MetLife | Retirewise®

Navigating life together

Establishing Your Retirement Income Stream

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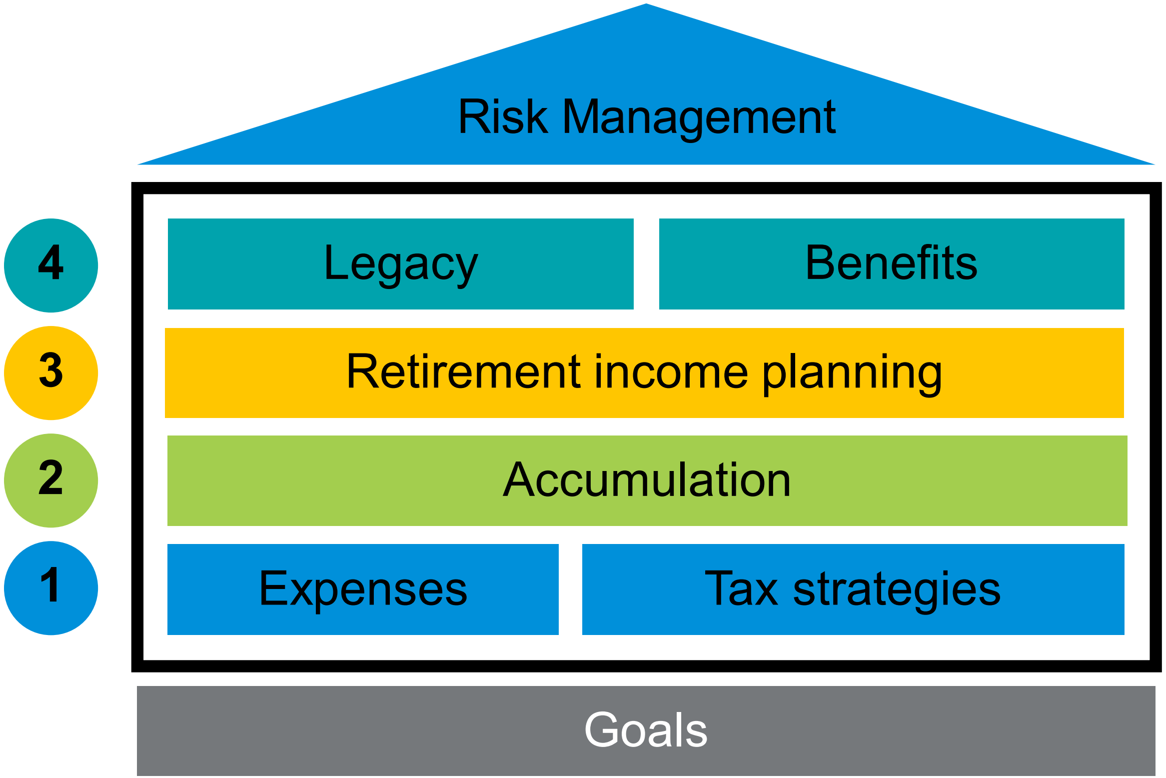
What is important about retirement planning to you?

Building your "retirement house"



Addressing Risk

Addressing risk

Accumulate Assets

- Turn assets into income
- Manage risk, not just money
- Make the most of what you have

Longevity risk

Probability of a 65 year old living to:

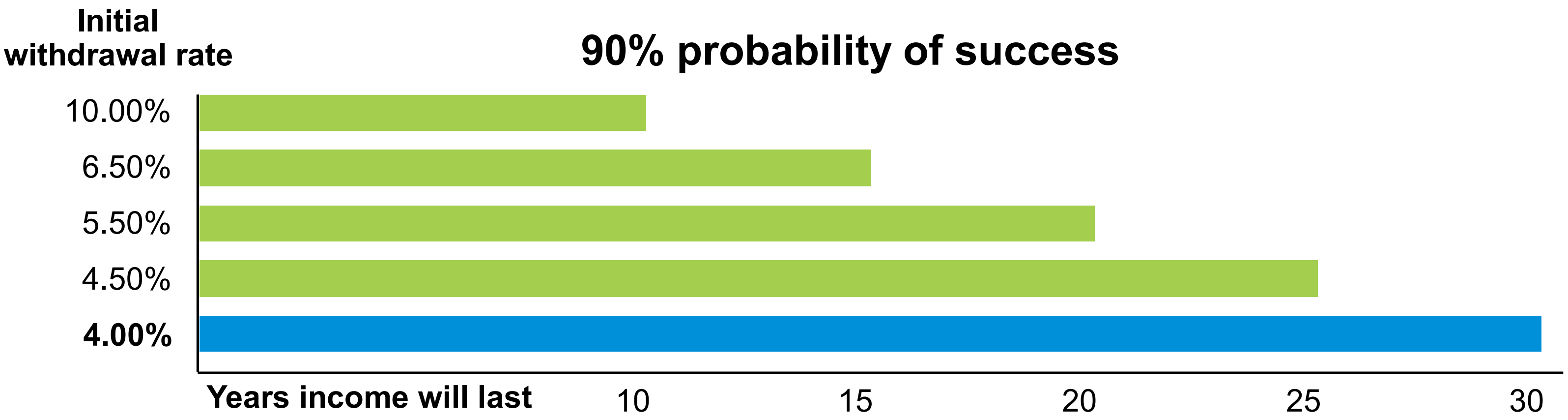
Age 80		Age 90	
62%	71%	22%	34%
Male	Female	Male	Female

