

TURN RETIREMENT DREAMS INTO REALITY WITH FOCUS AND PLANNING



MEET DAVID AND KIM, WHO ARE THINKING ABOUT RETIREMENT



- David, 51, is a middle school biology teacher.
- Kim, 54, is an office manager for a small dental practice.
- Their children, Isabelle, 21, and Sam, 22, are in college.
- They live in Seattle, WA.

Since their children will be graduating college in the next two years, David and Kim are now able to focus more seriously on retirement, which is about 15 years away. They dream of traveling in retirement, but aren't sure how to make it happen.

What they're thinking: Like many Americans, David and Kim are worried about retirement. They want to make sure they'll have enough income to maintain their lifestyle and be able to travel. Their dream is to visit a different European city each year. They also want to visit nearby states by car a few times a year. Plus, they plan to visit their children frequently if they move away after college.

THEIR CONCERNS

- Having enough money for retirement
- Protecting their family
- Managing debt
- Protecting their assets against taxes and market volatility

STEPS THEY HAVE TAKEN

- **Retirement funds:** For the last few years, they have been contributing the maximum to their 401(k) and 403(b) plans at work.
- **Emergency fund:** They have \$8,000 saved.
- **College funding:** They have a 529 plan for each child. With gifts from grandparents and the couple's own savings, the 529s have accumulated \$25,000 each. The 529 plans are the only college savings accounts they have for their children. Both kids attended a community college for two years and are now enrolled in a state college near home. David and Kim are helping them pay for it.
- **Large purchases/expenses:** If their children marry, they would like to give them at least \$10,000 each.

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BLUEPRINTS
TO BLACK WEALTH

EXPENSES AND DEBT

- **College:** They are paying \$8,500 a year toward each child's state tuition. Thankfully, community college was much less than that and easier to manage. Both kids have been working to make up the difference and to have spending money. (Kim's mother has been known to sneak them each some money whenever she sees them.)
- **Debt:** They have been able to pay off most of their credit card debt but still have \$7,500 on one card. They also have 10 years left on their mortgage. Kim owns her eight-year-old car, but David leases his for \$275 a month.

HOW THEIR FINANCIAL ADVISOR HAS HELPED SO FAR

Their longtime financial professional, Simon, has been there for every important financial decision the couple has made for over 20 years. He meets with them formally at least once a year and calls to check in occasionally, especially when he knows milestone events, like a graduation, are coming up.

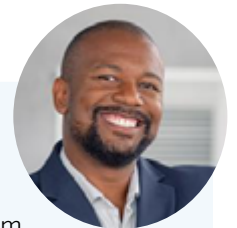
At this year's check-in, the couple expressed concern over being able to retire in 15 years and maintain their lifestyle. Since Simon has been focused on their retirement all along, he smiled while he recapped some of the decisions they've made together:

- **Life insurance:** In addition to the life insurance available through their jobs, they each have a permanent life insurance policy from Prudential—one with the potential to build cash value. These policies are helping them protect their children and can let them leave a reliable legacy to them. He reminded them that they also offer:
 - > Tax advantages, such as tax-deferred cash value accumulation
 - > Potential cash value, which, he added, they can access as a supplemental source of retirement income or for anything they like, including travel expenses*

HEALTH AND OTHER FACTORS

David has high blood pressure, which he controls well with medication. He is otherwise healthy, but he frequently has dental issues. His mother has Alzheimer's, which runs in his family.

Kim has always been healthy and active but has been experiencing pain in her knees lately. A doctor suggested that she could need knee replacements in a few years.



Then Simon reviewed their policies' performance and showed them how their cash values had grown.

- **Long-term care:** After learning of his mother's Alzheimer's diagnosis and his own increased risk three years ago, David called Simon. They discussed long-term care insurance as well as adding a life insurance policy with an extra feature that could allow him to access the policy's death benefit if he were to become chronically or terminally ill. Since he already had a permanent policy with a healthy cash value, David opted to buy long-term care insurance—and Kim got a policy too, “just to be safe.”
- **Investments/retirement funds:** Both David and Kim have retirement plans through their jobs. Both she and David have been able to contribute at least 4% of their salaries during the last 15 years. Simon has helped them choose contribution amounts and investment options.

Simon connected them with an investment advisor several years ago. Together, they set up a portfolio of mutual funds and stocks, but recent market volatility has prevented them from growing it as much as they'd like. Still, their investments have grown since they started.

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*Cash values are accessed via loans and withdrawals, which will reduce the policy's cash value and the death benefit and may have tax consequences.

NEXT STEPS

Simon will check in with the couple in six months to ensure they are on track and comfortable with what's in place. He'd also like to talk to Isabelle and Sam to get to know them better and help get their adult financial lives off to a strong start:

- **Annuities:** Now that the couple is in their 50s, Simon would like to discuss how annuities can fit into their retirement plans and provide a steady source of income. He will help them determine if annuities are right for them and what type can help meet their needs.
- **Tax review:** Simon will go through each of the couple's sources of retirement income to discuss if and how they will be taxed so they can be prepared.
- **Health insurance:** They will review health and dental insurance needs and options for the couple's retirement and what those could cost.



**CONTACT YOUR FINANCIAL PROFESSIONAL TODAY
TO DISCUSS YOUR RETIREMENT READINESS.**

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