

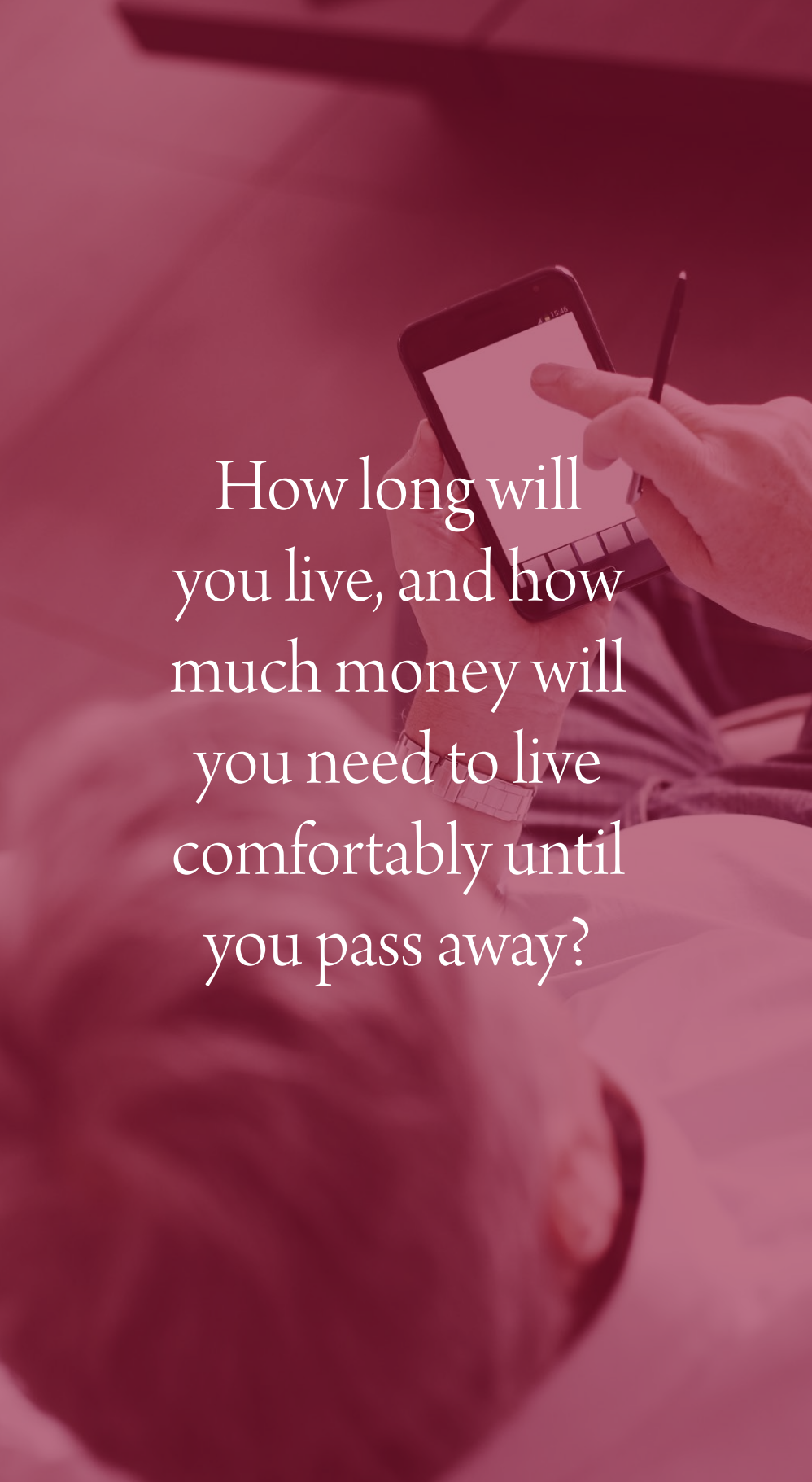
THE VALUE OF AN
**OBJECTIVE
OPINION**

Prepared for

KELLY | FINANCIAL
SERVICES LLC

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Why objective financial
advice is important



How long will you live, and how much money will you need to live comfortably until you pass away?

These are two primary questions to address when planning for retirement income. If we each had the answer, we'd have a better chance of meeting the goal of not outliving our money. However, these also are two of the most difficult questions to answer accurately.

