



MetLife[®]

Retirement Income Planning

Making the Most of What you Have





Today's Agenda

Retirement Risks

- Longevity
- Overspending
- Inflation
- Market timing
- Healthcare and unexpected expenses

Retirement Income Planning Process



Today's Agenda

What would you like to get out of today's session?



Retirement Risk

What is the greatest risk retirees face today?



Retirement Risk 1: Longevity

Nearly half of investors fear they will outlive their savings*

*The Washington Post, *Nearly Half of Americans Haven't Planned how Much They Need to Retire*, October, 2014

Retirement Risk 1: Longevity

Living Beyond the Average

Couple: both age 65, have a 50% chance of at least one person living to age 92

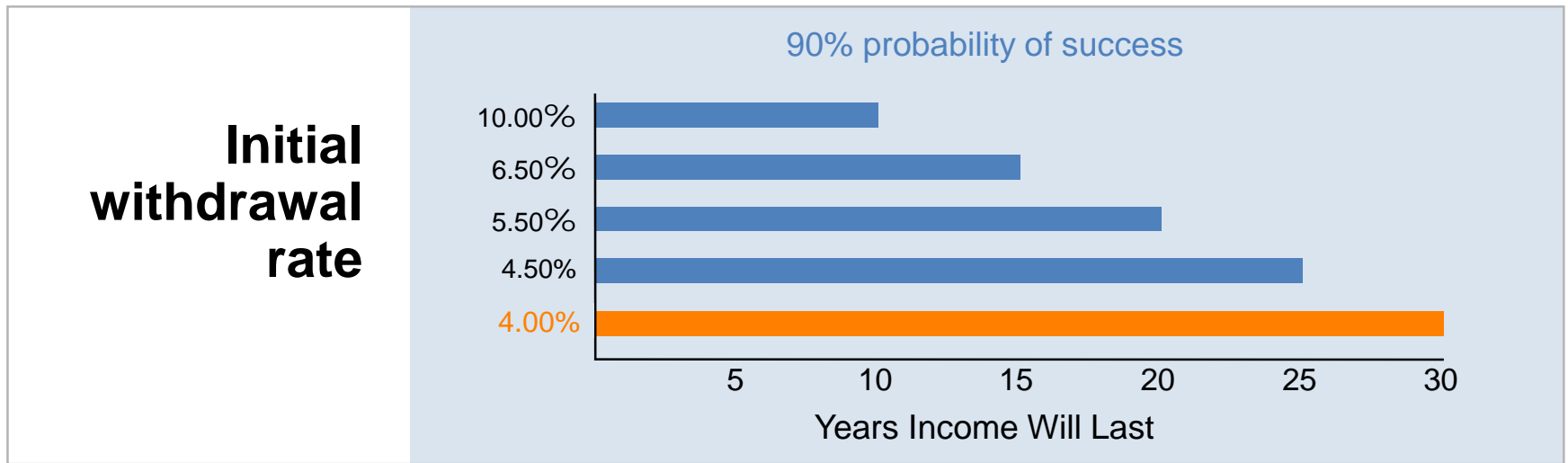
Male: age 65, has a 50% chance of living to age 85



Female: age 65, has a 50% chance of living to age 88

Source: Annuity 2000 Mortality Table, Society of Actuaries

Retirement Risk 2: Overspending



Key Take Away

You may not be able to take out as much of your investments as you think

Source: T. Rowe Price Associates, Inc., 2008. The Monte Carlo simulation used in this example assumes the following: The dollar amount of withdrawals is increased at a rate of 3% per year to account for inflation (historical average from 1926-2006 is 3.07%); the behavior of the hypothetical asset portfolio is based on historical data from Ibbotson Associates: Stock analysis is based on the S&P 500 Composite index. Bond analysis is based on a US Long Term Corporate Bond index. This example uses a hypothetical 60% stock, 40% bond portfolio and the effect 3% inflation-adjusted withdrawal rates have on the end value of the portfolio. We used 5,000 scenarios based on historical averages within the period from 1926 to 2006 to determine how a portfolio might have performed. We reduced the annual performance of the stocks by 1.09%, which we believe is a reasonable assumption for the average fund expenses for equity mutual funds. We reduced the annual performance of the bonds by 0.72%, which we believe is a reasonable assumption for the average fund expenses for bond mutual funds.

