

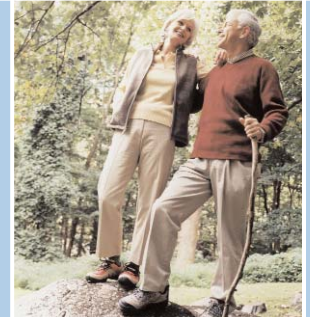
# Megatrends and You: Personal Financial Responsibility

*Impacting the way you invest*

## Topical Education for Today's Investor

## LIFE MANAGEMENT

A generation ago, the progression of our lives seemed quite straightforward. Most people worked for one or two companies over the course of forty years, then retired at age 65. Retirement income needs were mostly covered by Social Security and employer pension payments. This comfortable pattern was destined to continue forever. Or so it seemed.



The picture changed slowly at first, then gained momentum. Massive social, economic and demographic trends (“megatrends”) changed the world, including the retirement income game plan. Free trade and open markets rapidly ushered in global competition across all industries. Advances in technology and health care combined to dramatically increase the life expectancy of retirees.

Facing unprecedented global competition (with much cheaper labor) and unexpectedly longer pension payment liability (with former employees living much longer), many companies discontinued their pension plans in favor of 401(k) plans. Although this shift seemed innocuous at first, it represented a crucial change. **The risk and responsibility of providing retirement income for life began to shift from companies to individuals.**

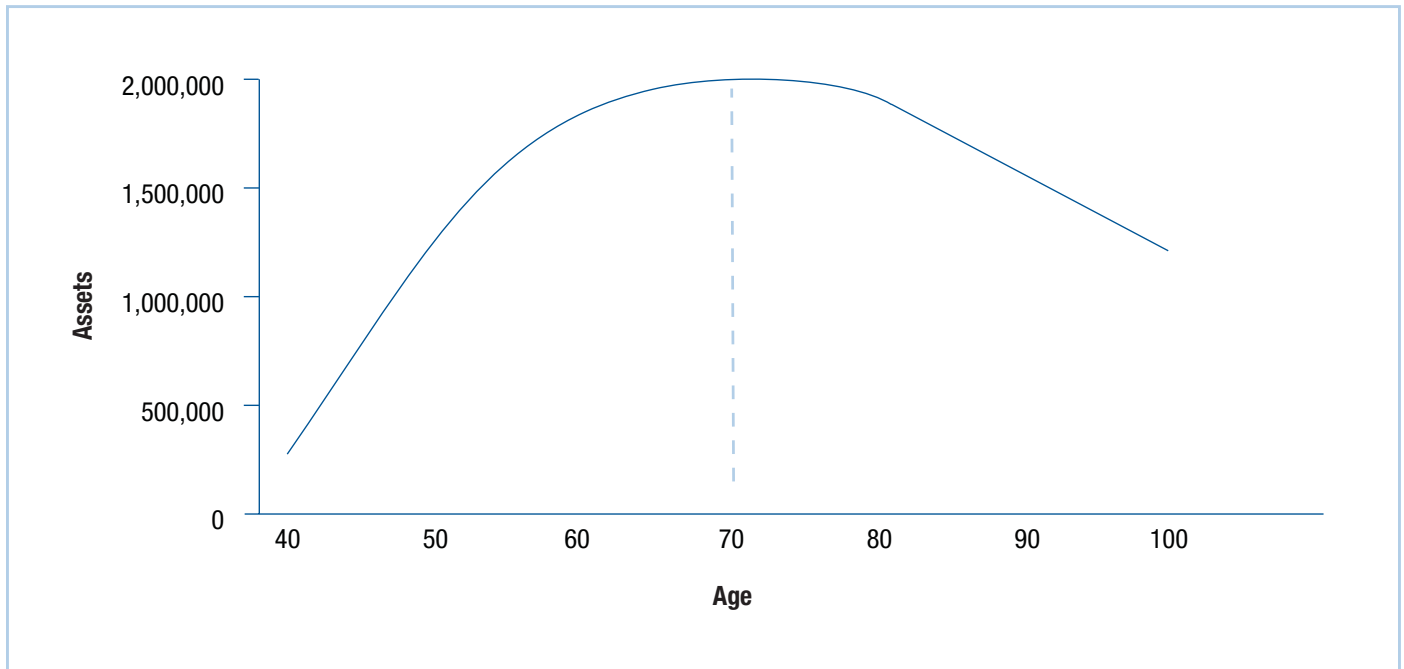
### Accepting Personal Responsibility

Today, many Americans face significant personal responsibility for meeting their retirement goals and needs. Given advances in life longevity (isn't 70 the new 50?), many retirees must plan for 30 years or more of income without a salary. This serious challenge requires careful planning and guidance from professionals with expertise in creating appropriate solutions for scenarios that might include:

- Providing financial support for a parent for seven years in an assisted care facility
- Buying a dream waterfront home to share with family and friends
- You or your significant other living until age 95
- Bequesting a meaningful contribution to your favorite charity or institution

## Establishing a Plan

Generally, investors should consider two phases of retirement planning: **wealth accumulation** and **wealth distribution** (either for living income or as bequest):



The **accumulation phase** builds the wealth base needed to support a lifetime of income generation and generally coincides with one's working years.

The **distribution phase** provides a thoughtful balance between providing the income needed to maintain a desired standard of living without depleting the wealth base before death, and using the wealth base to achieve charitable or other dreams.

Within these two fundamental phases, however, is a world of unique circumstances that leaves a "one-size-fits-all" approach to retirement investment planning lacking.

Given the personal responsibility now bestowed upon Americans to plan appropriately, it is important to work with a financial advisor who knows your specific goals and needs. These professionals are typically distinguished by their focus on understanding your objectives – and building an appropriate investment plan accordingly – instead of simply matching you with an investment approach based on a series of generic questions designed to identify your investment risk tolerance level.

Amazing personal financial responsibility? Yes.  
Significant challenges that must be met? Yes.  
Professional advice to develop a specific plan to give you the best chance to meet your retirement goals and needs? Would you really risk not doing so?

### Points to Remember

1. The risk and responsibility of providing retirement income has shifted from companies to individuals.
2. At the most fundamental level, investors should consider two phases of retirement planning: wealth accumulation and wealth distribution.
3. Working with a financial advisor focused on developing a clear understanding of your specific needs is critical to creating the best chance for success in meeting your retirement goals.

**For more information, please consult with your financial advisor.**

### Important Additional Notes

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