



# Welcome

For over 85 years, COUNTRY Financial has been there to help our customers throughout their lives: as they buy their first home, raise children, start their own business or plan for retirement.

We would like to help you too.



FocusOn®

## Retirement

Building a Comfortable Lifestyle for Tomorrow



# 3 Keys to Funding a Comfortable Retirement

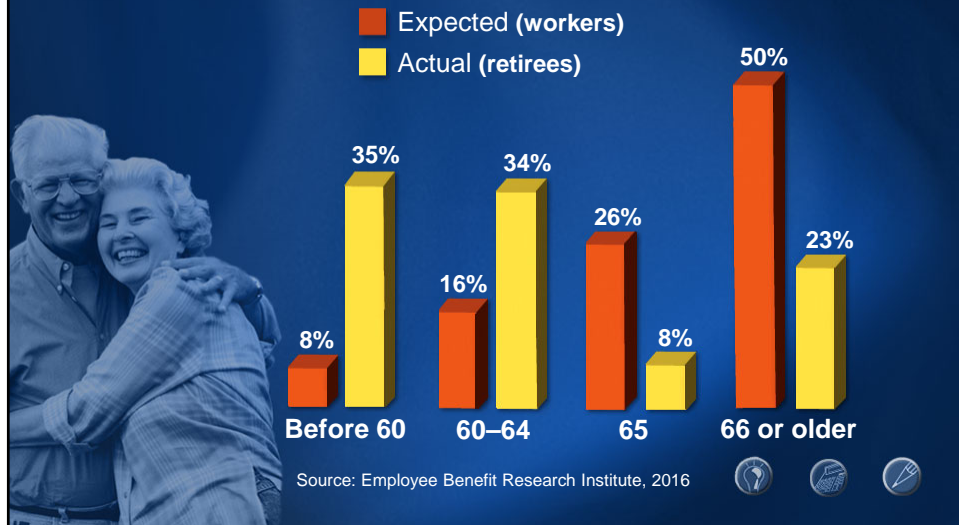
1. DETERMINE YOUR NEEDS
2. INVEST WISELY
3. PROTECT YOUR NEST EGG

## How Much Money Will You Need?

1. Retirement age
2. Length of retirement
3. Health-care needs
4. Inflation
5. Lifestyle

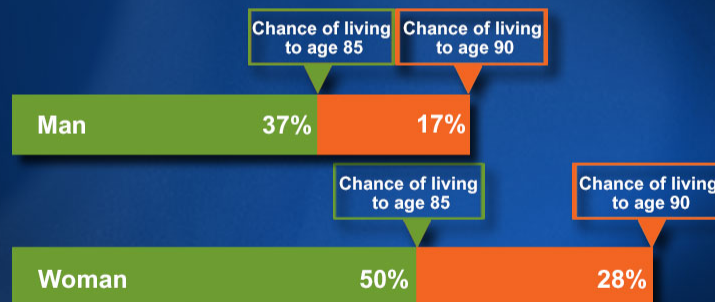


## Retirement Age



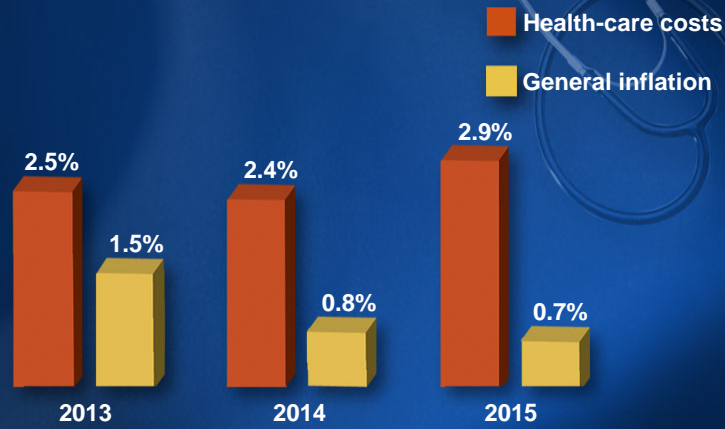
## Length of Retirement

At **age 65**, a healthy individual may expect to spend **20 years** or longer in retirement.



