



THE RETIREMENT READINESS ESTIMATOR

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A close-up photograph of a calculator and a financial chart. The calculator is on the left, showing buttons for '+', '-', '=', and a percentage sign. The chart on the right shows a line graph with a rising trend, overlaid on a grid. The numbers 410, 4,755, 11,446, and 18 are visible on the chart's y-axis.

MANY CLIENTS are so overwhelmed by the prospect of assessing their retirement readiness that they seem to take the “if it’s going to be such a challenge, I’ll deal with it when I get there” approach. But there are few resources to help shed light on where they stand in terms of retirement readiness ... until now, that is!

We’ve developed a remarkable calculator that is a simple, easy-to-use, educational tool that helps your clients see where they stand on the retirement readiness scale. You can use this Calculator to help start the retirement conversation with your clients in either one-on-one or group settings. This Calculator can also serve as a powerful prospecting tool as it is also available in PowerPoint format.



Because there are so many complex variables that impact retirement readiness, we've made it easy to give retirement financial security some serious thought and to explore the key factors. The Calculator helps answer such questions as:

- "When can I retire?"
- "Will I need to work in retirement?"
- "How could my investment mix affect my potential income replacement ratio?"
- "What portion of my income can be guaranteed to last as long as I do?"
- "What portion of my income can potentially keep up with inflation?"
- "How would my retirement readiness impact my current disposable income?"



so they have the confidence to take action *today* in order to be financially positioned to enjoy the kind of retirement they envision for themselves *tomorrow*. And since the Calculator uses future projections based on a client's current situation, it is designed to be used regularly as factors change.

There are many characteristics that make this Calculator unique and that raise the bar on what is possible:

- The Calculator considers many factors – both those outwardly visible and those "under the hood" – that can have a significant impact on retirement readiness. It is very easy to explore "what ifs" and to pre-experience how certain choices, whether made today or later, can affect potential future income-replacement results.
- Financial results have as much to do with emotions as they do with the numbers. This Calculator shows how the current standard of living (current disposal income after savings and taxes) compares to the projected standard of living (projected after-tax retirement income-replacement

We challenge the thinking and give a new perspective on questions about retirement readiness. Your clients may learn some surprising things that may better equip them to understand the advice you give

ratio in today's dollars). This provides a frame of reference to which clients can easily relate.

- It separates assets and savings into four different tax types, since the order in which assets are turned into income can have a significant impact on the efficiency with which after-tax retirement income can be generated.
- It uses a mix of widely available methods for converting assets into retirement income and recognizes that there are ways to improve the amount of retirement income and the degree of guarantee that that income will last for life. Every income-producing method involves tradeoffs between the liquidity of retirement assets and lifetime guarantees on income and between current purchasing power and future purchasing power. This Calculator does not pick a single method to generate income but

rather chooses an appropriate mix based on the tradeoffs selected. It allows exploration of the tradeoffs' impact on the potential income-replacement ratio.

- The Calculator considers the sequence in which different income-generation methods are used, as these too can have a major effect on after-tax retirement income.

Future enhancements will include the impact of poor market performance over the accumulation phase. This can be explored as a "what-if" so that clients can appreciate the potential consequences of downside risk and not being protected. Additionally, clients can also explore the impact of purchasing downside protection on the expected projected replacement ratios (loss of upside) and the value of that protection (amount of downside not experienced).



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