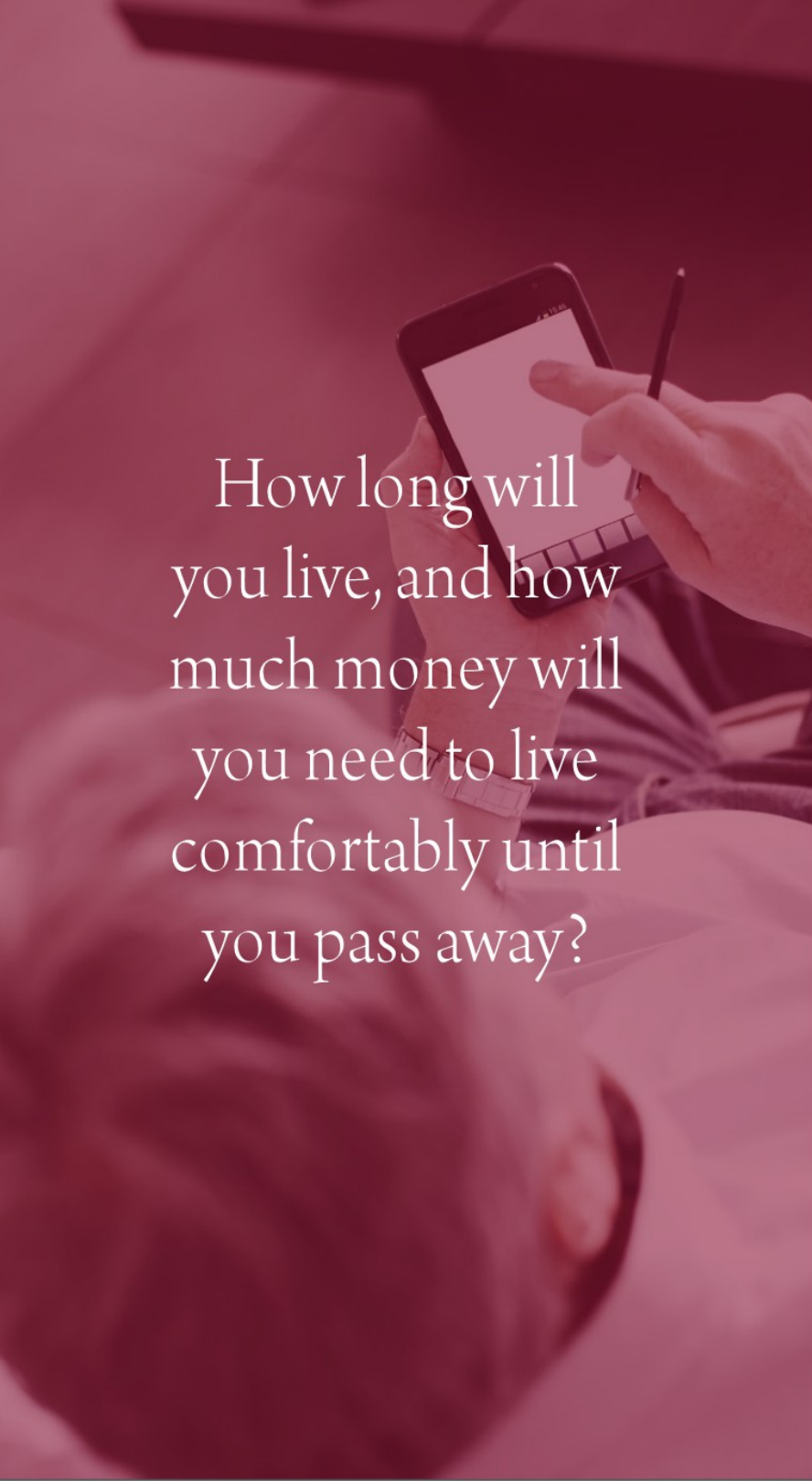


# THE VALUE OF AN **INDEPENDENT OPINION**

Why independent  
financial guidance is important



How long will  
you live, and how  
much money will  
you need to live  
comfortably until  
you pass away?