KEY TAKEAWAY:

You may have a longer retirement than you'd think

Source: The Hamilton Project Brookings, June 2015. Based on reaching respective ages in 2015.

Withdrawal rate risk



KEY TAKEAWAY:

You may not be able to take out as much of your investments as you think

Source: T. Rowe Price Associates, Inc., 2008. The Monte Carlo simulation used in this example assumes the following: The dollar amount of withdrawals is increased at a rate of 3% per year to account for inflation (historical average from 1926-2006 is 3.07%); the behavior of the hypothetical asset portfolio is based on historical data from Ibbotson Associates: Stock analysis is based on the S&P 500 Composite index. Bond analysis is based on a US Long Term Corporate Bond index. This example uses a hypothetical 60% stock, 40% bond portfolio and the effect 3% inflation-adjusted withdrawal rates have on the end value of the portfolio. We used 5,000 scenarios based on historical averages within the period from 1926 to 2006 to determine how a portfolio might have performed. We reduced the annual performance of the stocks by 1.09%, which we believe is a reasonable assumption for the average fund expenses for equity mutual funds. We reduced the annual performance of the bonds by 0.72%, which we believe is a reasonable assumption for the average fund expenses for bond mutual funds.

Withdrawal rate risk

Which portfolio, in retirement, has the greatest chance of generating sufficient income in retirement?

Stock/Bond/Cash Mix:	100/0/0	60/40/0	0/0/100
At 4% withdrawal rate:	**90%**	**95%**	**<5%**

KEY TAKEAWAY:
A moderate portfolio with a 4% withdrawal rate has the greatest chance of generating the income you'll need in retirement

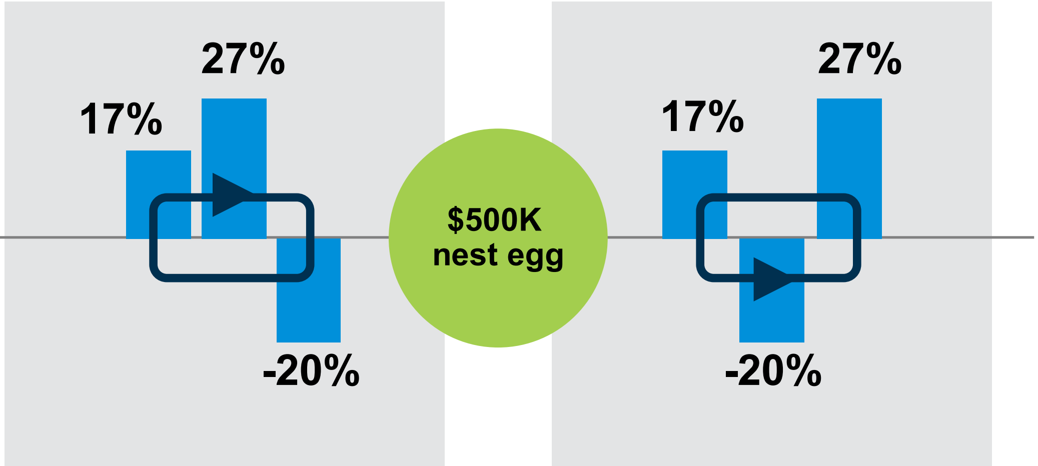
FranklinTempleton, 2018. Withdrawals over 30 year period, with annual withdrawal amount increased by 3% each year.

The Monte Carlo projections or other information regarding the likelihood of various investment outcomes are generated by Franklin Templeton Investments, are hypothetical in nature and should not be considered investment advice. They do not reflect actual investment results and are not guarantees of future results. The simulations are based on a number of assumptions, including certain forward-looking capital market expectations (CMEs) of each asset class developed by Franklin Templeton Solutions. There can be no assurance that results shown will be achieved or sustained. The results present only a range of possible outcomes. Actual results will vary with each use and over time, as such results may be better or worse than the simulated scenarios, and the potential for loss (or gain) may be greater than demonstrated in the simulations.

