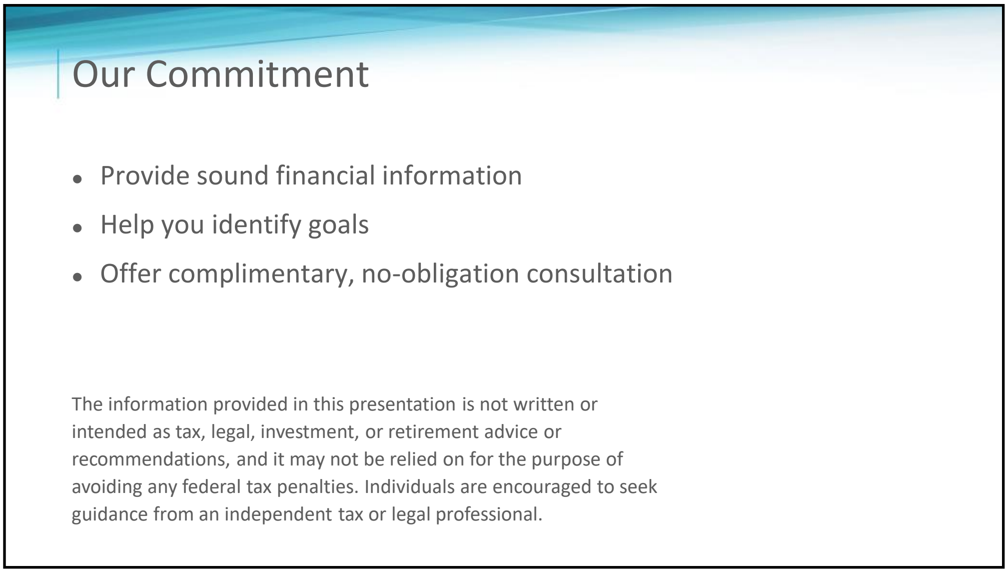
Welcome to our retirement income seminar on charting a course to help your money last. We're glad you could join us today. As you entered, you should have been given some materials. I also have pencils *(or pens)* available if you need them.

Before we start the main part of our presentation, let me take a minute or two to tell you what we hope to accomplish over the course of the next hour or so.



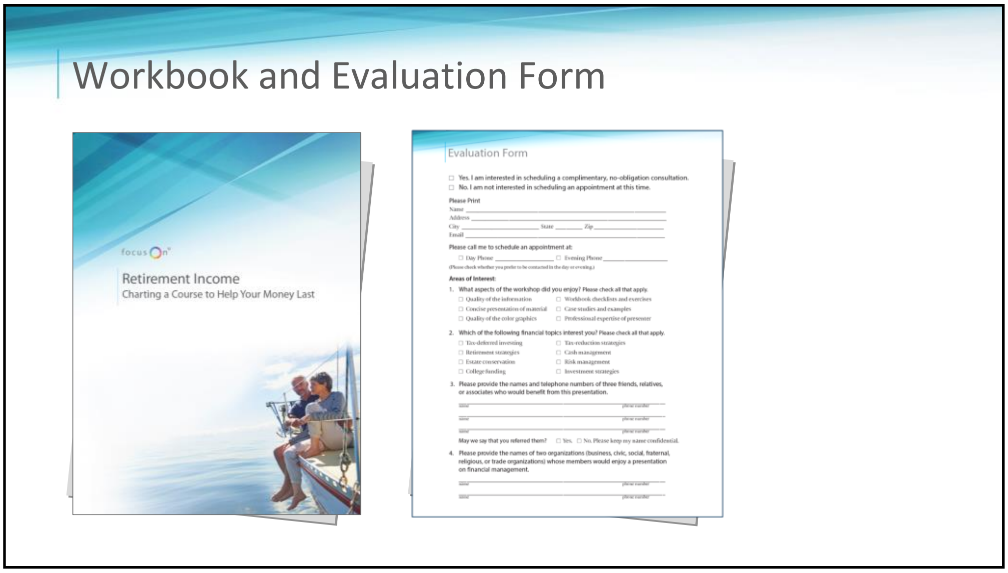
We use seminars like this one to introduce ourselves and to develop strong working relationships with members of the community like you.

Our commitment extends beyond simply offering financial services. We are committed to helping you evaluate your financial situation and giving you tools to help make informed decisions and pursue your financial goals.

We hope that after attending the seminar, you'll want to meet with us in our office. This is a complimentary, no-obligation consultation that we offer to everyone who attends our seminars. During that meeting, we can discuss any questions you have as a result of what we discuss here. If you prefer, we can use that time to examine your specific situation and begin the process of helping you formulate a financial strategy that will suit your needs.

We know that we'll establish a working relationship with you only when *you* are confident that we can be of service. We want you to understand your options and to know how you may benefit from working with us.

The information in this presentation is not written or intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek guidance from an independent tax or legal professional based on your individual circumstances.



Let's talk about the workbook you received as you entered.

We've found that people are more likely to remember something they act on rather than something they only hear about. That's why we designed this workbook so you can apply what you learn to your situation. In it you'll find helpful materials that reinforce the seminar's major points and will be a valuable resource for you.

Feel free to highlight, underline, or make notes in whatever way serves you best.

Inside your workbook, you'll find an evaluation form just like this one.

[Note to presenter: Pull out an evaluation form for your seminar participants to see.]

At the end of the presentation, please use this form to tell us whether you're interested in taking advantage of the complimentary, no-obligation consultation.

We'd like to make you two promises concerning this form. First, if you check "Yes, I am interested in scheduling a complimentary, no-obligation consultation," we'll call you in the next couple of days and set up an appointment. Second, if you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after the seminar.

In exchange for these two promises to you, please promise that you will fill out this form. Many seminar attendees do come in for a consultation, so we've set aside time just to meet with you.

When you do come to our office, feel free to leave your checkbook at home. We are very interested in developing working relationships with you, but that decision is yours.

What happens when you retire?

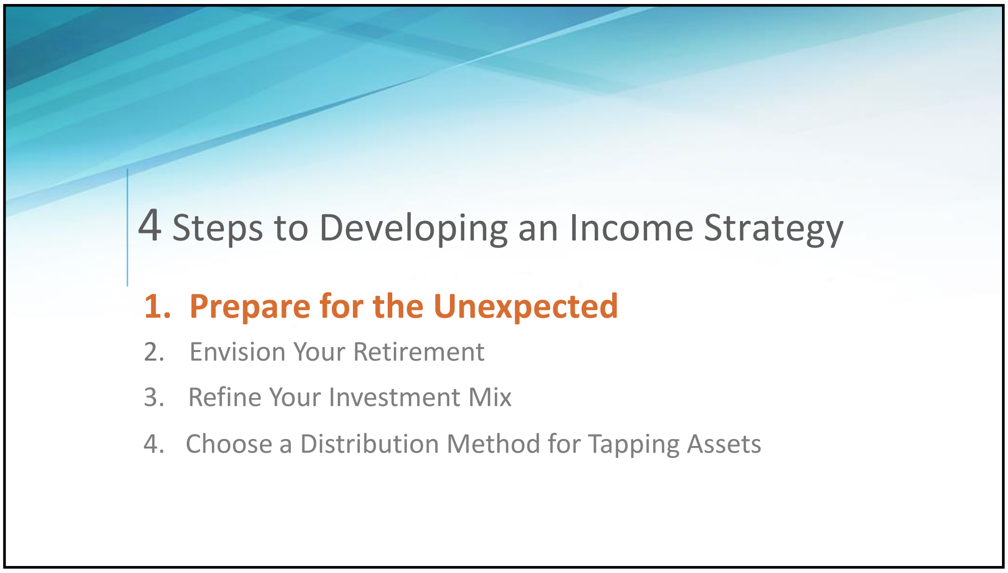
Many people envision traveling to new destinations, having more time for family and hobbies, and volunteering for their favorite charitable organizations.

One thing is certain: Your financial focus takes a dramatic shift. The guidelines for managing money are different from when you were working.

Instead of saving money to *accumulate* assets, you'll need to figure out how to *withdraw* assets efficiently for income.

Your primary focus is twofold: to live your desired lifestyle and avoid running out of money.

That means generating a steady income stream and making decisions to help your assets last throughout your retirement years.



During this seminar, we’re going to focus on four important steps to developing a sound retirement income strategy.

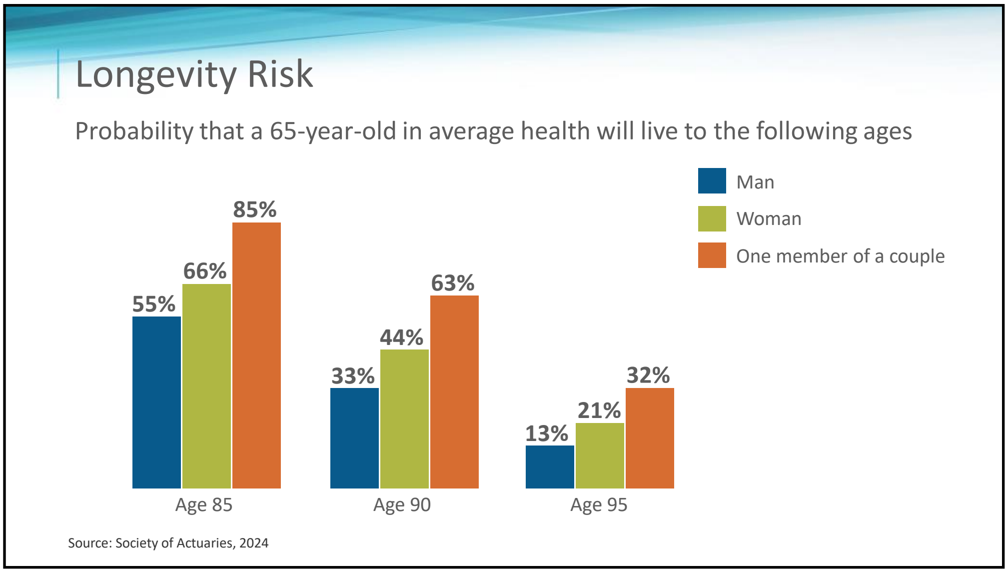
First is to prepare for the unexpected. Even the most well-thought-out financial strategy could be derailed by some risks you may encounter in retirement.

The second step involves assessing your current financial situation, exploring the lifestyle choices you will make, and understanding the sources of income that will be available to you.

Third is to refine your investment mix to balance your need for a steady income, growth potential, and stability throughout retirement.

Fourth is to choose a distribution method for tapping your assets that will help your money last as long as you do and reduce unnecessary taxes and penalties.

Let’s start by taking a closer look at several risks you may face. Your ability to live the retirement lifestyle you want — and deserve — may depend on how prepared you are to manage and overcome these risks.



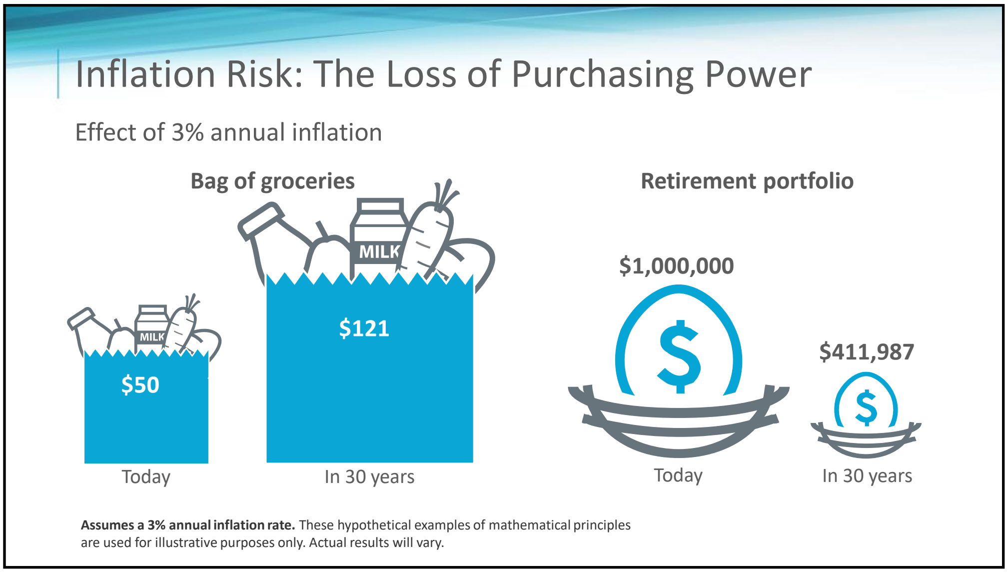
The good news is that you may live a long time. The challenge is making sure that your retirement assets last as long as you do.

Based on life-expectancy statistics, a retired 65-year-old man in average health has a 33% chance of living to age 90, and a 65-year-old woman in average health has a 44% chance of living to age 90.

For a couple, the odds are even more striking: One member of a couple has a 63% chance of living to age 90 and a 32% chance of living to age 95.

How confident are you that you will be able to live comfortably at age 90 or 95? Your retirement income strategy should include the possibility of a long life.

Source: Society of Actuaries, 2024



Inflation is the rise in consumer prices and the loss of purchasing power over time. It has an effect on everything — from the cost of a bag of groceries, to a car, to a home. Inflation averaged 3.0% over the past decade but was especially challenging in 2021 and 2022, rising 7.0% and 6.5% respectively, the largest annual increases since 1981. Fortunately, inflation slowed to 3.4% in 2023 and 2.9% in 2024.[1]

Whether you realize it or not, you've been battling inflation throughout your working years. Yet it could be even harder to deal with in retirement when you're on a fixed income.

Consider these two hypothetical examples that illustrate the effects of 3% annual inflation over a 30-year period.

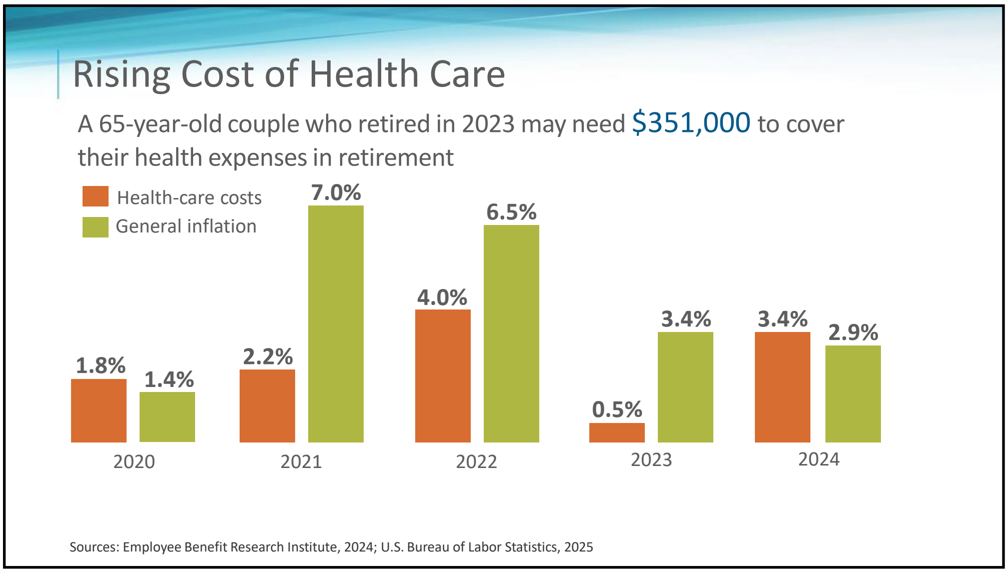
A bag of groceries costing $50 today would cost $121 for an equivalent purchase in 30 years — that's 2.4 times more than now.

