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## Ready to Retire? Do Not Attempt This Without Working With Your Retirement Planning Team

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It's a challenging economic environment for Americans approaching retirement. Uncertainty due to the COVID-19 pandemic sent shock waves through the stock and bond markets earlier in the year. While the unemployment rate dropped to 11.1% in June, the jobless rate and the number of unemployed are up by 7.6% since February, 2020.<sup>1</sup>

Even though the S&P 500<sup>®</sup> stock index rose significantly since the end of March, bear markets often feature occasional rallies.<sup>2</sup> Only time will tell if this is the beginning of a new bull market — or not.

Compounding this is risk of loss of principal for risk-averse investors, including those nearing retirement. And interest rates continue to be historically low, impacting CD yields and interest on traditional savings and money market accounts.

### The hidden risk of market exposure

Just as COVID-19 caught everyone by surprise — creating instability, double-digit unemployment and uncertainty about the financial future, sequence of returns risk is an unforeseen challenge. It occurs due to exposure to negative market returns during the early years of your retirement.

If you retire in a down market, and the market continues to be in negative territory for a number of years, as you begin taking regular withdrawals — essentially selling assets to provide income — your portfolio may not last as long as you anticipated. Even if you stop taking withdrawals at some point, your portfolio may not have time to recover from market losses.<sup>3</sup>

### Take control of what you can control

Despite uncertainty, there are some things you can manage. Start by talking with your insurance and financial professionals, who can help you make the transition from earning income to taking retirement income. Here are some things to discuss:

- **How long should your retirement income last?**

It depends. If longevity runs in your family, you may need to plan for 20 or more years of retirement income. In fact, the life expectancy of the average American is 78.6 years.<sup>4</sup> Based on this, an average American who retires at age 66 would need

12.6 years of income to support their lifestyle. Rather than guess, ask your insurance agent about [products that provide income options](#), including income that can last a lifetime.



• **What sources of retirement income do you have?** Consider what will be available to you, such as an employer pension, your Social Security retirement benefits, rental income and your retirement savings. Your retirement planning team can help you determine how much supplemental income you may need to support your retirement lifestyle.

• **What's your plan for care?** As with any life decisions you make, it's wise to have a plan and share it with those who are close to you and those who may become part of your plan, if you expect assistance from your spouse or children. So, it's important to talk with an insurance professional who understands your wishes and can present [insurance](#) and [annuity products](#) to help you meet your goals and protect your retirement savings.

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<sup>1</sup>U.S. Department of Labor, [Bureau of Labor Statistics](#), July 2, 2020.

<sup>2</sup>Kiplinger's Personal Finance, "New Bull? Or Same Old Bear?", August 2020.

<sup>3</sup>[the balance](#), "Sequence Risk's Impact on Your Retirement Money", February 8, 2019.

<sup>4</sup>[CDC](#), Life Expectancy Data for the U.S.

#### <Disclosure>

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