



Retirement Income Workbook

HELPING YOU PLAN FOR TOMORROW



STIFEL

Essential Needs Approach to Income Planning



Retirement income needs, wants, and wishes

Needs	Wants	Wishes
<p>Your needs include your basic retirement living expenses, such as food, clothing, transportation, and health care.</p> <p>These expenses should be funded by sustainable income sources, such as pensions or Social Security, so your basic needs are not affected by market fluctuations.</p> <ul style="list-style-type: none">• Mortgage Payments• Health Care Costs• Insurance Premiums• Utilities	<p>Your wants are those expenses you hope to fund in your retirement but are not essential to your overall retirement plan.</p> <p>These are flexible expenses that can be reduced, if needed, in order to ensure your basic needs are covered first.</p> <ul style="list-style-type: none">• Family Vacations• Home Remodel• New Car Purchase• Entertainment	<p>Your wishes – or legacy goals – are the remaining assets you wish to leave for your beneficiaries or charities after you are gone.</p> <p>These expenses are funded with the assets you do not intend to use to fund your retirement.</p> <ul style="list-style-type: none">• Gifts for Family/Friends• Grandchildren’s Education• Charitable Gifts• Funeral Expenses

Life insurance can help protect you in the event you die prematurely.

Life Insurance

A life insurance policy helps protect your family in the event of your death. It pays a death benefit to your dependents and can ensure your family is financially covered after you are gone.

Types of Life Insurance

- **Term Insurance** – Term insurance provides death benefit protection for a stated period of years and can be purchased with level premiums that typically range from 5 to 30 years. Term insurance is typically the least expensive type of insurance, since it pays out only if the insured dies while the policy is in force.
- **Whole Life** – As a form of permanent insurance, whole life is a guaranteed contract that offers level premiums and death benefits, as long as the premiums are paid on time. Because whole life is guaranteed, the premiums typically are higher than those of other permanent policies. The cash value component has the ability to increase based on the performance of the insurance company's portfolio.
- **Universal Life** – Universal life is a type of permanent insurance suitable for someone who wants less cash value guarantees than whole life but likes the idea of greater flexibility. Premiums on a universal life policy are usually lower than they would be on a whole life plan, but so is the cash value build-up. Most universal life policies are tied to interest rates. Depending upon the plan, the interest rates can either be fixed or based on current assumption, where the rates may change every year.

With permanent insurance, such as whole or universal life, the cash value has the opportunity to grow tax-deferred, and withdrawals – up to the cost basis – may be taken free of income tax. Additional dollars may be accessed by taking tax-free loans. However, withdrawals and loans will reduce the account value and the death benefit, and with certain policies, withdrawals prior to age 59 ½ may be subject to a 10% federal tax penalty.

Advantages of Life Insurance

- Provides liquid assets to a survivor and dependents to pay off any lump-sum obligations, such as a mortgage, final expenses, education funding for the children, and any other obligations that can be eliminated with a single payoff.
- Replaces income for the surviving spouse and children if income is needed. A two-income family is typically dependent on both incomes. A good rule of thumb is to assume that for every \$100,000 of life insurance provided, it may generate \$5,000 to \$6,000 of income per year. This is a conservative to moderate estimate of that lump-sum life insurance being invested.
- When an estate grows fairly large, life insurance could become a good “leveraging” product to help your heirs pay estate taxes many years from now. Any amount over the unified estate and gift tax exemption is currently subject to a maximum estate tax of 40%. If your estate exceeds the unified estate and gift tax exemption, life insurance can be used to pay estate taxes for your heirs.

Ask your Stifel Financial Advisor for more information about the many different types of policies and companies we represent. We can custom fit a plan specific to your needs.

Annuities can help protect you in the event you live too long.

Annuities

An annuity is a long-term tax-deferred contract between an individual and an insurance company. Annuities are one of the few investments that can guarantee an income for life. They can be customized for your needs and provide income for not only you, but also for your spouse or heirs.

Types of Annuities

- **Fixed Annuities** – In a fixed annuity, funds are invested for a guaranteed interest rate for a fixed number of years. Interest may accumulate or be withdrawn as needed, with taxes paid only on the amount withdrawn. Typical terms range from one to ten years.
- **Fixed Indexed Annuities** – Interest credited to a fixed indexed annuity is linked to the performance of a stock market index. However, your participation in any gain experienced by the index will be limited to the percentage of the gain set by the insurance company. This limits your upside earning potential, while the insurance company helps to protect your principal in negative markets through a minimum guaranteed contract value.
- **Variable Annuities** – With a variable annuity, funds are invested in a professionally managed portfolio of stocks, bonds, or both, depending on your selection. Returns vary, depending on the performance of the portfolio. Earnings may be withdrawn as needed, with taxes paid only on the amount withdrawn.

