



2019 MDRT Global Conference e-Handout Material

Title: Psychonomics of Retirement:
Redefining What You Have Learned

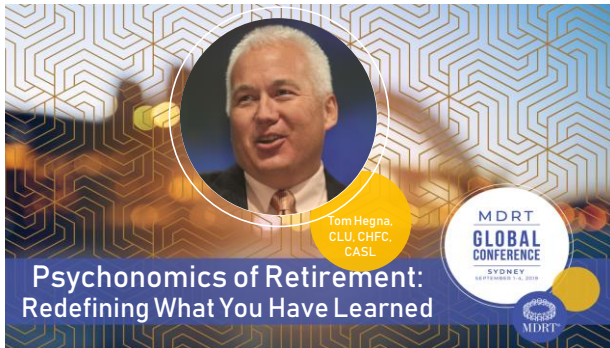
Speaker: Tom D. Hegna, CLU, ChFC

Presentation Date: Wednesday: September 4, 2019

Presentation Time: 10:00a.m. - 11:00a.m.

Session Room: ICC - Grand Ballroom B2

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7 STEPS TO RETIREMENT SECURITY

1. Have a PLAN for Retirement
2. Maximize Government Benefits
3. Consider a Hybrid Retirement
4. Protect your Savings from Inflation
5. Secure More Retirement Income
6. Have a Plan for Long Term Care
7. Use your Home Equity Wisely



**Facts Based on
Math and Science
From the TOP PhD's
and Economists
from around the
world.**

**Unfortunately, most
people don't base their
retirements on math and
science. They watch TV
and talk to their
friends....**



MISINFORMATION IS OUT THERE

**"I HATE Annuities,
And you should too."**

Ken Fisher
CEO, Fisher Investments
Let us tell
you why... **FREE**
Get 7-page Annuity Insights.
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FREE Download Now

FISHER INVESTMENTS

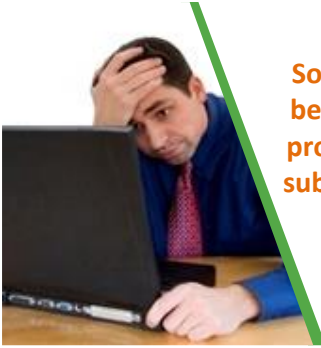


DAVE'S DAILY TIP

**You should only
buy low-cost
level term life
insurance.
Anything else is
a rip-off or
a gimmick.**

When to Buy Long-Term Care Insurance?

Dave suggests waiting until age 60 to buy long-term care insurance because the likelihood of you filing a claim before that age is slim. **Statistically, 89% of LTC claims are filed for people over age 70.**⁽⁴⁾ You may assume that you'll pay less if you buy your policy at age 50 and lock in a lower monthly premium instead of waiting until age 60 as Dave recommends. But Dave will never tell you to buy something based on how much the monthly payment is. That's what broke people do, right?



**So, many people have
been Psychonomically
programmed to have a
suboptimal retirement.**

"You will never be happy in retirement if you are constantly worried about your assets, the markets, and interest rates. Happiness requires that turn a portion of your assets into Guaranteed Lifetime Income! This income gives you the license spend your money and enjoy retirement."

"The odds of your home burning down are less than 3% - but everyone has homeowners insurance. The odds of totaling your car during your lifetime is 18% - but you have auto insurance. The odds you needing some form of Long-Term Care is 72% - yet you have no retirement plan for that. No retirement plan is complete without a plan for Long-Term Care."

"Here is the ultimate truth about life insurance: The ONLY policy that matters is the one in force on the day you die! Less than 2% of Term Policies ever pay a death claim. That does mean that term is bad, it just means that Term should NEVER be your ONLY policy."

**OK, so those are the
problems, what are the
SOLUTIONS?**

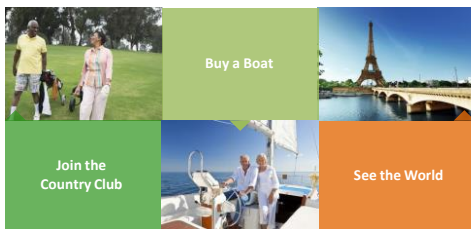
HAVE A PLAN AND WORK WITH A FINANCIAL PROFESSIONAL

TWO KEY QUESTIONS

1. What do I **NEED** my retirement income to do?
2. What do I **WANT** my retirement income to do?



IN RETIREMENT, YOU MAY WANT TO...