Retirement Risk 2: Overspending

Which portfolio, in retirement, has the greatest chance of generating sufficient income in retirement?

Stock/Bond Mix:	100/0	80/20	60/40	40/60	20/80
At 4% withdrawal rate:	83%	86%	90%	84%	80%

Key Take Away

A moderate portfolio with a 4% withdrawal rate has the greatest chance of generating the income you'll need in retirement

Source: T. Rowe Price Associates, Inc., 2008.

IMPORTANT: The projections or other information generated by the T. Rowe Price Investment Analysis Tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The simulations are based on assumptions. There can be no assurance that the projected or simulated results will be achieved or sustained. The charts present only a range of possible outcomes. Actual results will vary with each use and over time, and such results may be better or worse than the simulated scenarios. Clients should be aware that the potential for loss (or gain) may be greater than demonstrated in the simulations.

Retirement Risk 3: Inflation

How much will things cost in the future?

In 1980...

1 Gallon of Gas
\$1.25



Car
\$6,379



12 oz Box of
Corn Flakes
\$.62



Now...

1 Gallon of Gas
\$2.62¹

Car
\$32,086²

12 oz Box of
Corn Flakes
\$4.33³

1 AAA, December 11, 2014, National Average Regular.

2 MotleyFool.com 3/2014

3 Staples.com 1/2014



Retirement Risk 3: Inflation

\$2,000 today = \$580.01 in 35 years*

*Assumes a 3.6% inflation rate

Both start with \$250,000 and withdraw \$12,500 per year

Retirement Risk 4: Market Timing

Hypothetical example of market returns in a different sequence

Negative Returns Later On				Negative Returns Early On			
End of Year	Rate of Return	Withdrawals	Account Value at End of Year	End of Year	Rate of Return	Withdrawals	Account Value at End of Year
			\$250,000				\$250,000
1	24%	\$12,500	\$294,500	1	-20%	\$12,500	\$190,000
2	20%	\$12,500	\$338,400	2	-10%	\$12,500	\$159,750
3	16%	\$12,500	\$378,044	3	-8%	\$12,500	\$135,470
4	12%	\$12,500	\$409,409	4	0%	\$12,500	\$122,970
5	8%	\$12,500	\$428,662	5	4%	\$12,500	\$114,889
6	4%	\$12,500	\$432,809	6	8%	\$12,500	\$110,580
7	0%	\$12,500	\$420,309	7	12%	\$12,500	\$109,849
8	-8%	\$12,500	\$375,184	8	16%	\$12,500	\$112,925
9	-10%	\$12,500	\$326,415	9	20%	\$12,500	\$120,510
10	-20%	\$12,500	\$251,132	10	24%	\$12,500	\$133,933
Average Annual Rate of Return:		3.7%		Average Annual Rate of Return:		3.7%	



Retirement Risk 4: Market Timing

Retiring in a bear or down market can have a major impact on your assets and income sustainability



Retirement Risk 5

What is likely to be one your largest and most unpredictable retirement expenses?

Retirement Risk 5: Health care and unexpected expenses

A 65 year-old couple is estimated to need \$240,000* to cover medical expenses throughout retirement



*5/9/2012 Fidelity Investments®. Assumes retirement in 2012. The estimate does not include any costs associated with nursing-home care and applies to retirees with traditional Medicare insurance coverage.