**These are two primary questions to address when planning for retirement income. If we each had the answer, we'd have a better chance of meeting the goal of not outliving our money. However, these also are two of the most difficult questions to answer accurately.**

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## **The Importance of Timing**

While none of us can predict how long we will live, factors from genetics to lifestyle and even where one lives can play a part in one's longevity. According to the Social Security Administration, a man reaching age 65 today can expect to live, on average, to age 84, and a woman turning 65 today can expect to live, on average, until age 86.<sup>1</sup> Remember, those are averages.

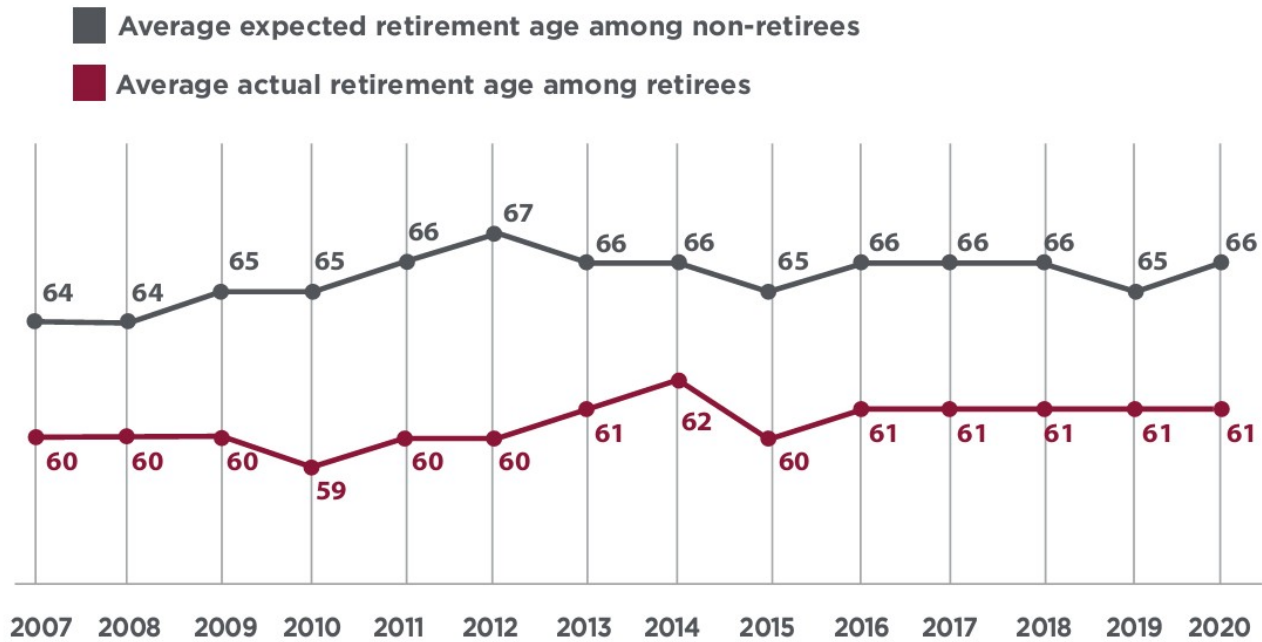
Another challenge to planning your retirement income is estimating when you'll retire. Plan as you may, this can be a variable you can't control — largely due to employer changes, like closures or downsizing, or potential health issues you or your loved ones may experience.

In fact, the age people expect to retire is often higher than the actual age at which most retire. Of respondents to a Society of Actuaries survey, 53% of pre-retirees indicated they expected to retire at age 65 or later. However, the responses of current retirees showed a different picture. Only 18% retired at age 65 or after; 75% retired before reaching 65.<sup>2</sup>

<sup>1</sup> Social Security. "Retirement Benefits/What is your life expectancy?" <https://www.ssa.gov/benefits/retirement/planner/otherthings.html>. Accessed Oct. 20, 2020.

<sup>2</sup> Greenwald & Associates. Society of Actuaries. May 2020. Page 57. "2019 Risks and Process of Retirement Survey." <https://www.soa.org/globalassets/assets/files/resources/research-report/2020/2019-risks-process-retirement-survey.pdf>. Accessed Oct. 20, 2020.