Source: Society of Actuaries, 2015

## Health-Care Needs



Source: U.S. Bureau of Labor Statistics, 2016

## Inflation





## Lifestyle

Experts suggest that you will need  
at least **70% to 80%**  
of your pre-retirement  
income to **live  
comfortably**  
in retirement.



## How Will You Get There?

### SOURCES OF RETIREMENT INCOME

- Social Security
- Continued employment earnings
- Personal savings and investments
  - Tax deferred
  - Taxable







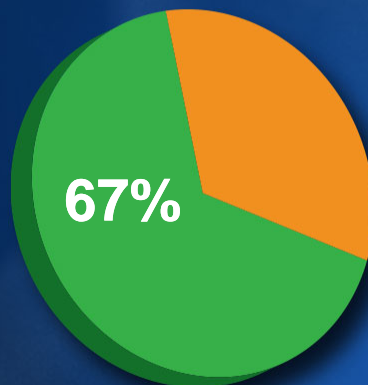
## Social Security

- Benefits are based on career earnings and the age when you claim Social Security
- Social Security provides nearly **half the income** for **52%** of older married couples
- The average monthly benefit for retired workers in early 2016 was **\$1,341**
- Visit **[ssa.gov/myaccount](https://ssa.gov/myaccount)** to create your own personal account and view your Social Security Statement online

Source: Social Security Administration, 2014, 2016



## Continued Employment Earnings




**67%** of workers expect to continue working for pay after reaching retirement age.

Source: Employee Benefit Research Institute, 2016





## Personal Savings and Investments

- 
- Tax-deferred vehicles
    - Employer-sponsored plans
    - IRAs
    - Annuities
  - Taxable vehicles
    - Stocks, bonds, cash alternatives
    - Mutual funds



## Tax Deferral Can Help Save Money

**\$100,000**  
invested at 6%  
for 20 years  
would yield...



This hypothetical example is used for comparison purposes only and does not represent any specific investments. Actual results will vary.



## Employer-Sponsored Retirement Plans

- Tax-deferred accumulation
- Pre-tax contributions
- Possible employer match
- Annual contribution limits

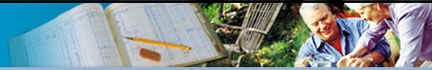


## Manage Your 401(k)

- Watch exposure to company stock
- Choose more than one fund and understand how target-date funds work
- View assets in context with overall portfolio
- Take advantage of company match, if offered

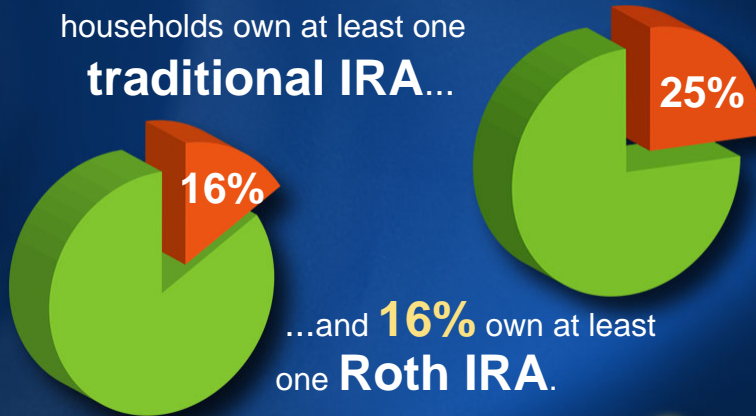






## Individual Retirement Accounts

**25%** of American households own at least one **traditional IRA...**



...and **16%** own at least one **Roth IRA.**

Source: Investment Company Institute, 2015



## Roth IRA

- Tax-free qualified withdrawals
- After-tax contributions
- Tax-deferred accumulation
- No required minimum distributions (if you're the original owner)
- Contribution limits
- Income eligibility phaseouts





## Annuities

- After-tax contributions
- Tax-deferred accumulation
- No federal contribution limits
- No mandatory distributions
- Guaranteed returns\*

\*The guarantees of fixed annuity contracts are contingent on the financial strength and claims-paying ability of the issuing insurance company.