The Importance of Timing

While none of us can predict how long we will live, factors from genetics to lifestyle and even where one lives can play a part in one's longevity. According to the Social Security Administration, a man reaching age 65 today can expect to live, on average, to age 84, and a woman turning 65 today can expect to live, on average, until age 86. Remember, those are averages. One in four 65-year-olds will live past age 90.¹

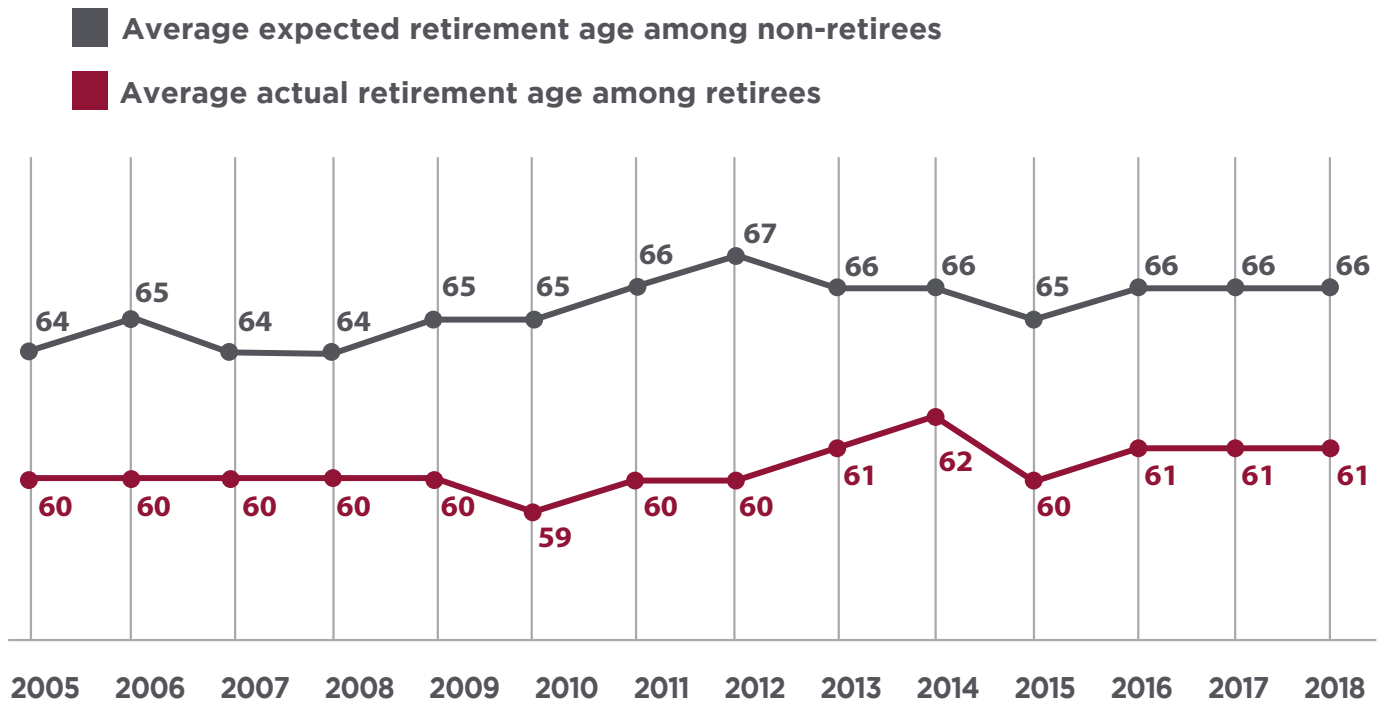
Researchers at the Institute for Health Metrics and Evaluation at the University of Washington found dramatic differences in lifespan across the United States as they analyzed more than 30 years of data. They found a difference of about 20 years between counties with the longest typical life spans (average of about 87 years) and shortest typical life spans (average of about 67 years).²

Another challenge to planning your retirement income is estimating when you'll retire. Plan as you may, this can be a variable you can't control — largely due to employer changes, like closures or downsizing, or potential health issues you or your loved ones may experience. The age people expect to

¹ Social Security. "Benefits Planner | Life Expectancy." <https://www.ssa.gov/planners/lifeexpectancy.html>. Accessed April 10, 2019.

² Rob Stein. NPR. May 8, 2017. "Life Expectancy Can Vary By 20 Years Depending On Where You Live." <https://www.npr.org/sections/health-shots/2017/05/08/527103885/life-expectancy-can-vary-by-20-years-depending-on-where-you-live>. Accessed April 10, 2019.

