The Concorde Isn’t the Only Retired Boomer

On April 10, 2003, nearly 14 years ago, Air France and British Airways announced they would retire Concorde, a plane sometimes referred to as a “Boomer.” Seems like yesterday, doesn’t it? Another group of Boomers facing retirement has seen time disappear just as quickly – the leading edge of the Baby Boomer generation began reaching retirement age in 2011, and on January 1, 2016 the first of the Boomers turned 70. The last of the post-WWII generation will turn 65 in 2029, just 12 years from now. Since 2011, IRI has conducted an annual survey of the Baby Boomer generation, examining their retirement preparedness, confidence, expectations, and risk awareness. The survey has also sought to gain insight into the actions Boomers have taken, both positive and negative, that will impact their retirement experience. This year, as in most prior years, the resulting research depicts a generation of Americans moving inexorably beyond their earned income years into a retirement fraught with uncertainty, millions of them with limited savings and a poor understanding of the cost of retirement. Now more than ever, they are in dire need of financial professionals to help them optimize their sources of income, and ensure their financial resources last as long as they do.

Preparedness

Boomers, by and large, are simply not prepared for retirement. Only 54 percent have any retirement savings, and of the 46 percent who have, 39 percent have saved less than $100,000. About one-third have saved $250,000 or more, and about 30 percent have saved between $100,000 and $250,000. Further, only 25 percent expect pension income in addition to Social Security. Sixty percent of Boomers believe they will have enough retirement income to pay for their basic expenses, including medical costs, and have enough left over for at least some travel and leisure activities. However, based on the lifetime income their savings can

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A variable annuity is a long-term investment designed for retirement purposes. Investment returns and the principal value of an investment will fluctuate so that an investor's units, when redeemed, may be worth more or less than the original investment. Withdrawals or surrenders may be subject to contingent deferred sales charges.

An excess withdrawal occurs when your cumulative Lifetime Withdrawals exceed the income amount allowed by the product or living benefit in an annuity year. If an excess withdrawal is taken, only the portion of the Lifetime Withdrawal that exceeds the remaining income amount for that year will proportionally reduce the guarantee for future years. If a withdrawal in excess of the income amount reduces the account value to zero, no further amount would be payable and the contract terminates.

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potentially generate, most Boomers face an annual retirement income shortfall of between $3,864 and $12,072 — and that is before accounting for an emergency fund, Medicare premiums deducted from Social Security, and the potential out-of-pocket health care and long-term care costs someone retiring today can expect to incur over a 20, 25, or 30-year retirement. These disconnects between financial resources and expectations put those with meaningful, but far from inexhaustible, savings and no pensions in a position to greatly benefit from the assistance of financial professionals.

Key Learning: Optimizing sources of guaranteed income like Social Security and pensions, and efficiently converting limited savings into lifetime income, are critical elements of retirement success for under-saved Boomers. Most will need guidance to take these important steps.

Confidence
As one might expect, Boomers are not an optimistic lot when it comes to retirement. Only 23 percent of Boomers are confident their savings will last them throughout retirement, despite their lifestyle expectations, or believe that they have done a good job preparing for retirement. Fewer than one-third believe they will have enough money for health care expenses, only 16 percent think they will be able to afford long-term care services, and almost seven in 10 believe they will be financially worse off than their parents during retirement. Unsurprisingly, only four in 10 have tried to figure out how much they need to save in order to retire. Lack of confidence can lead to poor financial decision making, for example converting investable assets to cash after a market downturn to preserve capital, missing out on a subsequent upturn and limiting the ability of assets and income to keep pace with inflation. Conversely, 85 percent of Boomers with financial advisors say they are better prepared for retirement due to that relationship.

Key Learning: Financial advisors can build retirement plans for Boomers that consider expenses, income, and the risks they face, giving them the confidence to weather financial storms.

Expectations
Boomers have many misconceptions about their potential income, and the expenses they can expect to face during retirement. One in four Boomers think they will need annual income of $25,000 or less during retirement, while current households age 65-74 spend almost $45,000 a year (Bureau of Labor Statistics, 2015). More worrisome, 82 percent underestimate the percentage of their income that may be required to pay for out-of-pocket health care and long-term care costs — costs which are expected to rise 5.1 percent annually for the next 20 years, as compared to the current 0.7 percent general inflation rate (HealthView Services, 2016).