## Taxable Investments



Stocks



Bonds



Cash alternatives



Mutual funds

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, is available from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.



# 3 Keys to Funding a Comfortable Retirement

1. DETERMINE YOUR NEEDS
2. INVEST WISELY
3. PROTECT YOUR NEST EGG

1

## FUNDAMENTAL STRATEGIES

### Diversification

Investing in different asset classes and investment vehicles in an attempt to **limit exposure to losses** in any one sector of the market.



## Diversification

Single investment



\$



\$200,000

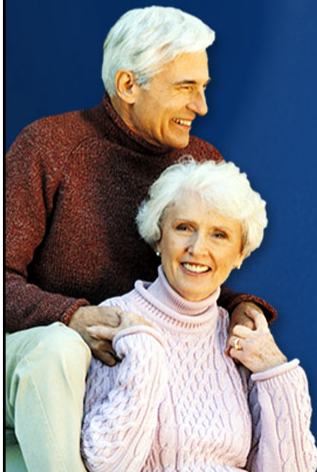
Diversified



\$



## Personalizing Your Asset Allocation Model



1. Investment objectives
2. Time frame
3. Risk tolerance



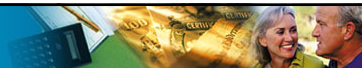




## Investment Objectives

PROTECT what you have	GROW your assets	GENERATE income
Certificates of deposit Money market accounts	Growth-oriented stocks and mutual funds Variable annuities	Bonds and bond funds Fixed annuities Dividend-yielding securities

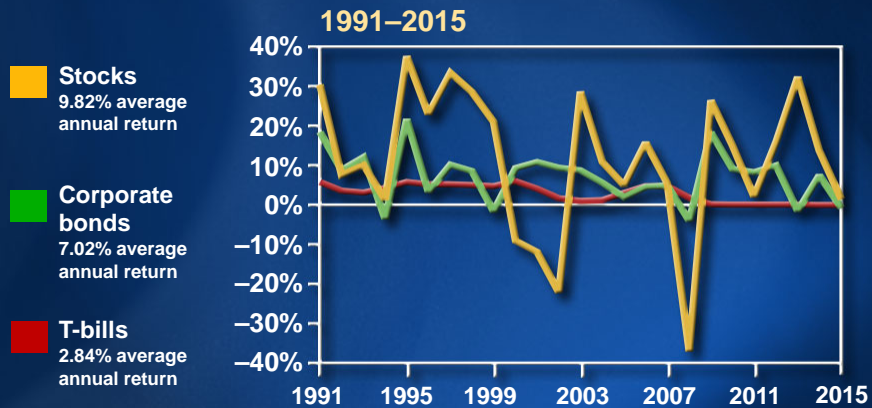
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## Time Frame



## Historical Investment Performance



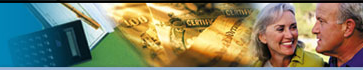
Source: Thomson Reuters, 2016. Past performance is no guarantee of future results. The returns shown do not include taxes, fees, and other expenses. Actual results will vary.



## Risk Tolerance

Generally, the more **potential for growth** offered by an investment, the **more risk** it carries.



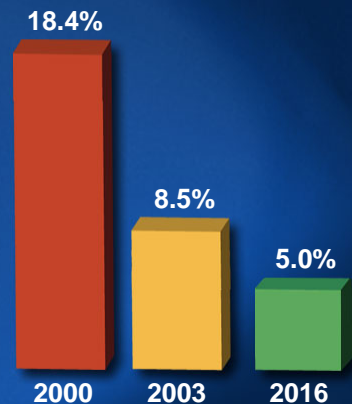


## Keep Expectations in Check

At the end of 1999, investors were expecting an **18.4%** return from stocks in 2000.

By September 2003, investor expectations had fallen to **8.5%**.

After a relatively flat year for stocks in 2015, expectations for 2016 were about **5%**.