### Americans' Actual vs. Expected Age of Retirement<sup>3</sup>



## The Importance of Income Planning

Statistics about savings Americans have accumulated for retirement could be considered grim. A 2019 survey by GOBankingRates found that 64% of those surveyed are expected to retire with less than \$10,000 in savings. A shocking 45% of the 2,000 respondents reported they had no money set aside for retirement, and 19% reported they will retire with less than \$10,000.<sup>4</sup>

Most financial professionals implore Americans to begin saving for retirement as early as possible and continually add to those accounts throughout their working careers. Any reluctance to opt in to a company's 401(k) plan or other workplace retirement account can cost pre-retirees a sizable amount of savings.

To see how substantial the potential loss in savings could be, consider the results of another study by GOBankingRates. The study found that someone with an income of \$57,652 (the median household income in the U.S.) who waits to start contributing to a 401(k) plan until age 60 could potentially lose out on \$789,618 in retirement savings, compared to someone who starts saving at age 25. That's if the person's company doesn't have a 401(k) match. If there's a 3% company 401(k) match, the person could potentially lose out on nearly \$1 million.<sup>5</sup>

*This is a hypothetical example that does not represent any specific product and is not a representation of past or future results.*

<sup>3</sup> Lydia Saad, Gallup, April 28, 2020. Americans' Retirement Outlook Largely Intact." <https://news.gallup.com/poll/309470/americans-retirement-outlook-largely-intact.aspx>. Accessed Oct. 20, 2020.

<sup>4</sup> Sean Dennison, Yahoo!finance, Sept. 23, 2019. "64% of Americans Aren't Prepared For Retirement - and 48% Don't Care." <https://finance.yahoo.com/news/survey-finds-42-americans-retire-100701878.html>. Accessed Oct. 20, 2020.

<sup>5</sup> Joel Anderson, GOBankingRates, April 25, 2019. "Waiting Too Long to Save For Retirement Will Cost You \$789,618." <https://www.gobankingrates.com/retirement/planning/waiting-to-save-retirement-costs-you/>. Accessed Oct. 20, 2020.



### Today's Retirees

Retirement Statistics	Data
Average cost of retirement <sup>6</sup>	\$738,400
Workers' median household retirement savings <sup>7</sup>	\$50,000
Median annual cost of moving to an assisted living facility <sup>8</sup>	\$48,612
Percentage of pre-retirees "very concerned" they might not have enough money to pay for a long period of nursing care <sup>9</sup>	29%
Percentage of pre-retirees "very concerned" they might deplete all their savings <sup>10</sup>	24%
Percentage of retired adults who rely on Social Security as their only income source <sup>11</sup>	40%
Percentage of people ages 56-61 who expect to receive income from a private company pension plan <sup>12</sup>	23%
Percentage of Social Security retirement beneficiaries who are working (full time or part time) <sup>13</sup>	50%

<sup>6</sup> Merrill Lynch. 2019. "Finances in Retirement: New Challenges, New Solutions: A Merrill Lynch Retirement Study conducted in partnership with Age Wave." [https://www.benefitplans.baml.com/publish/content/application/pdf/GWMOL/2019\\_Finance\\_Study.pdf](https://www.benefitplans.baml.com/publish/content/application/pdf/GWMOL/2019_Finance_Study.pdf). Accessed April 10, 2019. Page 7.

<sup>7</sup> Transamerica Center for Retirement Studies. December 2019. Page 9. "19th Annual Transamerica Retirement Survey." [https://www.transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2019\\_sr\\_19th-annual\\_worker\\_compendium.pdf](https://www.transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2019_sr_19th-annual_worker_compendium.pdf). Accessed Oct. 20, 2020.

<sup>8</sup> Genworth. March 30, 2020. "Cost of Care Survey." <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>. Accessed Oct. 20, 2020.