Variable annuities offer an optional guaranteed future income payment regardless of the contract's subaccount performance. Variable annuities also include definite death benefits that guarantee your beneficiary at least the amount paid, or more, regardless of the portfolio's return. Since the living and death benefit guarantees are based on the claims-paying ability of the issuing insurance company, it is important to choose a financially secure insurance company.

- **Immediate Annuity** – An immediate annuity generates guaranteed income as soon as it is purchased and for a set number of years or for one or two lives. Immediate annuities can be either fixed or variable.

Advantages of Annuities

- The power of tax deferral works toward producing larger retirement assets.
- You gain control over when your earnings become taxable.
- Generally, you have no upfront sales charges.
- Annuities can provide a death benefit to guarantee your heirs your principal and can provide guaranteed future income for current owners. (Guarantees are based on the claims-paying ability of the issuing insurance company, and additional charges may apply for some contract features.)
- Annuities can provide guaranteed lifetime monthly income for one or two lives.

Annuities are suitable for long-term investment and entail fees, such as mortality and expense charges and optional benefit rider charges. All withdrawals of taxable amounts, including earnings, are taxable as ordinary income. Withdrawals may be subject to surrender charges, and if made prior to age 59 ½, may be subject to a 10% federal tax penalty. Withdrawals reduce the cash surrender value.

Investors should obtain a prospectus for an annuity's contract and the underlying subaccounts and consider the investment objective, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other important information, is available from your Financial Advisor and should be read carefully before investing. Variable annuities are not insured by the FDIC or any government agency and involve market risk, including the possible loss of principal.

Income & Assets

List the income and assets you have that are available to fund your retirement.

INCOME

Enter only sources of income that are not provided by investments. Use a monthly, pre-tax amount.

Wages or Salary	\$	Social Security	\$
Pension	\$	Rental Income	\$
Annuities	\$	Other	\$
Total per month			\$

ASSETS

Retirement Assets	\$	Real Estate	\$
Other	\$		
Total Assets			\$

CURRENT INSURANCE POLICIES

Insurance Type	Insured Amount	Cash Value	Monthly Premiums
1.	\$	\$	\$
2.	\$	\$	\$
3.	\$	\$	\$
4.	\$	\$	\$
5.	\$	\$	\$
6.	\$	\$	\$

Needs

List all of your expected retirement needs as monthly, after-tax amounts.

HOUSING

Rent or Mortgage Payments	\$	Decorating/ Furnishings	\$	
Service/ Maintenance	\$	Dues/Fees/Misc.	\$	
Other	\$			
			Total per month	\$

TAXES

Income	\$	Sales	\$	
Personal Property	\$	Other	\$	
			Total per month	\$

UTILITIES

Electric	\$	Gas	\$	
Water/Sewer	\$	Phone/Cell Phone	\$	
Security System	\$	Cable/Internet	\$	
Other	\$			
			Total per month	\$

AUTOMOBILE

Payment	\$	Repairs/ Maintenance	\$	
Fuel	\$	Tolls	\$	
Service	\$	Other	\$	
			Total per month	\$

Needs (continued)

INSURANCE

Auto	\$	Business	\$	
Home/Renters	\$	Umbrella	\$	
Health/Medical	\$	Vision	\$	
Dental	\$	Prescription	\$	
Long-Term Care	\$	Disability	\$	
Mortgage	\$			
			Total per month	\$

HEALTHCARE

Co-pays	\$	Medical/Dental	\$	
Medications	\$	Glasses/Contacts	\$	
Other	\$			
			Total per month	\$

FOOD

Groceries	\$	Dining Out/Delivery	\$	
Other	\$			
			Total per month	\$

PERSONAL/ CLOTHING

Hair Dresser/Barber	\$	Pet Related	\$	
New Clothing	\$	Dry Cleaning	\$	
Other	\$			
			Total per month	\$

Needs (continued)

CHILD EXPENSES

Child/Day Care	\$	Education	\$	
Allowances	\$	Alimony/Support	\$	
Other	\$			
			Total per month	\$

SAVINGS

Investments	\$	Retirement Plans	\$	
Education	\$	Emergency Savings	\$	
Other	\$			
			Total per month	\$

DEBT PAYMENTS

Credit Cards	\$	Personal Loans	\$	
Home Equity Loans/ Lines of Credit	\$	Other	\$	
			Total per month	\$

OTHER

Did we leave something out? List it here.

