

A path forward

Adjusting your retirement plan
for the road ahead

Presented by

Paul Vannatta, CFP® CRPC®

Managing Director – Wealth Management Advisor

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Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.

All recommendations must be considered in the context of an individual investor’s goals, time horizon, liquidity needs and risk tolerance. Not all recommendations are in the best interest of all investors. Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

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Transitioning into a new economic environment

More normalized inflation and higher yields

A shifting profit cycle with higher nominal growth

Continued risk with tighter monetary policy and ongoing geopolitical uncertainty

Source: Chief Investment Office. Market Outlook 2023 and Viewpoint, July 2023.

Retirement is a long-term need — one that could last for 30 years or more



20-30

added years of life expectancy

Chance of one person in a 65-year-old married couple living until 92 and 100¹

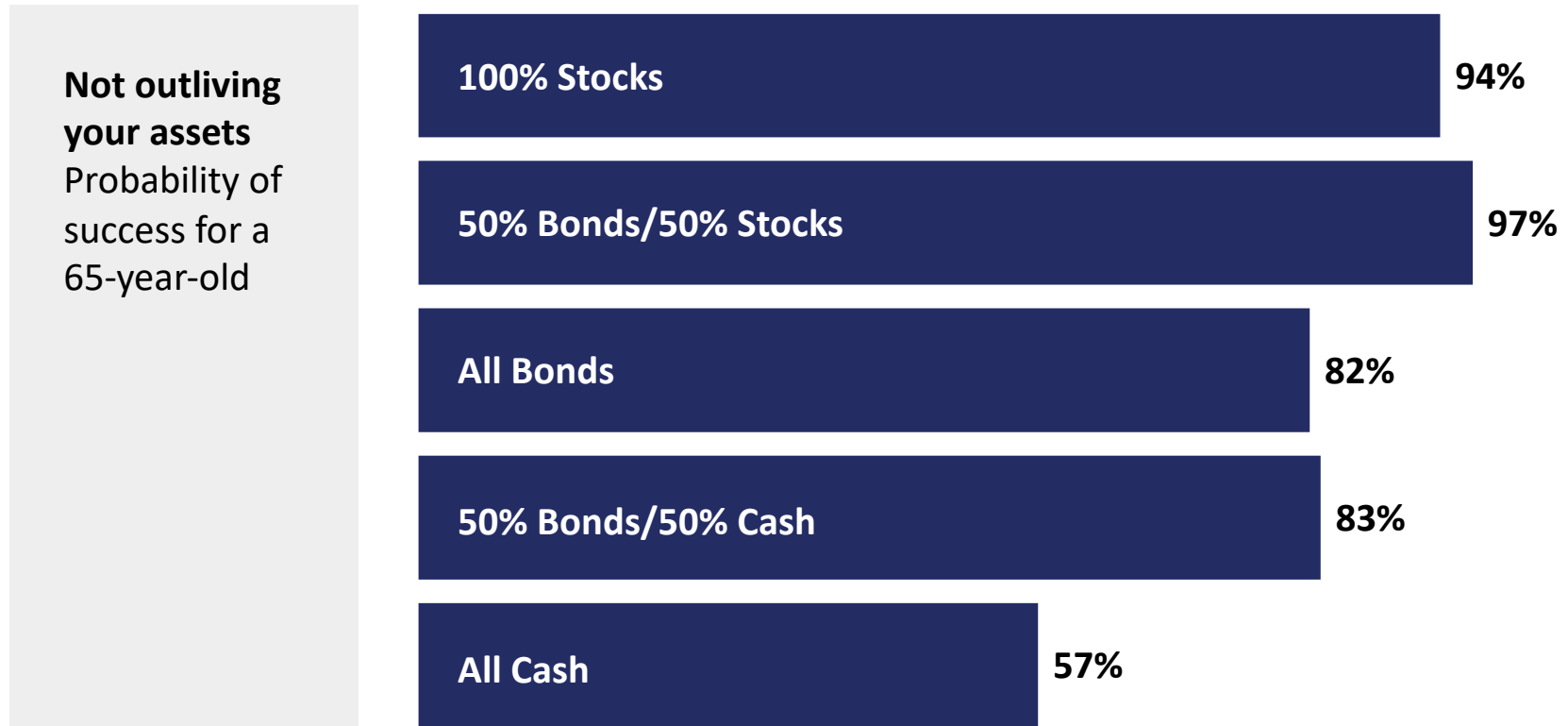
Age 92 **50%**
chance

Age 97 **25%**
chance

Age 100 **10%**
chance

Source: Chief Investment Office, calculations based on Society of Actuaries, 2012 Individual Annuity Mortality Tables, Basic.