A $1 million retirement portfolio would have the purchasing power of about $412,000 in 30 years. That's why it's essential for your retirement portfolio to keep pace with — and ideally exceed — inflation to avoid losing purchasing power as the years go by.

Of course, longevity and inflation aren't the only factors to consider. So that brings us to another risk: the rising cost of health care.

Source: 1) U.S. Bureau of Labor Statistics, 2025 (consumer price index)

These hypothetical examples of mathematical principles are used for illustrative purposes only. A 3% annual inflation rate cannot be guaranteed. Actual results will vary.



One of the biggest worries that many retirees face is paying for health care in retirement. As you can see here, medical costs (represented by the orange bars) rose at a faster rate than general inflation in 2020 and 2024, which has almost always been the case over the last 50 years. The period from 2021 to 2023 was unusual, due to high general inflation and relatively low health-care inflation.[1] It seems likely that costs will rise at a faster pace in future years.

Medicare is available once you reach age 65, but in addition to the monthly premiums, there are some fairly stiff deductibles, copays, and limitations. Costs vary depending on the coverage you choose and the medical services you need.

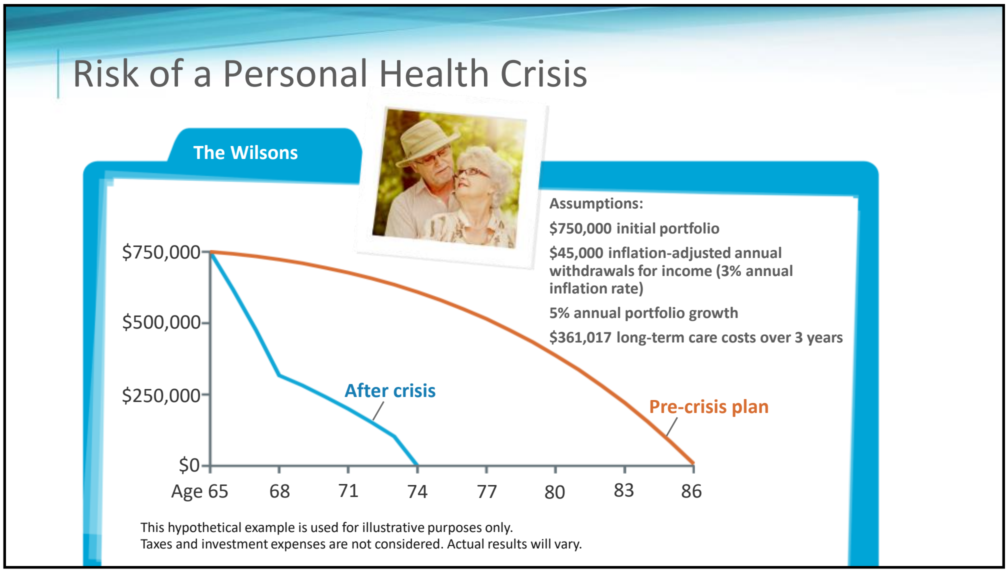
Medicare Part B (medical insurance) premiums in 2025 range from $185.00 per month to $628.90 per month, depending on the modified adjusted gross income reported on your 2023 tax return.[2] And if you enroll in the Original Medicare program, there is no annual limit on your out-of-pocket expenses.

If Medicare benefits remain at current levels, it's estimated that a 65-year-old couple who retired in 2023 and live an average life expectancy may need $351,000 in savings to cover their Medicare, Medigap, and out-of-pocket prescription drug costs in retirement.[3]

Consider that medical costs could be even higher if you develop a chronic illness or incur high prescription drug costs. And other health-related costs, such as dental expenses, glasses, and hearing aids for those who need them, are not captured in these figures.

[Note to presenter: Share with participants if you offer guidance on choosing Medicare plans.]

Sources: 1) U.S. Bureau of Labor Statistics, 2025; 2) Centers for Medicare & Medicaid Services, 2024; 3) Employee Benefit Research Institute, 2024 (estimate based on a 90% chance of meeting expenses and assumes savings earn a return of 7.32% from age 65 until expenditures are made; includes premiums for Medicare Parts B and D, the Part B deductible, out-of-pocket prescription drug spending, and premiums for Medigap Plan G)



Do you know someone, a family member or a friend, who has experienced an unexpected and costly health crisis? A personal crisis could derail your plans and deplete your retirement savings.

According to statistics, today's 65-year-olds have a nearly 70% chance of needing long-term care services at some point in their lifetimes.[1] The national median cost for a private room in a nursing home is $116,800, which is about $9,733 a month.[2]

Here's an example of why you may need to be prepared for an unexpected health crisis.

The Wilsons retired at age 65 with a $750,000 portfolio. They planned to withdraw $45,000 annually from their portfolio for income and hoped that this would enable them to live comfortably to age 86.

Shortly after retiring, Bob Wilson suffered a stroke that required three years of nursing-home care and follow-up home care. The total out-of-pocket cost for this care was $361,017 over three years.

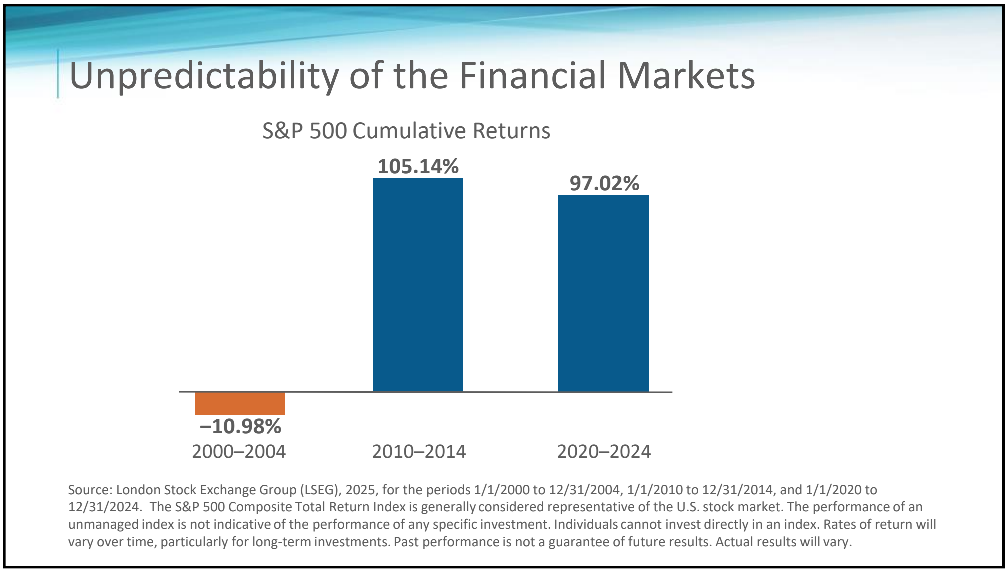
Because the Wilsons assumed that Medicare would cover any long-term care costs, they hadn't purchased additional insurance protection and weren't prepared financially.

The graph shows how these unforeseen costs affected the Wilsons' portfolio. With the couple's savings significantly depleted by the cost of Bob's care ($361,017 over three years), continuing on the same withdrawal path would leave them without savings when they reached age 74.

The Wilsons had to make an unpleasant choice: They could either reduce their standard of living or risk outliving their retirement savings.

Sources: 1) National Council on Aging, 2024; 2) Genworth Cost of Care Survey 2023 (most current data available)

This hypothetical example is used for illustrative purposes only. It assumes $45,000 inflation-adjusted annual withdrawals for income (3% inflation rate) and a 5% annual rate of return for the portfolio. Long-term care assumes a first-year cost of $116,800 indexed annually for inflation at a 3% annual rate. Taxes and investment expenses are not considered. Rates of return will vary over time for long-term investments. Actual results will vary.



Another risk you will face is the unpredictability of the financial markets.

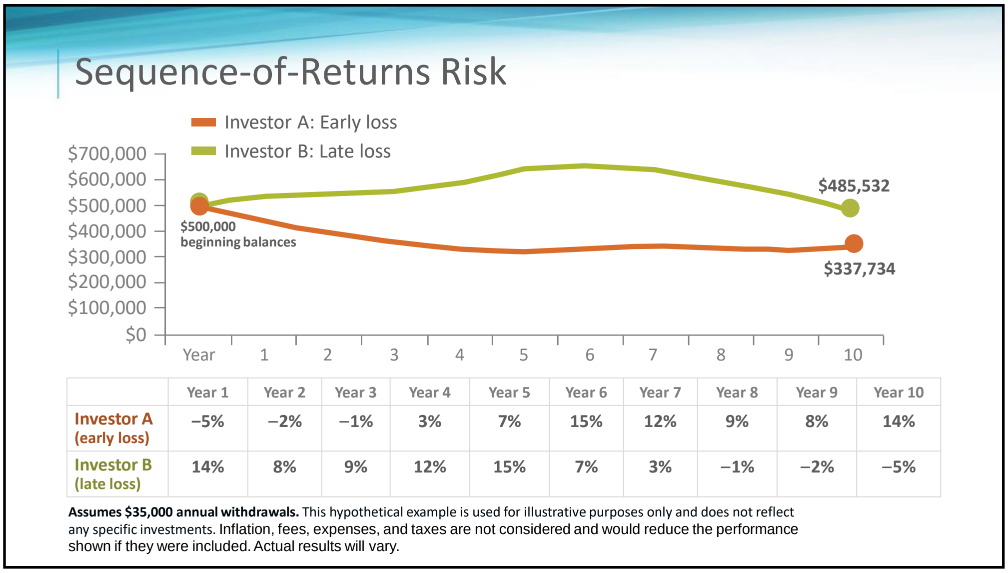
Market conditions can change, often unexpectedly and sometimes dramatically. Generally, it's a case of *when* and not *if* it happens. And *if* it happens *when* you're about to retire, or when you're drawing down your retirement investments for income, it can be unsettling to say the least.

Consider these outcomes, which show the cumulative total returns of the S&P 500 Composite Index over three different five-year periods: 2000 to 2004, 2010 to 2014, and 2020 to 2024. *(The cumulative return looks at the total percentage increase or decrease in the value of an investment over a specific time period.)*

As you can see, these three time periods produced vastly different results. Although the cumulative return for two of these five-year periods was positive and substantial, the five-year period from 2000 through 2004 had a *negative* 10.98% cumulative return.

Keep in mind that market performance data is always backward looking. Whether the markets perform well or poorly in future years is a big unknown.

Source: LSEG, 2025, for the periods 1/1/2000 to 12/31/2004, 1/1/2010 to 12/31/2014, and 1/1/2020 to 12/31/2024. The S&P 500 Composite Total Return Index is generally considered representative of the U.S. stock market. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Past performance is not a guarantee of future results. Actual results will vary.



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Investor A (early loss)	−5%	−2%	−1%	3%	7%	15%	12%	9%	8%	14%
Investor B (late loss)	14%	8%	9%	12%	15%	7%	3%	−1%	−2%	−5%

The risk of experiencing poor investment performance at the wrong time is called *sequence risk* or *sequence-of-returns risk*. This is a significant factor in retirement when you are withdrawing money from, not contributing money to, your investment portfolio.

If the financial markets take a downturn just before you retire or in the beginning years of retirement — resulting in an early loss of your retirement assets — you would have a lower base of assets from which to generate income throughout your retirement years.

Here's a simplified example comparing two hypothetical $500,000 retirement portfolios that earned annual returns in the ***exact opposite order*** over a 10-year period. Both investors withdrew $35,000 each year for retirement income (these withdrawals were not adjusted for inflation).

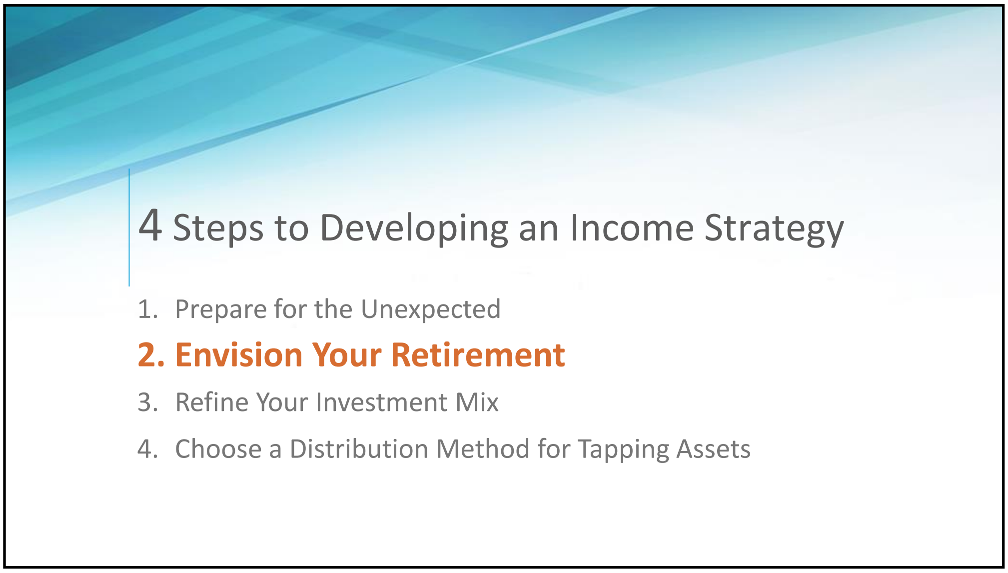
Investor A experienced an early loss — negative returns of –5%, –2%, and –1% for the first three years of retirement — and positive returns during years 4 through 10.

Investor B experienced a late loss. Investor B's portfolio grew during the first seven years of retirement, so it was better able to weather losses during years 8, 9, and 10.

After 10 years, the ending value of Investor A's portfolio was $337,734, compared with an ending value of $485,532 for Investor B. That's a difference of nearly $150,000 — all due to the sequence of returns.

If you experience an early loss of your retirement assets, you might need to reduce your spending and/or withdraw less from your retirement portfolio. Having sufficient cash reserves on hand or a financial product that offers a guaranteed income for life might enable you to avoid selling investments during a down market.