Sources: The Gallup Organization, 2003;  
*Kiplinger's Personal Finance*, January 2016



## 3 Keys to Funding a Comfortable Retirement



1. DETERMINE YOUR NEEDS
2. INVEST WISELY
3. PROTECT YOUR NEST EGG

## Protect Your Nest Egg

1. Start saving now
2. Rebalance on a regular basis
3. Prepare for the unexpected



## Start Saving Now

Year	Jim		Susan	
	Investment	Value	Investment	Value
1	\$5,000	\$ 5,300	\$ 0	
2	5,000	10,918	0	
3	5,000	16,873	0	
4	5,000	23,185	0	
5	5,000	29,877	0	
6	0	31,669	5,000	\$ 5,300
7	0	33,569	5,000	10,918
8	0	35,583	5,000	16,873
9	0	37,719	5,000	23,185
10	0	39,982	5,000	29,877
Contributions: \$25,000			Contributions: \$25,000	
Earnings: \$14,982			Earnings: \$ 4,877	
Total value: \$39,982			Total value: \$29,877	

Assumes a  
6% rate of return  
in both accounts

This hypothetical example of mathematical compounding is used for illustrative purposes only. Rates of return will vary over time, particularly for long-term investments. Investments offering the potential for higher rates of return also involve a higher degree of investment risk. Actual results will vary.





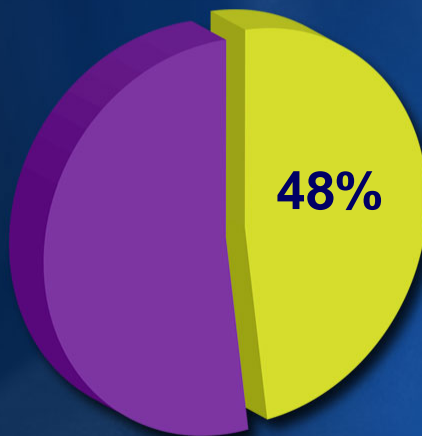


## Rebalance Regularly

- Typically, at least once a year
- After a major lifestyle change
- As the result of a change in your investing outlook



## Assess Whether You're on Track



Only **48%** of Americans have calculated how much they will need to retire comfortably.

Those who have calculated their needs are **twice as likely to be very confident** about being able to live comfortably in retirement compared with those who haven't calculated how much they will need.

Source: Employee Benefit Research Institute, 2016





## Prepare for the Unexpected

You've worked hard to build your retirement savings. Don't let an **unexpected tragedy** rob you and your family of what you have **rightfully earned**.



## Life Insurance

- Provide for loved ones
- Fund unexpected expenses
- Help protect a business
- Help preserve your estate



## Long-Term-Care Strategy

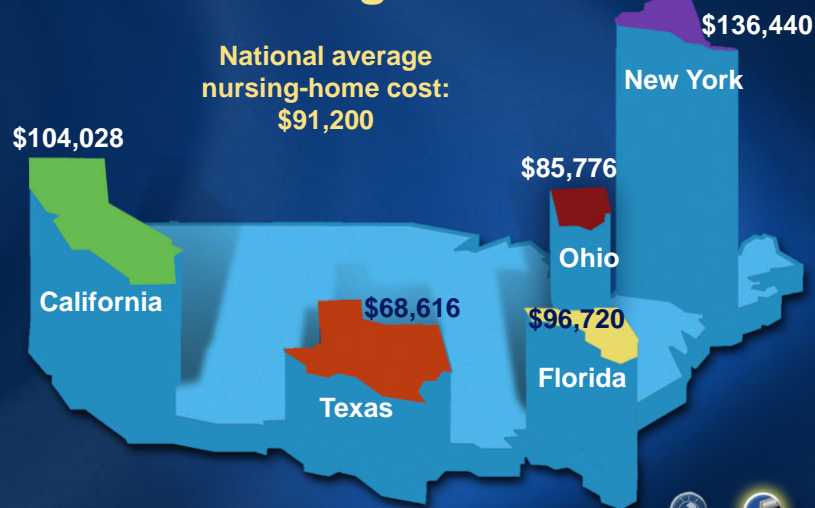


**70%** of people over age 65 will need long-term-care services and support at some point in their lives

Source: U.S. Department of Health and Human Services, 2016



## The Cost of Long-Term Care



Source: SkilledNursingFacilities.org, 2015



FocusOn®

# Investment Fundamentals

Five Myths and Truths of Investing



# 5

## Myths and Truths of Investing





# 5 Myths and Truths of Investing

## MYTH #1

“Recessions and bear markets prove that stocks aren’t worth the risk.”

