Plan for Living

A workbook for your retirement preparation

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Welcome to the rest of your life.

You've been saving for your retirement for years. Now it's time to start working out the details. It's time to learn about future costs and potential risks, create a plan for the future, and take action to put it all in place.

This Plan for Living workbook can help you do it, with a wealth of information on what to expect in retirement, worksheets to complete now, and questions to review with your financial professional.

Your Plan for Living should take approximately 45 minutes to read through and complete.

Know what could happen

STEP 1

A brief overview of life's "what ifs"

None of us knows what will happen in the future. But you can learn about what could happen, and take steps to prepare for issues that could impact your retirement lifestyle. **Before we start working on your plan, let's review three key priorities for working toward long-term financial security:**

1. Making sure your resources live a long time
2. Preparing for unexpected health-related expenses
3. Taking care of your loved ones

PRIORITY 1

Making sure your resources live a long time

Most of us want to live longer – but we do not want to outlive our finances. To create a plan for living comfortably in retirement, consider several factors.

Market volatility

If you've had money in the stock market during the past 15 years, you've probably had an unpredictable ride. The S&P 500® has been cut in half twice and yet has also grown by 21% in the same time period.[1] It is hard to predict what the market will do next – up, down or both.

While poor portfolio performance due to market volatility can diminish or even deplete retirement income and assets, it's especially concerning if it occurs within 10 years before or after retirement.

For example, if the market experiences a 20% drop, you will need a 25% gain to get back where you were before. You may not have the time to wait.

However, it is possible to create an income plan that can withstand the market's ups and downs (your financial professional can help).

Interest rate risk

In the past three decades, market conditions have made bonds an attractive place to invest. But even these investment vehicles have a level of risk involved. Traditional bond funds can lose value in a rising interest rate environment. That's because as new bonds are issued with higher rates, the value of existing lower-rate bonds goes down. If that happens, your existing bond funds could lose value, having a negative impact on how much you have to live on in retirement.[2]

[1] S&P 500® Daily Capital Index 01/03/00-06/30/14, excludes dividends, expenses, and taxes; past performance is not indicative of future results.

[2] While rising interest rates will affect the current price of a bond, a rise in interest rates will have no affect on the bond's value if the individual bond(s) is held to maturity. Bonds held to maturity receive 100% of their principal back.

Important Information Only a registered securities representative or an investment advisor representative is allowed to make recommendations to purchase or sell securities such as bond funds.

Longer life expectancy

Outliving your money is a distinct possibility. Modern science and healthcare means we are living longer in retirement. According to the Centers for Disease Control, the average life expectancy has steadily increased over time. Here's the challenge: having a strong enough retirement plan to enjoy a high standard of living throughout a long life.

Unexpected retirement

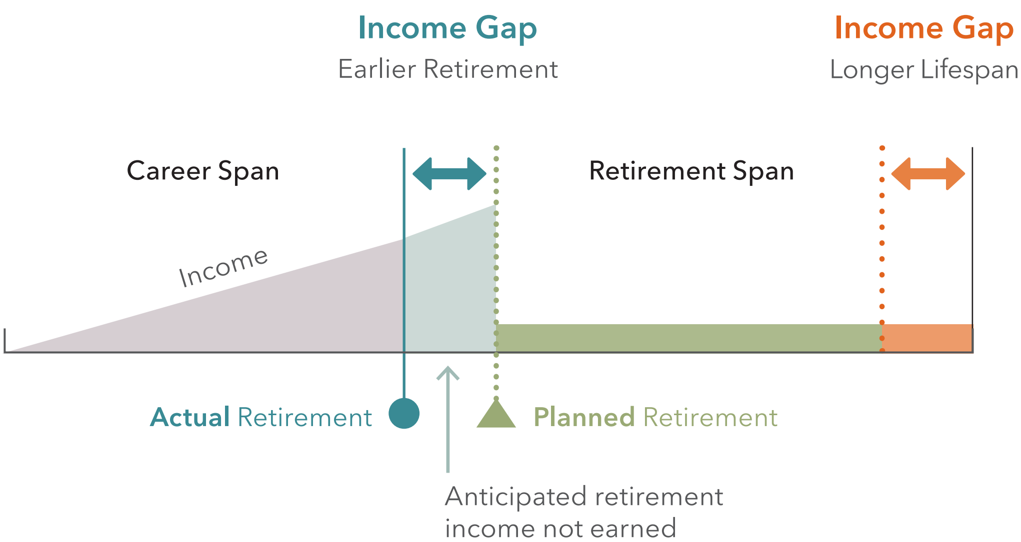
According to a recent Employee Benefit Research Institute[3] survey, fifty percent (50%) of retirees say they left the workforce earlier than planned, typically because of a health problem or disability (60%), a downsizing or business closure (27%), or having to care for a spouse or another family member (22%). An early retirement, whether voluntary or otherwise, means less money has to go further.