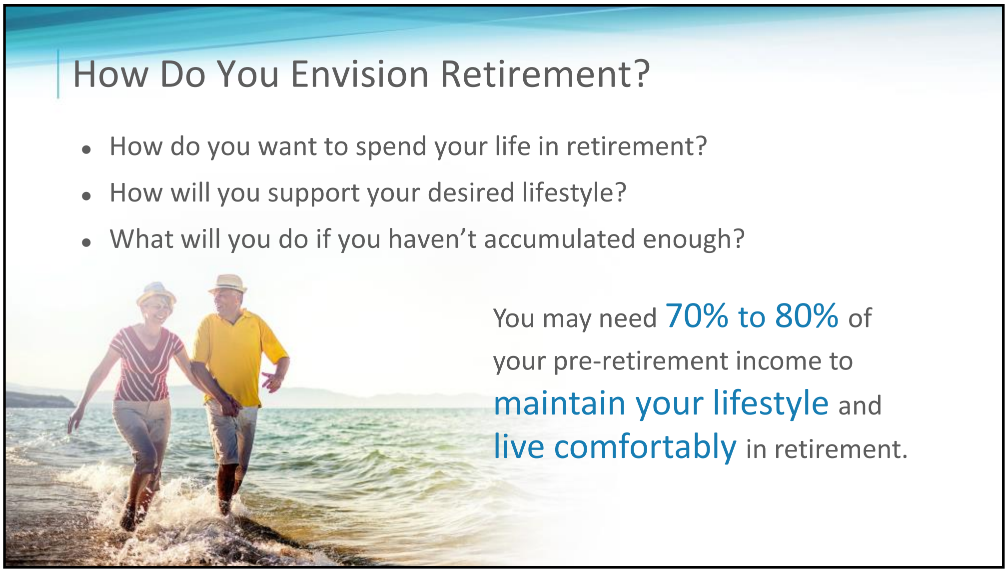
This hypothetical example is used for illustrative purposes only and does not reflect any specific investments. Inflation, fees, expenses, and taxes are not considered and would reduce the performance shown if they were included. Actual results will vary.



Let’s turn our attention to envisioning your retirement. But keep in mind the need to be prepared for the risks we discussed — longevity, inflation, health-care costs, and market unpredictability — throughout the duration of this presentation.

Envisioning retirement involves assessing your current financial situation, the lifestyle choices you will make, and the sources of income that will be available to you.

Hopefully, the choices you have made in the past will enable you to live the life you’ve envisioned. Yet it’s important to remember that the decisions you make now will play a significant role in how you spend your retirement years. Some of these choices could help or hinder the longevity of your retirement income streams.



To envision life in retirement, you need to address some questions.

How do you want to spend your life in retirement?

Have you considered where you will live? Are you planning to be involved in volunteer work or work part-time for income? Do you intend to travel extensively or spend more time with family and friends? Have you factored the cost of your desired hobbies and activities into your living expenses?

How will you support your desired lifestyle?

Have you calculated your retirement income needs and the savings needed to provide that income? Will your sources of income be sufficient?

What actions will you take if you haven’t accumulated enough?

Can you postpone retirement and work longer? Is there time to increase your assets by saving more and investing in some growth-oriented investments? Will you need to modify your lifestyle, now or in the future, in order to make ends meet?

Even though some of your expenses may be lower after you retire, you still may need 70% to 80% of your pre-retirement income to maintain your lifestyle and live comfortably throughout your retirement years.

Naturally, you need to make the most of the income sources you will have in retirement.

Some retirees are still lucky enough to have a defined benefit plan, but traditional pensions are gradually becoming a relic of the past. In the private sector, they have been replaced by employer-sponsored retirement plans such as 401(k)s, which generally require that you, the plan participant, be responsible for your own retirement savings and investment decisions.

Because time is limited, let's look at the three primary sources of income that most retirees depend on in retirement:

- Personal savings and investments (including retirement plans)
- Social Security
- Continued employment earnings

For many of us, the bulk of retirement income will come from our own personal savings and investments.

You might be saving for retirement using tax-advantaged vehicles such as IRAs and employer-sponsored retirement plans. These savings vehicles may include a variety of investments including stocks, bonds, cash alternatives, mutual funds, and exchange-traded funds (ETFs). Annuities can also be purchased to create supplementary income, a type of personal “pension.” We’ll explore some of these vehicles — and the tax implications associated with them — during the presentation.

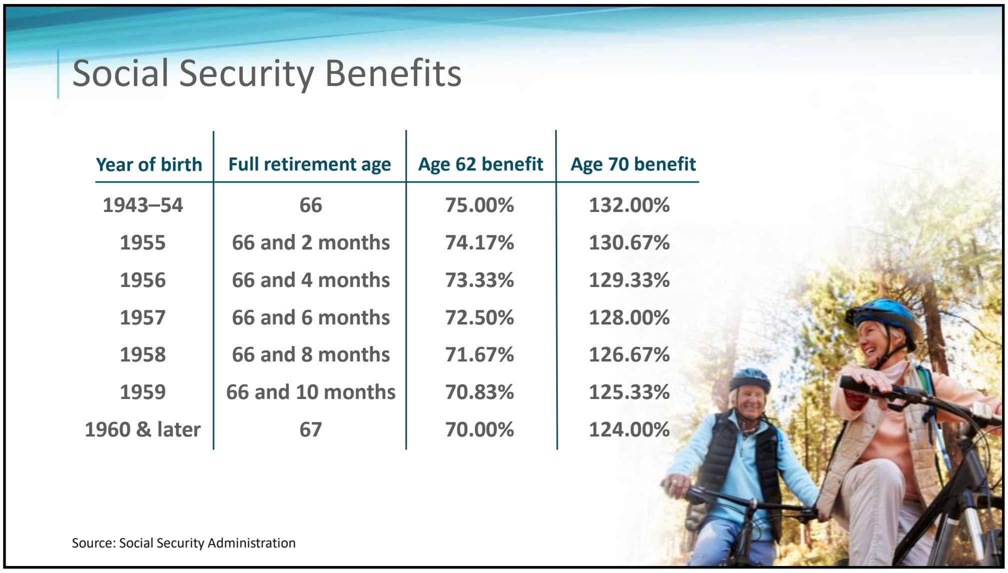
You may also have taxable vehicles, typically securities purchased through brokerage accounts outside of retirement plans.

When you retire, you will be making decisions about what to do with the assets you currently hold. Should you keep them, sell them, consolidate them, or move them around? How will these investment decisions affect your taxable income? We’ll offer some ideas during the presentation to help you make sound decisions.

The interest from certificates of deposit (CDs) and bank savings accounts is taxable as ordinary income. The return and principal value of stocks, mutual funds, ETFs, and bonds fluctuate with market conditions. Shares, when sold, may be worth more or less than their original cost. Supply and demand for ETF shares may cause them to trade at a premium or a discount relative to the value of the underlying shares. The FDIC insures CDs and bank savings accounts, which generally provide a fixed rate of return, up to $250,000 per depositor, per insured institution.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company and underlying investments, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Generally, annuities have contract limitations, fees, and sales charges, which may include mortality and expense charges, investment management fees, administrative fees, and charges for optional benefits. Surrender charges may be assessed during the early years of the contract if the annuity is surrendered. The guarantees of annuities are contingent on the financial strength and claims-paying ability of the issuing insurance company.



Year of birth	Full retirement age	Age 62 benefit	Age 70 benefit
1943–54	66	75.00%	132.00%
1955	66 and 2 months	74.17%	130.67%
1956	66 and 4 months	73.33%	129.33%
1957	66 and 6 months	72.50%	128.00%
1958	66 and 8 months	71.67%	126.67%
1959	66 and 10 months	70.83%	125.33%
1960 & later	67	70.00%	124.00%

Source: Social Security Administration

Social Security can play a key role in supplementing your retirement income, but it will not replace the income you earned while you were working. For beneficiaries age 66 and older with career-average earnings of around $66,000, Social Security provides only about 40% of pre-retirement income. For beneficiaries who earned more while they were working, the replacement percentage is even lower.

One of the most important decisions you need to make is when to claim Social Security. The benefit you receive is based on an average of the highest 35 years of earnings in which you paid Social Security payroll taxes, as well as on the age when you claim benefits. Married couples have additional claiming options, including spousal benefits and survivor benefits.

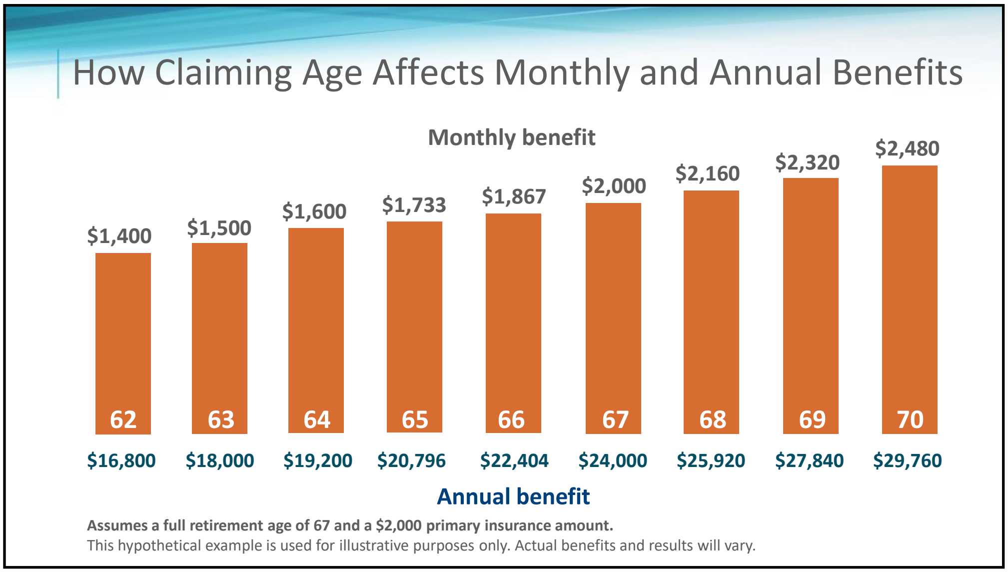
This slide shows how your benefit would be reduced or enhanced based on claiming Social Security at age 62 (the earliest age) or waiting until age 70.

Not only does Social Security provide longevity protection, because benefits continue throughout your lifetime, but it also provides some inflation protection and spousal protection.

[Note to presenter: You might let participants know whether you offer personalized guidance on Social Security claiming strategies that you can address during the complimentary consultation.]

We could spend hours discussing Social Security benefits and different claiming strategies, but we only have time today to focus on some of the basics.

Source: Social Security Administration, 2024



To better understand how your benefit could increase by waiting to claim Social Security, let's put some dollar amounts behind different claiming ages.

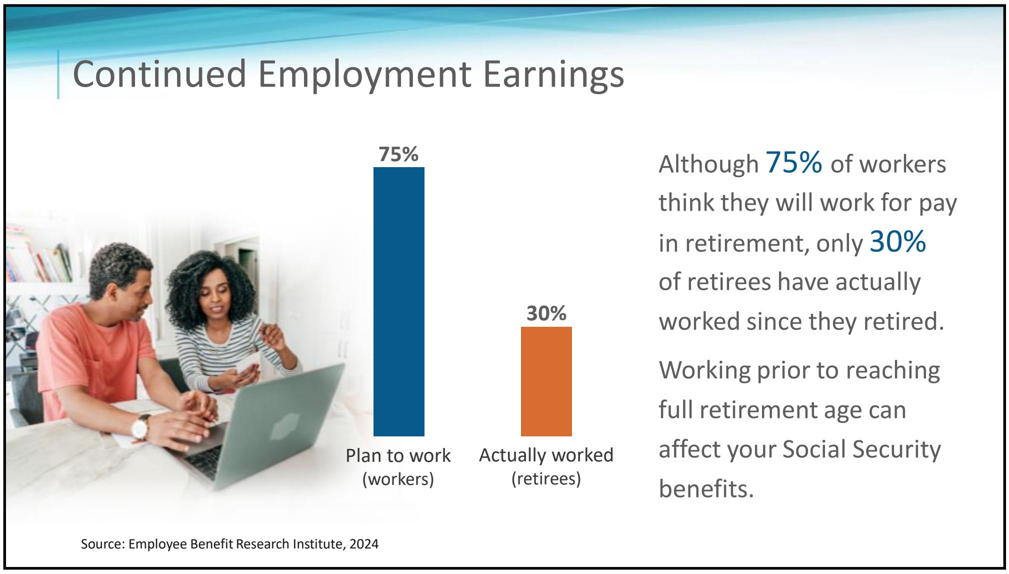
This slide shows the potential impact on monthly and annual benefits based on claiming age. It assumes a hypothetical $2,000 full retirement benefit — referred to as the primary insurance amount or PIA — at age 67, which is full retirement age for those born in 1960 and later.

[Note to presenter: You might ask participants the ages when they plan to claim Social Security and use this slide to examine the benefit impact.]

On an annual basis, the difference between claiming benefits at age 62 versus age 70 is nearly $13,000 a year in this hypothetical example, which would continue throughout the beneficiary's lifetime.

Not only could waiting to claim Social Security significantly affect your own lifetime benefits, but it could also impact a surviving spouse. That's because survivor benefits include any delayed retirement credits you earn by waiting past full retirement age to claim Social Security.

This hypothetical example is used for illustrative purposes only. Actual benefits and results will vary.



Many people assume that if they don’t have enough money to retire when the time comes, they’ll just keep working.

Unfortunately, health issues or an unfavorable job market may force workers to alter their employment situations unexpectedly. According to one study, 75% of workers think they will work for pay in retirement, but only 30% of retirees have actually worked since they retired.[1]

You should also consider that if you claim Social Security benefits before reaching full retirement age and continue to work, your benefits will be reduced if your earnings exceed annual limits. Once you reach full retirement age, there is no limit on employment earnings.

And regardless of when you claim Social Security, up to 85% of your Social Security benefits will be subject to federal income tax, depending on your “combined income.”* In addition, many states tax Social Security benefits.

[Note to presenter: You should mention whether your state does or does not tax Social Security and other pension benefits.]

Of course, working for pay might be an option. Just remember that there’s a lot to consider when it comes to working in your retirement years.

*The IRS defines “combined income” as adjusted gross income plus any tax-exempt interest plus 50% of Social Security benefits.

Source: 1) Employee Benefit Research Institute, 2024

When you retire, your financial focus takes a dramatic shift, and the guidelines for managing your money change. Although you still need your assets to grow, it may be even more important to find investments that strive to provide a steady, dependable income.

And remember, even though your portfolio may still be growing, typically you will be withdrawing funds and living off those distributions. Generally, this means you will have more of your money in lower-risk investments so that market volatility doesn’t have such a great impact on your portfolio that it threatens your lifestyle.

Refining your investment mix involves developing a sound investment strategy and selecting assets that can help provide a stable source of income while providing continued growth, as well as considering how taxes will affect your retirement income.

A sound investment strategy takes into account three major variables: your investment objectives, your time frame, and your risk tolerance.