Health currently consumes more than 30 percent of the budgets of Americans age 60 and older, yet one-third of Boomers believe they will make up less than 10 percent. Boomers also expect that if their expenses overwhelm their budgets and they exhaust their financial resources during retirement, that they will simply “downsize to live solely on Social Security.” Boomers are quite unaware that Medicare and out-of-pocket health care costs alone may consume their entire Social Security benefit at some point in the future.

Key Learning: Helping Boomers set the right expectations for their retirement years is a significant value-add financial advisors can provide. Understanding the potential trajectories of expenses can help ensure Boomers do not overspend in the early years of retirement, possibly...
facing impoverishment or becoming a burden on family in their later years.

Risk Awareness
Despite their lack of understanding regarding the costs associated with retirement risks such as longevity and running out of money, and health care and long-term care, most Boomers are at least aware of and concerned about these risks. Sixty-eight percent of Boomers are concerned that their Social Security income will be reduced when they in their 80s and older, 58 percent are concerned about health care costs, 55 percent about high inflation, and 53 percent about running out of money.

Key Learning: Boomers should be receptive to solutions designed to mitigate risks that already concern them. Medigap insurance, long-term care coverage, lifetime income solutions, and expense budgeting should all be in the arsenal of advisors developing retirement plans for Boomer clients.

Whence Comes Income
By and large, Boomers have not done much to set up regular income from their defined contribution plans (the largest pool of savings, for those that have savings at all), or even taken steps to understand their options. Only one in five have learned about their distribution options or consulted a financial professional, only 15 percent have completed an IRA rollover, and only 6 percent have sought information about transferring their plan balance to an IRA. And in perhaps the most significant disconnect of all, 85 percent of Boomers believe they will need a source of guaranteed lifetime in addition to Social Security, but only 8 percent say they would use a portion of their defined contribution plan balance to purchase a lifetime income annuity.

Key Learning: Boomers are not connecting the dots between their 401(k) plans and their need for secure, lifetime income. They know they need the income, but they don’t understand that an annuity is the solution that can provide it. Financial advisors can help Boomers understand that the solutions they want exist, they need but be open to understanding how they work.

Conclusion
Financial professionals are especially essential for the retirement success of Boomers with deployable, but not inexhaustible, savings – that is, enough savings to generate meaningful income, but not enough to be cavalier about retirement risks. IRI research shows that while only 54 percent of all Boomers have retirement savings, 91 percent of those with financial advisors have saved. Further, 75 percent of Boomers with savings who use financial advisors have saved more than $100,000, versus only one-half of those without advisors. Given that only 26 percent of Boomers have consulted a financial professional, but 40 percent think financial professionals are essential for selecting investment and insurance products, creating a financial plan for retirement, and planning for health care and long-term care, there is much opportunity for advisors, and much work to be done.

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April 3-7
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As consumer preferences about financial planning change, there is a greater need for straightforward fees and education around the solutions used to help achieve financial goals. As part of this, advisors are assessing how they approach their clients and the solutions they offer, and the marketplace as a whole will continue to evolve as it adapts to a new way of thinking about retirement income planning.

Our industry is always evolving and one thing will always be certain—serving in the best interest of clients is paramount. Consumers are only able to determine what is in their best interest when presented with all available solutions to help meet their specific financial planning needs—regardless of whether those products utilize a fee-based or commission-based compensation model. Since financial planning isn’t one-size-fits-all, both models can be in a client’s best interest and each client’s situation should be assessed independently, accounting for individual savings preferences, risk tolerance levels and perceived consumer value. When clients have control in choosing what services work best for their own interests, they feel empowered in playing a leading role in planning their financial future.

Today’s insurers are providing a depth and breadth of solutions that are keeping pace with the evolving needs and preferences of consumers—offering both fee- and commission-based arrangements to help solve for clients’ retirement income challenges. These solutions are providing consumers with greater choice and flexibility as they explore ways to help secure a guaranteed source of lifetime income in retirement.

Keeping the big picture in sight
Americans could once plan for retirement income by simply relying on a foundation comprised of Social Security, company pensions and personal savings. Today, this foundation is challenged as there is a 50% chance that retirees will outlive their assets, and the majority of pre-retirees acknowledge that Social Security and pensions will not cover basic living expenses. Saver concerns have shifted to financial product benefits, and how these benefits will help them achieve their retirement income goals.

