



Retirement Planning

Think Retirement in Terms of Monthly Income

When you think of planning for retirement, like most individuals, you probably visualize a number (thanks in no part to marketing efforts by several large financial institutions). The reality is that most individuals think in terms of an account balance at retirement. Business owners think in terms of selling the business, a lump sum value. However, during our working lives, we tend to budget for monthly expenses. Business owners think in terms of monthly income. Retirement should be no different.

Business owners, in particular, have a hard time thinking about retirement as a monthly income because most business owners feel that the reason they work long and hard to make their business successful is to ensure their retirement and to create wealth. The business is the account balance at retirement. But that only works if there is a way to monetize the business wealth and transform it into personal wealth.

In today's world, the 401(k) Plan is the predominant employer sponsored retirement plan. The reality is participants should be thinking in terms of monthly income. Throughout our working lives we are in a mindset of a financial world based on monthly expenses (i.e., phone bills, rent, mortgage, car payments, business loans, etc.). The monthly budget also covers the activities we enjoy to maintain our standard of living (e.g., restaurants, movies, golf, vacations, etc.). An account balance or lump sum is meaningless unless it can be equated to covering monthly expenses during retirement.

Are your current retirement plan balances going to provide you with enough income to cover your monthly expenses during retirement? What guarantees does your current retirement plan offer

to ensure that you will not run out of money during retirement?

The typical 65-year old has a median life expectancy of almost 20 years. That means that half of them will live longer than that. For the typical 65-year-old couple, there is a 50% chance that one will live to 92 and a 25% chance that one will live to 97. Older individuals may think of their own mortality but don't peg a year to it.

**Testimony of Phyllis C. Borzi, Assistant Secretary of Labor, Employee Benefits Security Administration Before the Special Committee on Aging, United States Senate, June 16, 2010*

There have been numerous studies done on how much one should have for retirement - 70%, 85%, 90% of final compensation, to live comfortably. There have also been studies done to show how much of your account balance you should withdraw - 2%, 4%, 6%, based on various models, to provide a retirement income without outliving the balance.

How much do you need? How do you know?

Are you worried yet?

Whether you're a participant in an employer sponsored retirement plan, or you're a business owner, or both, what type of education are you (and your employees) receiving with respect to understanding retirement income and planning issues? Your Guardian Financial Representative can help to educate you (and your employees) on saving for retirement, and how much each of you will need to sustain the appropriate monthly income that will be needed in retirement. Guardian also offers a full suite of retirement savings strategies and services that can help you to meet your goals and objectives, including Split Funded Defined Benefit Plans and Fully Insured Plan.



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Please consult with your Guardian Financial Representative if you have any questions concerning this document.

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