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MassMutual
Expressions

Moving from offense to defense: What's your post-retirement game plan?

During your pre-retirement years, it's a smart strategy to go on the offense and score as many points in the game as possible by maximizing your retirement contributions and savings. During your post-retirement years, think more defensively: The goal now is to try and *keep* the points you've accumulated on your scoreboard by using strategies to manage and preserve your assets to help them last throughout retirement.

Several factors come into play with post-retirement planning:

- **Reposition assets for income.** Generating a steady stream of retirement income is now a key component of your game plan. Like many retirees, you may be concerned about outliving your retirement funds. Consider annuities that provide an option to receive income for life.
- **Have access to liquid assets.** Liquidity remains a key issue during retirement. Make sure you have liquid funds that are readily available to avoid tapping into — and depleting — other income sources. Money market accounts and fixed annuities can help in this area.

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Retirement $avings = personal responsibility

The buck stops here. 78 percent of workers in a recent survey acknowledge it is their personal responsibility to save for their retirement. Among participants of defined contribution plans, such as a 401(k), the number jumps to 84 percent who say they are personally responsible for their retirement savings.

Source: LIMRA Secure Retirement Institute Research survey; www.limra.com; July 2014.

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- **Don't overlook growth options.** With today's high life expectancy rates, retirement assets generally need to last longer than for previous generations. For example, a 65-year-old can look forward to celebrating an 84th birthday* — that's 19 years of retirement. These are just averages; you could be living well into your 90s. So it's important to keep a portion of your assets positioned for growth. ***Strategic move:*** To reduce longevity risk for your later retirement years, consider deferred income annuities that can provide fixed lifetime payments starting at a future date you specify.

As you approach retirement, the decisions you face are enough to make your head spin. Your financial professional has access to a wide range of resources to help you develop a post-retirement game plan that's customized to your needs.

*Source: Health, United States, 2013. Centers for Disease Control and Prevention; National Center for Health Statistics; www.cdc.gov.

Solutions for Life Events

Life happens! People get married … have children … buy homes … get divorced … become ill or have accidents … lose loved ones … retire from the workforce …

Life events like these bring joy or sorrow — and financial challenges. Whatever life event you, your adult children or other family members may be facing, there are resources and solutions to help you with such challenges. Talk to your financial professional or go to **www.massmutual.com** and click on *"Solutions for Life Events."*

When your empty nest is full again

Your adult son returns home temporarily to attend graduate school after losing his job … your newly divorced daughter and grandchild move in to live with you … After your two young grandchildren become orphans, you are now responsible for taking care of them …

If you're no longer empty nesters because adult Boomerang kids (and/or their children) have returned home, you may be saying "goodbye" to a carefree retirement lifestyle and "hello" to renewed responsibilities. Such changes in your family situation can affect and disrupt more than your household living conditions — they can also have important financial implications.

Here are two important factors to consider:

- **Life insurance.** You may have reduced or ended your life insurance coverage when your children left the family nest. If family members are now partially or wholly dependent on you financially, revisit your life insurance coverage. Perhaps it's been a while since you looked at life insurance — there may be newer options that offer more flexibility and choice than your previous policies. Talk to your financial professional — or go to **www.massmutual.com** for a review of life insurance coverage options.
- **Home insurance.** Your homeowners coverage limits may be too low if your adult Boomerang kid is bringing expensive electronic equipment to your home. And what about items such as jewelry or artwork or collectibles? These may not be covered under your existing policy unless you add a special endorsement. Check with your insurance agent to see if you need to adjust your homeowners coverage.

Review financial factors

Enjoy the company and extra family time with your offspring back at home again. Just make sure you're financially prepared for any potential risks by having adequate insurance coverage.

The Aging of Aquarius: Boomers & Social Security ???

Between 8,000 and 10,000 Baby Boomers are turning 65 every day until 2030.* When it comes to claiming Social Security benefits, this traditional retirement milestone has changed. But it's still seen as an important retirement marker for those approaching this age to think about Social Security benefits.

To claim or not to claim — that is the question

You could take early retirement and start claiming benefits as early as age 62. However, benefit amounts could be reduced by as much as 30 percent.** The alternative is to wait until full retirement age to receive full benefits (for the Boomer generation, between 66-67 years). By waiting even longer until age 70, you could receive your largest benefit thanks to delayed retirement credits. Many factors come into play when deciding which age to claim benefits. For example, does longevity run in your family? Are you in poor health with a shorter life expectancy? Do you have enough saved and can afford to claim higher benefits later?

What about spousal benefits?