Timing risk: The impact of market volatility

Hypothetical returns based on 3-year cycles for life of investment

- Moderate portfolio
- $1,700 monthly withdrawal
- 3% Inflation
- 8% Average rate of return



KEY TAKEAWAY: **Nest egg depleted in 30 years** | **Nest egg depleted in 25 years**

Source: Moshe Milevsky, Ph.D.; IFID, Figures, calculations, and graphs are for illustrative purposes only. They are based on hypothetical rates of return and do not represent investment in any specific product. They may not be used to predict or project investment performance. Unless noted, charges and expenses and the effect of taxes that would be associated with an actual investment are not reflected. Assumptions: Hypothetical return of 17%, 27% and -20% in 3 year cycles for life of investment (left side chart) and 17%, -20% and 27% in 3 year cycles (right side chart). Hypothetical investment management fee of 2.05% (0.8% fund company management fee and 1.25% WRAP fee for both left and right charts.

Hypothetical example of market returns in a different sequence

Initial Portfolio Value: $500,000

		Negative Returns First		Positive Returns First	
Age	Year	Rate of Return	Portfolio Value	Rate of Return	Portfolio Value
65	1	-7.00%	$ 432,450	16.10%	$ 539,870
66	2	-7.00%	$ 368,652	16.10%	$ 584,940
67	3	-7.00%	$ 308,314	16.10%	$ 636,011
68	4	9.20%	$ 294,915	9.20%	$ 652,784
69	5	9.20%	$ 279,030	9.20%	$ 669,823
70	6	9.20%	$ 260,393	9.20%	$ 687,139
71	7	9.20%	$ 238,722	9.20%	$ 704,719
72	8	16.10%	$ 227,182	-7.00%	$ 615,356
73	9	16.10%	$ 212,285	-7.00%	$ 531,048
74	10	16.10%	$ 193,445	-7.00%	$ 451,404
Average Annualized Return		6.00%		6.00%	
Value at End of 10 Years			$ 193,445		$ 451,404

Source: ChartSource®, S&P Capital IQ Financial Communications. **This example is hypothetical and for illustrative purposes only.** It assumes a 7% annual withdrawal based on the starting account value, adjusted thereafter for 3% annual inflation. This hypothetical example is for illustrative purposes only and does not represent the performance of any actual investment. Actual investing includes fees and other expenses that may result in lower returns than this hypothetical example. Your results will vary. Not responsible for any errors or omissions.

Managing the Sequence of Returns Risk

What if the stock market is down during your early years of retirement?

Have **other sources of income** for retirement expenses

Cash reserve to last at least 2-3 years

Whole life insurance policy cash reserve

Unexpected expenses

Unexpected events
can greatly impact retirement plans

Running out of money
in retirement is one of the top concerns of retirees

KEY TAKEAWAY:
Insuring against some unexpected events can help keep your nest egg intact

What is long term care?

Long term care is the care you need when you are **unable to independently care for yourself**

