The ROAD to RETIREMENT

RETIREMENT PLANNING AND THE ROLE OF LIFE INSURANCE
LIFE’S A JOURNEY, NOT A DESTINATION.

RETIREMENT IS BOTH.
YOUR SUCCESS ON THE ROAD CAN BE MADE SMOOTHER BY PREPARING AND KNOWING YOUR OPTIONS.

No matter the course taken, the truth is that most retirees will need more funds in retirement than they think. And counting on the government or corporate sponsored plans can lead to disappointment.
**Defined contribution**: a retirement plan where a certain amount or percentage of money is set aside by a company for the benefit of the employee. There are restrictions on how and when funds can be withdrawn. A common example of this type of plan is a 401(k) plan.

**Defined benefit**: a retirement plan where a company pays a retiring employee a fixed amount of money each year, normally based on a percentage of salary and years of employment.

In 1945, the ratio of workers paying taxes to the people receiving benefits was 41.9:1. In 2012, the ratio fell to 2.9:1. It is expected that this ratio will drop even further in the future.2

The 2014 Retirement Confidence Survey reported that the percentage of workers expecting to retire before age 65 has decreased, from 50% in 1991 to 27% in 2014. These workers reported that one of the top reasons for this change was a lack of faith in Social Security.3

The number of workers participating in defined benefit pension plans in the private industry dropped.4

The 2013 401(k) Performance Study by American Investment Planners, LLC, reported that in 2011, 42% of businesses did not match employees 401(k) contributions.6

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Defined benefit: a retirement plan where a company pays a retiring employee a fixed amount of money each year, normally based on a percentage of salary and years of employment.
A 2012 survey of baby boomers indicated that one-third may not receive any inheritance.\(^7\)

According to the Center for Retirement Research at Boston College, the median inheritance was only $64,000.\(^7\)

The odds of winning the Powerball\(^\circ\): 1 in 175,223,510\(^8\)

Less than half (44\%) of respondents in the 2014 Retirement Confidence Survey reported they and/or their spouse have tried to calculate how much money they will need to have saved by the time they retire.\(^9\)

Without adequate savings, an unexpected death can have a negative financial impact. In fact, in a recent survey, 47\% of respondents reported they would feel the financial impact of a primary wage earners death in as little as 6 months.\(^10\)

36\% of respondents in the 2014 Retirement Confidence Survey stated they have less than $1,000 in savings.\(^9\)
INFLATION

IT’S NOT HOW MUCH YOU EARN, BUT WHAT IT BUYS.

From postage stamps to the cost of buying a home, prices generally rise over the long term and the value of money decreases. This is the effect of inflation. The longer it takes to reach retirement, the greater impact inflation can have on your buying power. Because of this, you may need to consider the effects of inflation and how to outpace it.

<table>
<thead>
<tr>
<th>COSTS CONTINUE TO RISE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>STAMP</td>
</tr>
<tr>
<td>2014 PRICE</td>
</tr>
<tr>
<td>1985 PRICE</td>
</tr>
</tbody>
</table>

This chart shows how long it takes to accumulate $1,000,000 and how an average inflation rate of 3.05% compounded annually would impact the value of $1,000,000 over the period it takes to save it.

<table>
<thead>
<tr>
<th>MONTHLY INVESTMENT</th>
<th>RATE OF RETURN</th>
<th>YEARS TO REACH $1,000,000</th>
<th>BEFORE INFLATION</th>
<th>VALUE OF $1,000,000 AFTER INFLATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>1.25%</td>
<td>196 years</td>
<td>$1,000,000</td>
<td>$2,309</td>
</tr>
<tr>
<td>$100</td>
<td>7.50%</td>
<td>57 years</td>
<td>$1,000,000</td>
<td>$171,090</td>
</tr>
<tr>
<td>$100</td>
<td>12.0%</td>
<td>41 years</td>
<td>$1,000,000</td>
<td>$289,676</td>
</tr>
<tr>
<td>$500</td>
<td>1.25%</td>
<td>91 years</td>
<td>$1,000,000</td>
<td>$61,561</td>
</tr>
<tr>
<td>$500</td>
<td>7.50%</td>
<td>36 years</td>
<td>$1,000,000</td>
<td>$338,200</td>
</tr>
<tr>
<td>$500</td>
<td>12.0%</td>
<td>27 years</td>
<td>$1,000,000</td>
<td>$446,934</td>
</tr>
</tbody>
</table>

A common measure of inflation in the U.S. is the Consumer Price Index (CPI), which has a long-term average of 3.1% annually, from 1925 through 2013, as reported by the Federal Reserve Bank of Minneapolis.