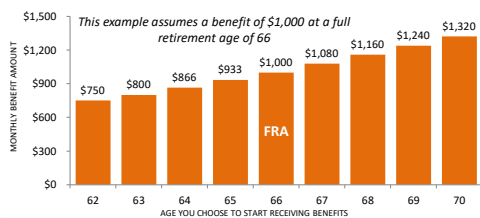


MAXIMIZE GOVERNMENT BENEFITS



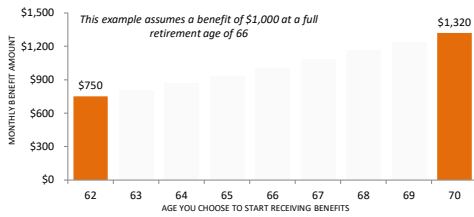
DIFFERENCE IN BENEFIT AMOUNTS

Monthly Benefit Amounts Differ Based on the Age You Decide to Start Receiving Benefits.



DIFFERENCE IN BENEFIT AMOUNTS

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GOVERNMENT BENEFIT CALCULATORS

RUN THE NUMBERS

We can run a detailed calculation in our one-on-one meeting



**WORK A LITTLE LONGER,
SAVE A LITTLE MORE**



BENEFITS OF A HYBRID RETIREMENT

- Increased earnings
- Increased savings
- Increased Social Security benefits

INVESTMENT SOLUTIONS | WHAT OTHERS ARE SAYING

"There's no saving you could possibly do that would affect your retirement resources as dramatically. You can change your savings rate from 6% to 26%, and it still wouldn't have as much power as working a few extra years. And if you save 1% more for your final 10 years of work, that would be equivalent to working about one month longer."

thinkAdvisor

Retirement Savings Mind Blower: Working 6 Months Longer Makes a Big Difference

By Jane Wollman Rusoff

October 2018

**PROTECT YOUR SAVINGS
FROM INFLATION**

RETIREMENT INCOME CONCERNS - INFLATION

Years From Now	Hypothetical Inflation Rate						
	0%	1%	2%	4%	6%	8%	10%
1	\$10,000	\$9,901	\$9,804	\$9,615	\$9,434	\$9,259	\$9,091
5	\$10,000	\$9,515	\$9,057	\$8,219	\$7,473	\$6,806	\$6,209
10	\$10,000	\$9,053	\$8,203	\$6,756	\$5,584	\$4,632	\$3,855
15	\$10,000	\$8,613	\$7,430	\$5,553	\$4,173	\$3,152	\$2,394
20	\$10,000	\$8,195	\$6,730	\$4,564	\$3,118	\$2,145	\$1,486
25	\$10,000	\$7,798	\$6,095	\$3,751	\$2,330	\$1,460	\$923
30	\$10,000	\$7,419	\$5,521	\$3,083	\$1,741	\$994	\$573
35	\$10,000	\$7,059	\$5,000	\$2,534	\$1,301	\$676	\$356

What might \$10,000 buy in the future?

SECURE MORE GUARANTEED INCOME



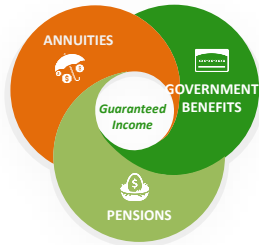
“Securing at least a base level of lifetime income should be every retiree’s priority - at least if they want to live happily ever after.”



Source: TIME magazine - Lifetime Income Stream Key to Retirement Happiness, July 2012

RETIREMENT INCOME

Sources of
Guaranteed Income
During Retirement



THE SUCCESS OF YOUR RETIREMENT IS REALLY NOT ABOUT YOUR ASSETS...

Assets can be lost, stolen,
swindled, sued, divorced
or decimated in a
market crash.



SUCCESS REALLY DEPENDS ON THE ANSWERS TO THESE TWO QUESTIONS

1. How much Guaranteed Lifetime Income do you have?
2. Have you taken the Key Retirement Risks off the table?



WHY DO YOU NEED TO SECURE GUARANTEED INCOME?

Longevity Risk

Deflation Risk

Market Risk

Withdrawal Rate Risk

Sequence of Returns Risk



Long Term Care Risk

Mortality Risk (Death)

Inflation Risk

Regulatory Risk

Taxation Risk

SO WHICH RISK IS #1?

Longevity Risk
is HANDS DOWN the
#1 Risk in Retirement!



Why? Because it
is NOT just a Risk.
It is a **RISK**
MULTIPLIER of
the other Risks!

HOW DO YOU TAKE LONGEVITY RISK OFF THE TABLE?



Traditional Investments such as Stocks, Mutual Funds, Managed Money, Real Estate, and CD's

CANNOT

Do It!

An Annuity with guaranteed lifetime
income **CAN** Do It!





WHAT IS A LIFETIME INCOME ANNUITY?

A personal "pension-like" stream of guaranteed lifetime income from a financial institution.