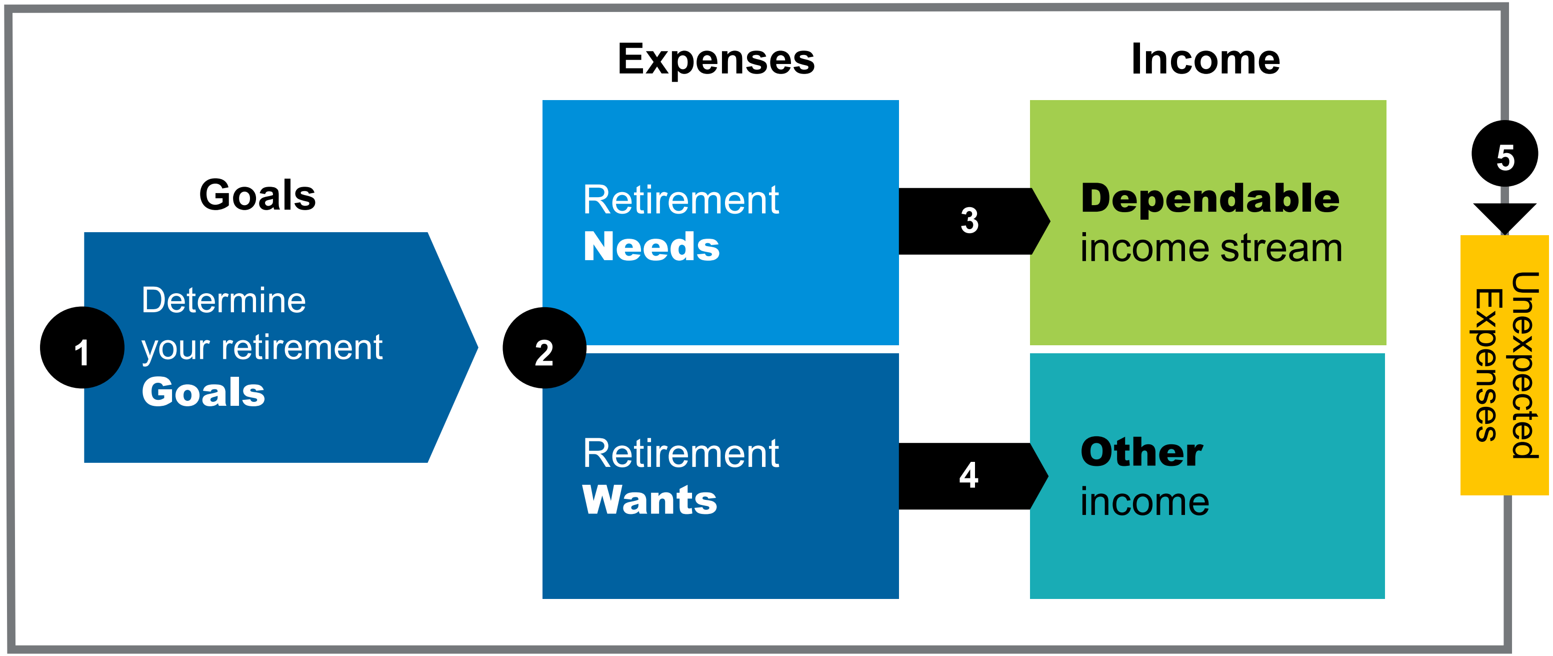
The need of a caregiver to **assist you with everyday activities** like bathing and dressing

Long term care poses a unique risk because the costs can be very high and it is not typically covered by traditional health insurance plans, HMO Plans or disability income insurance

KEY TAKEAWAY:

The cost of long term care services can deplete your income and savings, even before you retire

Retirement income planning process



Think about where you are going

Further envisioning your retirement

How and where do you want **to live?**

What do you want **to accomplish**?

What about your **legacy**?

How will your expenses change to position yourself to meet those goals?

Envision Your Retirement—Part 2

The following questions may help make your vision of retirement more tangible. They are geared to help put perspective on the things that are important to you and help you to achieve these goals as you move forward with your retirement planning.

Place

1. When you retire, do you plan on living where you are or do you plan to relocate?

- ☐ Remain where I am
- ☐ Move within the same community to a different home
- ☐ Move to a different location (e.g., near children, grandchildren, etc.)
- ☐ 50+ community
- ☐ Other

2. What type of home environment do you plan on living in?

- ☐ House
- ☐ Apartment, condo
- ☐ 50+ community
- ☐ Other

3. How will the cost of living compare to what you are accustomed to?

- ☐ More
- ☐ Less
- ☐ No change

4. What are your travel plans? What annual travel costs do you anticipate?

5. As you look ahead, does your vision of the right place for you offer you the right climate, adequate transportation, healthcare services, and feelings of safety?

- ☐ Yes
- ☐ No

6. If your health were to affect your lifestyle later in life, where and how would you like to receive any necessary care?

- ☐ At home from a family member
- ☐ At home from a home care worker
- ☐ Assisted living facility/community
- ☐ Adult day care programs
- ☐ Continuing Care Community
- ☐ Nursing home

7. Have you thought about the costs associated with the type of care you may need and how you would cover the expenses?

- ☐ Yes
- ☐ No

Budget exercise

Monthly Expenses	Current		Retirement	
	Needs	Wants	Needs	Wants
Housing and Related Expenses				
Rent / mortgage				
Real estate / association fees				
Heat / AC / electric				
Phone				
Water / sewer / garbage				
Property taxes				
Home insurance				
Property care (lawn, etc.)				
Home maintenance (repairs, painting, etc.)				
Cable / internet / subscriptions				
Other:				
Other:				
Housing Totals:				
Transportation Expenses				
Car payments				
License / registration / maintenance				
Gas / parking				
Insurance				
Public transportation (bus, train, etc.)				
Other:				
Transportation Totals:				
Personal Expenses				
Childcare				
Groceries / restaurant / takeout				
Personal care, hairdresser, etc.				
Clothing / shoes				
Gym membership / hobbies				
Vacation / leisure / entertainment				
Education (you / spouse / children)				
Debts (other than car / mortgage)				
Charitable donations				
Gifts to children / grandchildren / others				
Pet care				
Savings				
Federal income tax				
State income tax				
Other:				
Personal Totals:				
Medical Expenses / Insurance Premiums				
Medical (copay, prescriptions, etc.)				
Eye care (glasses, contacts, etc.)				
In-home care services				
Health Insurance Premiums (Medicaid / Medicare)				
Long-Term Care Insurance Premiums				
Life Insurance Premiums				
Disability Income Insurance Premiums				
Other:				
Medical / Insurance Totals:				
Total Monthly Expenses:				

