

A step on your path to retirement:

TURNING SAVINGS INTO RETIREMENT INCOME.

You understand the importance of saving for retirement. But did you know it can be just as crucial to have a plan for retirement to help you manage your income stream?

As you get closer to retirement, it is time to shift your planning focus from retirement saving to retirement income.

Work with your financial professional to help answer these important questions:

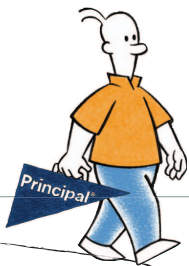
- **How do you want to live in retirement?**
- **How much income might your savings generate?**
- **If there is a gap, how do you close it?**

Plan for the long, long term.

With improvements in health care, the average retirement is lasting longer than ever. That's why you should plan for retirement savings to last a long time, possibly more than 30 years. To help retirement savings last, consider:

- **Waiting longer to collect Social Security benefits** may increase your payout – see next page for more.
- **Limiting your spending** to no more than 4 to 5 percent of your nest egg each year (adjusted for inflation).
- **Making an income annuity part of your strategy** to provide a guaranteed income stream for as long as you live.*

*All annuity guarantees are subject to the claims-paying ability of the issuing insurance company.



1. Start thinking about retirement income needs

2. Develop a strategy

3. Let us help you get there

**If you don't have a financial professional,
visit principal.com/advisor or call us
at 1-877-788-7242, ext. 46628.**

Prepare for key retirement INCOME RISKS.

The increasing length of retirement is just one risk factor in making your retirement income last. That is why you should consider these issues as you develop your plan for retirement:

MARKET PERFORMANCE

Poor market performance early in your retirement can impact how long your savings will last. Asset allocation that divides your retirement savings between different types of investment options may help you manage risk.*

You may want to consider annuities that can help create retirement income that isn't exposed to market risk.

WITHDRAWAL RATE

With planning, you can determine how much you can spend so you don't run out of money or pass up comforts and opportunities. Many

financial professionals suggest spending no more than 4 to 5 percent (adjusted for inflation) of your nest egg each year.

INFLATION

Because inflation can cause your annual income needs to double over the course of your retirement, you and your financial professional need to take it into consideration when making your plan for retirement.

HEALTHCARE

Although no one can predict for certain what will happen with healthcare costs, recent history shows that you should plan for them to increase at a faster pace than inflation.

**No investment strategy, such as asset allocation or diversification, can guarantee a profit or protect against loss in periods of declining values.*

Understand Social Security and Medicare.

For a worker earning \$40,000 a year Social Security replaces about 40 percent of pre-retirement earnings for the average worker today.^A

^A*Social Security benefits are based on your age and earnings history. For an estimate of your future Social Security benefits, visit ssa.gov/estimator.*

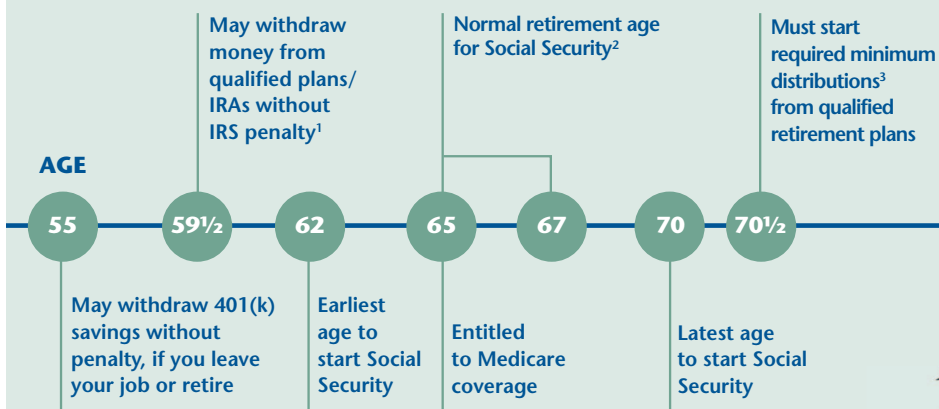
You should find out how much income you can expect from Social Security by calculating it at ssa.gov.

To see your options for when you can start collecting Social Security, follow this chart.

	BIRTH YEAR:		
	1942 or earlier	1943 to 1959	1960 or later
Full Benefit	65	66	67
Partial Benefit	62	62	62
Late Benefit	70	70	70

These are approximate ages. The exact month you are eligible for full Social Security benefits will depend on the month and year you were born. Please see ssa.gov for more details.

SOME KEY RETIREMENT AGES



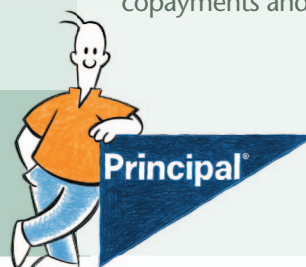
Because **healthcare takes more of retirees' savings every year**, it's essential to know your options for healthcare coverage during retirement.

You are eligible to enroll in Medicare at age 65. Many retirees also purchase Medigap insurance from private health insurers due to the high potential out-of-pocket costs for Medicare deductibles, copayments and coinsurance.

¹ If the retirement plan allows.

² Normal retirement age is based on the year you were born. Please see your Social Security statements or ssa.gov for more details.

³ If a participant in a qualified retirement plan is still employed and not a greater than 5 percent owner, they are not required to start minimum distributions until they retire.



Make a plan for retirement with your financial professional.



Now that you know some of the factors to consider in planning for your retirement income, it's time to work with your financial professional to establish your plan for sustaining income throughout retirement.

Walk through these steps:

DEFINE YOUR GOALS.

When do you want to retire and how do you want to live in retirement?

GATHER INFORMATION.

How much savings will you have? What other benefits are available?

ANALYZE.

Review your asset allocation and estimate how long your savings may last.

EVALUATE YOUR OPTIONS.

Do you need to decrease expenses? Boost savings? Adjust your investments? Delay retirement or work part time in retirement?

MAKE ADJUSTMENTS.

You may want to increase your contributions to your employer-sponsored retirement savings plan or open a new IRA to save more now.

Choices that may help create a reliable income stream.

You and your financial professional will want to determine:

- How much income you will need to cover expenses
- How comfortable you are with risk
- What other income is available
(personal savings, Social Security payments, rental income, etc.)

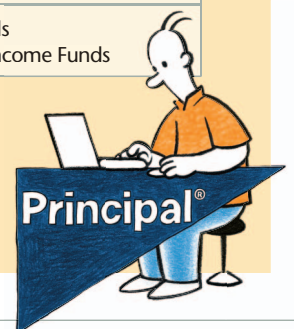
Once you answer those questions, you can determine what choices are right for you to help turn retirement savings into a reliable income stream.

Here are some of the financial products available, and you don't have to choose just one; consider that a mix of products may be a good option for you.

	Maximize Savings Potential	Help Reduce Volatility	Optimize Income Potential
Annuities	Variable Annuities	Fixed Annuities	Income Annuities
Bank Solutions (FDIC Insured)	Long-Term Certificates of Deposit (CDs)	Money Market Accounts Savings Accounts CDs	CD Laddering
Mutual Funds	Equity Funds Equity-Focused Target-Risk Funds	Short-Term Fixed-Income Funds Money Market Funds*	Fixed-Income Funds Short-Term Fixed-Income Funds

*An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

Talk with your financial professional to develop or revisit a strategy for retirement income. If you don't have a financial professional, we can help you find one. Visit principal.com/advisor or call us at 1-877-788-7242, ext. 46628.



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You can estimate expenses, see the potential effect of increasing your contributions and much more.

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