 years with a 3% inflation increase per year. Annuity cost assumes inflation adjusted joint and survivor immediate annuity www.immediateannuities.com. Annuity costs may differ due to interest rate changes. For illustration purposes only.

With an Annuity Hurdle



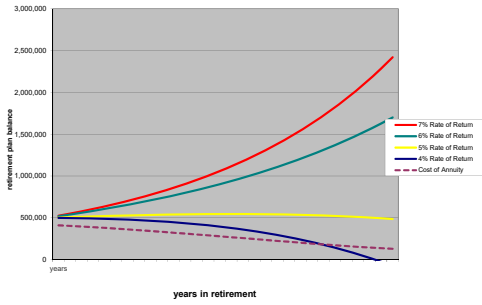
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With an Annuity Hurdle



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Segregate Balance Into Buckets



When the Market is Fair



When the Market Falls



When the Market Rebounds



Have we addressed our new risks?

**Goal:
Avoid
outliving
your
money!**

Obstacles to that goal

- ❖ Longevity risk
- ❖ Sequence of returns
- ❖ Cash Flow Risk

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**Cardinal
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Benefits