Be aware of your retirement income and expenses

Identify your retirement expenses

Expenses

Retirement **needs**

Income

Dependable
income sources

Dependable income covers your needs

Dependable income sources

- Social Security
- Defined benefit or pension plan

Create dependable income sources

- CD Ladders
- Bond Ladders
- Annuities
- Life Insurance

Social Security: The traditional guaranteed income source

- Benefits are based on your earnings
- All covered workers will receive guaranteed payments for life depending on what age they choose to retire
- Benefits can begin at age 62 but will be at a reduced level
- For 2019, there will be a cost of living adjustment (COLA) of 2.8%

www.SocialSecurity.gov

KEY TAKEAWAY:

If you delay taking benefits until your "normal retirement age" or even later, you can receive higher payments

Source: Social Security Administration, 2019

Start collecting Social Security at 62 — or wait?

Your Estimated Benefits

***Retirement** You have earned enough credits to qualify for benefits. At your current earnings rate, if you stop working and start receiving benefits…

At age 62, your payment would be about .... $ 1,064 a month

If you continue working until…

your full retirement age (67 years), your payment would be about .... $ 1,543 a month

age 70, your payment would be about .... $ 1,924 a month

By starting at age 62	$ 1,064
Benefit at full retirement age of 67	$ 1,543
By waiting to age 70	$ 1,924

KEY TAKEAWAY:

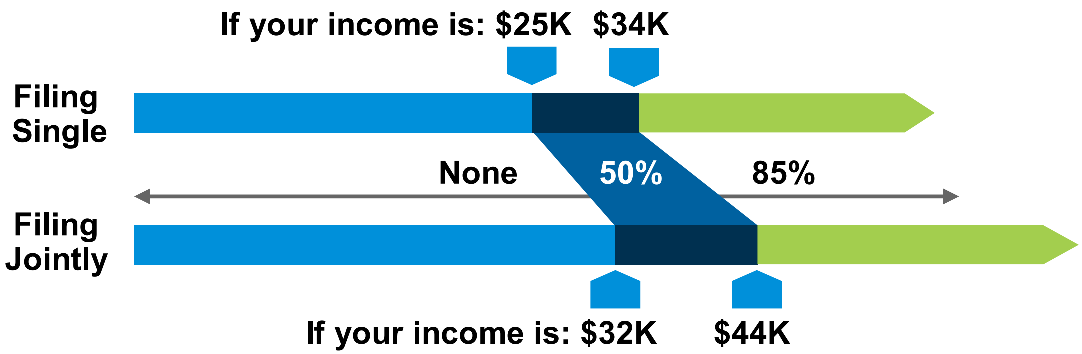
By delaying your payments for 8 years, you would receive an extra $860 dollars monthly for the rest of your life

How is Social Security taxed?

If your provisional income is:

Filing Single	Filing Jointly	
below **$25,000**	below **$32,000**	**None** of your Social Security benefit is taxed
from **$25,000-$34,000**	from **$32,000-$44,000**	**Up to 50%** of your benefit is taxable
more than **$34,000**	more than **$44,000**	**Up to 85%** of your benefit is taxable

Percent of your social security benefit that may be taxable



Source: Social Security Administration, 12/2017

How earned income affects Social Security

If you are:	Based on 2019 limits, you can earn:	Over that amount, $1 of Social Security benefits is lost for:
Under full retirement age	$17,640	Every $2 you earn
At the ***year*** you reach your full retirement age	$46,920	Every $3 you earn
At the ***month*** you reach your full retirement age	No limit	There is no loss of benefit

KEY TAKEAWAY:

If you have earned income after your Social Security benefits begin, your Social Security payments can be reduced