## TRUTH #1

“Over the long run, stocks have historically outperformed other types of investments.”



# Historical Performance of Stocks



Source: Thomson Reuters, 2016. The returns shown do not include taxes, fees, and other expenses. Past performance is no guarantee of future results. Individuals cannot invest directly in an index. Actual results will vary.

## Lower Risk Over the Long Term

**S&P 500: 1976–2015**



Source: Thomson Reuters, 2016. Past performance is no guarantee of future results.

# 5 Myths and Truths of Investing

## MYTH #2

“Bonds are for conservative investors.”

## TRUTH #2

“Bonds can play a crucial role in any portfolio.”



## Types of Bonds



U.S. Treasury



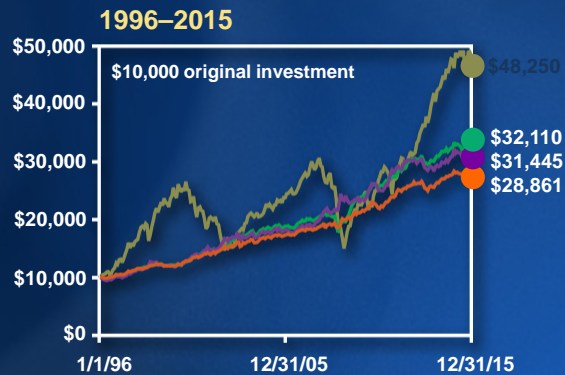
Corporate



Municipal



## Historical Performance of Bonds



- Corporate bonds**  
6.01% avg. annual return  
18.39% best year  
-4.01% worst year
- Treasury bonds**  
5.90% avg. annual return  
18.21% best year  
-6.18% worst year
- Municipal bonds**  
5.44% avg. annual return  
12.32% best year  
-2.17% worst year
- Stocks (S&P 500)**  
8.19% avg. annual return  
33.36% best year  
-37.00% worst year

Source: Thomson Reuters, 2016. Past performance is no guarantee of future results.


## Value of a Bond When Interest Rates Fall 1%

Bond Maturity	Face Value	New Market Value
2 years	\$1,000	\$1,019
5 years	\$1,000	\$1,043
20 years	\$1,000	\$1,125

Assumes \$1,000 bonds paying 6% interest.

This hypothetical example is used for illustrative purposes only.  
Actual results will vary.





## Value of a Bond When Interest Rates Rise 1%

Bond Maturity	Face Value	New Market Value
2 years	\$1,000	\$982
5 years	\$1,000	\$959
20 years	\$1,000	\$894

Assumes \$1,000 bonds paying 6% interest.

This hypothetical example is used for illustrative purposes only.  
Actual results will vary.





# 5

## Myths and Truths of Investing

**MYTH #3**

“If you invest for the long term,  
you have nothing to worry about.”




**TRUTH #3**

“Even long-term investors have to  
consider inflation and taxes.”





# Inflation

	Current Cost	Historical Annual Inflation	Potential Cost in 10 Years
 <b>Basic cable TV</b>	\$75 monthly	5.9%	\$133 monthly
 <b>Postage stamp</b>	47¢	4.0%	70¢
 <b>Auto insurance</b>	\$860 annually	0.3%	\$886 annually

Sources: Federal Communications Commission, 2014 (inflation rate from 1995 to 2014); U.S. Postal Service, 2016 (inflation rate from 1971 to 2016); Insurance Information Institute, 2015 (inflation rate from 2003 to 2014). Future costs are estimates and assume that historical inflation rates remain constant. Actual results will vary.