Guaranteed lifetime income solutions, like annuities, are important for helping savers achieve their retirement income objectives, and can help bridge the gap between retirement savings and income needs in retirement. In fact, 83% of individual annuity owners say they believe annuities are an important source of retirement security. The benefits these products offer are vastly different from other financial products, like mutual funds, and can provide savers with valuable tax benefits and a known source of income they can’t outlive.

But choosing the right type of annuity is a critical part of this process. The selection should be based on an informed conversation between the

“When clients have control in choosing what services work best for their own interests, they feel empowered in playing a leading role in planning their financial future.”

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Questions of Compensation

Based on the size of an investor’s portfolio, plans for transactional activity, and level of asset self-management, there are definitive benefits for clients in choosing either a fee- or commission-based model for advisor compensation.

When fee-based makes sense

Clients who seek ongoing advice or anticipate frequent changes to their portfolio may be well-suited to work with a fee-based advisor. Regular transactional activity requires more monitoring and insight-sharing, so a known flat rate or fixed percentage can help consumers control costs while still receiving recurring financial guidance. Fee-based solutions address concerns about product cost, allowing consumers to stay focused on what matters most to them—how the selected solution will solve for their financial needs.

When commissions make sense

If clients don’t anticipate regular transactions, commission-based advising can be a more appropriate approach. In this arrangement, consumers pay a larger amount up front, accounting for administration, investment and product education and advice. The alternative would be paying on an ongoing basis—such as in a fee-based compensation model. Commissions for long-term, buy-and-hold investments, like annuities, can be particularly compelling to retirement savers—less account monitoring is needed and clients are limiting their financial contributions to advisors. In fact, while advisors report that 65 percent of their revenue is from asset-based fees, investors still favor commission-based fee structure. 44 percent of investors prefer commission-based advising, compared to 33 percent favoring asset-based fees—underscoring the importance of client choice (Cerulli 2016).

A commission-based model is appropriately designed to align with an extended upfront advice cycle. Long-term, buy-and-hold investments require advisors to spend a significant amount of time with clients upfront when addressing the education and product selection involved with retirement income planning.

Offering choice and building trust

The industry as a whole has an incredible opportunity to implement an elevated standard of client care through transparency in conversations with clients as the decision is made to opt for a fee- or commission-based advice model. The Department of Labor acknowledged in the final rule that commissions and fees can both be in the best interest of clients. This is particularly true when these solutions are paired with unbiased advice and the determination to empower the client in making their own decisions that are in their best interest.
determine what’s in their best interest when it comes to retirement income planning, those clients will feel empowered and the advisor/client relationship will be strengthened. Trust is the foundation for a strong relationship and the determining factor in the future of the relationship.

Know your client. Understanding the full breadth of a client’s financial situation and objectives for the future is a critical first step. In knowing a client’s past history, current circumstance and future goals, advisors can analyze the various pathways for their consideration, educate them on their options, and empower them to make a choice that’s right for their needs.

Be transparent. Alongside financial planning options, it’s equally important to openly disclose details on compensation. Being upfront about the financial benefits to advising will enable advisors to mitigate and even avoid potential conflicts of interest. Clients may appreciate the honesty and authentic trust in the relationship, and will feel confident in their decision, knowing that they’re well-informed.

Be objective. No matter where advisors are in their relationship with a client, they should always remain focused on offering unbiased advice on what may work best for clients. Investors may be inclined to work with an advisor they know they can rely on, regardless of the compensation model.

Establishing trust with investors can also lead to an extension of the relationship beyond retirement planning, growing income potential for advisors in the long-run. Advisors have an opportunity to more openly lead the conversation around retirement planning options with clients, and it all starts with transparency. Transparency leads to trust. Trust leads to choice. And choice ultimately empowers clients to determine the option that’s in their own best interest.

The views expressed are those of the author as of the date specified, are subject to change and may differ from those of the firm as a whole. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. All data referenced are from sources believed to be reliable but cannot be guaranteed.