These hypothetical scenarios are based on an assumed rate of return compounded annually. These examples are for illustrative purposes only and are not meant to represent a real investment. The results do not take into account any taxes, fees and charges associated with investments. If they did, the number of years to reach $1,000,000 would be higher. It is unlikely that any one rate of return will be sustainable over a long period of time.
### SUGGESTED INCOME TAX RATE CHANGES\textsuperscript{16}

*(MARRIED FILING JOINTLY)*

<table>
<thead>
<tr>
<th>IF TAXABLE INCOME IS:</th>
<th>CURRENT RATES</th>
<th>RATES REQUIRED</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $16,750</td>
<td>10.0</td>
<td>15.4</td>
</tr>
<tr>
<td>$16,750 - $68,000</td>
<td>15.0</td>
<td>23.1</td>
</tr>
<tr>
<td>$68,000 - $137,300</td>
<td>25.0</td>
<td>38.5</td>
</tr>
<tr>
<td>$137,300 - $209,250</td>
<td>28.0</td>
<td>43.2</td>
</tr>
<tr>
<td>$209,250 - $373,650</td>
<td>33.0</td>
<td>50.9</td>
</tr>
<tr>
<td>$373,650 - and over</td>
<td>35.0</td>
<td>53.9</td>
</tr>
</tbody>
</table>

**DEFINITION:** The debt-to-GDP ratio is one of the indicators of the health of an economy. It is the amount of national debt of a country as a percentage of its Gross Domestic Product (GDP).
How would you like a vehicle that can help:

» Protect your family against the financial loss resulting from the death of the breadwinner?
» Protect your future by accumulating cash value that can supplement your income in retirement?

A permanent cash value life insurance policy provides:

» A federal income tax-free death benefit.
» Tax-advantaged loans and cash withdrawals.*
» Tax deferral on any policy value growth.

PROTECT YOUR FAMILY, PROTECT YOUR FUTURE

* Loans and withdrawals can only be made if the policy has been in force long enough and has accumulated sufficient value. Loans and withdrawals will reduce the cash value and death benefit and loans are subject to interest charges. Policy loans are generally not taxable when taken. If a policy is surrendered or lapses while a loan is outstanding, adverse tax consequences may result. Cash withdrawals are also not generally taxable until they exceed basis in the policy. However, if the policy is treated as a Modified Endowment Contract (MEC) by IRC Sec. 7702A, withdrawals and loans are taxable at an ordinary income tax rate when taken to the extent of gain then in the contract and may also be subject to a 10% federal income tax penalty if taken prior to age 59½. Cash distributions associated with benefit reductions, including reductions caused by withdrawals during the first 15 years, may be taxable. Consult with your tax advisor regarding your particular situation.
LIFE INSURANCE CAN HELP

STEER YOU AROUND ROADBLOCKS.

Help keep more of your retirement income
» Access your accumulated cash value through tax-advantaged policy loans and cash withdrawals. As long as there is sufficient cash value and you stay within the IRS guidelines, withdrawals and loans may be taken without federal income tax liability. See page 9 (*) for important information.

» Some policies allow transfer between cash value accounts, as your objectives change, tax free.

Help ensure your family can make ends meet if you were to pass away unexpectedly
» Protect your loved ones with a federal income tax-free death benefit.

» Protection that is there when you need it. Certain life insurance policies include an inherent no-lapse guarantee feature.

No-lapse guarantee feature assures the policy will remain in force during the no-lapse guarantee period as long as the minimum required premiums are paid.

Help preserve your retirement income’s buying power
» Certain types of permanent life insurance allow you to allocate net premium to accounts that can help you fight inflation.

» Enhance cash value accumulation potential with tax-deferred earnings.
START PLANNING
YOUR ROAD TO RETIREMENT
TODAY!
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11. Office of Management and Budget. www.whitehouse.gov/omb/budget/Historicals Table 1.1 - Summary of Receipts, Outlays, and Surpluses or Deficits 1789 - 2019