Retirement Risk 5: Health care and unexpected expenses

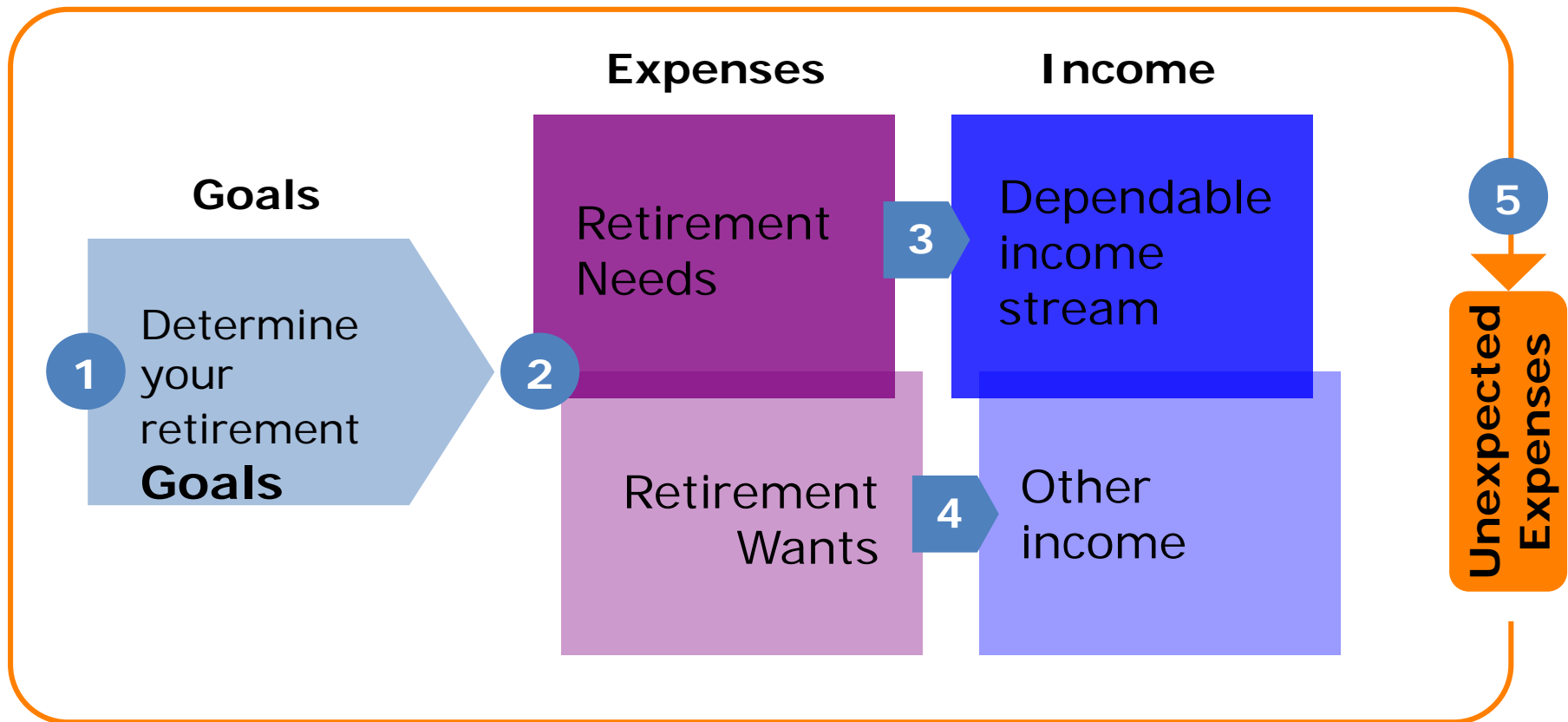
Without appropriate planning long term care services can potentially deplete you income and savings, even before you retire



Retirement income planning process

How do you create a retirement income strategy that will pay for the retirement lifestyle you want to live?

Retirement income planning process



Retirement Income Planning Process

1. What's your vision of retirement?



Retirement Income Planning Process

2. How much will your retirement actually cost you?



Retirement Income Planning Process

3. Where will the income to pay these expenses come from?



Retirement Income Planning Process

Where will the income to pay these expenses come from?