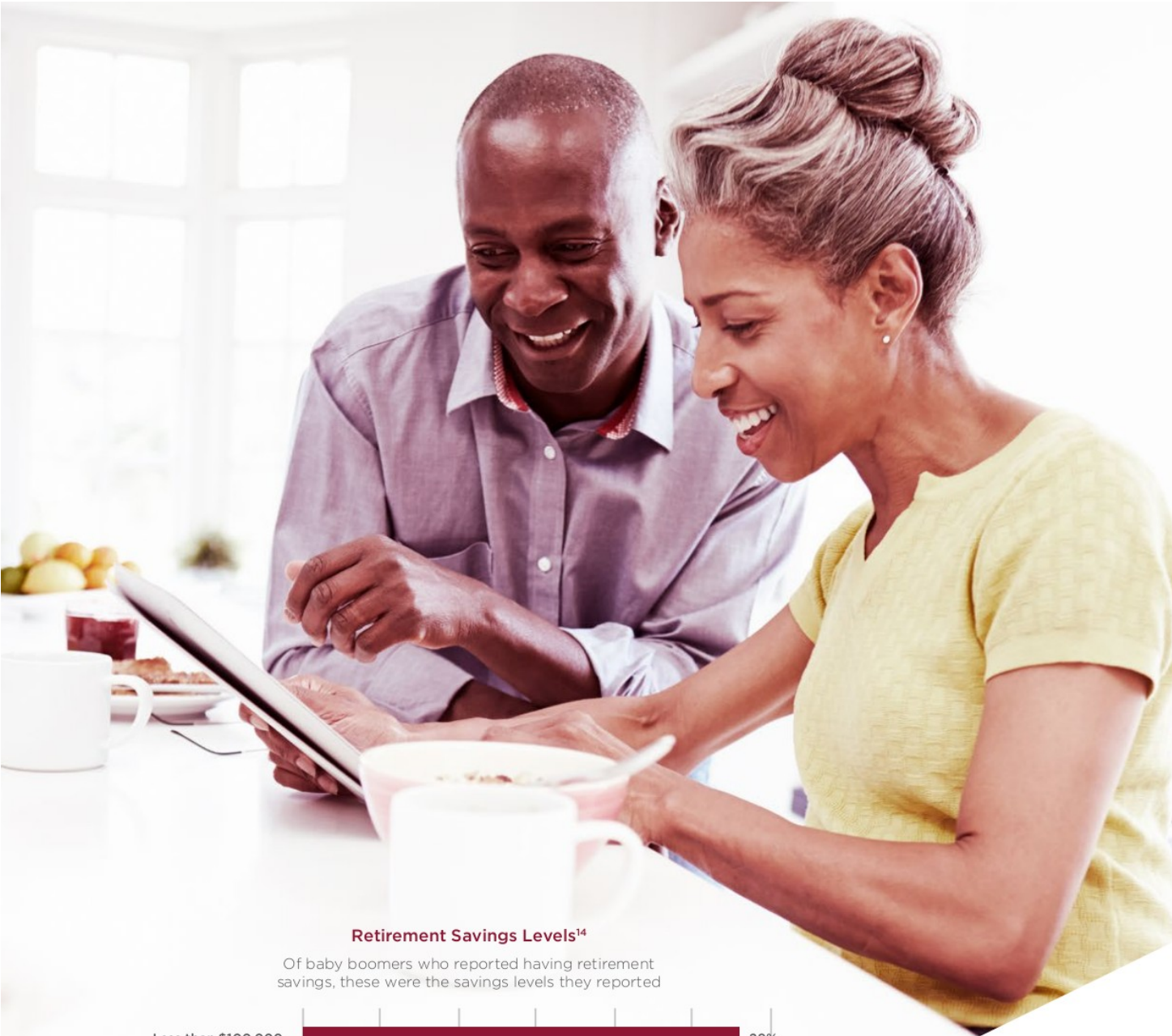
<sup>9</sup> Greenwald & Associates. Society of Actuaries. May 2020. Page 24. "2019 Risks and Process of Retirement Survey." <https://www.soa.org/globalassets/assets/files/resources/research-report/2020/2019-risks-process-retirement-survey.pdf>. Accessed Oct. 20, 2020.

<sup>10</sup> Ibid.