# Taxes Take a Toll on Returns

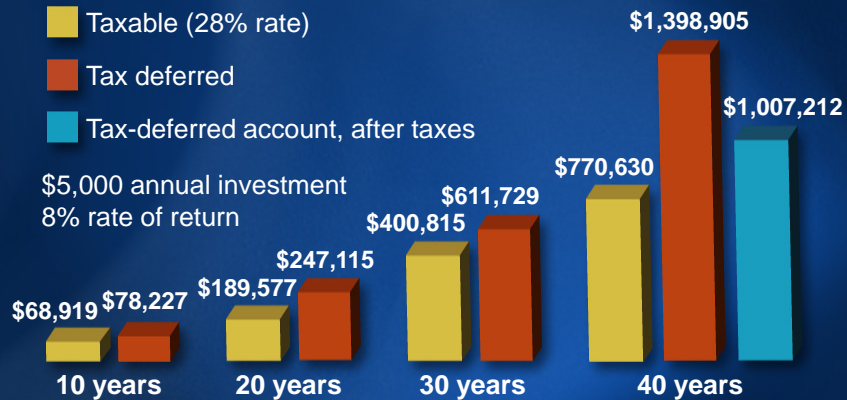
## Figure It Out

Investment rate of return	8%
Tax rate	25%
After-tax yield	6%

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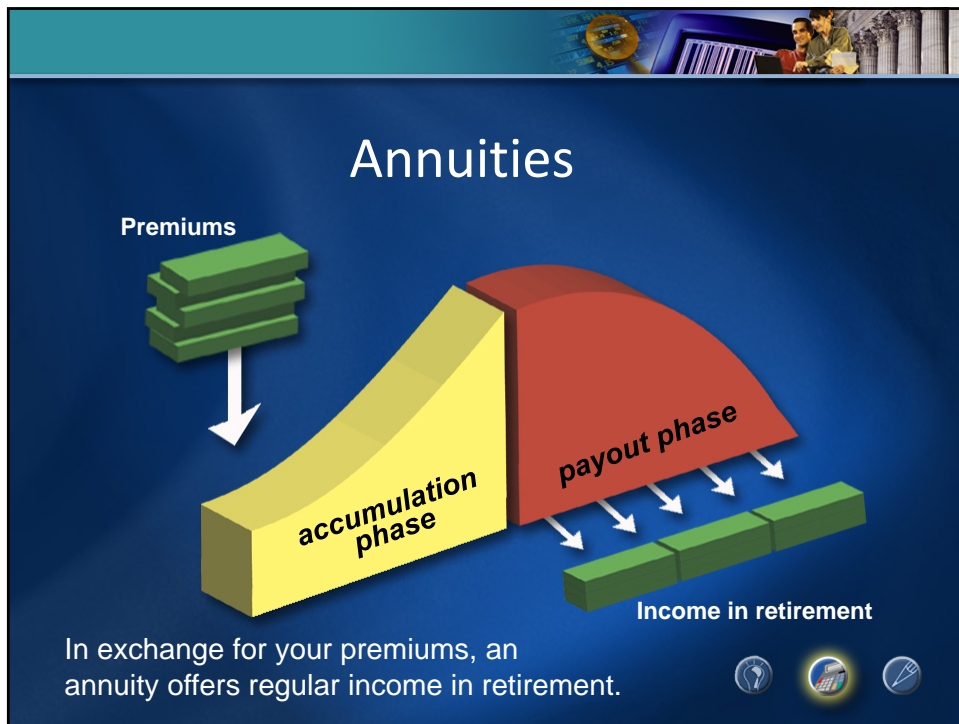
## Advantages of Tax-Deferred Growth



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## Employer-Sponsored Retirement Plans

- Pre-tax contributions
- Tax-deferred accumulation
- Possible employer match
- Annual contribution limits



## 5 Myths and Truths of Investing

### MYTH #4

"Investing is too complicated. I don't have time to think about it right now."

### TRUTH #4

"Procrastination can cost money."