Dependable income sources:

- Social Security
- Defined benefit or pension plan

Creating additional dependable income sources:

- CD/Bond ladders
- Annuities

Retirement Income Planning Process

Where will the income to pay these expenses come from?

Flexible income sources:

- Tax-deferred savings – 401(k), 403(b), IRAs, SEPs
- Savings bonds
- Annuities

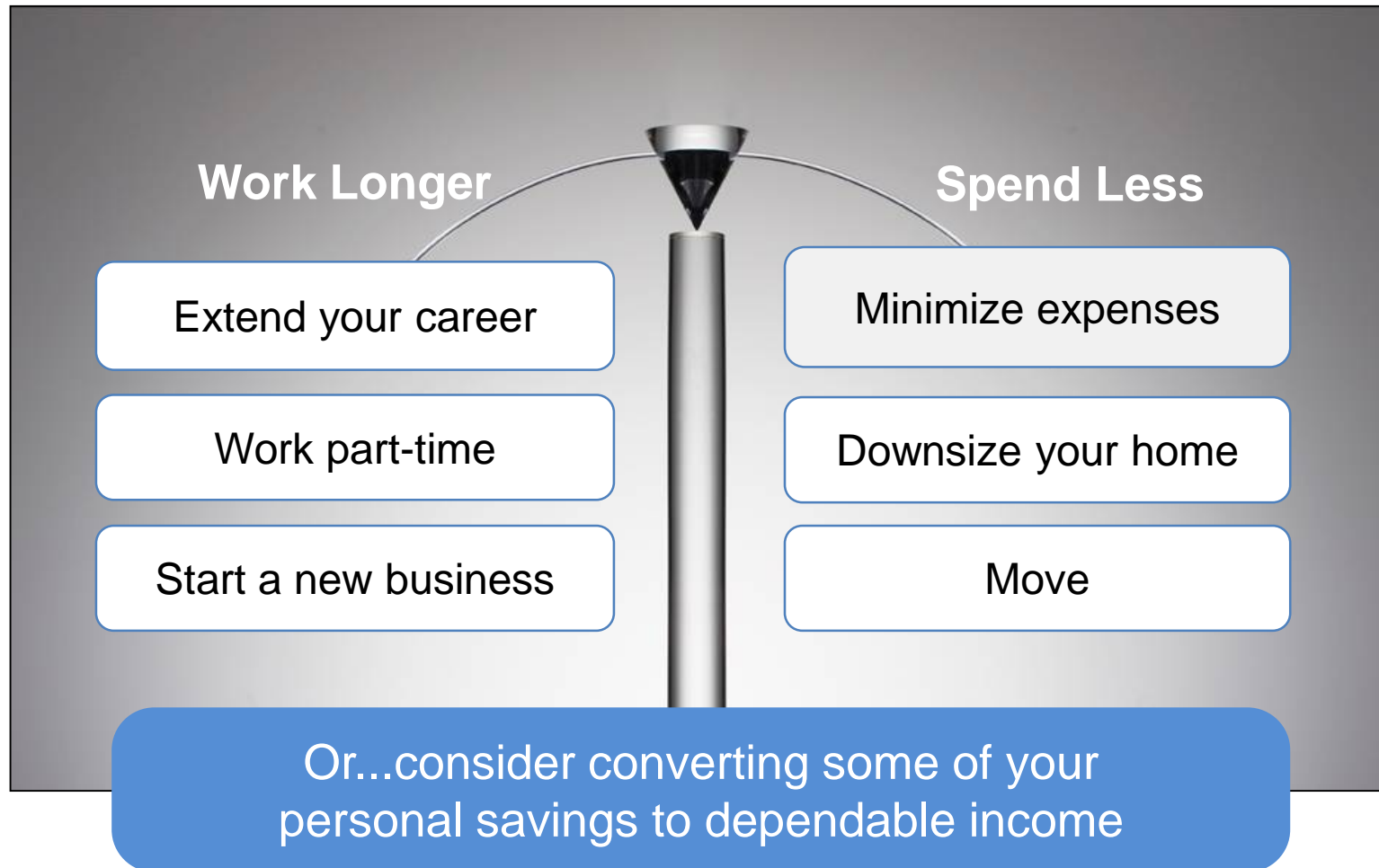




Retirement Income Planning Process

4. How do your sources of income and projected expenses match up?

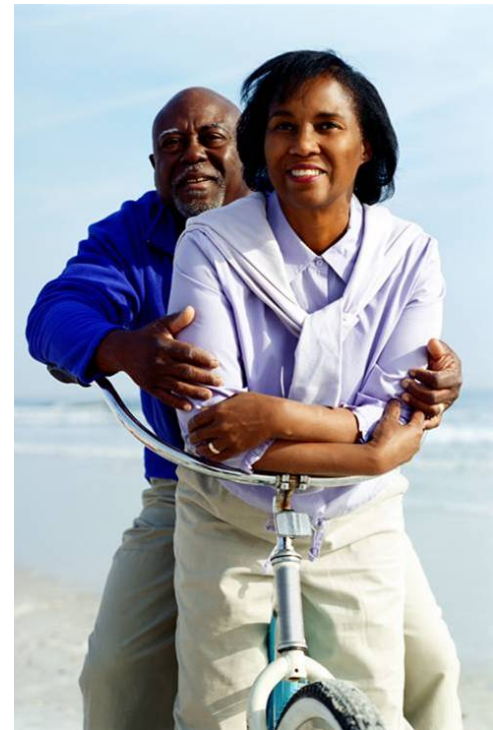
Retirement Income Planning Process



Retirement Income Planning Process

Turn personal savings into income

- Systematic withdrawals
- Annuitization



Systematic withdrawals create flexible income

Longevity

How long your assets last depends on your withdrawal rate and the size of your nest egg

Overspending and Timing Risk

You choose your investments and control your withdrawal rate, but they can be affected by market volatility

Inflation

You can increase your withdrawal rate to deal with a loss of purchasing power for as long as your nest egg lasts

The Unexpected

You have liquidity to deal with unplanned events for as long as your nest egg lasts

Annuitization creates dependable income

Longevity

Provides guaranteed income that can last a lifetime*

Overspending and Timing Risk

Market conditions have no effect on your dependable, consistent payments

Inflation

Often does not provide inflation adjustment to dependable income

The Unexpected

While you have guaranteed monthly income, generally there is limited or no flexibility

*All guarantees are based upon the financial strength and claims-paying ability of the issuing insurance company.

Flexible / Dependable Systematic withdrawals vs Income Annuity

Hypothetical example:

You have \$500,000 savings available for retirement

You need \$55,000 per year to cover retirement expenses

You have \$37,000 of dependable income (\$27,000 social security + \$10,000 pension)

You need to create \$18,000 per year

Systematic withdrawal
from savings

Full flexibility

No dependability

Annuity

Joint & survivor payout once annuitization is elected

Full dependability

No flexibility

Guarantees based on financial strength and claims paying ability of the issuing insurance company. Illustration does not take into account any taxes or fees which will reduce cash payments.

Taking a Middle Road Approach

Full flexibility

No dependability

Full dependability

No flexibility



Traditional Investments



Annuities

Hypothetical example shown for illustrative purposes only.

Today's Takeaways!

- Your “needs” in retirement should be covered by income sources that last a lifetime
- Determining the income allocation that’s best for you will help you cover both your “wants” and “needs”
- Retirement income planning is no easy feat, however, there is a process to help get you there



Today's Agenda

What would you like to get out of today's session?



Retirement Income Planning

Questions?

Important Information

MetLife does not provide tax or legal advice. Please consult your tax advisor or attorney for such guidance.

Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Clients should confer with their qualified legal, tax and accounting advisors as appropriate.

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