Overreacting can derail your long-term retirement plans



Notes: Assumes that a 65-year-old female spends 3.5% of her wealth the first year of retirement and increases this spending in line with inflation in subsequent years (based on CIO inflation assumption of 2.8%). These withdrawals are taken at the end of each year, at which time the portfolio is rebalanced. Planning horizon assumptions 30 years. Time horizon is measured in years. Risk and expected returns assumptions for stocks, bonds and cash are as given in Table 1. These hypothetical results are for illustrative purposes only and are not meant to represent the past or future performance of any specific investment vehicle. Investment return and principal value will fluctuate, and, when redeemed, the investments may be worth more or less than their original cost. Source: Analysis by the Chief Investment Office, May 2023.

Source: Chief Investment Office. Pitfalls in Retirement, July 2023.

Take a close look at the debt you hold

Credit
card

Mortgage

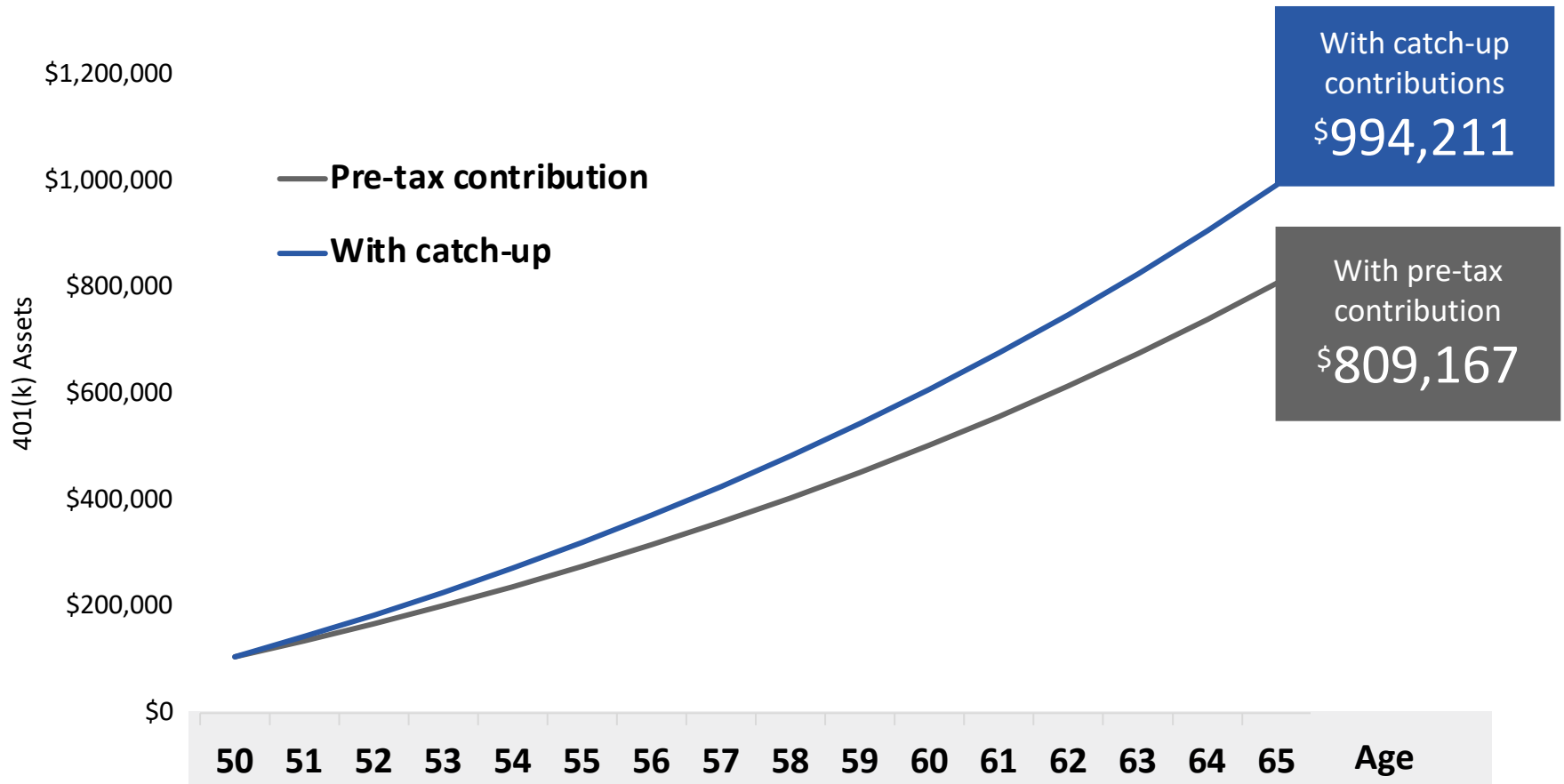
Personal
loans

Home
equity

Medical
debt

Student
loans

Consider maximizing contributions to your retirement plan accounts, if possible



Hypothetical example for illustrative purposes. Assumes a starting balance of \$100,000 and compares an annual pre-tax contribution at the end of each year of \$22,500 versus a pre-tax contribution plus catch-up contributions of \$7,500 beginning at age 50 and a 6% annual effective rate of return. Different contribution frequencies could impact results and are not considered in this calculation. Hypothetical results are for illustrative purposes only and are not meant to represent the past or future performance of any specific investment vehicle. Investment returns and principal value will fluctuate and when redeemed the investments may be worth more or less than their original cost. Taxes are due upon withdrawal which will decrease the values above. If you take a withdrawal prior to age 59 ½, you may also be subject to a 10% additional tax.