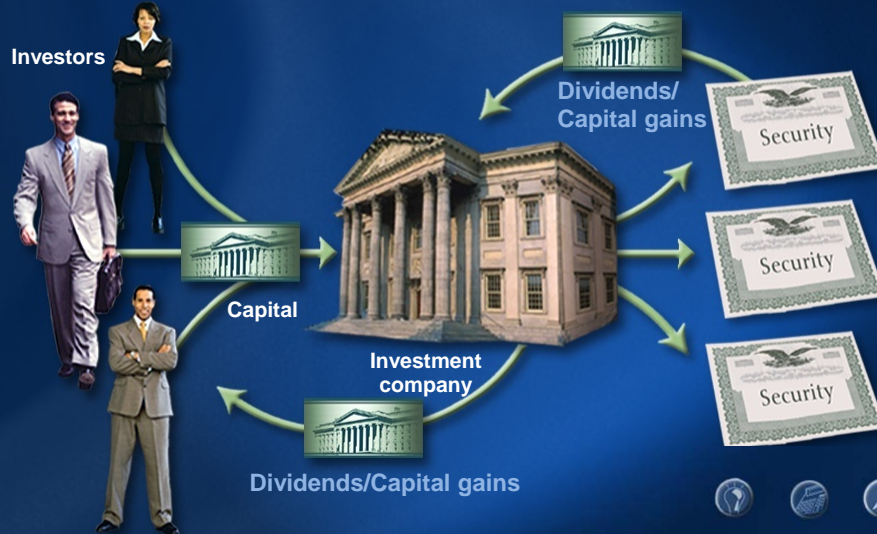
## Starting Now Pays Later

Year	Jim		Susan	
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## How Mutual Funds Work



## Types of Mutual Funds

- Money market funds
- Municipal bond funds
- Income funds
- Balanced funds
- Growth and income funds
- Growth funds
- International and global funds
- Aggressive growth funds
- Sector funds / Concentrated funds



## Dollar-Cost Averaging

A strategy that involves investing a **set amount of money** **at regular intervals** on an ongoing basis.



# 5 Myths and Truths of Investing

## MYTH #5

"I can buy a book on investing and do it myself."

## TRUTH #5

"Would you operate on yourself?"



## The Benefit of Professional Guidance

- 1 Diversification
- 2 Asset allocation





1

## BENEFIT OF PROFESSIONAL GUIDANCE

## Diversification

Investing in different asset classes and investment vehicles in an attempt to **limit exposure to losses** in any one sector of the market.



## BENEFIT OF PROFESSIONAL GUIDANCE

## Diversification

Single investment



\$200,000

Diversified



\$40,000

\$40,000

\$40,000

\$40,000

\$40,000





2

BENEFIT OF PROFESSIONAL GUIDANCE

## Asset Allocation



A **systematic approach** to diversification that determines an **efficient mix of assets** for a given investor.



BENEFIT OF PROFESSIONAL GUIDANCE

## Personalizing Your Asset Allocation Model



1. Investment objectives
2. Time frame
3. Risk tolerance





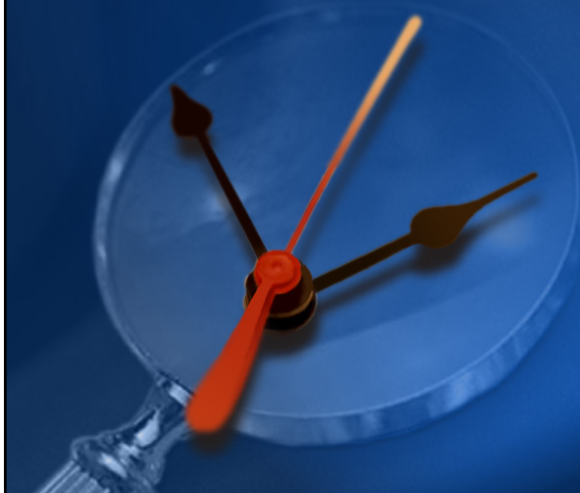
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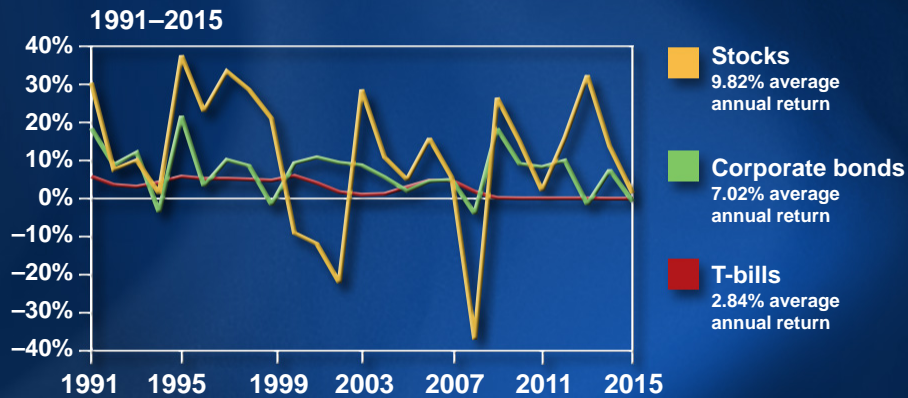
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## Time Frame



