Income Planning for Clients Nearing Retirement is a self-paced, educational program for advisors. The overall program includes nine modules that cover the why, what and how of income planning. Each module also includes information on resources available to help you engage clients in the income planning process. The program is for you to review on demand and at your own pace.

You are about to begin Module 9, *Tying It All Together*, which should take you approximately 30 minutes.

While this module does not qualify for continuing education (CE) credits, it will help reinforce all the concepts presented throughout this program.
Module 9: Tying it All Together

Income Planning for Clients Nearing Retirement
Why focus on retirement income planning?

- Gather assets and strengthen relationships—The period before retirement is when clients begin to consolidate assets as well as advisors, and they are looking for someone who can help them through retirement
- Clients are confused and stifled by inertia, and many have not updated their retirement plans since the 2008 financial crisis
- Clients lack awareness of new and different risks associated with the distribution or decumulation phase of retirement
- Individuals intuitively understand the value of and want help creating integrated retirement income plans
There are multiple planning strategies, including systematic withdrawal plans, time-segmented portfolio allocations and hybrid or income floor approaches.

Familiarize yourself with these strategies—understanding the unique benefits and potential shortcomings of each strategy.

Help clients choose the strategy or combination of strategies appropriate for their goals and objectives.
Take inventory of all assets and income:

- Understand potential income streams
- Consider consolidating assets in fewer accounts

- When creating a budget, consider:
  - Legacy objectives
  - Discretionary versus nondiscretionary expenses
  - Impact of inflation on income
  - Impact of health care costs

Your clients should also evaluate their debt, with the aim of reducing or eliminating it by retirement. One way to reduce debt is to help clients use the investments in their taxable brokerage accounts as collateral for a line-of-credit with an attractive interest rate. Because the line-of-credit is secured, the interest rate may be lower than rates on standard unsecured bank loans or credit cards. As a result, the client may be able to pay off debts sooner or carve out more disposable income for investment.

As always, your clients should contact their tax or legal advisors before pursuing any of these strategies.
Social Security is a cornerstone of retirement income for most Americans, yet it remains an enigma to most.

Familiarize yourself with basic Social Security rules—understand how you can present a more holistic, client-focused view of retirement income planning.

To optimize Social Security benefits, clients should consider:

• Implications of various benefit start dates
• Possible reduction of benefits due to working while receiving benefits
• Advanced claiming strategies, if married
Now is the time to help clients better understand various investments and insurance products that may be appropriate for pursuing various strategies in retirement, consider:

- Employing traditional investments such as stock, bonds and mutual funds
- Including products that contractually guarantee income withdrawals (keep in mind that guarantees apply to certain insurance and annuity products—not securities, variable or investment advisory products—and are subject to product terms, exclusions and limitations and the insurer’s claims paying ability and financial strength)
- Using alternative investments to provide income while having low correlations with traditional asset classes
- Using securities lending to generate additional retirement income
- Reviewing asset allocation—depending on withdrawal strategy, a client’s asset allocation may need to be adjusted for continued growth or liquidity needs

Mutual funds may not be available in all jurisdictions. Your clients should consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investment company. Contact your financial organization for a prospectus. Clients should read the prospectus carefully before investing.

Please note that investing in alternative investments is not suitable for all clients. These investments are intended for investors who are willing to sustain the risks associated with these investments. Alternative investments often engage in leveraging and other speculative investment practices that may increase the risk of loss, can be highly illiquid and often charge high fees.
There are many creative options for generating retirement income including:

- Using real estate to generate rental income
- 1031 exchanges, where one piece of investment property is exchanged for another of equal or greater value to potentially defer taxes, provided certain requirements are met
- Charitable remainder trusts, which can be used to generate income while your client is alive and leave the remaining assets to charity
- Reverse mortgages, which are a growing trend
- Cashing in life insurance policies, which may not be needed in families where the children are grown—providing an additional source of funds to pay living expenses in retirement

As always, your clients should contact their tax or legal advisors before pursuing any of these options.
To optimize tax-qualified retirement savings, clients should generally:

- Diversify tax risk by considering a Roth IRA conversion
- Try to avoid penalties for early withdrawals
- Leverage special tax options if appropriate, such as substantially periodic payments
- Maximize tax advantages through contributions and catch-up contributions

Common strategies include:

- Roth IRA conversion, including partial conversions
- Substantially equal periodic payments for clients who want to retire early or start a new business
- Taking advantage of net unrealized appreciation for clients who own employer stock in their employer-sponsored retirement plans
- Stretch IRA strategies for clients who do not need their IRA assets to cover retirement costs during their lifetime and want to leave a legacy for their beneficiaries
- Qualified Longevity Annuity Contracts (QLACs) to help reduce both required minimum distributions (RMDs) and longevity risk

As always, your clients should contact their tax or legal advisors before pursuing any of these strategies.
Your business planning process should include the following activities:

- Examine your current client base, looking for triggers for retirement income planning
- Develop communications and outreach campaigns for existing target clients
- Create prospecting campaigns for new client lead generation, such as seminars or through new relationships with lawyers, accountants and other advisors in your area
Pershing's Retirement Income program includes integrated marketing resources to help you take action to turn learning into opportunity. Links to materials and external resources relating to each module can be found on the campaign landing page and within each module. Materials include a “Retirement Planning for Every Stage of Life” Seminar kit for clients that covers many of the same topics as the Retirement Income program.

In addition, we also encourage you to visit Pershing’s other Retirement Programs: IRAs and Rollovers, and Small Business Retirement Plans.
Pershing’s Retirement Essentials in an interactive on the go tool optimized for tablets that allows you to research retirement plan specifics, compare and help select plans for your clients. Visit retirementpowerplay.com/essentials.
Printed client-use materials, including the Retirement Essentials Pocket Guide can be ordered through the Marketing Center under Resources in NetX360. Calculators that generate client-ready reports are under the Retirement Center under Tools.

For specific Pershing retirement product and regulatory information, visit Resources under Financial Solutions and Retirement.
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