Source: Social Security Administration, 2019

Employer-defined benefit plans

Do you have a plan at a **former employer?**

Have your beneficiaries **changed?**

Have you considered **survivorship benefits?**

Creating additional dependable income

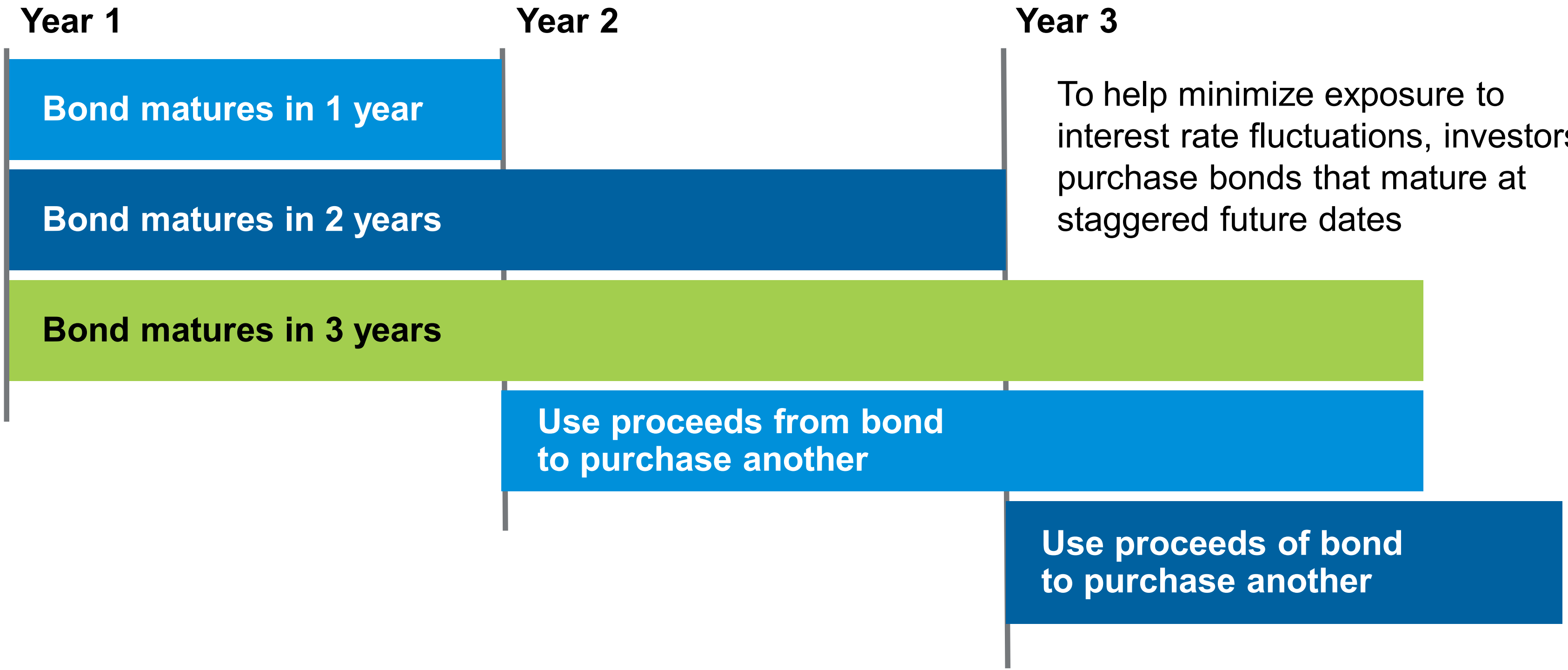
Dependable income sources

- Social Security
- Defined benefit or pension plan

Create dependable income sources

- CD Ladders
- Bond Ladders
- Annuities
- Life Insurance

Bond ladders



To help minimize exposure to interest rate fluctuations, investors purchase bonds that mature at staggered future dates

For illustrative purposes only.

Using annuities to create dependable income

Annuity — A tax-deferred contract sold by an insurance company that can provide an income for a specified time period, such as a number of years or for life

Annuities are a way to provide guaranteed lifetime income

Two types of annuities

Immediate

Deferred

Two types of annuity returns

Fixed

Variable

Guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.

Variable annuities with living benefit riders

Many variable annuities also have **optional living benefit riders available for an additional cost** that can help provide a steady stream of income despite market risk

An income benefit rider can **give your assets potential to grow** if the market goes up

However, if the market goes down, an income benefit rider can **provide you with a steady stream of income** for retirement

It is possible to lose money in a variable annuity even when an optional benefit rider is purchased.
Optional riders may be irrevocable and expire without use.

Variable annuities are offered by prospectus only, which is available from your registered representative. You should carefully consider the product's features, risks, charges and expenses, and the investment objectives, risks and policies of the underlying portfolios, as well other information about the underlying funding choices. This and other information is available in the prospectus, which you should read carefully before investing. Product availability and features may vary by state. All product guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.

