



NATIONAL RETIREMENT PLANNING WEEK® 2016



Embracing the “Big Unknown” When It Comes to Retirement Planning

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Putting Retirement Planning Into Perspective

The term “retirement readiness” is a relatively new phenomenon; however, it has given birth to the term “financial wellness.”

One definition of financial wellness*:

- Have control over day-to-day, month-to-month finances
- Have the capacity to absorb a financial shock
- Be on track to meet your financial goals, and
- Have the financial freedom to make the choices that allow you to enjoy life.

* As defined by the Consumer Financial Protection Bureau

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One of the Key and Less Familiar Unknowns Related to Retirement Planning Is Longevity Risk

Longevity risk is the risk that you will outlive your income in retirement.

Guess wrong one way – die sooner than expected; could have had more fun...

...Guess wrong the other way – live longer than expected; final years may not be much fun.

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Would You Bet Your Life on a Coin Toss?



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Most People Underestimate Their Longevity

John and Jane are retiring – both are age 65, in average health, and neither smoke.

How long should they plan to be retired?



Probability of Survival	John's expected remaining years	Jane's expected remaining years	Expected years where at least one is alive	Expected years where both are alive
90%	6	9	18	4
75%	14	17	23	10
50%	22	25	28	17
25%	28	31	33	23
10%	33	35	37	28

Age 100

Age 93

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More Illustrations – Planning Periods Are Longer Than You Might Think...

Probability of Survival (starts at later of age 65 and current age)	Female Age 35 Excellent Health Non-smoker	Male Age 35 Excellent Health Non-smoker	Male Age 50 Poor Health Smoker	Female Age 80 Excellent Health Non-smoker
90%	13	10	2	3
75%	21	18	7	7
50%	29	26	13	12
25%	35	33	21	17
10%	39	37	27	21
	Age 100	Age 83	Age 78	Age 101

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Do You Really Want to Know Exactly How Long You'll Live? So, Embrace the Retirement Unknowns...

How long you and your spouse will live

Your ability to work (for income) during retirement

Your ability to rely on family to pick up any shortfall

The performance of your investments while you are retired

Your health (will one or both of you need long-term care)

Your ability to make sound financial (and other) decisions during retirement

The rate of inflation (buying power over 20-30 years can be meaningful)

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Learn More With Academy Lifetime Income Resources



<http://www.actuary.org/content/lifetime-income-initiative>

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THANK YOU

Questions?



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Appendix – Actuaries Longevity Illustrator



Actuaries

LONGEVITY
ILLUSTRATOR

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Appendix – Actuaries Longevity Illustrator

- Offers perspective on how long you might live
- Serves as foundation for understanding your longevity risk
- Will *not* tell you with certainty how long you will live
- Expected to be available later this year







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Appendix – Actuaries Longevity Illustrator

 Person 1	Compared to	 Person 2
First Name <input type="text" value="First Name"/>		<input type="text" value="First Name"/>
Date of Birth <input type="text" value="mm/dd/yyyy"/>		<input type="text" value="mm/dd/yyyy"/>
Illustration Age <input type="text" value="Illustration Age"/>		
Gender <input type="text" value="Select"/> 		<input type="text" value="Select"/> 
Smoker? <input type="radio"/> Yes <input type="radio"/> No		<input type="radio"/> Yes <input type="radio"/> No
General Health <input type="text" value="Select"/> 		<input type="text" value="Select"/> 
<input type="button" value="View Results"/>		

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Appendix – Actuaries Longevity Illustrator

Longevity Charts

Here is information about your expected longevity, personalized based on the data you provided.

	John
Date of Birth	01/01/1980
Nearest Age	36
Illustration Age	35
Gender	Male
Do You Smoke?	Nonsmoker
General Health	Healthy