**A GUARANTEED
Paycheck for Life!**

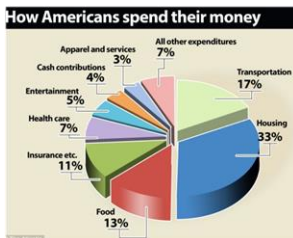
WE'VE TALKED ABOUT MATH, SCIENCE AND ECONOMICS, NOW LET ME TALK ABOUT PSYCHONOMICS



You got something from your company every 2 weeks. What was that called?

A Paycheck!

PSYCHONOMICS OF RETIREMENT



What did you do with most of that paycheck?

You SPENT it!

PSYCHONOMICS OF RETIREMENT



When was the last time you raided your retirement savings, or bank account, or brokerage account?

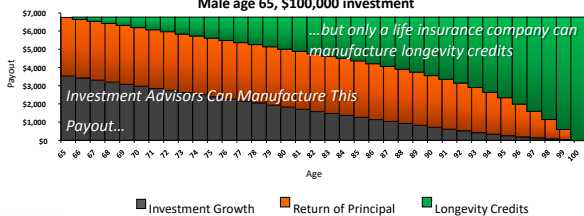
Oh we CAN'T do THAT! We have to save it, grow it, protect it, don't TOUCH it!

See, you have been Psychonomically programmed to NOT TOUCH your assets! Many of your friends will go to their graves NEVER touching their assets!

COMPONENTS OF LIFETIME INCOME PAYOUT

Lifetime income annuities deliver higher payouts because, in addition to distributing gains and principal, they subsidize those who die late with the capital of those who die early.

Components of Lifetime Income Payout
Male age 65, \$100,000 investment



HAPPY FACTOR



INVESTMENT SOLUTIONS | WHAT OTHERS ARE SAYING



THE WALL STREET JOURNAL
WSJ

The Secret to a Happier Retirement

By Jonathon Clements

July 27, 2005

INVESTMENT SOLUTIONS | WHAT OTHERS ARE SAYING

A new study in a land of grumps reveals that retirees with a guaranteed lifetime income stream can find true happiness.

“Securing at least a base level of lifetime income should be every retiree’s priority—at least if they want to live happily ever after.”

TIME

Lifetime Income Stream Key to Retirement Happiness

By Dan Kadlec

July 30, 2012

INVESTMENT SOLUTIONS | WHAT OTHERS ARE SAYING

Retirement satisfaction has steadily declined over the last decade.

Satisfaction is highest among those with high levels of wealth and income who are very healthy and annuitize their income.

Among retirees with similar wealth and health characteristics, those with annuitized incomes are happiest.

Annuities provide the biggest satisfaction boost to retirees with less wealth and those in poor health



**TOWERS
WATSON**

Annuities and Retirement Happiness

By Steve Nyce and Billie Jean Quade

September 2012

INVESTMENT SOLUTIONS | WHAT OTHERS ARE SAYING

“Research shows that people who buy annuities tend to live longer – and not just because they are the kind of people that have the money to buy annuities to start with. It’s apparently that little extra incentive of the annuity payout that keeps people going.”



How to Live Longer

By Stephen Dubner

January 2013

INVESTMENT SOLUTIONS | WHAT OTHERS ARE SAYING

“In the United States, a 65 year old male who purchases a life annuity can expect to live about 20 percent longer than a 65 year old male who does not.”

- Journal of Financial Service Professionals



Annuities and Moral Hazard: Can Longevity Insurance Increase Longevity?

By Patrick C. Tricker, JD, MSF

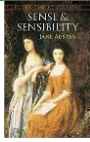
July 2018

INVESTMENT SOLUTIONS | WHAT OTHERS ARE SAYING

"If you observe, people always live forever when there is an annuity to be paid to them..."

The annuity is a very serious business; it comes over and over every year, and there is no getting rid of it."

Volume I, Chapter II



Sense and Sensibility

By Jane Austen

1811

PLAN FOR LONG TERM MEDICAL COSTS



THE 3 PHASES OF RETIREMENT

GO-GO YEARS



Early years with active lifestyle spent golfing, playing tennis, traveling, etc.

SLOW-GO YEARS



More passive stage in which you decide to let the pace of your lives slow down.

NO-GO YEARS



Failing health makes medical treatment and nursing care the defining characteristics.

USE YOUR HOME EQUITY WISELY



USE YOUR HOME EQUITY WISELY

- Sell the home and downsize
- Take a loan against the equity
- A reverse mortgage





7 STEPS TO RETIREMENT SECURITY

1. Have a PLAN
2. Work a little longer, save a little more
3. Cover your Basic Expenses with
Guaranteed Lifetime Income
4. Optimize the rest of your saving to
protect from Inflation
5. Maximize Your Governemnt Benefits
6. Have a Plan for Long Term Care
7. Use your Home Equity Wisely
And Use LIFE INSURANCE
to Transfer Wealth