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For long-term buy and hold investments like annuities, commission-based arrangements may make sense. Source: Providing Retirement Security for Americans, Lincoln Financial Group 2015

Fees for advice are not always the best solution for long-term investments

Cumulative Advisor Compensation

- $30,000
- $11,750
- $4,500
- $1,000

$0 5 10 15 20 25 30

$100,000 investment product 4.5% annual compensation
$0,000 investment product $0.25% ongoing

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Less Tax, More Income: The QLAC Advantage

Todd Taylor, Corporate Vice President & Actuary, Retail Annuities, New York Life

For some people, the prospect of having to start withdrawing required minimum distributions (RMDs) from their IRAs and other qualified accounts soon after they reach age 70 ½ can be a bothersome undertaking. In addition to the administrative aspect of taking withdrawals, the fact that distributions are taxable, leaves some people wishing they didn't have to start receiving this money at all. The answer for these people, and many others who are concerned about outliving their assets, may be found in something called a QLAC.

Qualifying longevity annuity contracts, or QLACs, are deferred income annuities that allow defined contribution (DC) plan participants and individual retirement account (IRA) holders to defer a portion of their RMDs, and therefore the taxes that must be paid on those distributions, up to age 85. The new rules, issued by the U.S. Treasury department in 2014, allow for a maximum QLAC purchase of $125,000 or 25% of qualified funds, whichever amount is less. The Treasury Department noted that these products "provide a cost-effective solution for retirees willing to use part of their savings to protect against outliving the rest of their assets, and can also help them avoid overcompensating by unnecessarily limiting their spending in retirement."¹

There are two important advantages to QLACs: (1) they allow retirees to defer taxes paid on a portion of RMDs up to age 85, allowing for further tax-deferral only available through a QLAC; and (2) they are a cost effective source of longevity protection that pays guaranteed income for life.

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The Value of Tax Deferral is Significant

Retirees approaching age 70% with IRA assets must consider whether or not they need their full RMD amount now, or if they prefer to receive a portion of those distributions at some point in the future. This is important because money withdrawn from qualified accounts is treated as taxable income. If the full RMD is not needed in the short-term, the tax savings associated with delaying a portion of these distributions can be significant. Figure 1 shows that a 70 year old retiree in a 28% marginal tax bracket with $500,000 of IRA assets would pay roughly $117,000 of taxes on RMDs between ages 70 and 85 (assuming 5% annual net returns). If this retiree were to instead put 25% of the IRA balance into a QLAC at age 70, he/she would be projected to pay roughly $87,000 in taxes over the same period – a $30,000, or 33%, reduction. Tax payments will increase, however, once QLAC payments begin at age 85.

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Retirees must also consider what they will do with RMDs that are not earmarked for expenses or other financial needs. If a retiree in this situation reinvests the unneeded RMDs in a taxable account, the retiree will subsequently have to pay tax on capital gains when the investments are sold in the future. The situation could become more unfavorable if the proceeds are invested in a corporate bond portfolio or some other asset class that is tax inefficient.

QLACs Are a Cost Effective Source of Longevity Protection

In addition to providing RMD tax deferral, QLACs are also a cost effective source of longevity protection. While no one knows how long they will ultimately live, retirees must prepare for the possibility of living 30+ years in retirement. QLACs are longevity annuities that help mitigate the risk of running out of money by providing a pension-like source of guaranteed lifetime income that can begin as late as age 85.

In analyzing QLACs, we compare them to longer duration bonds, given that income annuities may be viewed as fixed-income alternatives in retirement portfolios. Also, retirees are sometimes advised to allocate a larger share of their bond holdings to qualified accounts because of the tax-inefficient nature of bonds. Income annuity cash flows are higher than cash flows you might receive from a portfolio of fixed-income assets of similar credit quality because annuities distribute “mortality credits.” This means that payments to policyholders who live past their life expectancy are enhanced by the principal of those who pass away sooner than expected.

Based on current payout rates from New York Life’s Guaranteed Future Income Annuity (“GFIA”), a 70 year old male who purchases a $125,000 inflation-adjusted QLAC² can expect to receive roughly $556,000 of pre-tax income between the ages of 85 and 100. To fund that level of guaranteed spending from a bond portfolio earning 5% annual net total returns, a retiree would have to set aside roughly $186,000 at age 70 – or 49% more.

We used 5% returns for this initial analysis given that the historical rates of total return on bond portfolios dating back to 1871 have averaged 4.9%. If we lower our return assumptions to 4% (which seems reasonable given the current macroeconomic environment and the fact we are using net rates of total return that are inclusive of investment management fees), the initial required investment jumps to $230,000, or $105,000 (84%) more than the QLAC purchase. It is important to note that future GFIA payout rates may be higher or lower, and lower rates will reduce the impact of the QLAC in a portfolio.