Because these three variables will be unique to everyone, there is no “one-size-fits-all” retirement investment strategy. That’s why it is important to make sure that your strategy meets your individual needs and goals.

First, you might ask yourself what you are trying to achieve by investing.

Are you primarily concerned about protecting the current value of your portfolio? If so, you might keep most of your money in safe cash alternatives.

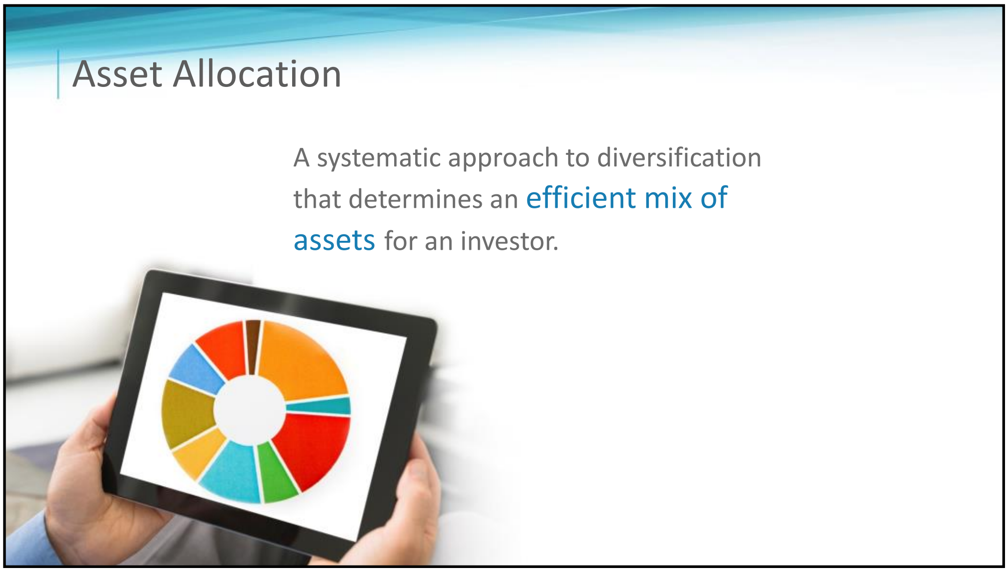
Would you like to see your assets continue to grow, even if it means taking on additional risk? Then growth-oriented investments may be appropriate.

Or are you most interested in generating a steady income that will support your retirement lifestyle, no matter what happens to the markets? If so, you might consider income-generating investments, which we’ll discuss in a few minutes.

Second, consider your time frame. This can have a tremendous impact on the investment categories you choose. That’s because fluctuations in the financial markets can affect the short-term value of some investments. If your time frame is short or you are retired on a fixed income, you wouldn’t have time to recover from heavy losses if they occurred.

Third, evaluate how much risk you are willing to take in pursuit of your financial goals. Generally, the more potential for growth offered by an investment, the more risk it carries. In retirement, you may not want to assume as much risk as you did during your working years.

[Note to presenter: Mention whether you provide tools to assess an investor’s risk tolerance.]



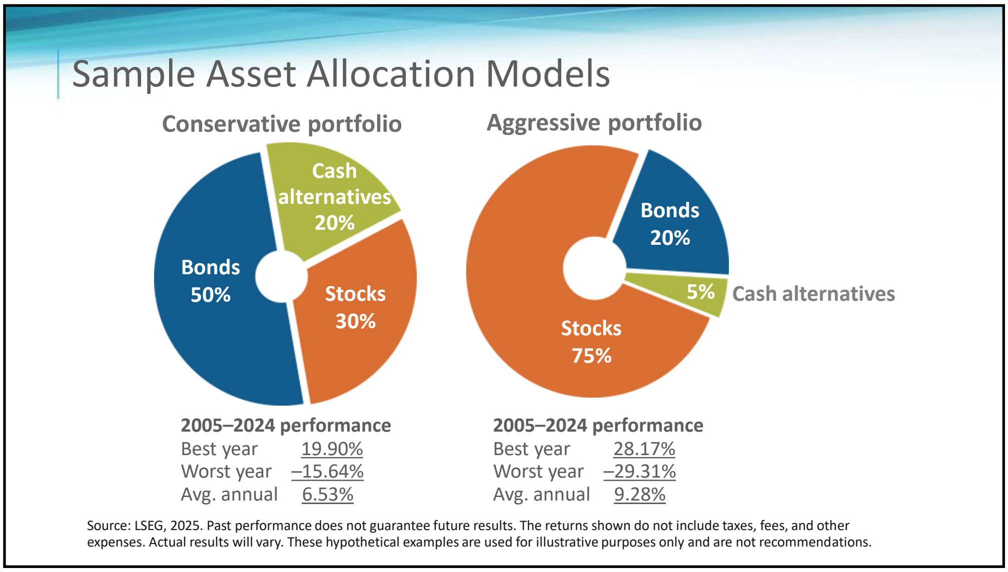
Next you need to apply what you've learned about your investment goals, time frame, and risk tolerance to your asset allocation.

Asset allocation is a systematic approach to diversification that determines an efficient mix of assets based on your individual needs. It involves strategically dividing a portfolio into different asset classes — typically, stocks, bonds, and cash alternatives — to seek the highest potential return for your risk profile. It utilizes sophisticated statistical analysis to determine how different asset classes perform in relation to one another, and its goal is to achieve an appropriate balance of security and growth potential.

The portfolio allocation that's appropriate for your personal situation depends on a wide variety of factors: your overall net worth, sources of income, debt level, health, and general tolerance for loss.

When you retire — and even as you approach retirement — customizing an appropriate asset allocation for your portfolio to provide retirement income (or to help protect against major losses) may be very different than it was when you were working and accumulating assets.

Asset allocation and diversification do not guarantee a profit or protect against investment loss. They are methods used to help manage investment risk.



Here are two sample asset allocation models that might be appropriate for investors with different risk orientations.

An appropriate allocation for a conservative investor might be 50% in bonds, 30% in stocks, and 20% in cash alternatives such as money market securities and certificates of deposit (CDs). This allocation is geared more toward generating income and protecting assets. Even so, it does have a sizable allocation of stocks to pursue some growth.

An allocation for an aggressive investor might be only 5% in cash alternatives, 20% in bonds, and 75% in stocks. This portfolio is geared more toward growing assets rather than generating income. Of course, this allocation may be too aggressive for some investors, especially during retirement.

For comparison purposes, you can see how the conservative and aggressive portfolios would have performed over the 20-year period from 2005 through 2024.

[Note to presenter: You might discuss the performance for both portfolios.]

These hypothetical examples are used for illustrative purposes only; they are not recommendations. The returns shown do not include taxes, fees, and other expenses typically associated with investing. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Past performance does not guarantee future results. Actual results will vary.

Source: LSEG, 2025. Performance described is for the period 1/1/2005 to 12/31/2024. Stocks are represented by the S&P 500 Composite Total Return Index, which is generally considered representative of the U.S. stock market. Bonds are represented by the Citigroup Corporate Bond Composite Index, which is generally considered representative of U.S. corporate bonds. Cash alternatives are represented by the Citigroup One-Month Treasury Bill Index. T-bills are generally considered representative of short-term cash alternatives and are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. The return and principal value of stock and bond investments fluctuate with changes in market conditions. When sold, these securities may be worth more or less than the original amount invested.

Once you've targeted an asset allocation that's appropriate for your investment objectives, time frame, and risk tolerance, it's important to choose a well-diversified mix of investments.

The investments and financial vehicles you might consider include cash alternatives for preservation of principal, bonds for stability and income, and stocks for growth potential.

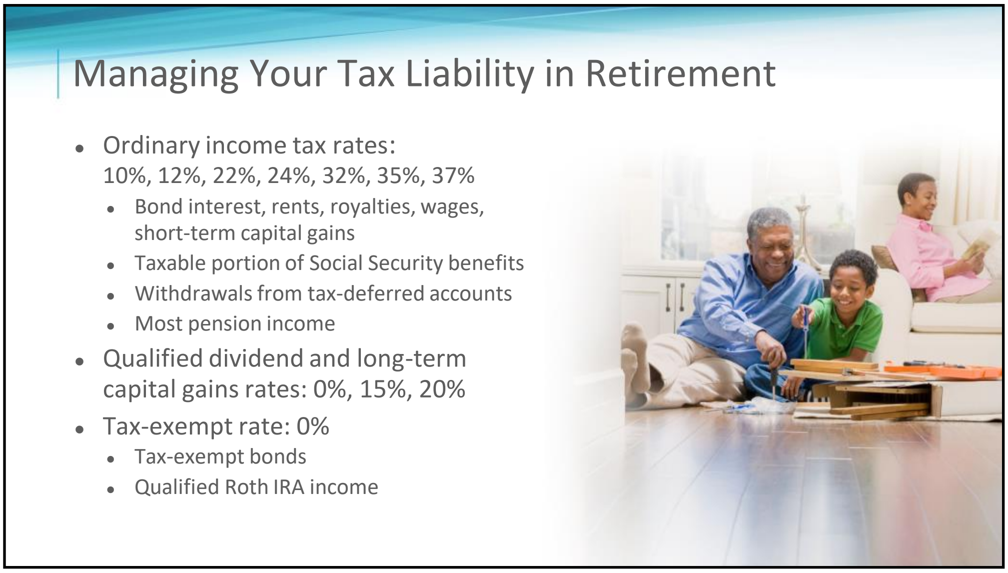
You can find different combinations of cash alternatives, stocks, and bonds when you invest in mutual funds and exchange-traded funds (ETFs), depending on your objectives.

It's also important to diversify *within* asset classes. For example, you might split your equity holdings into growth and value, small-cap and large-cap, and some international stocks. If you have a large percentage of your portfolio in company stock, which can be risky at any stage of life, consider reallocating into different investments.

And, of course, it's also wise to consider how your investment mix will affect your tax situation when you start living off your investments. Let's take a brief look at taxes now.

The return and principal value of stocks, bonds, mutual funds, and ETFs fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Bond funds are subject to the same inflation, interest rate, and credit risks associated with their underlying bonds. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance. Investing internationally carries additional risks, such as differences in financial reporting, currency exchange risk, and economic and political risk unique to the specific country. This may result in greater share price volatility. Diversification does not guarantee a profit or protect against investment loss. It is a method used to help manage investment risk.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company and underlying investments, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.



Earlier we mentioned that your personal savings and investments will generally fall into two categories: tax advantaged and taxable.

What’s sometimes easy to forget is that Uncle Sam basically has a “tax lien” on the assets you’ve accumulated in traditional IRAs and employer-sponsored retirement plans. When you start taking distributions from these plans, they will be taxed at ordinary income tax rates that currently reach up to 37%. And even if you don’t need the money, you must take required minimum distributions (RMDs) each year from tax-deferred accounts once you reach a certain age. The SECURE 2.0 Act raised the RMD starting age to 73 beginning in 2023, and to 75 beginning in 2033. However, if you attained age 72 in 2022 or earlier, you are already required to take RMDs.

Also taxed at ordinary income tax rates are bond interest, rents, royalties, wages, short-term capital gains, the taxable portion of your Social Security benefits, and most pension income.

Qualified dividends and long-term capital gains are taxed more favorably than ordinary income, whereas tax-exempt bonds and Roth IRAs are free of federal income tax if you meet the appropriate qualifications.

Managing your tax liability in retirement is important, because when your income exceeds specific thresholds, you could be pushed into a higher tax bracket, a higher percentage of your Social Security benefits could become taxable, and your monthly premiums for Medicare Part B (medical insurance) and Part D (prescription drug coverage) may be higher.

By arranging to have a mix of tax-free and taxable income in retirement, you generally have more flexibility to manage your overall tax liability and stay under annual income thresholds.

Because you will likely generate income from your personal savings and investments, you might consider the income-producing financial vehicles shown here. Some are more tax advantaged than others.

Fixed-income vehicles such as bonds not only generate income, but they may help you diversify your portfolio by balancing the swings in your stock holdings. With a bond, you should receive regular, fixed amounts of income for as long as you hold the bond, unless the issuer defaults. Bond interest is generally taxed as ordinary income. However, some bonds are tax exempt, which we will discuss soon.

Capital gain distributions from mutual funds and exchange-traded funds (ETFs) held in brokerage accounts are taxed at favorable long-term capital gains rates, unless they result from short-term market transactions (one year or less). ETFs typically generate fewer capital gain distributions than mutual funds, which may make them somewhat more tax efficient. Funds that include high dividend or interest-paying securities could result in a higher tax bill.

Qualified dividends are taxed at the same favorable rates as long-term capital gains. Whether a dividend is qualified depends on how long you've owned the shares.

Naturally, tax-exempt investments are free of federal tax and may enable you to minimize your tax liability. Only the earnings portion of annuity payments is taxed as ordinary income.

The return and principal value of stocks, mutual funds, ETFs, and bonds fluctuate with changes in market conditions. Shares, when sold, and bonds redeemed prior to maturity may be worth more or less than their original cost.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company and underlying investments, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

The interest payments on bonds are usually fixed. Thus, when you invest in bonds, you should receive regular, fixed amounts of income for as long as you hold them, unless the issuer defaults. The value of a bond may suffer if the issuer's credit rating declines while the bond is outstanding.

Bonds are also subject to interest rate risk. As interest rates rise, the value of existing bonds typically falls because newly issued bonds will offer higher interest payments (yields) than what existing bonds are providing. As a result, existing bonds would be worth less on the financial markets than new bonds offering higher rates.

On the other hand, if interest rates fall, the value of existing bonds will rise. Because newer bonds will be issued at lower rates, your higher-interest bond may command a premium if you sell it before it reaches maturity.

To help manage the risks associated with bonds (as well as certificates of deposit, which have fixed holding periods), you might consider laddering, which spreads out the maturity dates over time and may help build a more stable, predictable income stream.

For example, you might purchase five different bonds with maturity dates of 2, 4, 6, 8, and 10 years. As each bond matures, you would reinvest the principal in bonds of longer maturities so that the ladder continues.

At the end of the bond term, you will be repaid your loan amount (the principal) in full. Bonds should not be confused with bond funds, which are mutual funds or exchange-traded funds with no defined maturity dates.

Bonds are subject to the same inflation, interest rate, and credit risks associated with their underlying bonds. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.

Dividend stocks can serve double-duty in your portfolio, because in addition to providing income, they also add an element of potential growth.

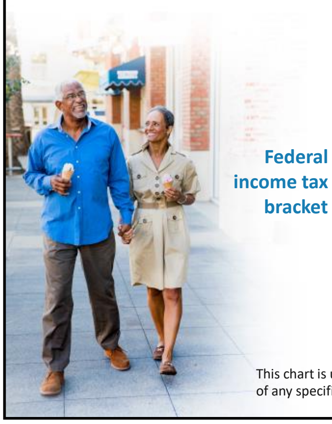
As a shareholder, you receive cash dividends on a regular (often quarterly) basis. You could also receive a specified monthly income in retirement — say $500 — by selling an appropriate number of shares to provide that income stream. However, dividends can provide income without having to sell the underlying shares.