Americans' Actual vs. Expected Age of Retirement³



retire is often higher than the actual age at which most retire. Of respondents to a Society of Actuaries survey, 63% of pre-retirees indicated they expected to retire at age 65 or later. However, the responses of current retirees showed a different picture. Only 21% retired at age 65 or after; 79% retired before reaching 65.⁴

The Importance of Income Planning

The Society of Actuaries poll revealed that though they currently feel financially secure, many pre-retirees consider themselves behind in their retirement preparations. Half said their savings were behind schedule, including 21% who consider themselves behind by a lot. Just 15% reported being ahead of schedule.⁵ However, as we've established with regard to life expectancy and retirement age, our beliefs do not always reflect our reality.

Unfortunately, today's statistics show that Americans on average are ill-prepared for retirement. The annual Transamerica Retirement Survey showed that the median household retirement savings among workers in 2017 was \$71,000. Though 30% of workers reported more than \$250,000 in household retirement accounts, 25% had less than \$25,000 saved, and 10% reported savings of less than \$5,000.⁶

Are Americans concerned about not having enough retirement income? Absolutely. Of eight financial issues rated as most worrisome by Americans in a 2018 Gallup poll, the biggest worry was running out of money in retirement, which tied with not being able to pay for medical bills should they experience a serious illness or accident.⁷

³ Frank Newport. Gallup. May 10, 2018. "Snapshot: Average American Predicts Retirement Age of 66." <https://news.gallup.com/poll/234302/snapshot-americans-project-average-retirement-age.aspx>. Accessed April 3, 2019.

⁴ Greenwald & Associates. Society of Actuaries. January 2018. Page 177. "2017 Risks and Process of Retirement Survey." <https://www.soa.org/research-reports/2018/retirement-risk-survey/>. Accessed April 10, 2019.

⁵ Ibid. Page 25.

⁶ Transamerica Center for Retirement Studies. June 2018. Page 18. "18th Annual Transamerica Retirement Survey: A Compendium of Findings About American Workers." https://www.transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2018_sr_18th_annual_worker_compendium.pdf. Accessed April 10, 2019.

⁷ Lydia Saad. Gallup. May 3, 2018. "Paying for Medical Crises, Retirement Lead Financial Fears." <https://news.gallup.com/poll/233642/paying-medical-crises-retirement-lead-financial-fears.aspx>. Accessed April 10, 2019.

Today's Retirees

Retirement Statistics	Data
Average retirement age⁸	61
Median household retirement savings⁹	\$71,000
Median annual cost of moving to an assisted living facility¹⁰	\$48,000
Average cost of retirement¹¹	\$738,400
Percentage of pre-retirees “very concerned” the value of their savings and investments might not keep up with inflation¹²	33%
Percentage of retired adults who rely on Social Security as “major” income source¹³	57%
Percentage of people ages 56-61 who expect to receive income from a private company pension plan¹⁴	23%
Percentage of workers with less than \$5,000 in household retirement savings¹⁵	10%

⁸ Frank Newport. Gallup. May 10, 2018. “Snapshot: Average American Predicts Retirement Age of 66.” <https://news.gallup.com/poll/234302/snapshot-americans-project-average-retirement-age.aspx>. Accessed April 3, 2019.

⁹ Transamerica Center for Retirement Studies. June 2018. Page 18. “18th Annual Transamerica Retirement Survey: A Compendium of Findings About American Workers.” https://www.transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2018_sr_18th_annual_worker_compendium.pdf. Accessed April 10, 2019.

¹⁰ Genworth. Oct. 10, 2018. “Cost of Care Survey 2018.” <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>. Accessed April 10, 2019.