Another point to note is that QLACs are available with a Cash Refund payout option. This ensures that the total amount put into the QLAC will be paid out, either as retirement payments to the owner, or as payments to the beneficiaries if the owner dies before receiving payments equaling the premiums paid. This option provides comfort to those concerned about deferring income until later in life.

Conclusion

For individuals approaching age 70½ with IRA assets, purchasing a QLAC is a valuable strategy if the entire RMD is not needed to fund short-term expenses. Our research shows that purchasing a QLAC before the commencement of RMDs reduces the tax bill before annuity income payments begin, while also serving as a cost effective source of longevity protection. The combination of tax efficiency and guaranteed lifetime income provided by QLACs ultimately can support higher, more confident spending in retirement.

Before rolling over the proceeds of your retirement plan to an Individual Retirement Account (IRA) or annuity, consider whether you would benefit from other possible options such as leaving the funds in your existing plan or transferring them into a new employer’s plan. You should consider the specific terms and rules that relate to each option including: the available investment options, applicable fees and expenses, the services offered, the withdrawal options, the potential flexibility around taking IRS required minimum distributions from the option, tax consequences of withdrawals and of removing shares of employer stock from your plan, possible protection from creditors and legal judgments and your unique situation. Neither New York Life Insurance Company nor its agents provide tax or legal advice. Consult your own tax and or legal advisors regarding your particular situation.

The Guaranteed Future Income Annuity (GFI) is issued by New York Life Insurance and Annuity Corporation, a wholly owned subsidiary of New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010. All guarantees are dependent on the claims-paying ability of New York Life Insurance and Annuity Corporation (NYLIA). Available in jurisdictions where approved. For most jurisdictions, the policy form number for the New York Life Guaranteed future Income Annuity is ICC11-P100; it may be 211-P100, and state variations may apply. ³https://www.dol.gov/sites/default/files/ebsa/researchers/analysis/retirement/innovations-and-trends-in-annuities.pdf

² The annuity used in this example is a Guaranteed Future Income Annuity (GFIA) that is designated as a QLAC for tax purposes with a Life with Cash Refund payment option and 2% Annual Increase rider. Rates as of 01/04/17. Future payout rates may be higher or lower. Lower rates will reduce the impact of the QLAC in a portfolio.

³ http://www.econ.yale.edu/~shiller/data.htm Past performance is not a guarantee of future returns. SMRU1726147
BALANCE IS KEY TO HELPING BUILD FINANCIAL CONFIDENCE

Tips to help clients tackle their biggest financial concerns

CONCERN #1

47%*

BEING READY FOR RETIREMENT

✓ Joining a workplace retirement plan or opening an IRA
✓ Maximizing the company match, if available
✓ Set a goal of saving
✓ Increasing savings by 1% of pay each year

CONCERN #2

44%*

HAVING ENOUGH FOR DAILY LIVING EXPENSES

✓ Set a budget and stick to it
✓ Make a plan to reduce debt
✓ Balance paying down debt with saving

CONCERN #3

39%*

COVERING UNEXPECTED EXPENSES

✓ Set up an emergency fund
✓ Review insurance policies

The percentages represent the number of respondents who selected each as one of their biggest money concerns.

Taking small but significant steps today to tackle each financial concern simultaneously, can help prepare your clients for a more confident tomorrow.
Retirement can seem like a very distant destination early in your client’s working years. But as they age that once distant destination starts to become more and more real. As they enter their 50s they can really start to think about how much they have saved and how that will translate into retirement income. They can also start to better understand the idea of allocating part of their retirement nest egg to guaranteed income based on their calculation of how much pension income and Social Security they will receive. Also critical during this final phase of working is understanding the key retirement milestones and how these milestones will impact their ability to retire.

The following are the critical retirement milestone ages:

**Age 55**
If your client is fortunate enough to consider the possibility of an early retirement, attaining age 55 is a critical date since they can start withdrawing from their 401(k) without the application of the 10% penalty tax applicable to premature plan distributions. This exception from the general applicability of the penalty tax, however, depends on their retiring from the company sponsoring their 401(k) plan during or after the year they reach age 55. They cannot continue to work at the company and decide they want to start using their 401(k) assets at age 55. In that circumstance the 10% penalty tax will still apply.

