



Genworth®  
Financial

*Insurance for living.  
Solutions for life.™*



RETIREMENT SHOULD BE EASY

# PLAN FOR RETIREMENT INCOME



**Everyone has a different idea about retirement.  
In fact, some people have no plans to retire at all.**

Whether retirement for you means starting your own business or planting bulbs in the backyard, wouldn't it be nice to know where your income will come from once you stop working fulltime?

To make your retirement easier, ensure you have enough income to:

## 1. Maintain Your Lifestyle

Historically, retirees lived off a combination of Social Security benefits, a company pension, and savings. However, it's not that simple anymore.

- According to the Social Security Administration, by 2017 the program will begin paying out more in benefits than it collects in taxes. Without changes, the trust fund is projected to be exhausted by 2041.<sup>1</sup>
- Fewer companies are offering pension plans to employees and the ones that do are decreasing benefits. Only one out of every five private sector employees still earns a pension benefit.<sup>2</sup>
- Since the latter half of 2005, Americans overall have been experiencing a negative rate of savings. A negative savings rate means that Americans spent all their after-tax disposable income, and either utilized existing savings or incurred new debt to finance their purchases. The last negative rates occurred during the Great Depression.<sup>3</sup>

*Given the tenuous nature of these retirement income sources, do you have a strategy?*

## 2. Outpace Inflation

Life expectancies today are longer than they used to be. And the longer you live, the more impact inflation can have on your buying power for things like groceries and gas.

Consider that Social Security benefits – and even some pension benefits – aren't invested for growth opportunity. This means your retirement portfolio may need to be invested more aggressively than you previously thought in order to help your income keep up with the rising cost of living.

*Having experienced market volatility over the last several years, are you comfortable investing your retirement portfolio for growth potential?*

## 3. Last Your Lifetime

Let's say you have a substantial nest egg saved by the time you retire. Then you decide to take a certain percentage of that nest egg every year as your annual income. If the percentage you withdraw each year is too high, you may run out of money.

Purchasing an annuity is a way – the only way in fact – to convert your money into guaranteed income for as long as you live. All guarantees are based on the claims-paying ability of the issuing insurance company.

*Does your retirement income plan include an annuity?*

Insurance and annuity products:



- Are not deposits.
- Are not guaranteed by any bank or its affiliates.



- Are not insured by the FDIC or any other federal government agency.
- May decrease in value.

<sup>1</sup> 2006 OASDI (Social Security) Trustees Report, [www.socialsecurity.gov](http://www.socialsecurity.gov)

<sup>2</sup> Source: Remarks before the National Association for Business Economics by Bradley D. Belt, Executive Director, Pension Benefit Guaranty Corporation, 3/13/2006, [www.pbgc.gov](http://www.pbgc.gov)

<sup>3</sup> U.S. Department of Commerce, Bureau of Economic Analysis, Personal Saving Rate, 12/21/2006, <http://bea.gov/briefrm/saving.htm>

### Develop An Income Strategy

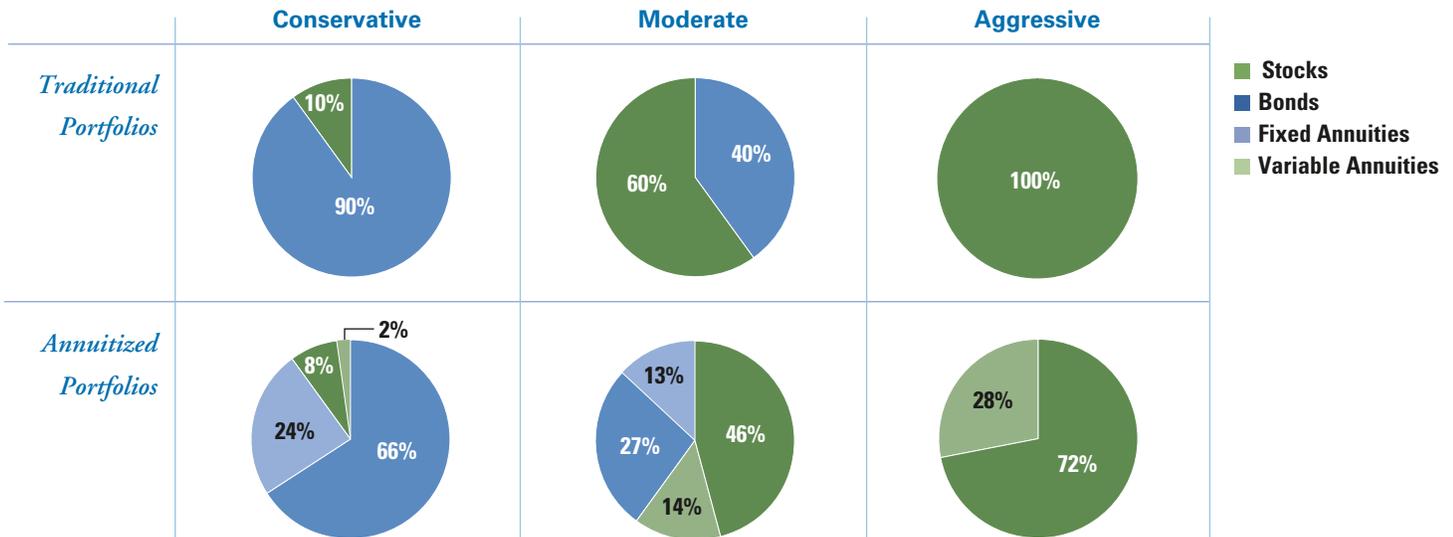
Independent financial research analyst Ibbotson Associates evaluates the potential impact of including payout annuities as part of one's retirement portfolio to hedge against longevity risk – the risk of outliving your income. As part of their evaluation, Ibbotson Associates suggests annuities may be an integral part of one's product allocations if your investment goals include guaranteeing income for life. The appropriate mix of annuitized and non-annuitized assets is determined by a number of factors: age, risk tolerance, how worried an investor is about outliving their money, the desire to leave an estate, and the fees and expenses of the products they choose. The image illustrates six sample portfolios (three traditional, three annuitized) by risk type, for a male retiree with a moderate desire to leave an estate.