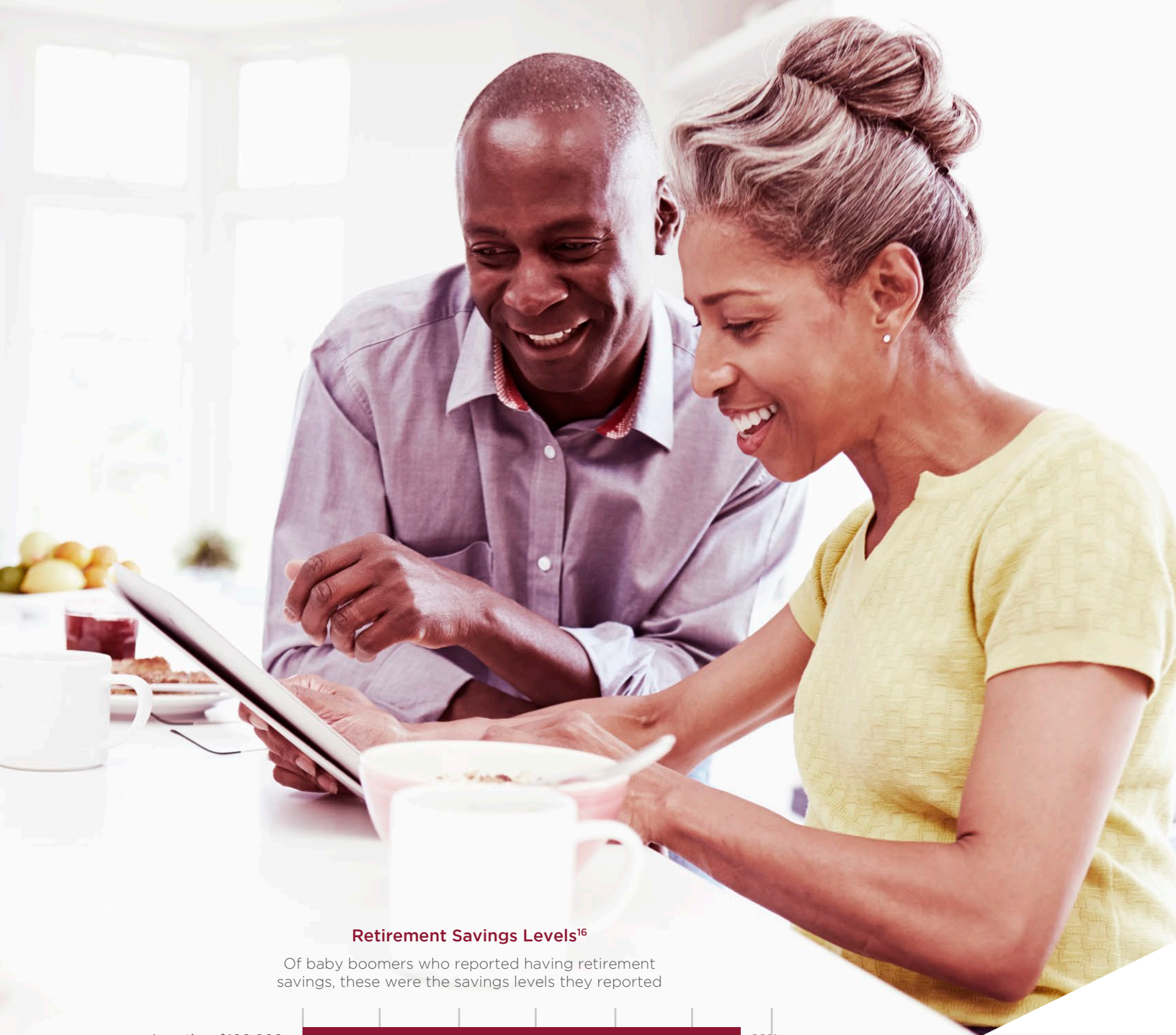
¹¹ Merrill Lynch. 2019. “Finances in Retirement: New Challenges, New Solutions: A Merrill Lynch Retirement Study conducted in partnership with Age Wave.” https://www.benefitplans.baml.com/publish/content/application/pdf/GWMOL/2019_Finance_Study.pdf. Accessed April 10, 2019. Page 7.

¹² Greenwald & Associates. Society of Actuaries. January 2018. Page 163. “2017 Risks and Process of Retirement Survey.” <https://www.soa.org/research-reports/2018/retirement-risk-survey/>. Accessed April 10, 2019.

¹³ Lydia Saad. Gallup. May 10, 2018. “Social Security Still Financial Bedrock for Retirees.” <https://news.gallup.com/poll/234032/social-security-financial-bedrock-retirees.aspx>. Accessed April 10, 2019.