Don’t overlook the favorable tax treatment of dividends. Qualified corporate dividends are taxed at the same rates as long-term capital gains: 0%, 15%, or 20%, depending on your taxable income. However, dividends from investments held in tax-deferred accounts do not qualify for the reduced rate and are taxed as ordinary income when withdrawn.

It’s important to understand that dividends are paid at the discretion of a company’s board of directors. A company’s dividend can fluctuate with earnings, which are influenced by economic, market, and political events. Though dividends can increase, there is no guarantee that a dividend will not be reduced or eliminated.

The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

Is Tax-Exempt Investing Appropriate for You?



Tax-exempt yield

Federal income tax bracket	2%	3%	4%	5%
10%	2.22%	3.33%	4.44%	5.56%
12%	2.27%	3.41%	4.55%	5.68%
22%	2.56%	3.85%	5.13%	6.41%
24%	2.63%	3.95%	5.26%	6.58%
32%	2.94%	4.41%	5.88%	7.35%
35%	3.08%	4.62%	6.15%	7.69%
37%	3.17%	4.76%	6.35%	7.94%

Taxable equivalent yield

This chart is used for general illustrative purposes and does not reflect the performance of any specific investment.

Page 11

You might benefit from tax-exempt vehicles such as municipal bonds and tax-free money market funds. Tax-exempt vehicles tend to provide lower pre-tax returns than yields on similar taxable investments. That's why it's wise to consider the total after-tax return when you compare a tax-free investment with a taxable investment.

How do you decide whether tax-exempt investing is appropriate for you? Fortunately, there is a simple way to compare taxable and tax-exempt investments: You calculate what's known as the taxable equivalent yield, as shown in this table.

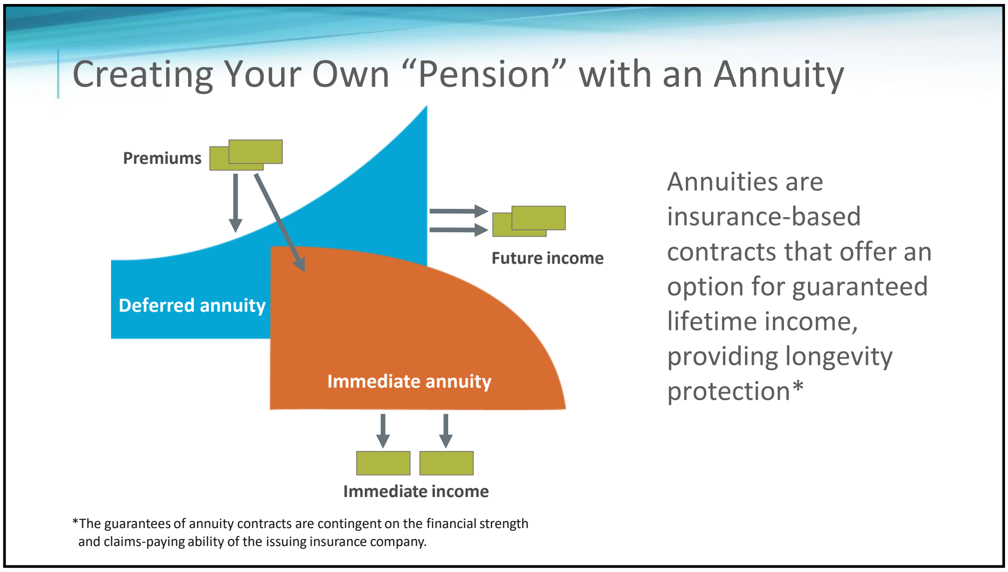
For example, in the top row, locate the yield of a tax-exempt investment you may be considering. Let's say 5%. Next, locate your federal income tax bracket in the column on the left. Let's use 22%. The percentage where these two variables intersect, 6.41%, shows the taxable equivalent yield. In other words, an investor in the 22% federal income tax bracket would have to earn 6.41% on a taxable investment to match a tax-exempt yield of 5%.

You can calculate the taxable equivalent yield for your own investments using the table on page 11 in your workbook. Generally, the higher your taxable income, the more you can benefit from a tax-exempt investment.

Municipal bonds are free of federal income tax and may be free of state and local income taxes for investors who live in the jurisdiction where the bond is issued. In some states, bondholders will have to pay income taxes if they buy shares of a municipal bond fund that invests in bonds issued by other states. Bonds not held to maturity may be worth more or less than their original cost. Some municipal bond interest could be subject to the federal alternative minimum tax. If you sell a municipal bond for a profit, you could incur the capital gains tax.

Money market funds are neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in such a fund. The official statement should be read carefully before investing. The underlying mutual fund may impose a liquidity fee or suspend redemptions, and the investor should not expect the underlying fund sponsor to provide financial support to the underlying mutual fund.

This table is used for general illustrative purposes and does not reflect the performance of any specific investment. Possible state taxes, capital gains taxes, and alternative minimum taxes are not considered. This formula is only one factor that should be considered when purchasing securities and is meant to be used only as a general guideline when calculating the taxable equivalent yields on municipal bonds and agency securities. Rates of return will vary over time, especially for long-term investments. Actual results will vary.



Annuities can be used to provide a reliable income stream in retirement, similar to a traditional pension. They are flexible, insurance-based contracts designed specifically to provide a consistent income stream — either for a set number of years or for life. By offering the option for guaranteed lifetime income, they provide longevity protection.

There are two basic types of annuities — deferred and immediate. Each type is used for distinctly different purposes.

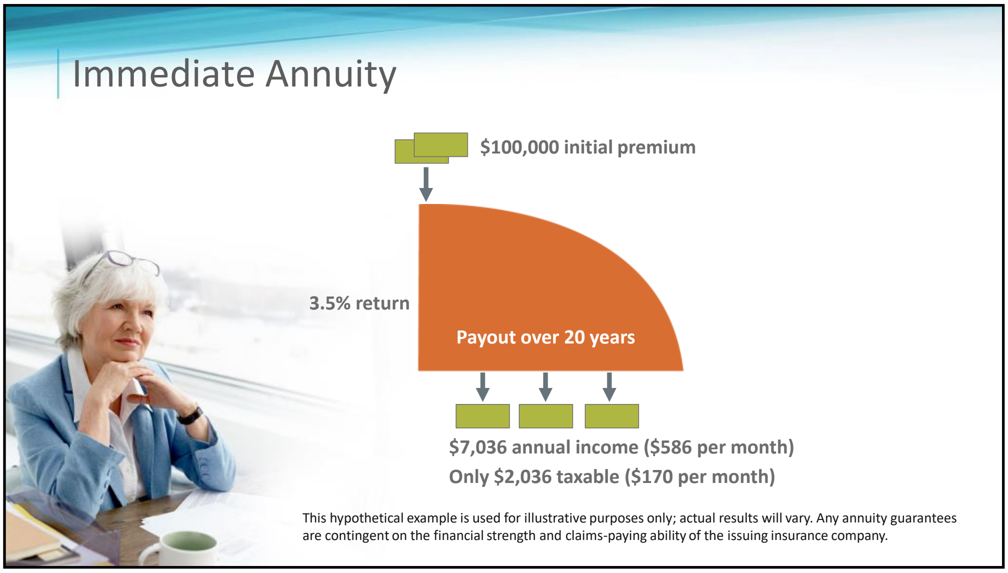
Deferred annuities are designed for long-term accumulation, and the income you receive is postponed to some future date.

Immediate annuities are designed to provide income right away. Once you pay the premium, you will begin receiving a regular income, which is guaranteed by the issuing insurance company.

Because time is limited, we'll focus on two specific, but very different, types of annuities. First we'll look at how an immediate annuity works, and then discuss a qualified longevity annuity contract (QLAC), which is a type of deferred longevity annuity.

Generally, annuity contracts have fees and expenses, limitations, exclusions, holding periods, termination provisions, and terms for keeping the annuity in force. Surrender charges may be assessed during the early years of the contract if the annuity is surrendered. Withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty.

Any annuity guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company.



An immediate annuity protects you from the risk of outliving your money, because you have the option of receiving a guaranteed lifetime income. It could also provide continuing payments to your surviving spouse (or designated beneficiary) for his or her lifetime after you die, as well as a legacy for your heirs. If you purchase an immediate annuity with a fixed period and you die before receiving all of your payments, the remaining payments would be paid to your beneficiaries.

Here's a hypothetical example of how an immediate annuity might work. Joan is age 65 and ready to retire. Because her parents lived well into their 90s, Joan anticipates living a long time in retirement and is concerned about outliving her income.

To supplement her other savings and investments, Joan purchases an immediate fixed annuity with a premium of $100,000 and a 3.5% annual interest rate. This would provide her with payments of about $7,036 per year for the rest of her life. That's $586 per month. Only $2,036 of that annual income ($170 per month) would be taxable. The remaining $5,000 ($417 per month) would be treated as a return of principal for 20 years, which she would receive free of income tax.

If Joan lives to age 90, the payouts would add up to about $176,000, and they would continue throughout her lifetime. *Note:* After 20 years, when Joan recovers her investment in the annuity contract, the entire amount of each payment will be taxable. If she dies before reaching her life expectancy, a deduction may be available for her unrecovered investment in the contract.

Generally, annuities have mortality and expense charges, account fees, investment management fees, and administrative fees. Surrender charges may be assessed during the early years of the contract if the annuity is surrendered. Withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty. The guarantees of annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company. Withdrawals of annuity earnings are taxed as ordinary income.

This hypothetical example is used for illustrative purposes only and does not represent any specific annuity. It assumes an initial premium of $100,000, a 3.5% annual rate of return, and 20-year life expectancy. It does not consider the effects of sales charges or other expenses. Actual results will vary.

A qualified longevity annuity contract (QLAC) is a specific type of deferred income annuity purchased in an IRA or a qualified employer-sponsored plan such as a 401(k).

With a QLAC, guaranteed lifelong income payments are delayed until you reach a specific age, up to 85. Because the annuity income is deferred, the payouts are typically much higher than they would be if the annuity income was received immediately.

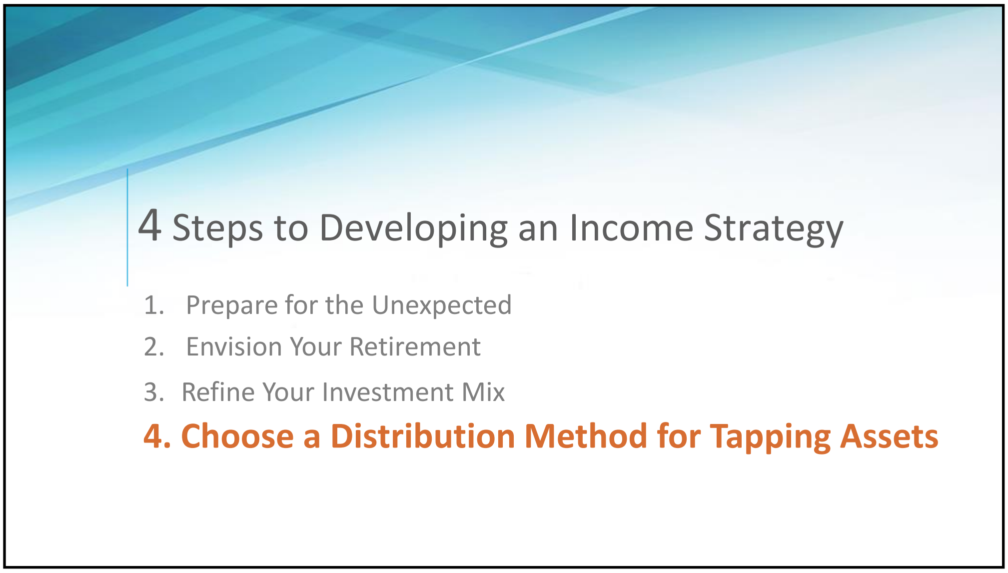
A QLAC allows you to use a portion of your retirement savings to create a larger income stream later in life, a time when you might have depleted other retirement assets.

The funds used to purchase a QLAC are not considered part of your required minimum distributions. This means taxes on your RMDs will generally be lower because the retirement account balance used to determine RMDs is reduced by the value of the QLAC. No other type of annuity can do this.

In 2025, you can use up to $210,000 from a qualified retirement account to purchase a QLAC; the limit will be adjusted for inflation in future years. Payments can begin any time after age 70½, but no later than the first day of the month following your 85th birthday. The rules also allow for the continuation of income payments throughout the lifetime of a beneficiary (such as a surviving spouse) and/or the return of premiums (minus payouts) as a death benefit. However, these options will either cost more upfront or reduce income payments later in life. Without the optional death benefit, insurers may keep the premiums paid if you die, unless the annuity offers a return of premium feature or the payouts continue throughout the lifetime of a second individual.

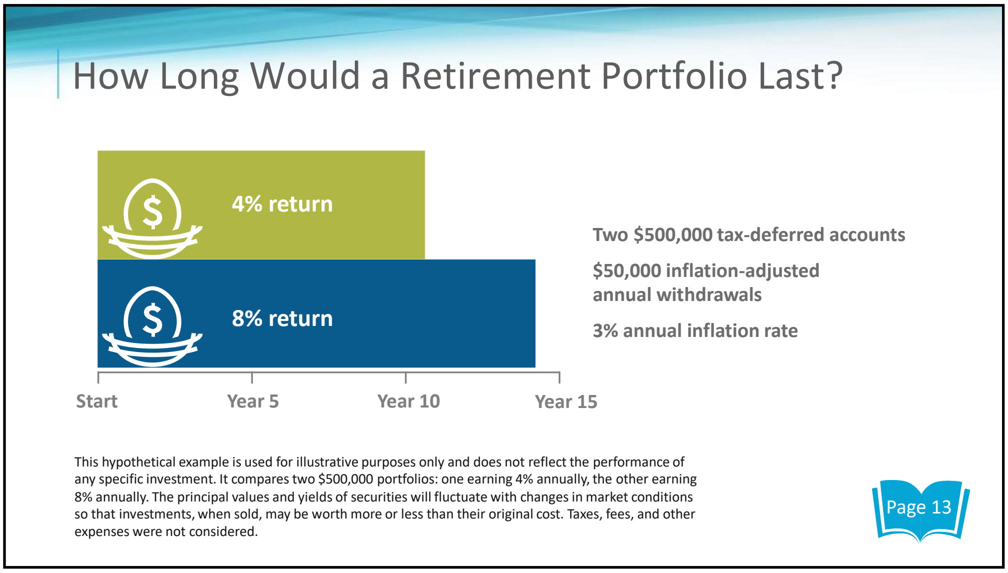
Generally, annuity contracts have fees and expenses, limitations, exclusions, holding periods, termination provisions, and terms for keeping the annuity in force. Surrender charges may be assessed during the early years of the contract if the annuity is surrendered. Withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty.