It is important to note that the asset allocation of equity and fixed investments at each risk level remains comparable between the traditional and annuitized portfolios. The difference between the portfolios is the type of product used to implement the asset allocation strategy.

The allocations presented herein are intended for illustrative purposes only and do not represent any investment advice. These portfolios are based on the patented Ibbotson optimal allocation methodology with annuitization.

### SAMPLE ALLOCATIONS WITH AND WITHOUT IMMEDIATE PAYOUT ANNUITIES

Moderate bequest desire



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### Customize Your Income Strategy

Retirement income planning is basically the art of securing guaranteed retirement paychecks for the rest of your life...including the opportunity for increases through a growth component.

## Make Your Income Last

This graph illustrates how long a retirement portfolio could last, based on historic performance and various withdrawal rates. As you can see, the higher the withdrawal rate the faster the portfolio is depleted, due to market volatility over the period shown. Past performance is no guarantee of future results.

*This hypothetical illustration assumes a 60-year-old invested \$500,000 at the beginning of 1973 and made withdrawals adjusted annually for inflation.*

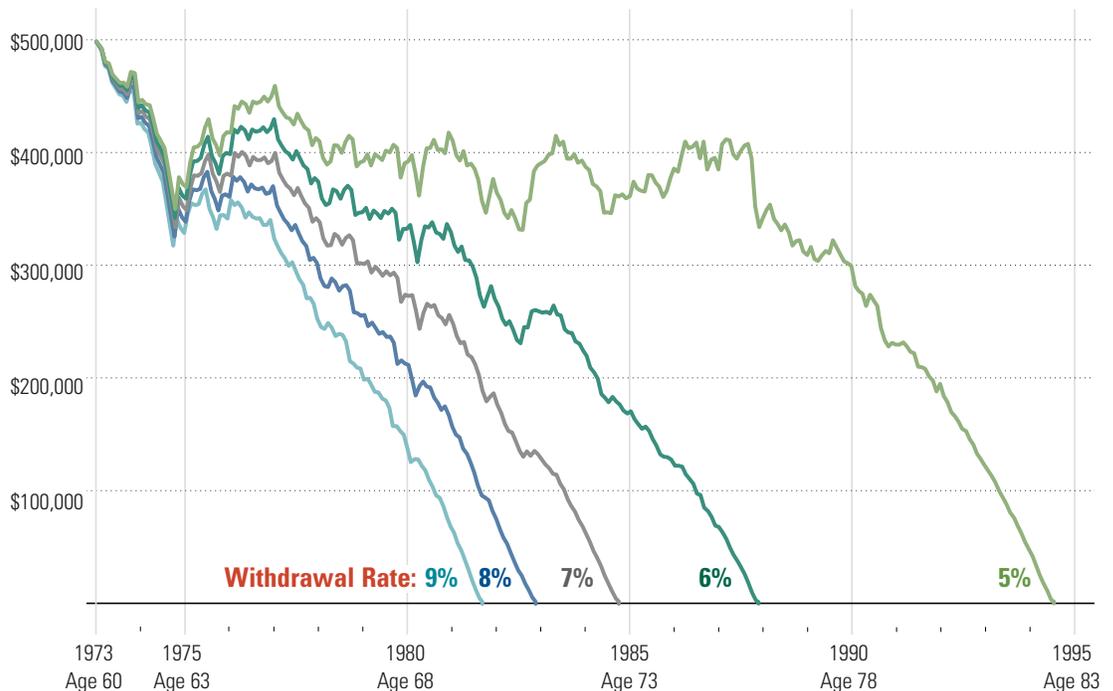
*Portfolio: 50% Stock (Standard & Poor's 500®, an unmanaged group of securities considered representative of the stock market in general) and 50% Bonds (5-Year US Government Bond).*

*The S&P 500 Index is not available for direct investment. Assumes reinvestment of income and no transaction costs or taxes.*

*This is for illustrative purposes only and not indicative of any investment.*

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## POTENTIAL SHORTFALL: THE RISK OF HIGH WITHDRAWALS RATES



## Customize Your Income Strategy

Retirement income planning is basically the art of securing guaranteed retirement paychecks for the rest of your life...including the opportunity for increases through a growth component. Ask your representative for more information.

This educational material was developed by Capital Brokerage Corporation (dba Genworth Financial Brokerage Corporation in Indiana) 6620 West Broad Street, Building 2, Richmond, VA 23230 Member NASD/SIPC

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