U.S. life expectancy at age 65

2010	84.1 yrs
2005	83.4 yrs
2000	82.6 yrs
1995	82.4 yrs
1990	82.2 yrs
1980	81.4 yrs
1970	80.2 yrs
1960	79.3 yrs
1950	78.9 yrs

Source: CDC.gov Table 16, Life expectancy at birth, at age 65 and age 75, all races, all sexes. United States, selected years 1900-2013. Heath, United States, 2014, U.S. Department of Health and Human Services, May 2015.

Less money now needs to go further



Income gaps can be created if clients retire earlier than expected, and/or live longer than anticipated.

Topics to cover with your financial professional

- Can your current mix of assets provide long-term growth as well as reliable income in any market?
- Is your retirement income plan designed to help keep up with inflation, longevity, and rising interest rates?
- What happens if you retire early? Or later?

[3] 2015 Retirement Confidence Survey, Employee Benefit Research Institute, April 2015

PRIORITY 2

Preparing for unexpected health-related expenses

You want to enjoy a long and comfortable retirement, but unforeseen health issues can change everything. It's a common situation – in fact, at least 70 percent of people over 65 will need long term care services and support at some point.[4]

What is long term care?

By definition, long term care, or LTC, offers assistance or supervision with the basic activities of daily living, or ADLs. ADLs can include bathing, dressing, eating, toileting, continence and transferring. LTC can also help people with cognitive impairment or brain disorders like Alzheimer's disease.

There are several types of LTC. These include home care through a home health aide or homemaker services, adult day healthcare, assisted living facility, and nursing home care. Not surprisingly, the cost of these types of care has steadily risen over the years.

Types of long term care

Home Care
(Homemaker Services)
"Hands off" services including household tasks that make it possible for people to live in or return to their own homes.

Facility Care
(Assisted Living)
An intermediate level of long term care. Living arrangement facilities that provide personal care and health services for people who may need assistance with daily activities like bathing and getting dressed.

Home Care
(Home Health Aide)
"Hands-on" services (excluding medical care) provided to those who live in their own homes but need more extensive care than family and friends are able to provide on a regular basis.

Facility Care
(Nursing Home)
Facilities that provide personal care, assistance, room and board, medication, therapies, rehabilitation and skilled nursing care 24 hours a day.

Community Care
(Adult Day Care)
Provides social and related support services such as transportation and personal care in a community-based setting during any part of the day, but less than 24-hour care.

To learn more about how the median annual costs were determined visit **Genworth.com/costofcare**

[4] 2015 Medicare & You, National Medicare Handbook, Centers for Medicare & Medicaid Services, September 2014

How do you obtain long term care services?

Generally speaking, there are four ways to obtain LTC services. You can pay for them on your own (self-fund), rely on family and friends for help, sign up for Medicare/Medicaid, or use long term care insurance. Keep in mind that it may be best to combine more than one of these solutions to cover your LTC costs.

1 **Self-funding** If you have enough income or money set aside, it could be a source of funds for long term care costs.

2 **Family and friends** You may also plan to rely on family or friends. This can be a great solution for families committed to providing care, but it can be physically and emotionally demanding.

3 **Medicare/medicaid** Medicare generally covers skilled nursing home care after a hospital stay of at least three days, but its coverage for other long term care services is very limited. Medicaid can contribute toward LTC, but it requires recipients to use their income to pay for care and spend down most of their assets to qualify. Care must be received in a state approved facility.