**Age 59 ½**
At age 59 ½ individuals are no longer subject to the 10% penalty tax for premature withdrawals on all of their retirement assets, such as their IRAs, 401(k) or annuities. Therefore, for many this is really the earliest that one can consider retirement as a possibility. Of course, retirement at age 59 ½ will increase the length of one’s retirement and the risk that they will outlive their assets.

**Age 62**
At age 62 individuals become eligible for a reduced Social Security benefit. In terms of managing guaranteed income for retirement, in general they will be better served to not start taking Social Security at such a young age since the benefit will continue to grow. Only those with a shortened life expectancy should consider starting Social Security benefits at this age. And even someone with a shortened life expectancy might consider delaying benefits if married, since turning on benefits early will reduce a surviving lower-earning spouse’s benefit. Unfortunately, the reality is many individuals do turn on their benefits at age 62, either because they have not saved enough for retirement or because they want to start getting money back from the system they have contributed to over the years.

**Age 65**
Age 65 is a critical year for considering retirement since individuals will become eligible for Medicare. Prior to age 65

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retirement requires them to consider the cost of paying for their own health care insurance, which can be a very costly proposition. This health care analysis gets more complicated if they have a spouse who is not working and has not attained age 65 when they do, since they will need to consider the cost of health insurance for that spouse until he or she attains age 65. While the Affordable Care Act has helped ensure that they can obtain health insurance regardless of their medical condition, the cost of such health insurance remains a significant deterrent to those considering retiring before Medicare eligibility. Also, as this is written, Congress is planning to repeal and replace the ACA, and they will need to understand the replacement plan and how that impacts health care planning for those who are not Medicare eligible.

Age 66-67
At this age individuals will become eligible for full Social Security benefit payments, and not the reduced payment they can take at age 62. The full retirement age has been raised over time and varies depending on their year of birth. For those born from 1943 through 1954 age 66 is the full retirement age. For those born in 1955 through 1959 the full retirement age is 66 plus 2 months for each year. For example, someone born in 1955 has a full retirement age of 66 and 2 months, and someone born in 1958 has a full retirement age of 66 and 8 months. For those born in 1960 or later the full retirement age is 67. Bear in mind that while attaining the full retirement age allows one to take an unreduced Social Security benefit, it does not maximize the benefit payment.

Age 70 ½
At age 70 ½ individuals must start taking Required Minimum Distributions, or RMDs, from their retirement assets such as a 401(k) or IRA. Their RMD amount is determined by an IRS table, which effectively requires them to take an increasing percentage of their assets. The idea is that they will be forced to liquidate their account gradually over their lifetime. For example, at age 71 the table requires them to take out around 3.77% of their account value, determined on December 31st of the year prior to the RMD withdrawal. At age 80 they must take out around 5.35%. At age 90 they must take out around 8.77%. They have a choice for the year in which they attain 70 ½ to take their first RMD amount in that year or defer the distribution to before April 15 of the following year. Keep in mind that if your client defers this first RMD amount they will have to take two RMD amounts in the following year. They may want to consider carefully whether this makes sense since they could be increasing their overall tax liability.

RMDs are not required from a Roth IRA but are required from any funds they have in a Roth account in an employer plan. They may want to consider rolling funds, for example, from a Roth 401(k) to a Roth IRA, if they want to eliminate RMD requirements on these funds. They should know, however, that the time they have invested in the Roth 401(k) does not carry over to the 5 tax year period for income tax free withdrawals from a Roth IRA. So if that is part of their future strategy, they may want to open a Roth IRA ahead of time to start the 5 tax year clock running, which could include making a Roth IRA contribution or converting some traditional account assets to a Roth IRA. Once the 5 year clock has run it applies to all future contributions, even if a particular contribution has not been in the account for 5 years.

The above analysis of retirement milestone ages highlights the importance of delaying their retirement as long as they can. Delaying retirement ensures that they will not be subject to the 10% penalty tax on premature distributions from retirement plans and IRAs, that they will have affordable health care coverage under Medicare, and that they will maximize the Social Security lifetime benefit payment. Importantly, it also reduces the length of their retirement which, of course, increases the likelihood that they will be able to make their retirement assets last as long as they live.

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