Unlike nonqualified annuities purchased outside of a retirement plan, QLACs do not allow cash-out provisions; the money invested is no longer a liquid asset. QLAC payments are generally fully taxable unless a portion of the distribution represents a return of after-tax contributions, whereas only the earnings portion of nonqualified annuities is taxable. Any annuity guarantees are contingent on the financial strength and claims-paying ability of the issuing insurance company.



The fourth step in developing an income strategy involves choosing how to tap the money you've worked so long and hard to accumulate.

To make the most of your money, you need to make decisions about where you should keep your funds, how much you can afford to withdraw each year, and which assets to spend first.



Before you can make any decisions about tapping into your retirement assets, it might help to see how several factors can influence a portfolio's staying power. These factors include the original value of the portfolio, inflation, investment returns, tax rates, and annual withdrawal amounts.

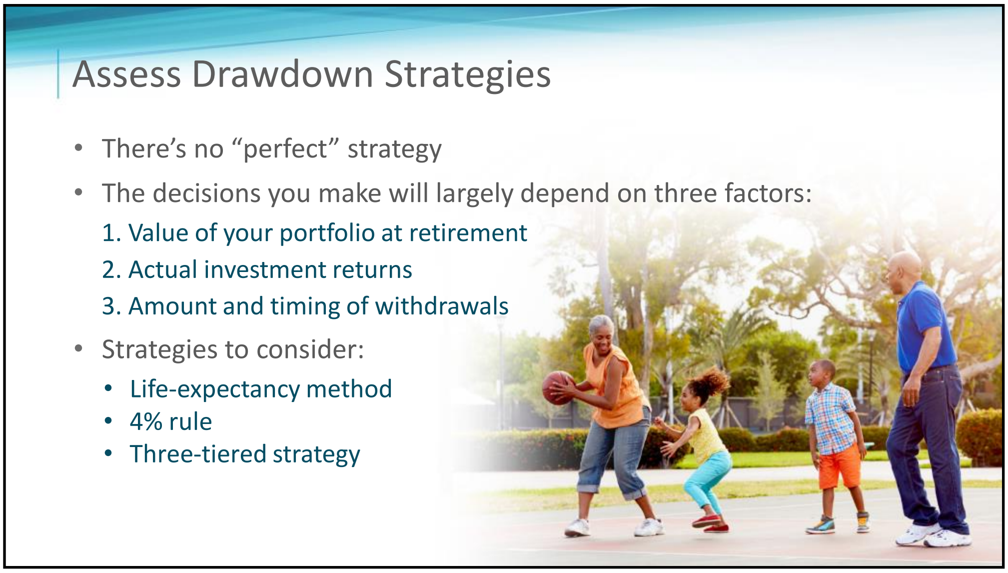
This simplified example compares two tax-deferred portfolios earning different rates of return to show how long $500,000 might last in retirement. It assumes $50,000 annual withdrawals (which would provide an after-tax income of $30,000 to $35,000 for a typical person), adjusted for 3% annual inflation. The $500,000 account earning a 4% annual rate of return would last almost 11 years. The $500,000 account earning an 8% annual rate of return would last more than 14 years.

As you can see, a higher return has a huge impact on how long retirement funds will last. This is easy to change on a worksheet to get the numbers you want, but it is impossible to predict future performance with precision. And unrealistic expectations may come back to haunt you later if you burn through your savings much faster than anticipated.

Think of this in the context of how long you can expect to live, and you'll see how important it can be to help make sure that your money lasts throughout your lifetime.

We've developed two tables on page 13 in your workbook that show how long it would take to deplete other hypothetical savings accounts based on specific initial withdrawal amounts and the same 4% and 8% rates of return. They might help you do some number-crunching to determine whether your own savings could last.

This hypothetical example is used for illustrative purposes only and does not reflect the performance of any specific investment. It assumes two $500,000 tax-deferred accounts earning 4% versus 8% annually, $50,000 inflation-adjusted annual withdrawals, and a 3% annual inflation rate. The example does not consider any investment fees or expenses or the effect of taxes on distributions. Remember that withdrawals from tax-deferred accounts such as 401(k) plans and traditional IRAs are taxed as ordinary income; early withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty. Rates of return will vary over time, particularly for long-term investments. Investments seeking to achieve higher rates of return involve greater risk. Actual results will vary.

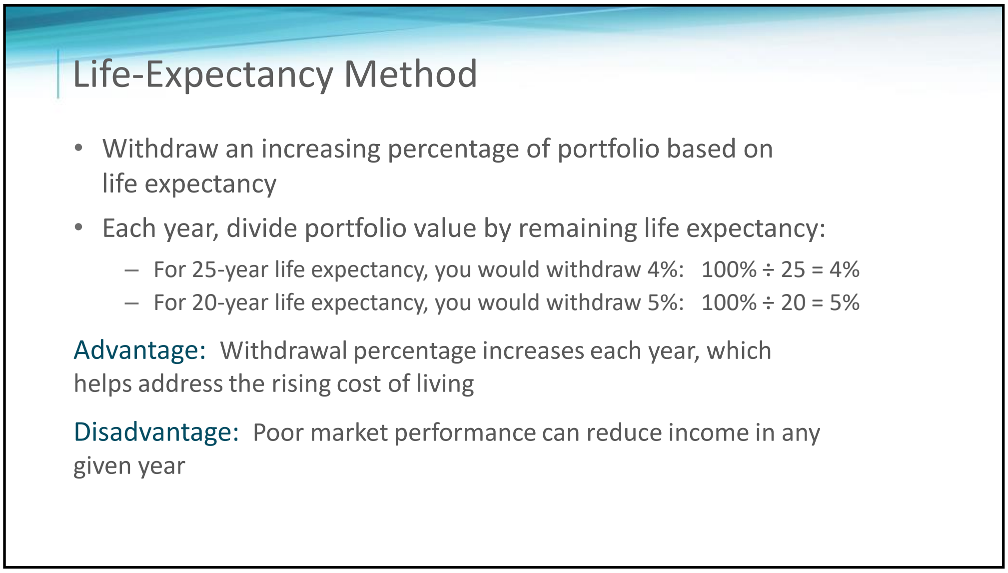


There’s no “perfect” strategy to draw down your assets. The decisions you make will largely depend on three factors:

1. The value of your portfolio when you retire
2. Actual investment returns, which can only be projected and are never guaranteed
3. The amount and timing of your withdrawals — a factor you *can* control.

Before converting your retirement savings into an income stream that is designed to last throughout your lifetime, you should assess the pros and cons of different drawdown strategies.

Let’s explore three drawdown approaches: the life-expectancy method, the 4% rule, and the three-tiered strategy.



Using the life-expectancy method, you would withdraw an increasing percentage of your portfolio each year based on your remaining life expectancy.

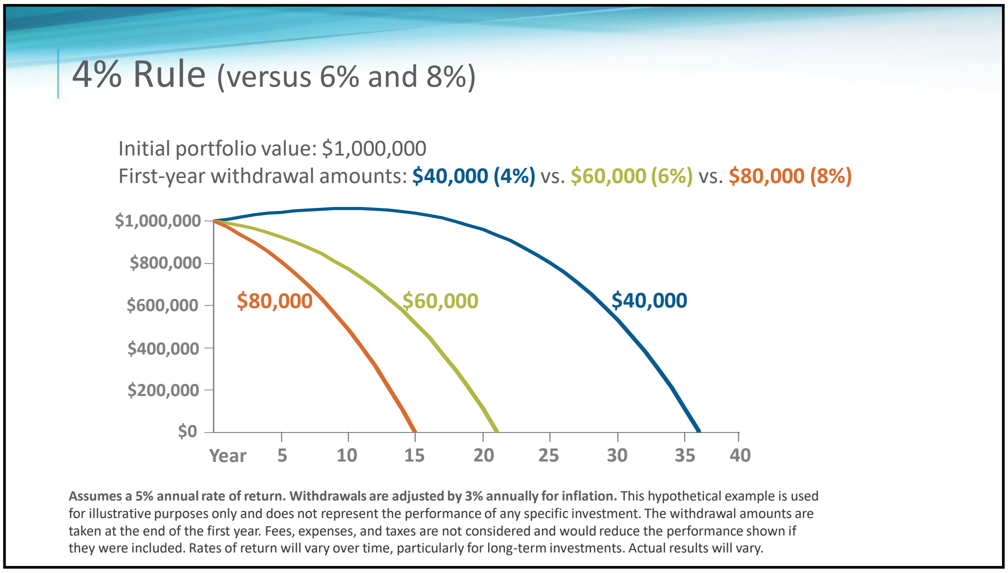
For example, if your life expectancy is 25 years, you would withdraw 4% (100% divided by 25 is 4%). Five years later, when your life expectancy is 20 years, you would withdraw 5% (100% divided by 20 equals 5%).

To determine your life expectancy, you might refer to the IRS life expectancy tables that are used to determine required minimum distributions (RMDs) from tax-deferred retirement plans. Currently, there are three tables to choose from in IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs).*

The advantage of this method is that it uses a percentage of your savings that increases each year, which can help address the rising cost of living. Theoretically, your portfolio will never be depleted.

The disadvantage is that poor market performance can reduce the income amount in any given year. In addition, you might have lower income in the early retirement years when you might be most active, and higher income later in life.

To help manage income variances from year to year, you could apply a ceiling and/or a floor to the change in your withdrawal amount. For example, you might limit increases in your withdrawal amount to 5% annually and limit decreases to 3% annually.



The 4% rule has been around since the 1990s. The premise is that if you withdraw 4% of your account value in the first year of retirement and adjust the amount each year for inflation to meet the rising cost of living, your assets could last about 30 years. Some analysts think 4% is too high, whereas others think it may be too low. In either case, it’s a reasonable starting point.

The original 4% strategy was based on a tax-deferred portfolio invested 50% in stocks and 50% in bonds, and the rate of return was based on historical market performance, which of course is not a guarantee of future performance. It also assumed that the account would be completely liquidated after 30 years, so nothing would be left for heirs.

The slide shows how a consistent withdrawal strategy similar to the 4% rule might look in action, compared with higher 6% and 8% withdrawal rates. It shows how long $1 million might last if you began with the first-year withdrawals indicated — $40,000, $60,000, or $80,000 — and raised withdrawals each year by 3% to adjust for inflation. It assumes a consistent 5% annual rate of return, which of course cannot be guaranteed.

The initial $40,000 withdrawal amount, represented by the blue line, illustrates the 4% rule. As you can see, larger first-year withdrawals of $60,000 and $80,000 (represented by the green and orange lines) would provide more income initially, but would reduce the potential longevity of the portfolio.

This example does not take into account market corrections and unexpected market downturns, taxes, or that you may need to withdraw more or less money in any given year. It assumes consistency and predictability — and as we know, real life is *anything but* consistent and predictable.

This hypothetical example is used for illustrative purposes only and does not represent the performance of any specific investment. The withdrawal amounts are taken at the end of the first year. Fees, expenses, and taxes are not considered and would reduce the performance shown if they were included. Rates of return will vary over time, particularly for long-term investments. Actual results will vary.

The three-tiered withdrawal strategy offers a way to help even out the sequence-of-returns risk.

You would divide your portfolio into three tiers. For the short-term Tier 1, you estimate how much you might need to live on over the next two to three years, and invest that money in conservative assets such as cash and cash alternatives.

For money you would need over the medium term (Tier 2), from three to 10 years, you would invest primarily in fixed-income vehicles that offer the potential for moderate returns but also come with some price volatility. You might also consider some stocks for this tier.

For money you wouldn’t need for a decade or more (Tier 3), you might invest in more aggressive investments to provide future growth potential.

Throughout your retirement, you would periodically shift assets from the long- and medium-term tiers downward to provide for your short-term needs.

The advantage of this approach is that it divides a long-term strategy into manageable steps, offering a way to balance both current income and future growth needs.

The disadvantage is that it requires active portfolio management, depends on market performance, and may be challenging to coordinate using multiple retirement accounts with different tax considerations.

Because this is somewhat complicated, let’s look at how the strategy might work.

This hypothetical example of the three-tiered strategy shows how a couple who retire with an $850,000 portfolio might manage their assets. The time frames used here are slightly different from those in the previous slide, but the principle is the same.

Their goal is to generate a potentially continuous income stream of $45,000 annually before taxes, regardless of how long they live.

The couple divide their assets into three tiers. In Tier 1, $206,026 is invested in conservative investments that would generate a $45,000 annual income before taxes for five years. It earns an assumed rate of 3% each year.

Tier 2 begins with $169,338 in a portfolio of fixed-income investments, earning a hypothetical 4% return each year.

Tier 3 holds the remaining $474,636, which is invested in growth-oriented investments earning a hypothetical 6% rate each year.

After five years, when the assets in Tier 1 become depleted, the assets that potentially accumulate in Tier 2 could be used to purchase new conservative investments that would provide $45,000 in annual income for five years. After 10 years, assuming the assets in Tier 3 grow to the value of the initial $850,000 portfolio, the strategy could begin again to continue generating a $45,000 annual income.

This hypothetical example is used for illustrative purposes only and does not represent any specific financial vehicles. Fees, expenses, and taxes are not taken into account and would reduce the results shown if they were included. Rates of return will vary over time, particularly for long-term investments. Investments seeking to achieve higher rates of return also involve a higher degree of risk. Actual results will vary.

When taking distributions from your portfolio and retirement plans, one important factor is identifying what to spend first. This decision isn't easy because it involves weighing the tax consequences, opportunity costs, and even emotional implications of liquidating each asset in your portfolio. Further complicating the issue is that you may have an assortment of taxable, tax-deferred, and tax-free accounts to draw from. You will want to implement a tax-efficient strategy to avoid paying more taxes than you might otherwise.

As you consider what to spend first, here are a few general guidelines.

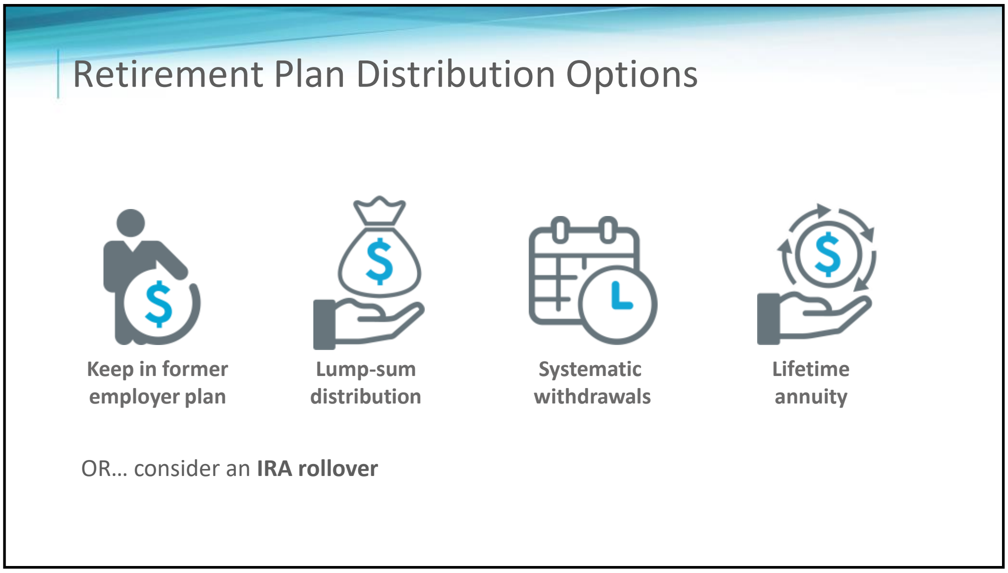
One strategy is to consider spending taxable accounts before dipping into tax-deferred and tax-free accounts. When we talk about taxable savings and investments, we are generally referring to individual stocks, bonds, mutual funds, CDs, and bank savings accounts. Consider using assets with the highest cost basis first.