The amounts allocated to the variable investment options of your account balance are subject to market fluctuations so that, when withdrawn or annuitized, it may be worth more or less than its original value. It is possible to lose money in a variable annuity even with a protection benefit rider. Optional riders may be irrevocable and expire without use.

Sources of retirement income

Expenses	Income
Retirement **needs**	**Dependable** income sources
Retirement **wants**	**Other** income sources

The effect of taxes: tax-deferred income sources

Action	Tax Effect
Withdrawing money from a retirement account other than a Roth IRA	**Withdrawal after age 59½** Withdrawal is subject to ordinary income tax rate **Withdrawal before age 59½** Withdrawal is generally subject to ordinary income tax rate plus a 10% penalty
Transferring your retirement account at work to an IRA when you change jobs	**A qualified rollover (assuming tax law requirements are met)** Retirement savings continue to grow with no tax or penalty until you take withdrawals from your IRA

KEY TAKEAWAY:

To avoid paying unnecessary taxes, your tax-deferred income sources must be handled carefully at withdrawal

Important life milestones

Start Social Security or *wait?*

62

Age

45 55 75

50

401(k)/403(b)/IRA *catch-up* contribution

59 1/2

Can take qualified plan $$ out — *no tax penalty*

63 1/2

COBRA covers health insurance if retired

65

Normal retirement age, eligible for Medicare

70 1/2

Must take $$ out of IRA/401(k)/403(b)

Roth IRA does NOT mandate withdrawals at 70½

What if you still have an income gap?

You have options

Work Longer

- Extend your career
- Work part-time
- Start a new business

Spend Less

- Minimize expenses
- Downsize your home
- Move

*Or...*consider converting some of your personal savings to dependable income

Income allocation

What investment solutions might be included in your income strategy?

Most Flexibility → Most Guarantees

Stocks, bonds, etc.	Variable annuity	Fixed annuities
Access to your money with market participation **but no guarantees**	With **income guarantees**	**Guaranteed stream of income but limited access** to your cash balance with no market participation

Guarantees are based on the financial strength and claims paying ability of the issuing insurance company

Two ways to turn personal savings into income

Systematic Withdrawals

Annuitization

Systematic withdrawals create flexible income

Longevity	How long your assets last depends on your withdrawal rate and the size of your nest egg
Withdrawal Rate & Timing Risk	You choose your investments and control your withdrawal rate, but they can be affected by market volatility
Inflation	You can increase your withdrawal rate to deal with a loss of purchasing power for as long as your nest egg lasts
The Unexpected	You have liquidity to deal with unplanned events for as long as your nest egg lasts

Annuitization creates dependable income

Longevity	Provides guaranteed income that can last a lifetime*
Withdrawal Rate & Timing Risk	Market conditions have no effect on your dependable, consistent payments
Inflation	Often does not provide inflation adjustment to dependable income
The Unexpected	While you have guaranteed monthly income, generally there is limited or no flexibility

*All guarantees are based upon the financial strength and claims-paying ability of the issuing insurance company.

Flexible / Dependable
Systematic withdrawal vs Income annuity

Hypothetical example

You have $500,000 savings available for retirement
You need $55,000 per year to cover retirement expenses
You have $37,000 of dependable income ($27,000 social security + $10,000 pension)
You need to create $18,000 per year

Systematic withdrawal from savings	**Annuity** Joint & survivor payout once annuitization is elected
Full flexibility	Full dependability
No dependability	No flexibility

Guarantees based on financial strength and claims paying ability of the issuing insurance company.
Illustration does not take into account any taxes or fees which will reduce cash payments.