<sup>11</sup> National Institute of Retirement Security. Jan. 13, 2020. "New Report: 40% of Older Americans Rely Solely on Social Security for Retirement Income." <https://www.nirsonline.org/2020/01/new-report-40-of-older-americans-rely-solely-on-social-security-for-retirement-income/>. Accessed Oct. 20, 2020.

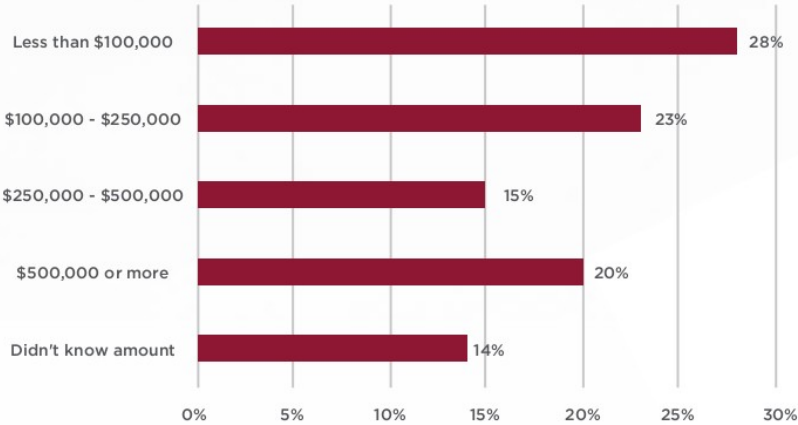
<sup>12</sup> Insured Retirement Institute. April 2019. Page 3. "Boomer Expectations for Retirement 2019." [https://www.myirionline.org/docs/default-source/default-document-library/iri\\_babyboomers\\_whitepaper\\_2019\\_final.pdf](https://www.myirionline.org/docs/default-source/default-document-library/iri_babyboomers_whitepaper_2019_final.pdf). Accessed April 10, 2019.

<sup>13</sup> SimplyWise. Sept. 16, 2020. "Retirement Confidence Index." <https://www.simplywise.com/blog/retirement-confidence-index/>. Accessed Oct. 20, 2020.



**Retirement Savings Levels<sup>14</sup>**

Of baby boomers who reported having retirement savings, these were the savings levels they reported



<sup>14</sup> Insured Retirement Institute. April 2019. Page 17. "Boomer Expectations for Retirement 2019." [https://www.myirionline.org/docs/default-source/default-document-library/iri\\_babyboomers\\_whitepaper\\_2019\\_final.pdf](https://www.myirionline.org/docs/default-source/default-document-library/iri_babyboomers_whitepaper_2019_final.pdf). Accessed Oct. 20, 2020.





## The Value of an Independent Opinion

In a longer lifespan, you're more likely to encounter periods of both good and bad market performance. For that reason, when planning for retirement, it's increasingly important to seek guidance from a financial professional who can help you structure a steady, reliable source of retirement income.

With so much at stake, it's important that you feel you can trust an insurance professional to consider a variety of insurance solutions before determining which ones may be suitable for you. You also want to have confidence that the guidance being provided by your insurance professional is customized for your unique situation.

Within the financial services industry, there are independent insurance professionals who operate as self-employed business owners and sell the products of multiple insurance companies.

This contrasts with insurance professionals who represent a single company and are employees of that company. These employees are generally referred to as “captive” insurance professionals or insurance agents.

While captive insurance professionals are typically required to sell only the proprietary products of the firm or company that employs them, independent insurance professionals are able to work with many companies, providing their clients with a wider array of products from which to choose, potentially increasing the likelihood of being able to recommend product or products appropriate for each client’s particular situation.

As small-business owners, independent insurance professionals are likely to have fewer clients than larger companies. If “the personal touch” is important to you, you may have more luck finding it with an independent insurance professional. There’s also something to be said for working directly with the business owner, who understands and has a greater appreciation for the impact each client has on his or her business.