4 **Long term care insurance and other funding solutions** Long term care insurance can be a cost-effective way to help pay for long term care services. You generally gain access to a coverage amount for care expenses that is several times the value of the premiums you have paid. In addition to long term care insurance, there are products that combine long term care protection with life insurance and annuities.

In the process of creating a plan, understanding your options for care and how to fund it will go a long way to help ensure you receive the kind of care you may need in a manner that you want.

The impact of caregiving

In a 2014 survey of 1,345 family caregivers:

46% **Nearly half of family caregivers spent more than $5,000 annually in caregiving costs** (e.g., medications, medical bills, in-home care and nursing homes).

60% 60 percent of family caregivers said their **caregiving duties had a negative effect on their job**.

33% **One-third of family caregivers spent more than 30 hours per week on caregiving**, making it almost the equivalent of a full-time job.

15% 15 percent stated they **may need to leave the workplace as a result of caregiving**.

Source: Caring.com Senior Care Cost Index 2014/Family Caregiver Usage and Attitudes Survey

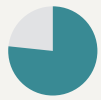
How much could long term care cost?

According to the Genworth 2015 Cost of Care Survey, nationally, the cost for long term care can range from $45,760 a year for a Home Health Aide to $91,250 for a private nursing home. It is important to consider these costs when developing your plan.

Genworth 2015 cost of care summary

Home Care (Homemaker Services)	**$44,616** PER YEAR
Home Care (Home Health Aide)	**$45,760** PER YEAR
Community Care (Adult Day Care)	**$17,904** PER YEAR
Facility Care (Assisted Living)	**$43,200** PER YEAR
Facility Care (Private Nursing Home)	**$91,250** PER YEAR

Genworth 2015 Cost of Care Survey, conducted by CareScout® April 2015. Based on national median annual costs.



69%

HOME CARE CLAIMS

The majority of Genworth's claimants initiate a claim for LTC care in their homes.[5]

To learn more about the cost of long term care, visit Genworth.com/costofcare

This interactive site can help you determine costs by location, calculate future costs and access a wealth of information on the topic.

Topics to cover with your financial professional

- Do you have a plan for paying for long term care?
- What are your care preferences? In-home? In a facility? With family?

[5] Long Term Care Claims Experience for Genworth Life Insurance Company and their affiliates – December 1974 through December 31, 2014.

PRIORITY 3

Taking care of your loved ones

You've worked hard to provide for your family. And you want to continue providing for them, no matter what happens. By making plans now, you can help ensure they'll have the resources they need to pay their bills, maintain their home and live the lifestyle you want them to enjoy.

One way you can do this is through life insurance. With a life insurance policy in place, the people you choose as your beneficiaries receive cash when you die.

Many of today's life insurance products not only include a death benefit; but some types of policies have the potential to build cash value that can be used to meet different needs, including the ability to generate supplemental retirement income. Beneficial riders – providing additional coverage may also be available on some policies for specific risks such as disability, accidental death, and long term care, usually at an extra cost.

It's important to review your policies with a financial professional on a regular basis. While your life situation may change, policy features and costs may have changed over the years as well.

Topics to cover with your financial professional

- Do I have the right amount and types of life insurance for this stage of life?
- Have my needs changed over the years?
- Have the needs of my loved ones changed?

Create your Plan for Living

STEP 2

A guide for charting your needs, goals and actions

Now that you understand what to expect, you can start formulating a plan for your future, based on real numbers and your specific life situation. Before you start, let's talk about some things to consider: the impact of inflation, your withdrawal rate, and your expectations about Social Security.

Inflation

It's going to impact what you save, and what you spend

It may not seem like inflation has much of an effect on your day-to-day life, but when you add it up over 20 or 30 years, its cumulative impact can be significant. Here's a quick review of how inflation may impact several aspects of living, now and in the years to come.

Average annual everyday expenses for persons age 65 and older	Current[6]	Projected 10 years	Projected 20 years	Projected 30 years
Healthcare	$5,069	$6,812	$9,175	$12,318
Utilities, fuels and public services	$3,480	$4,663	$6,299	$8,456
Entertainment	$2,027	$2,716	$3,669	$4,926

[6] Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, February 2015
Projections based on a compound inflation rate of 3 percent.