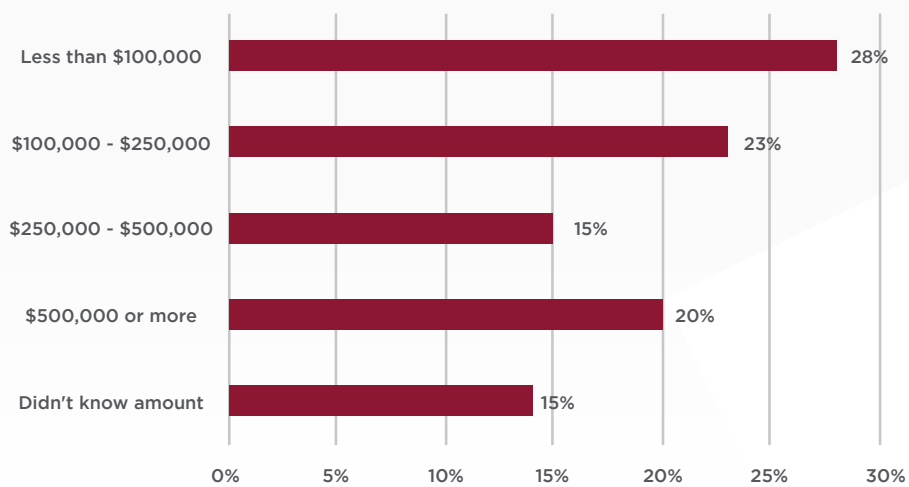
¹⁴ Insured Retirement Institute. April 2019. Page 3. “Boomer Expectations for Retirement 2019.” https://www.myirionline.org/docs/default-source/default-document-library/iri_babyboomers_whitepaper_2019_final.pdf. Accessed April 10, 2019.

¹⁵ Transamerica Center for Retirement Studies. June 2018. Page 18. “18th Annual Transamerica Retirement Survey: A Compendium of Findings About American Workers.” https://www.transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2018_sr_18th_annual_worker_compendium.pdf. Accessed April 10, 2019.



Retirement Savings Levels¹⁶

Of baby boomers who reported having retirement savings, these were the savings levels they reported



¹⁶ Insured Retirement Institute. April 2019. Page 17. "Boomer Expectations for Retirement 2019." https://www.myirionline.org/docs/default-source/default-document-library/iri_babyboomers_whitepaper_2019_final.pdf. Accessed April 10, 2019.



The Value of an Objective Opinion

In a longer lifespan, you're more likely to encounter periods of both good and bad market performance. For that reason, when planning for retirement, it's increasingly important to seek guidance from a financial advisor who can help you structure an income strategy that reflects your financial situation, risk tolerance and investment objectives. You don't want just any financial advice, but objective financial advice.

With so much at stake, it's important that you feel you can trust a financial advisor to consider a wide variety of possible solutions, including both investment and insurance products, before making any recommendations. You also want to have confidence that the advice being provided by your financial advisor is in your best interests — not his or hers.

Within the financial services industry, there are independent financial professionals who operate as self-employed business owners and sell the products of multiple financial institutions.

This contrasts with financial professionals who represent a financial institution and are employees of that institution. These employees are generally referred to as “captive” financial professionals.

While captive financial professionals are typically required to sell only the proprietary products of the financial institution that employs them, independent financial professionals are able to work with many financial institutions, providing their clients with a wider array of products from which to choose, potentially increasing the likelihood of being able to provide the best product or products for their clients’ particular situations. Many independent financial advisors can help individuals create retirement strategies using a variety of investment and insurance products to custom suit their needs and objectives.

As small-business owners, independent financial advisors are likely to have fewer clients than larger companies. If “the personal touch” is important to you, you may have more luck finding it with an independent financial advisor. There’s also something to be said for working directly with the business owner, who understands and has a greater appreciation for the impact each client has on his or her business.

The Benefits of Independence

As the demand for objective advice grows, it stands to reason more people may choose to work with independent professionals. Independent financial advisors are not forced to sell only the proprietary products of a single financial institution; rather, they generally have access to a larger selection of possible solutions from a wide range of financial institutions to help clients work toward their financial goals.

Planning for retirement income today can be challenging. For this reason, you may want to consider securing objective financial advice to help you meet this challenge, and take steps to help keep you on the path toward your desired financial future.

KELLY | FINANCIAL SERVICES LLC

10 Forbes Road, Suite 130
Braintree, MA 02184
Phone: (781) 849-3090
Fax: (781) 849-3091
www.kellyfinancial.org
info@kellyfinancial.org

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