Look at ways to help preserve what you've built

Maintain portfolio discipline

Invest in quality

Lock in gains

Avoid chasing yield

Prepare for the unexpected

Think about tax & estate planning



Investments such as CDs, bonds and stocks have different objectives, risk tolerance levels and time horizons than annuities. Individuals should consult their financial professional regarding their individual situation. All contract and rider guarantees, including optional benefits and any fixed or index-linked investment option crediting rates or annuity payout rates, are backed by the claims-paying ability of the issuing insurance company. They are not backed by Merrill or its affiliates, nor does Merrill or its affiliates make any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Create a thoughtful, comprehensive income plan

Consider all your various income sources — both guaranteed and non-guaranteed — and make sure you're aware of three potential income risks:

Spend carefully early in retirement

Closely monitor your sequence of returns

Assume future inflation will be higher

Annuities: additional guaranteed retirement income

In addition to Social Security and pensions, an annuity can be structured to provide you with a predictable stream of income in retirement that can be guaranteed¹ as long as you live. It's an opportunity to:



Protect against sequence of returns risk by reducing the need to draw-down your portfolio early in retirement



Generate needed income more efficiently so you have more capital available to pursue other goals



Reduce your overall level of risk, so you can more comfortably afford to take on investment risk in other areas of your portfolio

¹ Guaranteed income in variable annuities and indexed annuities may be based on purchasing an optional benefit that is available for an additional cost that guarantee a minimum level of income to you regardless of the performance of the underlying investments in the annuity, even if the value of the annuity falls to zero. The living benefit base value is a different value than the annuity contract cash surrender value. The living benefit base that provides income can only be accessed through the income stream and generally is not available for a lump sum withdrawal. If you purchase these benefits there may be some restrictions, such as limitations on your investment options in a variable annuity, age limitations and limits on the amount that can be withdrawn each year.

Variable annuity contract values will fluctuate and an investment may be worth more or less than its original cost.

Long-term care insurance for added asset protection

70%

of Americans age 65 or older will need some type of long-term care during their lifetime.¹ Depending on where you live, those costs (not covered by Medicare) can run as high as:

\$61,776

per year for a home health aide or

\$108,405

per year for a nursing home stay.²

Long-term care insurance lets you:

Access high-quality care without having to spend down your life's savings

Transfer some or all of your risk to an insurance company

Choose from a range of product types to address specific needs and goals

Long-term care insurance coverage contains benefits, exclusions, limitations, eligibility requirements and specific terms and conditions. Not all insurance policies and types of coverage may be available in your state.

¹ U.S. Department of Health & Human Services. National Clearinghouse for Long-Term Care Information. "How Much Care Will You Need?" Data as of February 18, 2020, <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need> (accessed July 21, 2023).

² Genworth Cost of Care Survey. <https://www.genworth.com/aging-and-you/finances/cost-of-care.html> (accessed July 21, 2023).

A thoughtful estate plan to safeguard your wealth

As retirement nears, getting your financial house in order becomes a priority. Establishing a carefully structured estate plan with the right documents and trusts will not only help to more tax-efficiently transfer assets (given future estate tax uncertainty), but better direct the fulfillment of your wishes:



A will and a revocable living trust

An advanced medical directive

Durable financial power of attorney; and durable power of attorney for healthcare

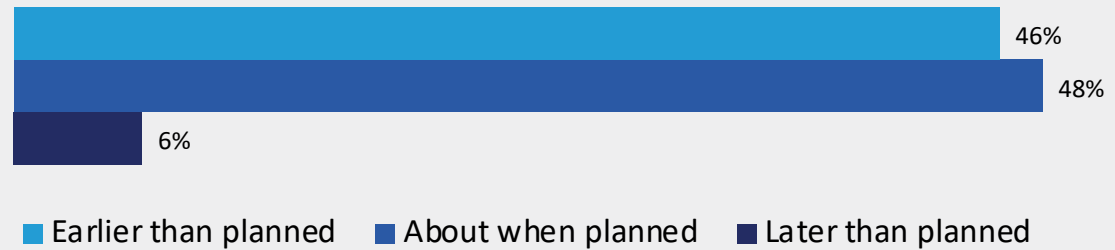
Any specific purpose trusts (e.g., special needs trusts or charitable trusts) with designated trustees

The availability and effectiveness of any strategy are dependent upon your individual facts and circumstances. Always consult with your independent attorney and/or tax advisor before implementing any financial, tax, or estate planning strategy.