For married couples, a spouse's decision on when to start receiving benefits can have a significant impact on the other spouse's benefits over his/her lifetime. For example, if you're the higher-earning spouse and you take early retirement instead of waiting to your full retirement age, you will receive reduced benefits and will likely reduce your spouse's lifetime benefits also. Check out ways to time benefits to try and increase what both of you could receive from Social Security. For example, one strategy could allow your lower-earning spouse to take his/her benefits earlier while you delay benefits to a later age. You simply file for benefits at full retirement age, which allows your lower-earning spouse to collect benefits based on your higher earnings. You then file to suspend your benefits while continuing to work and delay taking those benefits until a later age when they are worth more.

Consult your financial professional who can help you run the numbers and discuss your options for claiming Social Security benefits.

*Source: The Pew Research Center; www.pewresearch.org
Pew Research & Demographic Trends, Baby Boomers Approach 65 – Survey Findings about America's Largest Generation, D'Vera Cohn and Paul Taylor, http://www.pewsocialtrends.org/files/2010/12/Boomer-Summary-Report-FINAL.pdf
**Source: Social Security Administration; www.socialsecurity.gov

What do Boomers expect for retirement?

A recent study of Boomers by the Insured Retirement Institute finds that:

- 28 percent of Boomers plan to retire at age 70 or later — that's a significant jump from 2011, when only 17 percent of Boomers planned to wait until age 70 to retire.
- During the past year, 25 percent of Boomers postponed their plans to retire.
- Only 55 percent of Boomers have calculated a retirement savings goal.
- Boomers who work with a financial professional are more than twice as likely to be highly confident in their retirement plans compared to those planning for retirement on their own.

Source: Boomer Expectations for Retirement 2014; based on survey of Americans aged 51 – 67; Insured Retirement Institute; www.irionline.org.

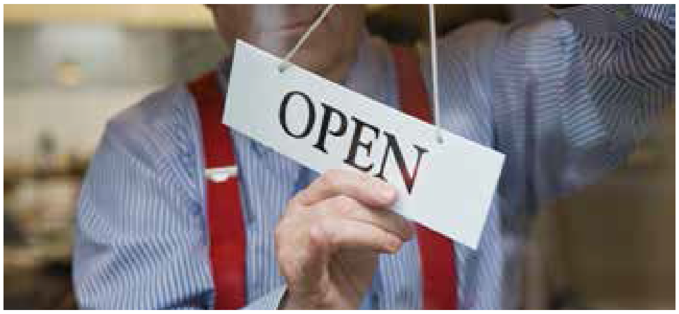
Smart retirement choices for small business owners

Are you self-employed? Do you have a small business with just a few employees? If you want to save for your retirement and help retain employees by offering a valued benefit, think about setting up a retirement plan for your business. Take a look at a win-win option for you and your employees: A Simplified Employee Pension (SEP) plan.

Advantages of a SEP

With this type of plan, individual retirement arrangements (IRAs) are established for you and each of your eligible employees. As the employer, you make all contributions to the SEP IRAs (employee contributions are not allowed), and you must cover all eligible employees. SEP IRAs offer several advantages:

- **Tax advantages.** Contributions to SEP IRAs are tax-deductible for your business, and earnings in the accounts accumulate tax-deferred for you and your employees. Check with your tax advisor to see if your business is also eligible for a tax credit for the cost of starting up the plan.
- **Flexibility.** You are not obligated to make contributions each year to the plan — you have the flexibility to vary contribution amounts/percentages from year to year. So if your business income fluctuates yearly, you can decide whether (and how much) to contribute. Note: Contributions generally must be a uniform amount for all employees — for example, the same percentage of compensation.
- **Easy to set up.** A SEP IRA is one of the easiest and cost-effective employer-sponsored retirement plans to set up and administer.



SEP IRAs can be funded with a wide range of alternatives, including deferred income annuities, which provide guaranteed future income payments to last a lifetime.* *(See sidebar on this page.)* Talk to your financial professional about establishing a SEP plan for your business.

*Annuities do not provide any further tax advantage when used to fund a qualified plan, such as an IRA. Consider annuities for their additional features, such as lifetime income and death benefit.

New regulations boost deferred income annuities

New regulations issued by the IRS and U.S. Treasury Department have made deferred income annuities more attractive options for IRAs and employer-sponsored retirement plans, such as 401(k)s.

Before the new regulations, the Required Minimum Distribution (RMD) rules made it risky to use qualified assets to purchase a deferred income annuity and set annuity payments to begin at a more advanced age. If annuity payments had not yet begun by the time that RMDs were required (generally April 1st of the year following the year in which the individual reaches age 70½), the fair market value of a deferred income annuity was included in the account balance used to calculate RMDs, which could result in more liquid qualified assets being depleted too quickly. The new regulations allow people to invest up to 25% of an IRA or employer-sponsored retirement plan balance or (if less) $125,000 in a deferred income annuity that meets certain requirements, and to exclude the fair market value of that contract from their RMD calculations. The new regulations provide the opportunity to receive higher payouts by choosing longer deferral periods (up to age 85).

Source: U.S. Department of the Treasury; www.treasury.gov; July1, 2014.

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