Working inflation into your plan

As you complete the worksheets on the following pages, you'll need to choose a hypothetical rate of inflation. The chart below can help. To use it:

1. Decide how conservatively you want to plan for inflation in retirement (3 percent or 5 percent).
2. Find the inflation factor that corresponds to the years you are from retirement.
3. Use this factor to complete worksheets where you see the symbol.

	Number of years until retirement						
	0	5	10	15	20	25	30
Rate of inflation	Inflation factors						
3%: average rate over past 20 years	1.00	1.16	1.34	1.56	1.81	2.09	2.43
5%: more conservative option	1.00	1.28	1.63	2.08	2.65	3.39	4.32

Source: Bureau of Labor Statistics, Consumer Price Index , February 2015

Use this chart to choose your hypothetical rate of inflation.

Withdrawal rate

How much should you plan on withdrawing once you're retired?

For many people, the traditional retirement income strategy is simply to "spend down" their portfolio using a predetermined withdrawal rate. It sounds simple, but determining a withdrawal rate can be fairly complicated. It also requires discipline to stay on track. Four percent is one rule of thumb, but today's lower interest rate environment means that a 3% withdrawal rate, adjusted for inflation may be more appropriate. In 2013, a Morningstar study estimated that a 2.8% withdrawal rate was necessary to reduce the risk of depleting your nest egg to less than 10% over a 30 year retirement.[7]

You need to determine a rate that will not drain your savings too quickly, yet provide enough income to support the lifestyle you want for as long as you live. This may mean you revisit the rate as markets fluctuate and interest rates change.

62% of Americans have not even done an analysis of how to translate their savings into monthly income.

Source: TIAA-CREF 2015 Lifetime Income Survey

7 Source: Morningstar, "Low Bond Yields and Safe Portfolio Withdrawal Rates", 1/21/2013

Social Security

How much can you expect? And will it be enough?

Social Security benefits are calculated based on average monthly indexed earnings for a worker's 35 highest-earning years. Spousal and survivor benefits are based on a percentage of this amount.

Fact: Nearly two-thirds (64%) of pre-retirees do not expect to receive enough income from Social Security and employer pensions to cover their basic living expenses in retirement.[8]

Every January, you should receive a personalized statement of projected benefits from the Social Security Administration, which you can use in your retirement planning. One key variable in how much you receive is when you start taking payments.

For Social Security, when you start, withdrawals will have a major impact on your total monthly benefit. Basically, the younger you are, the less you'll receive each month.

If you start receiving benefits at age:	Your monthly benefit is:
62	$750
66	$1,000
70	$1,320

This chart is for illustrative purposes only based on When to Start Receiving Retirement Benefits, Social Security Administration, January 2014.

Among elderly Social Security beneficiaries, 52% of married couples and 74% of unmarried persons receive 50% or more of their income from Social Security.[9]

A few points to remember when determining a start-date for collecting Social Security:

- If you die before your spouse, he or she may be eligible for a survivor benefit based on your work record, particularly if you have earned more than your spouse over your lifetime. If you begin receiving Social Security benefits early, the Social Security Administration cannot pay your surviving spouse a full benefit from your record.
- When you reach your full retirement age, you can work and earn as much as you want and still receive your full Social Security benefit payment. In some cases, delaying retirement or working part-time could increase your Social Security benefits.

[8] The Facts of Life and Annuities, LIMRA Study, September 2013 Update
[9] SSA.gov, Social Security Basic Facts, April 2, 2014

Get ready. Get set. Get going.

The following worksheets will outline your potential expenses and income and highlight where there may be opportunity to better secure your financial future. You may or may not know exactly what your retirement expenses will be, but using expenses you know today can help you create a general estimate.

Now you're ready to start planning. Here's what you'll need to begin creating your Plan for Living:

- ☐ Current bills
- ☐ Recent bank and credit card statements
- ☐ Pension information (if applicable)
- ☐ Most recent Social Security benefits summary
- ☐ Current financial portfolio information (stocks, bonds, annuities, mutual funds, etc.)
- ☐ Insurance information (life, long term care, auto, homeowners)
- ☐ Summaries of other assets, such as real estate and business valuations

Work with your financial professional to complete the following worksheets. Together, you can create a plan and outline all the steps for getting there.