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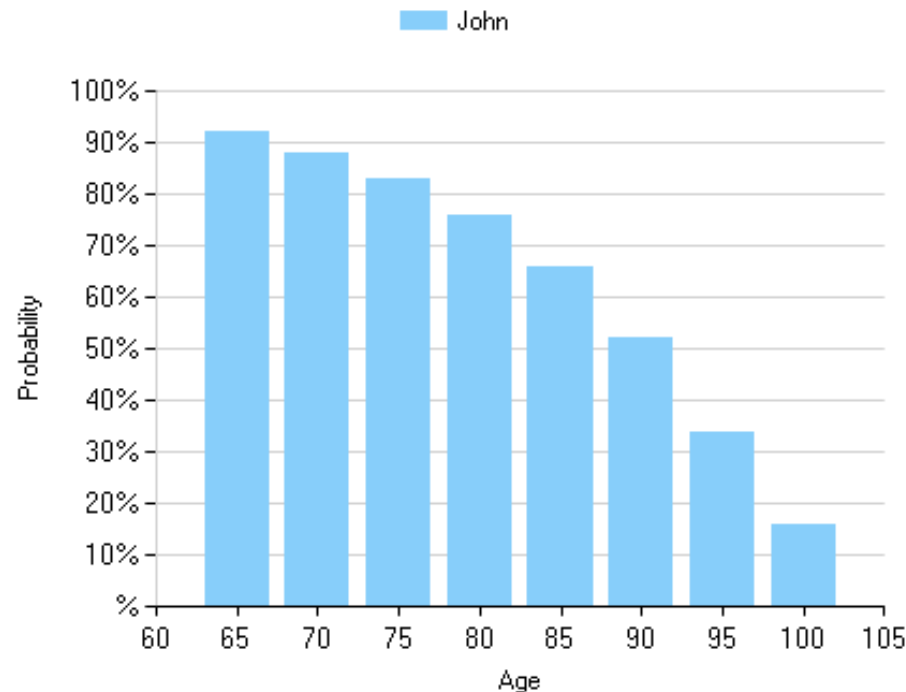
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Appendix – Actuaries Longevity Illustrator

Probability of Living to a Certain Age

[Show Data Table](#)



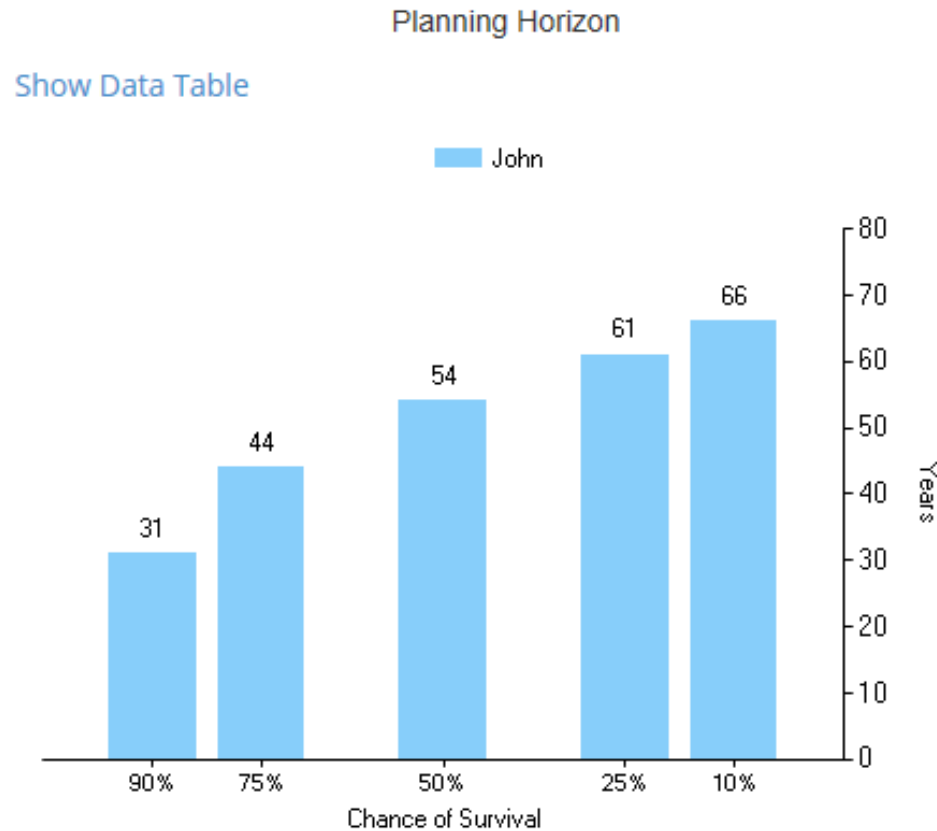
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