Early retirement considerations

62 years
median retirement
age for Americans¹

Nearly half retire earlier than they planned¹:



Social Security
claiming decisions



Pre-Medicare
healthcare
expenses



Penalty-free access
to retirement
accounts

¹ Employee Benefit Research Institute and Greenwald Research, 2023 Retirement Confidence Survey, 2023 RCS Fact Sheet 2 Expectations about Retirement (Employee Benefit Research Institute, April 27, 2023).

Early retirement income sources

Take time to evaluate all your potential sources of retirement income:



Disability coverage



Pension



Social Security



New job



Draw down savings
and investments



Investment
income



Spousal
income



Severance
package

An aerial photograph of a circular garden. The garden has a dark grey brick-paved center and a curved wooden bench around the perimeter. Two people, a man in a blue suit and a woman in a white blazer, are sitting on the bench. The woman is holding a tablet. The garden is surrounded by lush green plants and ferns. The overall scene is well-lit and professional.

Tap into the experience you need

Ongoing
Guidance

Retirement
Specialists

Insurance
Strategists

Wealth
Strategists

Support you and your goals beyond investing??



Plan the impact of my wealth

Lifetime Gifting & Legacy Planning[§]
Personal Philanthropy[§]
Fiduciary Trust Services[§]

Protect my wealth

Long-term Care Insurance[‡]
Life Insurance[‡]
Disability Income Insurance[‡]
Annuities[‡]

Invest in my future

Retirement Accounts[†]
Lifetime Income in Retirement[†]
Health Savings Account*
Education Savings[†]

Manage my personal finances

Checking*
Savings*
Credit Cards*
Mobile & Online Investing[†] & Banking*
Cash Management Solutions*

Borrow to fund my goals

Mortgages*
Margin Lending[†]
Lines of Credit*
Custom Lending*
Auto Loans*

Help grow my wealth

Investments[†]
Merrill Lynch Investment Advisory Program¹
(Fiduciary Advice)
Alternative Investments²
Sustainable & Impact Investing³

* Capability offered by Bank of America, N.A. and its bank affiliates. † Capability offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated. All investing involves risks. ‡ Insurance and annuity products offered through Merrill Lynch Life Agency Inc. § Trust and fiduciary services are provided by Bank of America, N.A.

¹ You can choose from one or more programs and services based on your individual objectives, investment style, need for ongoing advice and interest in particular investment solutions. One of the options to consider is IAP. For more information, please visit ml.com/programs-services. Merrill Lynch Investment Advisory Program is an investment advisory service sponsored by Merrill. Merrill offers a broad range of brokerage, investment advisory and other services. There are important differences between brokerage and investment advisory services, including the type of advice and assistance provided, the fees charged, and the rights and obligations of the parties. It is important to understand the differences, particularly when determining which service or services to select. All recommendations must be based on the client's best interest. ² **Alternative investments are speculative and involve a high degree of risk.** There generally are no readily available secondary markets, none are expected to develop and there may be restrictions on transferring fund investments. Alternative investments may engage in leverage that can increase risk of loss, performance may be volatile and funds may have high fees and expenses that reduce returns. Alternative investments are not in the best interest of all investors. Investors may lose all or a portion of the capital invested. ³ Sustainable and Impact Investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.

Unlock the full potential of your wealth with a plan

Planning allows you to focus on the things that truly matter — empowering you to live your life more fully — by illuminating the possibilities and giving you the freedom to enjoy wealth as you navigate your retirement journey.

Control

- A plan specifically aligned to your goals and values
- You make the ultimate choices and decisions

Clarity

- Work with an advisor who genuinely understands you
- We'll synthesize all your information and options to help you map the best route to your destination

Confidence

- Access to the resources and experience to help you address whatever comes your way over time

We also have powerful tools to help you make more informed decisions



As your goals or situation change, we can use modelling techniques to show you a range of “what-if” scenarios to help you understand your options and select a path forward.

So what should you consider doing next?



Work with your advisor to establish or review your retirement plan, including expenses and sources of income



Make sure it's a disciplined, goals-based plan that helps keep you invested; and that you can stick with it



Maintain a well-diversified portfolio and adequate liquidity



Adjust and rebalance your portfolio to align with your goals as needed to adjust for the road ahead

Let's start a conversation



Ask questions now,
call or email us.



Focus on your goals
and remember your plan.



Schedule time to discuss
how we can help.



Paul Vannatta, CFP® CRPC®

Managing Director

Wealth Management Advisor

843-800-6823

paul_vannatta@ml.com