## Historical Investment Performance



Source: Thomson Reuters, 2016. Past performance is no guarantee of future results. The returns shown do not include taxes, fees, and other expenses. Actual results will vary.



## Risk Tolerance

Generally, the more **potential for growth** offered by an investment, the **more risk** it carries.

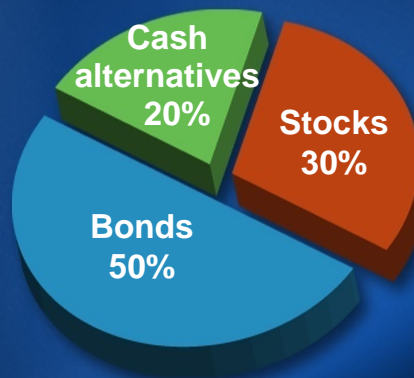


## Sample Asset Allocation Model

### Conservative portfolio

Time frame:  
20 years

Primary goal:  
manage  
volatility



This hypothetical example is used for illustrative purposes only.



## Twenty-Year Performance Record

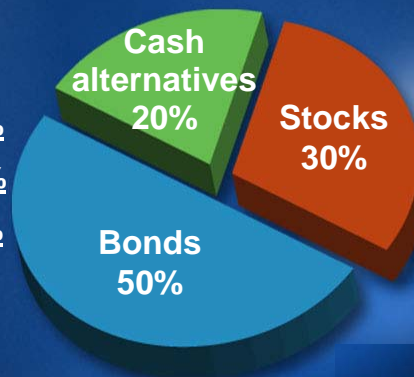
### Conservative portfolio

1996–2015

Best year 17.6%

Worst year -16.1%

Avg. annual 6.3%



Source: Thomson Reuters, 2016

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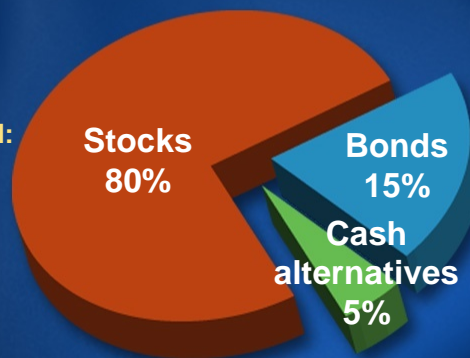


## Sample Asset Allocation Model

### Aggressive portfolio

Time frame:  
20 years

Primary goal:  
pursue  
growth



This hypothetical example is used for illustrative purposes only.



## Twenty-Year Performance Record

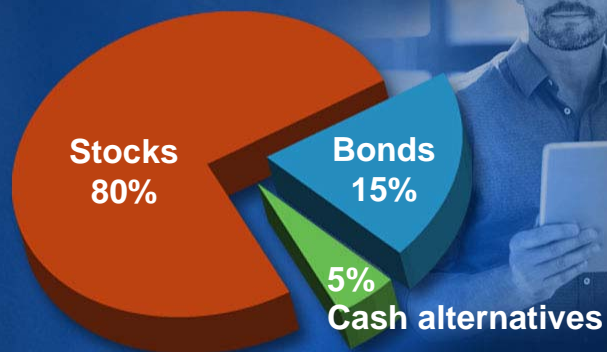
### Aggressive portfolio

1996–2015

Best year 29.1%

Worst year -32.1%


Avg. annual 7.7%



Source: Thomson Reuters, 2016


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## Where Do You Go from Here?

- Do it yourself
- Work with others
- **Work with us**
- Procrastinate



## Thank You


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