If you are financially able to leave tax-deferred assets untouched, you can potentially extend their tax-advantaged growth. However, the IRS requires that you start taking annual required minimum distributions (RMDs) from traditional IRAs and employer-sponsored retirement plans (based on your life expectancy) once you reach a certain age. The SECURE 2.0 Act raised the RMD starting age to 73 beginning in 2023, and to 75 beginning in 2033. However, if you attained age 72 in 2022 or earlier, you are already required to take annual RMDs.

Another common strategy is to consider liquidating "winners," or highly appreciated assets, before you spend "losers." Although this may seem counterintuitive — after all, you would be cashing in on winners rather than cutting your losses — this could help you rebalance your portfolio and take advantage of higher earnings. Capital losses incurred in previous years can be used to offset capital gains taxes that could result from the sale of appreciated assets.

Keep in mind that if your goal is to leave an inheritance, you might not want to sell some highly appreciated assets (such as property or shares of stock) that you want your family to inherit. If you continue holding these assets, their value would be stepped up to their full market value as of the date of your death. Thus, your heirs would owe capital gains tax only on any appreciation since the time of your death, not on your original basis in the property. *Note: Some inherited assets such as cash and tax-deferred retirement accounts do not receive a step-up in basis.*

You might combine several methods, depending on your needs and goals. Distributions from traditional IRAs and employer-sponsored retirement plans are taxed as ordinary income and may be subject to a 10% federal income tax penalty if taken prior to age 59½.



Many of us have accumulated significant assets in employer-sponsored retirement plans such as a 401(k). Before making any distribution decisions for these assets, it's important to evaluate the main distribution methods that may be available to you.

You might decide to **keep the money in your former employer's plan** after you retire. This is an attractive approach if you don't need access to your funds immediately and you're comfortable with the costs and investments in your plan. Your retirement funds will continue to accumulate tax deferred until you begin withdrawals or transfer them to another tax-deferred plan.

If you decide to work for another employer, you might be able to transfer assets you've accumulated to your new employer's plan, if the new employer offers a retirement plan and allows a rollover. If you're still working, you may be able to delay required minimum distributions from your *current* employer's retirement plan until you leave the organization, but you must take RMDs from other tax-deferred plans once you reach the RMD starting age. If you transfer money to the new employer plan, you will be able to postpone RMDs on these assets until you stop working.

If you need your retirement plan assets for income, you generally have three distribution options, which will depend on your particular retirement plan.

You may decide to cash out with a **lump-sum distribution**, which would give you total control over your money. You could use it to pay off an existing mortgage, purchase a vacation home, start a business, reinvest in the markets, or any way you like. But the tax implications of this option could be significant.

Some plans will let you take **systematic withdrawals**, which may be a fixed amount or a fixed percentage of your accumulation at regular intervals. Of course, with this method, it's possible to deplete your accumulation over time, depending on the amount of your payouts.

Another option is a **lifetime annuity**, which is a series of guaranteed regular payments. Typically, this annuity will last for your lifetime or for the joint lives of you and your specified beneficiary. Be aware that these payments are not indexed for inflation. And if you decide to annuitize, the decision is irrevocable. Guarantees are contingent on the financial strength and claims-paying ability of the issuing company.

Another popular approach is an **IRA rollover**. Moving your retirement plan funds to an IRA may give you additional options. We'll discuss rollovers in a few minutes.

Lifetime Annuity Payment Options

	Retiree Monthly Benefit	Survivor Monthly Benefit
Single life	$1,667	$0
Joint and 100% survivor	$1,175	$1,175
Joint and 50% survivor	$1,500	$750

This hypothetical example is used for illustrative purposes only and does not represent any specific annuity payment.

If you take distributions from your qualified retirement plan as a series of monthly payments paid over your lifetime (often referred to as a lifetime annuity), there are several payment options. Depending on your personal situation, the single-life option or the joint and survivor option may be more appropriate for you.

Here we can see how these choices might affect the monthly income you could receive. Of course, this hypothetical example is used for illustrative purposes only and does not represent any specific retirement plan payout.

Taking distributions as a **single-life** annuity provides the maximum monthly benefit during your lifetime. However, your spouse (or selected survivor) will receive no benefit after your death.

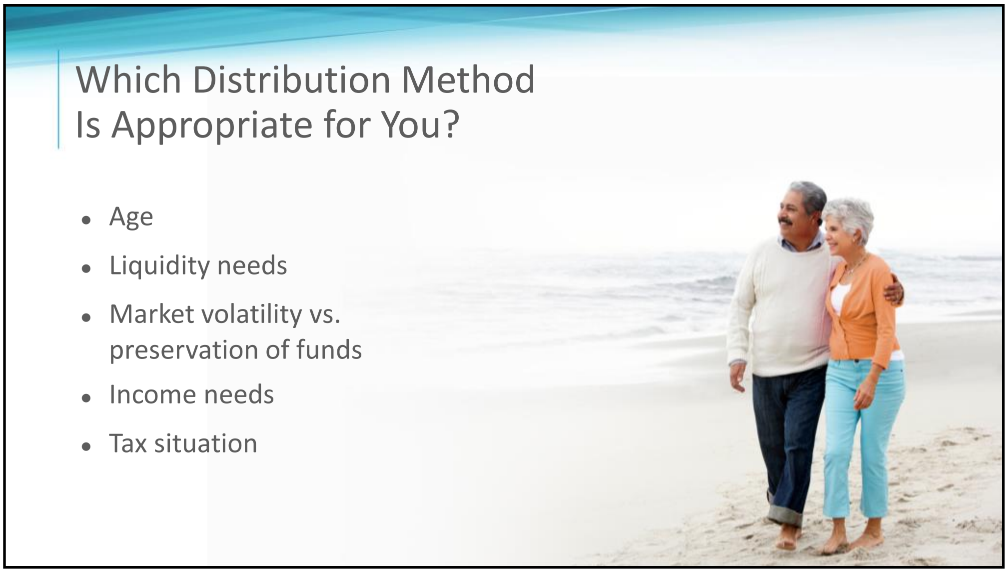
Some plans require you to take your payment as a **joint and survivor** annuity rather than a single-life annuity. If you choose, you and your spouse may be able to waive your right to this option by signing a waiver form, which would allow you to choose a single-life annuity.

The **joint and 100% survivor** annuity option provides a lower monthly income while you and your spouse are both alive. However, your spouse (or selected survivor) will continue to receive the same monthly benefit after your death.

With the **joint and 50% survivor** option, your monthly benefit will be less than the single-life option but more than the joint and 100% survivor option. After you die, your spouse (or other survivor) will continue to receive 50% of the previous amount.

The joint and survivor options available will depend on your particular retirement plan. The percentage provided to the survivor could be 50%, or it could be more or even less.

When you take retirement plan payments as a lifetime annuity, you pay income taxes on the distributions as you receive them.



Before you can evaluate which distribution method is appropriate for you, there are a few factors to consider.

First, consider your age. There is generally a 10% federal income tax penalty on distributions received before you reach age 59½, unless an exception applies — such as when you separate from service with your employer at age 55, or in some cases age 50.

Next, look at your liquidity needs. Do you need spendable cash to pay for a new home or immediate medical expenses? If so, a lump sum with current taxation may be appropriate.

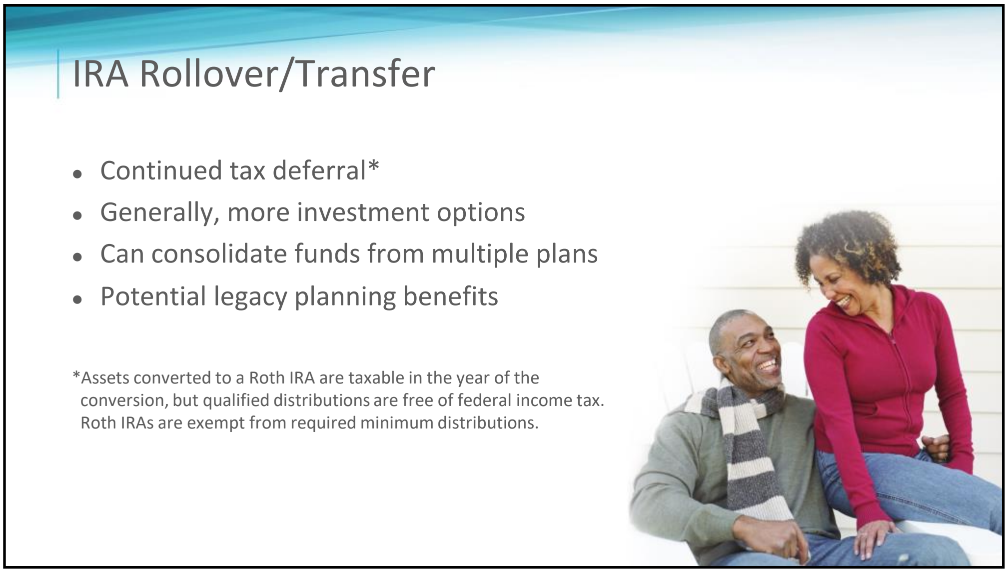
Also consider market volatility and the preservation of your funds. If the market's ups and downs leave you anxious, you may want to take advantage of the regular payments provided by a lifetime annuity, if your plan offers one.

Then look at your income needs. If you don't need to use the bulk of the money right away, you may want it to continue accumulating tax deferred in your original plan or move the funds to another tax-deferred vehicle.

Finally, consider your current and future tax situation. Are you ready to pay taxes on the distribution now at your current income tax rate — or potentially a higher rate if the distribution pushes you into the next tax bracket? Will you be in a lower tax bracket later in retirement?

If you postpone distributions until later, would your income exceed annual income thresholds and result in a higher percentage of your Social Security benefits being taxed or higher Medicare premiums?

Keep in mind that current individual income tax rates are scheduled to increase in 2026, which might affect the tax moves you make between now and then. You may want to consult your tax professional regarding your specific situation.



An effective way to help manage your retirement savings is to move money you've saved in an employer-sponsored plan to an IRA. Any earnings and future contributions you make (as long as you have earned income) can continue to accumulate on a tax-deferred basis, and taxes are due only on distributions.

Keep in mind that employer plan assets generally have unlimited protection from creditors under federal law, whereas IRA assets are protected only in bankruptcy proceedings. State laws vary in the protection of IRA assets in lawsuits. (Inherited IRA assets are not protected from creditors.) And the cost structure for investments in an employer-sponsored plan may be more favorable than those offered in an IRA.

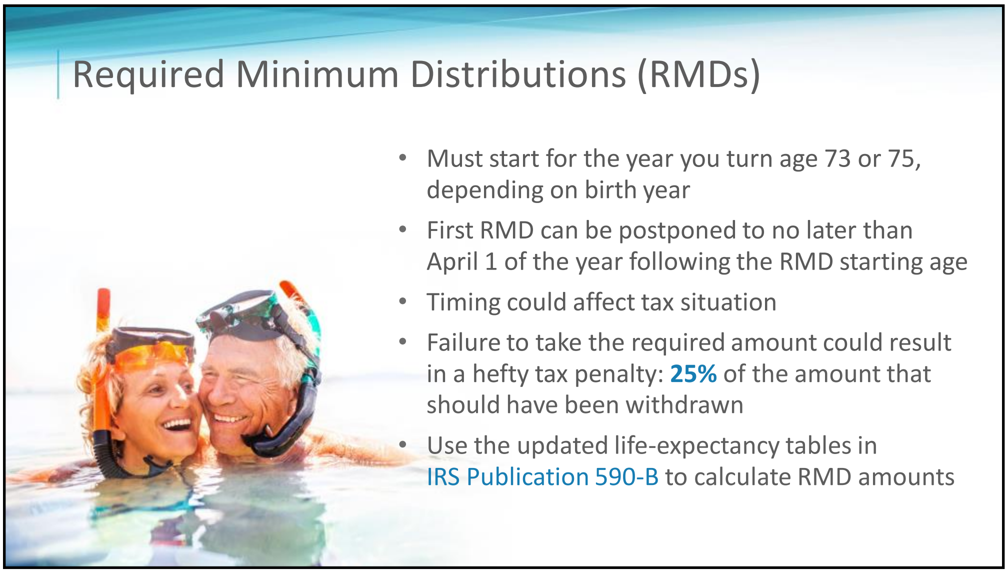
If you move qualified assets to a traditional IRA using an indirect (60-day) rollover or a trustee-to-trustee transfer (often referred to as a *direct rollover*), you can postpone paying current income taxes, and your savings will continue to accumulate on a tax-deferred basis. You would pay ordinary income taxes only on any withdrawals.

If you convert assets to a Roth IRA, you must pay current income taxes on any tax-deferred assets you convert (in the tax year of the transfer), but qualified distributions of earnings after age 59½ (and after the five-year holding requirement has been met) are free of federal income tax. We'll discuss the potential benefits of a Roth IRA in a few minutes.

Generally, IRAs offer more investment options than you might have had in your employer's retirement plan. The options available to you will depend on the institution that holds your funds.

If you have several retirement plans spread among previous employers, you can consolidate them into a single IRA, which would give you greater control over all your investments. This could make it easier to reallocate and balance assets as needed, simplify the paperwork you receive, and take annual required minimum distributions.

Distributions from traditional IRAs and most employer-sponsored retirement plans are generally taxed as ordinary income. Distributions taken prior to reaching age 59½ may be subject to a 10% federal income tax penalty.



Unfortunately, you cannot defer taxes indefinitely on the money you've accumulated in employer-sponsored retirement plans and traditional IRAs. The IRS requires that you take minimum distributions each year once you reach a certain age, whether you need the money or not. The SECURE 2.0 Act raised the RMD starting age to 73 for those born from 1951 to 1959 and to 75 for those born in 1960 or later. If you were born in 1950 or earlier, you are already required to take annual RMDs. As I mentioned earlier, if you're still employed, you may be able to delay minimum distributions from your *current* employer-sponsored plan until after you retire, but you still have to take minimum distributions from all your other tax-deferred accounts. (Roth IRAs and annuities are an exception.)