Taking a middle road approach

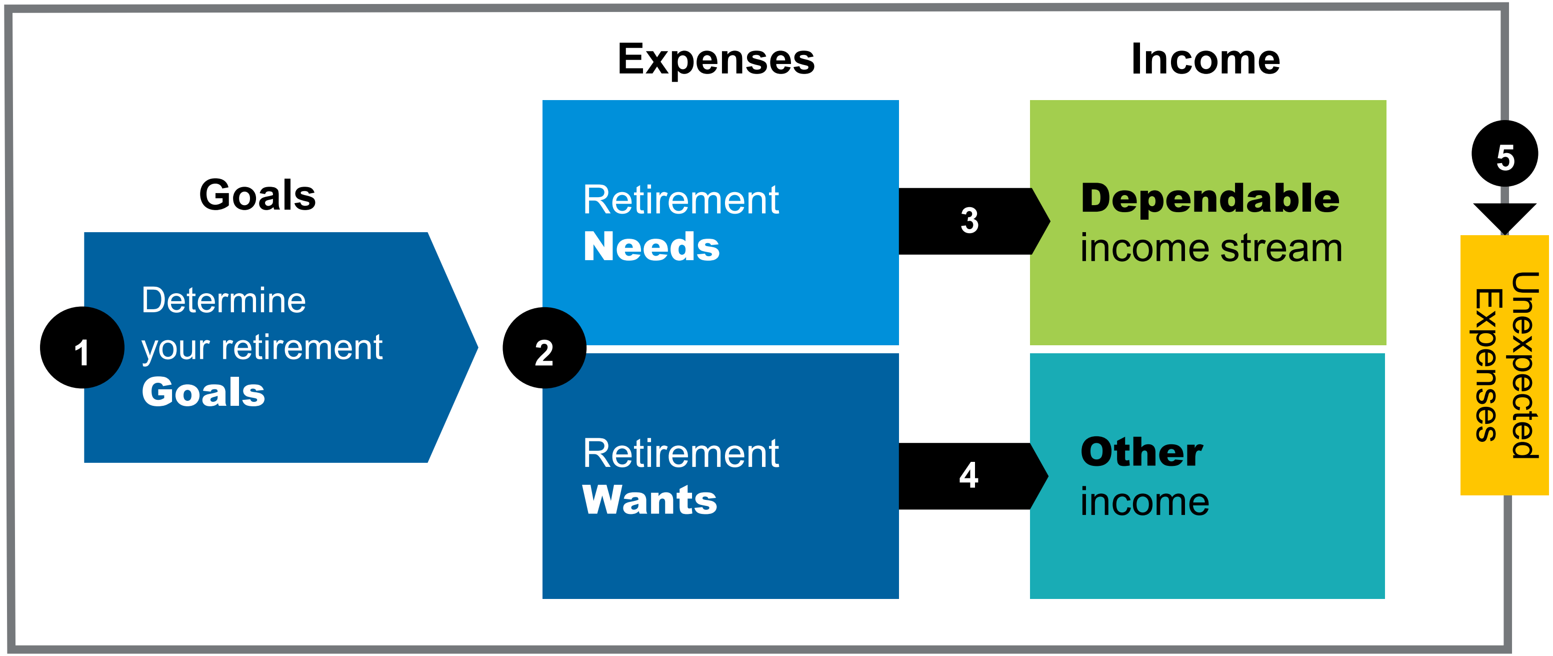
Full flexibility	Full dependability
No dependability	No flexibility

Traditional Investments

Annuity Income

Hypothetical example shown for illustrative purposes only.

Retirement income planning process

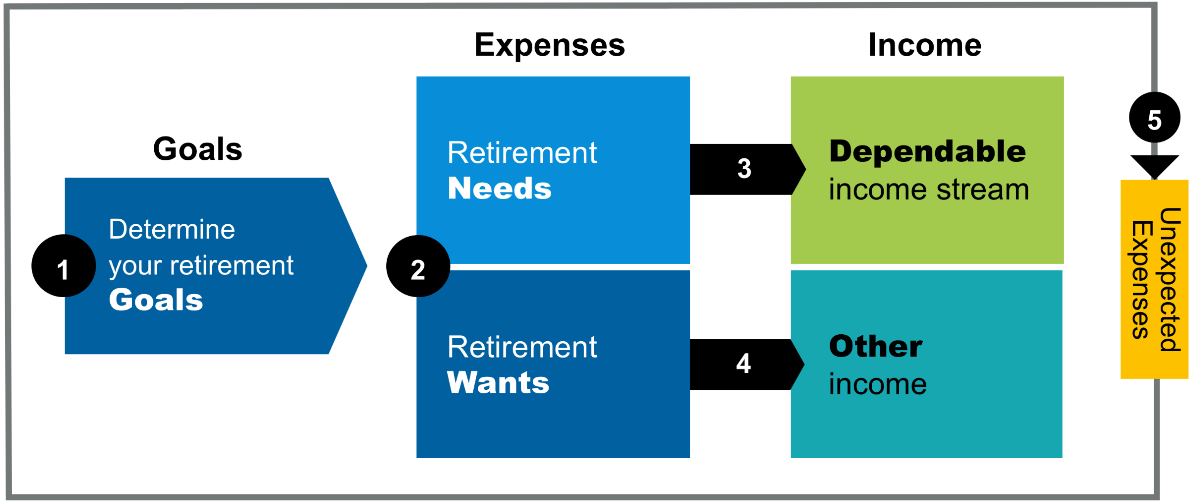


Today's key learnings:

Your needs should be covered by income sources that last a lifetime.

Your income allocation will help you cover both your needs and wants.

There's an easy 5-step process to help you get where you're going



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Guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.

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Making the Most of What You Have

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SESSION 4