Match the color-coded symbols like this one ● throughout the worksheets to the summary section on page 14.

Your expenses

Essential expenses These are the things like food, clothing and shelter – things that won't go away just because you've retired. Write down what you actually spend today, then look at the inflation chart on page 9 and estimate how much these expenses may be in the future. This will help you and your financial professional determine how much guaranteed income you will most likely need in retirement.

Essential Expenses	Estimated Monthly Cost
Homeowners insurance, maintenance, property tax, rent/condo fees, home equity loan	
Groceries, personal and household items	+
Clothing	+
Utilities Phone, water, gas, electric	+
Transportation Auto payments, car insurance, maintenance, gas	+
Life insurance premium	+
Long term care insurance premium	+
Healthcare expenses Medicare, Medicare supplement, co-pays, prescriptions, etc.	+
Other Review your bank and credit card statements to identify other ongoing expenses that are essential to you.	+
Total Essential Retirement Expenses	=
Multiply by inflation factor (see table on page 9)	×
Housing If you anticipate paying your mortgage into retirement, enter you base mortgage payment here (do not include taxes and insurance)	+
Total Future Essential Retirement Expenses	=

Discretionary expenses These are the fun and interesting things you want to spend money on in retirement. In some cases, you may think of these expenses as one-time, annual costs. Divide those costs by 12 months to estimate an average monthly budget for planning purposes.

Discretionary Expenses	Estimated Monthly Cost
Dining out	
Travel	+
Recreation & entertainment Internet, TV, movies, cultural events, etc.	+
Charitable giving	+
Other Review your bank and credit card statements to estimate other discretionary expenses you expect to have in retirement.	+
Total Discretionary Retirement Expenses	=
Multiply by inflation factor (see table on page 9)	×
Total Future Discretionary Retirement Expenses	=

Your income and assets

Guaranteed income In this first section, only list guaranteed income sources. Assets not listed below typically do not provide guaranteed income.

Guaranteed Retirement Income Sources	Monthly Income
Social Security See your latest Social Security statement for an estimate of your benefits at your expected retirement age	
Pension Reference your pension statements to write down the expected guaranteed retirement benefits	+
Income annuities If you already own an annuity paying you monthly lifetime income, indicate the amount here	+
Total Guaranteed Retirement Income (before taxes)	=
Subtract expected income taxes (for many people, this will be 10 to 20%)	-
Total Guaranteed Retirement Income (after taxes)	=

Assets In this section, record the current value of all of your assets.

Assets Available for Retirement Income	Account Balance or Cash Value
401(K)s & Individual Retirement Accounts (IRAs)	
Savings & money market accounts	+
Life insurance	+
Certificates of Deposit (CDs)	+
Mutual funds, individual stocks & bonds, brokerage accounts	+
Deferred annuities Including fixed, variable and indexed	+
Sale value of investment property, vacation home or business Use conservative valuations to identify the cash value of these items	+
Other assets (e.g., downsize current home)	+
Total Assets	=
Multiply by growth factor (Percentage anticipated for rate of return on assets)	×
Total Future Assets	=
Withdrawal rate (example: 3% withdrawal rate = 0.03)	×
Annual Income	=
Divide by 12 to estimate monthly income from withdrawals	÷ 12
Monthly Income from Portfolio Withdrawals (before taxes)	=
Subtract expected income taxes (estimated between 10 to 20%)	-
Monthly Income from Portfolio Withdrawals (after taxes)	=

Summarize your results

Use the color-coding and symbols from previous worksheets to complete this page.