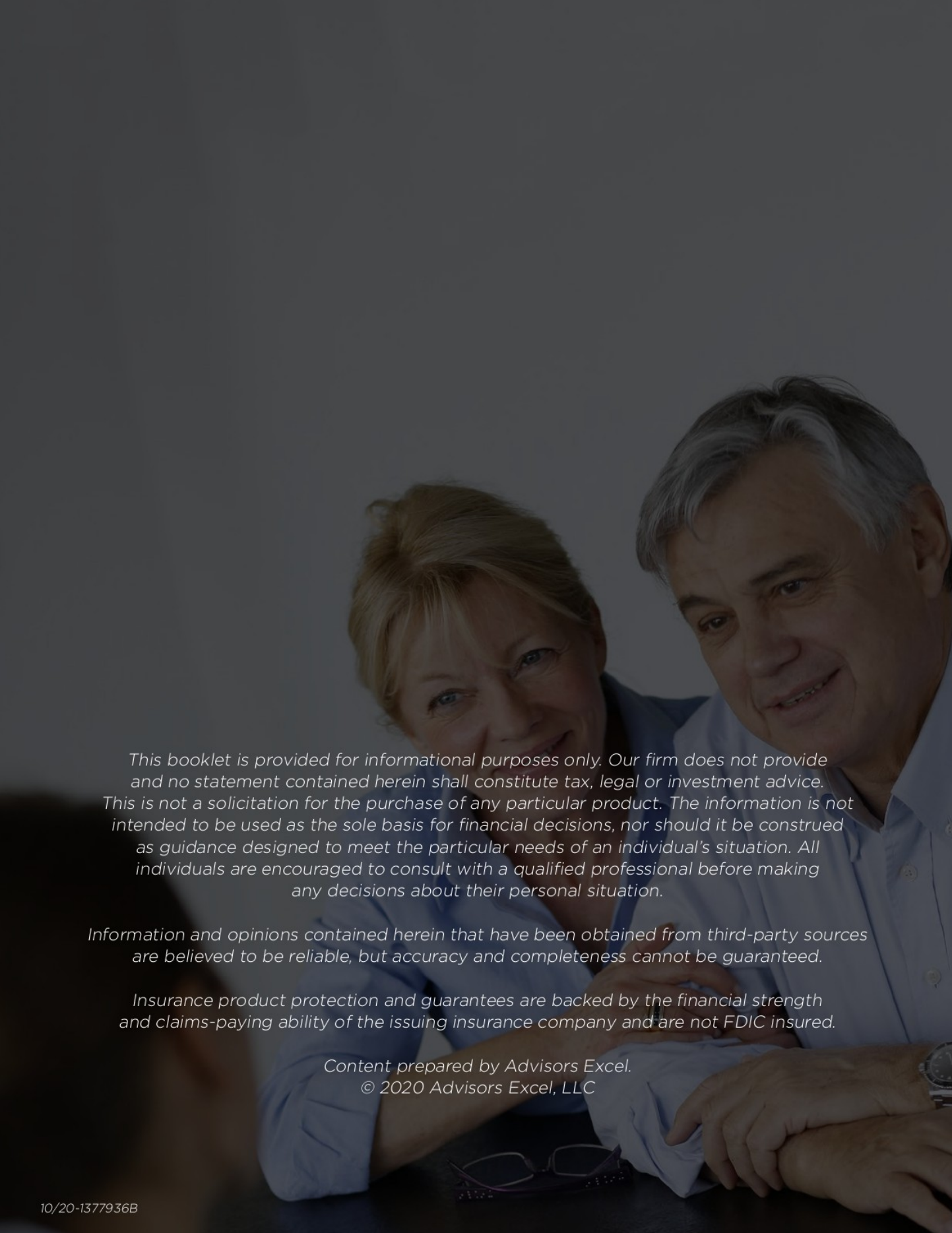
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## The Benefits of Independence

As the demand for objective guidance grows, it stands to reason more people may choose to work with independent professionals. Independent insurance professionals are not forced to sell only the proprietary products of a single company; rather, they generally have access to a larger selection of possible solutions from a wide range of companies to help clients work toward their retirement income goals.

Planning for retirement income today can be challenging. For this reason, you may want to consider securing independent guidance to help you meet this challenge, and take steps to help ensure that you’re on the path toward protecting your financial future.

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