Other:	\$	Other:	\$	
Other:	\$	Other:	\$	
			Total per month	\$

Wants

List all of your expected retirement wants and wishes as monthly, after-tax amounts.

HOBBIES

Activity Fees	\$	Club or Gym Membership	\$	
Sports Equipment	\$	Crafts	\$	
Gardening	\$	Collections	\$	
Other	\$			
			Total per month	\$

ENTERTAINMENT

Movies	\$	Concerts	\$	
Sporting Events	\$	Entertaining Guests	\$	
Gambling/Lottery	\$	Other	\$	
			Total per month	\$

TRAVEL

Airfare	\$	Hotel	\$	
Meals	\$	Tips	\$	
Ground Transportation	\$	Events/Excursions	\$	
Souvenirs	\$	Other	\$	
			Total per month	\$

LUXURY

Vacation Home	\$	Boat/RV	\$	
Jewelry	\$	Electronics	\$	
Vacations	\$	Other	\$	
			Total per month	\$

Wants (continued)

LESSONS OR CLASSES

Fitness/Exercise	\$	Golf	\$
Special Interests	\$	Dance	\$
Cooking	\$	College Courses	\$
Other	\$		
Total per month			\$

EDUCATION

Tuition	\$	Books/Supplies	\$
Room and Board	\$	Other	\$
Total per month			\$

HOME IMPROVEMENT

Housecleaning	\$	Trash Removal	\$
Snow Removal	\$	Pest Control	\$
Pool/Hot Tub Care	\$	Appliance Repairs/ Replacements	\$
Redecorating/ Renovations	\$	Lawn Care/ Landscaping	\$
Other	\$		
Total per month			\$

GIFT CONTRIBUTIONS

Church	\$	Birthdays	\$
Weddings	\$	Holiday Gifts	\$
Charities	\$	Fundraisers	\$
Special Interest Groups	\$	Other	\$
Total per month			\$

Wants (continued)

PROFESSIONAL

Accountant	\$	Therapist	\$	
Lawyer	\$	Financial Advisor	\$	
Personal Trainer	\$	Other	\$	
			Total per month	\$

OTHER

Did we leave something out? List it here.

Other:	\$	Other:	\$	
Other:	\$	Other:	\$	
			Total per month	\$

Wishes

Here, you should document information about the assets you don't intend to use for your retirement expenses and would like to pass along to family or charity. List these expenses as one-time, lump-sum dollar amounts.

FUNERAL EXPENSES

Funeral Home Services	\$	Casket/Vault	\$
Cemetery/Mausoleum or Crypt Space	\$	Cremation Services	\$
Headstone	\$	Flowers	\$
Clergy	\$	Other	\$
Total per month			\$

GIFTS TO FAMILY AND FRIENDS

Children	\$	Education Expenses	\$
Grandchildren	\$	Friends	\$
Trusts	\$	Other	\$
Total per month			\$

CHARITABLE CONTRIBUTIONS

Endowments	\$	Scholarships	\$
Foundations	\$	Building Funds	\$
Special Projects	\$	General Gifts	\$
Other	\$		
Total per month			\$

OTHER

Did we leave something out? List it here.

Other:	\$	Other:	\$
Other:	\$	Other:	\$
Total per month			\$

Retirement Income Summary

Now that you've documented the details of your retirement income needs, let's create a high level summary. This summary can provide a starting point for conversation with your financial advisor.

**TOTAL EXPECTED
RETIREMENT INCOME**
(from page 4)

Total per month \$

**TOTAL RETIREMENT
ASSETS**
(from page 4)

Total per month \$

**TOTAL RETIREMENT
NEEDS**
(from pages 5-7)

Total per month \$

**TOTAL RETIREMENT
WANTS**
(from pages 8-10)

Total per month \$

**TOTAL RETIREMENT
WISHES**
(from page 11)

Total per month \$

Remember, creating your retirement income budget is only the first step in designing a comprehensive retirement income strategy. Make sure to talk in detail with your financial advisor about investment strategies and products that may be appropriate for your needs and plan to meet with them at least annually for a review.

STIFEL

Investment Services Since 1890

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