Summarize Your Results	Dollars
Total Guaranteed Retirement Income (pg 13)	
Total Future Essential Retirement Expenses (pg 12)	–
Surplus in Essential Retirement Income (if result is positive)	=
or	
Gap in Essential Retirement Income (if result is negative)	=

Monthly Income from Portfolio Withdrawals (pg 13)	+
Total Future Discretionary Retirement Expenses (pg 12)	–
Surplus in Discretionary Retirement Income (if result is positive)	=
or	
Gap in Discretionary Retirement Income (if result is negative)	=

By completing these retirement worksheets, you've determined how much you'll need to retire, and how much you have to make it happen. You've identified gaps, and thought about how much you'll need to withdraw each month when you're ready. You're now ready to move on to **Step 3: Put the plan in place.**

Put your plan in place

STEP 3

A guide for charting your needs, goals and actions

The final pages of this workbook contain forms that will help you and your financial professional develop your unique Plan for Living. Keep this plan with your other important financial information. As events change in your life, work with your financial professional to update the information and adjust your plan accordingly.

Financial professional ______________________________ Date ____________________

Your expected year of retirement ______________________________ Date of next assessment ____________

Spouse/partner expected year of retirement ____________________

Your key retirement concerns

Circle the level of each concern on a scale of 1 – 5
(with 1 representing no concern and 5 representing extreme concern).

Concern	Least Concern				Most Concern
Market volatility	1	2	3	4	5
Healthcare costs	1	2	3	4	5
Prescription costs	1	2	3	4	5
Long term care	1	2	3	4	5
Life insurance	1	2	3	4	5
Taxes (approximate federal tax bracket ____%)	1	2	3	4	5
Inflation	1	2	3	4	5
Outliving savings	1	2	3	4	5

Your Plan for Living goals

Circle the level of importance on a scale of 1 – 5
(with 1 representing least importance and 5 representing most importance).

Goal	Least Important				Most Important
Create immediate income for retirement	1	2	3	4	5
Build future retirement income	1	2	3	4	5
Preserve and accumulate wealth for beneficiaries/heirs	1	2	3	4	5
Live comfortably and independently	1	2	3	4	5
Flexibility in retirement income sources	1	2	3	4	5

Funding the gap in essential expenses

Covering essential expenses with guaranteed lifetime income sources

The first step of your action plan is to make sure you'll have enough income to cover your essential expenses. If you have an essential retirement income gap, your financial professional can recommend strategies to use some of your retirement assets to create more guaranteed income.

Gap in Essential Retirement Income (pg 14) $

Your action plan for generating more guaranteed retirement income

Options for Guaranteed Income		Recommended Guaranteed Income Product	
Asset	Amount	Product Recommendation	Guaranteed Monthly Income (after taxes)
Qualified Assets			
IRA	$		$
401(k)	$		$
Non-Qualified Assets			
Savings account	$		$
Money market account	$		$
Certificates of Deposit	$		$
Mutual funds	$		$
Stocks	$		$
Sale of home, business or other property	$		$
Expected inheritance	$		$
Total Additional Guaranteed Income			$

Prior to replacing one financial product with another you should carefully consider a number of factors. These include the features and crediting rate(s) of the current product, applicable surrender charges, any new surrender charge period on the purchase of a new product, and the features and crediting rate(s) of the new product.

You also should carefully consider whether a replacement is in your best interest before making a decision to replace an existing product.

The purpose of the analysis is to help you understand the impact of the markets on your retirement goals.

Understanding how the markets may affect your retirement goals is important when helping you understand concepts like preparing for retirement. However, if your agent/producer does not hold an active series 6, 7 and/or 65/66 registration(s), providing advice to you regarding the consideration or recommendation of the sale or purchase of a security would be in violation of state and federal securities laws.

Your "Total Additional Guaranteed Income" should meet or exceed any "Essential Retirement Income Gap."

STRATEGY WORKSHEET #2

Summarize the actions you plan to take

Your Plan for Living is only complete once you've worked through the action steps that you and your financial professional have discussed. This form can help you record those steps.

Goal & Objective	Action Step	Expected Completion Date
1.		
2.		
3.		
4.		
5.		
6.		

Congratulations!
You now have a Plan for Living.

It took a lot of research, but now you have the facts together, you know what you need to do, and you have a deeper understanding of what's to come.

However, there is one more step. Meet with your financial professional to review everything in this workbook. Go over your plan, and the action steps for putting it in place – because the rest of your life starts right now. And you're going to be ready for it.

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