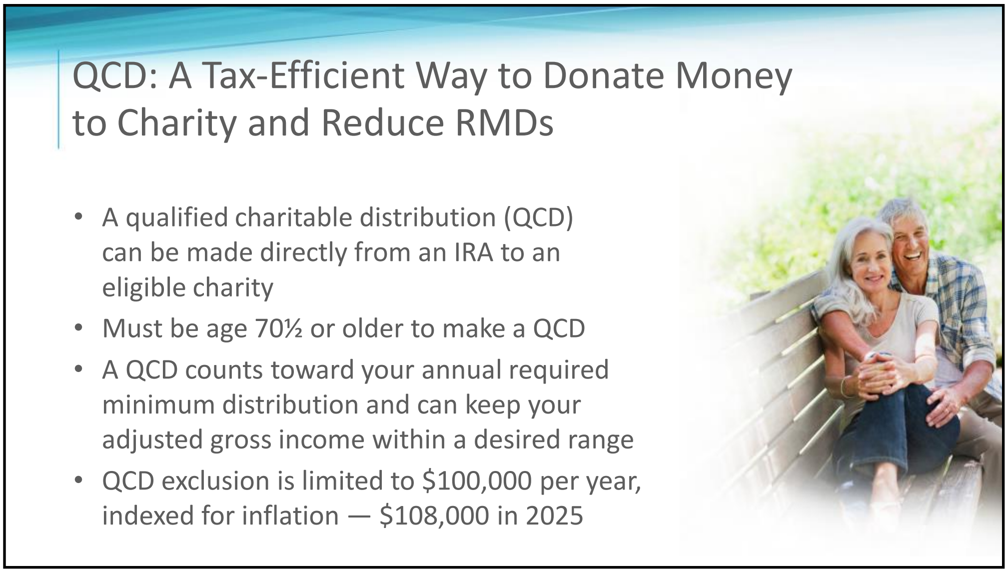
Annual distributions must be taken by December 31 each year. However, your *first* RMD can be postponed, but it must be taken no later than April 1 of the year after you reach the specified RMD starting age.

Here's why you'll want to think carefully about the timing of your first distribution. Let's say you will reach age 73 in March 2026. In that case, you could wait until as late as April 1, 2027, to take your first distribution. But if you did so, you would have to take two distributions in 2027 — one by April 1 and the other by December 31 — which could bump you into a higher tax bracket. Failure to take the required minimum distribution could result in a hefty 25% penalty on the amount that should have been withdrawn.*

Your annual RMD is based on your age, the value of your accounts on December 31 of the previous year, and your life expectancy. There are three IRS tables to choose from, and you can find them in Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs*), or online at ***irs.gov/publications/p590b***. Generally, people use the IRS Uniform Lifetime Table or the Joint and Last Survivor Table, which show different ages and distribution years. You divide the value of your account balance(s) at the end of the previous year by the distribution shown in the tables.

For example, using the Uniform Lifetime Table, the life expectancy factor for a 73-year-old is 26.5 years. If the aggregate value of your traditional IRAs is $500,000 at the end of 2025, the estimated RMD for 2026 would be about $18,868 ($500,000 ÷ 26.5), and it would be taxed as ordinary income. RMDs for employer-sponsored retirement plans must be calculated and taken separately.

*The penalty is reduced to 10% if timely corrected, generally by making up the missed RMD in two years (unless the penalty is assessed earlier).



A qualified charitable distribution (QCD) offers a tax-efficient way to manage required minimum distributions from a traditional IRA while benefiting an eligible public charity. It became a permanent part of the tax code in 2015 but is more attractive now as a result of the 2017 Tax Cuts and Jobs Act, which nearly doubled the standard deduction (through 2025) and resulted in fewer taxpayers itemizing deductions.

If you use the standard deduction, you might be disappointed that you cannot write off your charitable donations. But using a QCD, you can still contribute to charity and receive a tax benefit, whether you itemize or not. The charity you choose must qualify as a 501(c)(3) organization.

To make a QCD, you must be age 70½ or older. If you're married, your spouse can also make a QCD from his or her own IRA(s) at age 70½ or older. The SECURE Act and SECURE 2.0 Act did not change this age, even though they did increase the starting age for required minimum distributions. However, the SECURE 2.0 Act indexed the annual $100,000 limit to inflation and allows a one-time $50,000 distribution through a charitable gift annuity or charitable remainder trust, also indexed to inflation. The limits for 2025 are $108,000 and $54,000, respectively.

In effect, when you're subject to RMDs, you can steer your RMD to charity and exclude the distribution from your taxable income. For example, if your RMD amount for 2025 is $25,000, you can still give more to charity through a QCD but cannot exceed the $108,000 annual limit. This strategy may keep your adjusted gross income within a desired range, which might help you avoid higher taxes on your Social Security benefits or paying higher Medicare premiums.

A QCD must be an otherwise taxable distribution from your IRA. Be aware that you cannot retroactively classify an RMD as a QCD, so the timing of QCDs and RMDs should be carefully coordinated.

You cannot deduct a QCD as a charitable contribution on your federal income tax return — that would be double-dipping.

While trusts offer numerous advantages, they incur up-front costs and often have ongoing administrative fees. The use of trusts involves a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional and your legal and tax professionals before implementing such strategies.

A Roth IRA offers some significant tax advantages in retirement. Qualified Roth IRA distributions are free of federal income tax, whereas traditional IRA distributions are taxed as ordinary income. This means qualified Roth distributions will not affect your adjusted gross income, which is used to determine the taxability of Social Security benefits, the cost of Medicare premiums, and the net investment income tax. Nor will qualified distributions affect your taxable income, which determines your tax rate on qualified dividends and long-term capital gains.

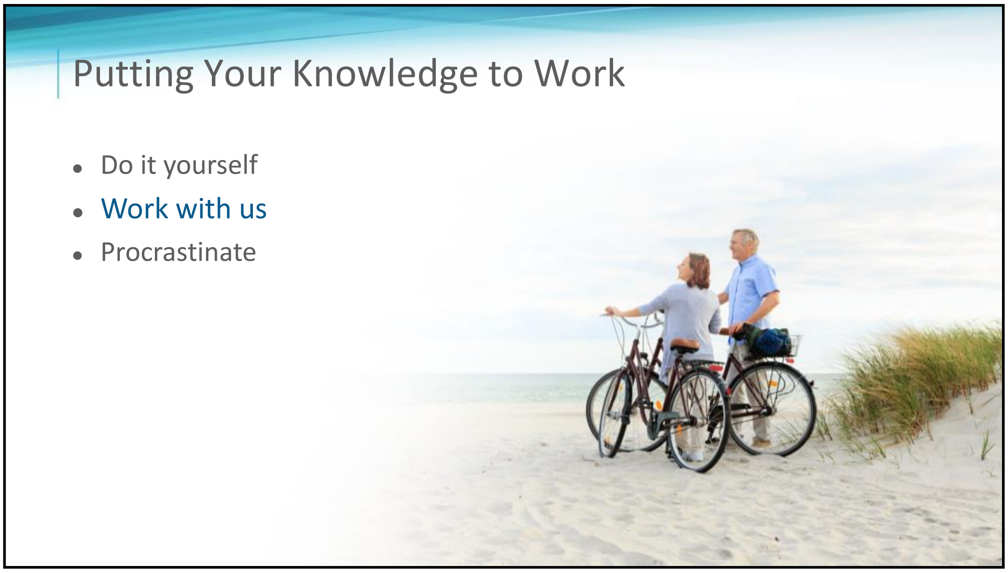
You can withdraw *contributions* made to a Roth IRA, *but not earnings,* tax-free and penalty-free at any time.

Generally, a Roth distribution of earnings is considered to be "qualified" if it comes from an account that meets the five-year holding requirement and takes place after you are age 59½, become permanently disabled or die (and leave the account to a beneficiary), or use the funds for a qualified first-time home purchase, up to a $10,000 lifetime maximum. Other IRS exceptions may also apply.

You can contribute to a Roth IRA as long as you have earned income from a job. And you never have to take required minimum distributions (RMDs) from a Roth IRA, so your assets can continue accumulating throughout your lifetime. This makes the Roth IRA a good legacy planning tool, because if you leave a Roth IRA to your heirs, their distributions will be free of federal income taxes, too.

Be aware that as of 2020, the SECURE Act eliminated the ability of most beneficiaries to stretch distributions of inherited IRA and qualified retirement plan assets over their lifetimes; instead, they will have a maximum of 10 years to liquidate the inherited account. Surviving spouses, disabled or chronically ill beneficiaries, and beneficiaries who are not more than 10 years younger than the original account owner can continue to stretch RMDs of inherited funds over their own lifetimes. Beneficiaries who inherited retirement funds prior to 2020 are not affected by the 10-year rule.

If you believe that high RMDs from traditional IRAs and employer-sponsored plans will push you into a higher tax bracket in retirement, you might evaluate the potential benefits of a Roth IRA conversion. Although you must pay ordinary income tax on any pre-tax assets that are converted to a Roth IRA in the tax year of the conversion, any future growth in the Roth account will be tax-free. By making partial Roth conversions during years when you're in a lower tax bracket, you may be able to help manage the tax liability.



We’ve covered a lot of information today. I believe the material we’ve shared will help you feel more confident when making decisions about your financial future.

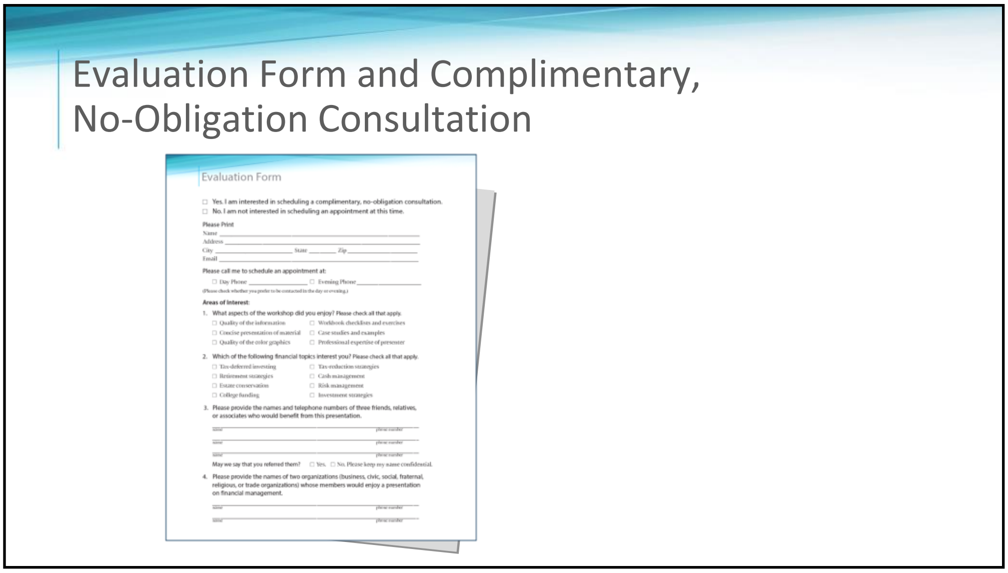
How can you put all this knowledge to work? There are several ways to proceed.

You can do it yourself, which could be a tremendous amount of work, or work with others.

You could work with us. I hope you feel comfortable with what you’ve learned about our professional knowledge and the approach we take with our clients.

Finally, you can procrastinate. Given the long-term ramifications of the decisions you must make, procrastination is not a prudent move.

Of course, I hope you’ll decide to work with us, and I hope you’ll come to the complimentary consultation. I don’t expect you to make any decisions now, nor do I expect you to decide when you come to the office. I want you to decide only when you’re ready. As you get to know us better, I feel confident that you’ll want to work with us. But, again, the choice is totally up to you.



Would everyone please pull out the evaluation form I talked about at the beginning of the presentation?

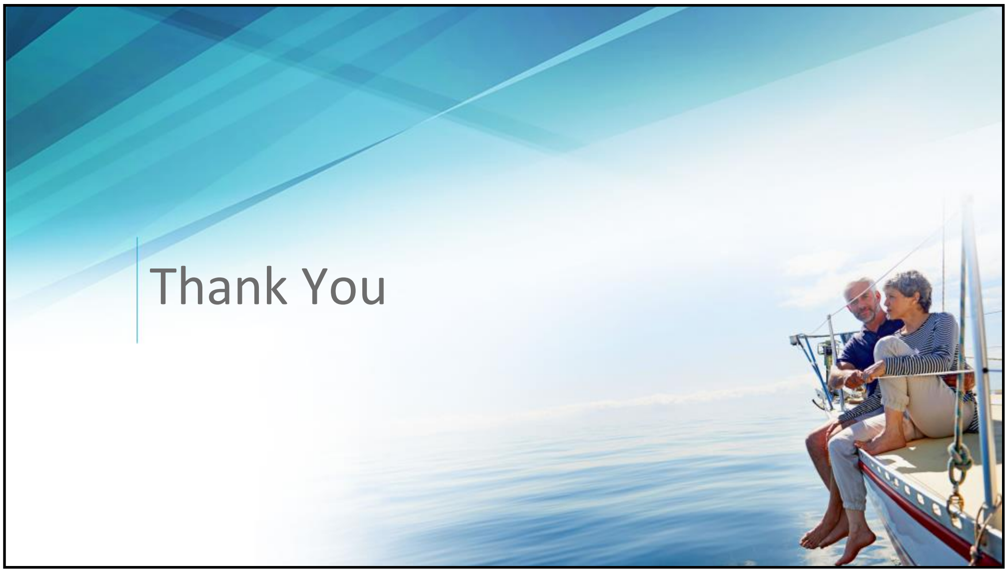
I would like each of you to fill out the form and turn it in. The evaluation form offers a way for you to comment on the seminar. It also lets me know whether you'd like to schedule a personal meeting to discuss any of the ideas you've learned here. Because many of the people who attend our seminars come in for a complimentary consultation, I've blocked out several days over the next couple of weeks to meet with you and address your specific concerns.

[Note to presenter: Have extra evaluation forms available if some participants no longer have them, and allow time for all participants to fill out the forms before they leave.]

Remember my two promises: If you check "Yes, I am interested in scheduling a complimentary, no-obligation consultation," we'll call you in the next couple of days to set up an appointment. If you check "No, I am not interested in scheduling an appointment at this time," we won't call you directly after today.

I'd like to collect the evaluation forms before you leave.

[Note to presenter: Mention any important financial forms or documents you would like participants to bring to the consultation. There are spaces where they can write them down on the back cover of the workbook.]



Thank you for coming to our retirement income seminar. I commend you for the initiative you’ve shown in wanting to improve your financial future and build a successful retirement.

I look forward to seeing you again in the near future.

[Note to presenter: As people leave, shake hands with them and collect their evaluation forms.]