

RETIREMENT PLANNING



Whitnell

connection. comfort. continuity.

Are you comfortable with your retirement plan?



Retirement Planning

Helping Create Peace Of Mind About The Future Via An Integrated Plan

More Americans today live longer and healthier lives than ever before. While long life is a good thing, in and of itself, it does give rise to one major concern. Many people are worried about outliving their money. This is a legitimate concern. While the right retirement plan can substantially alleviate this concern, building such a plan is now a very complex process that requires specialized skills and tools.

When new clients come to Whitnell, retirement is often near the top of their priority list. But most families underestimate the complexity of retirement planning. There are numerous factors that contribute to this complexity:

- The American economy has changed substantially in the last decade.
- The cost of elder care requires a much larger nest egg than in the past.
- Retirement planning has shifted from corporations to individuals, many of whom are ill-equipped to build these plans.
- Today's retirees want to continue an affluent lifestyle even after their income-producing years.

In the last decade, the American economy has undergone substantial changes. These changes have impacted retirement planning in ways no one could have anticipated even a decade or two ago when many retirement vehicles seemed stable and promising. Here are three important ways in which shifts in the economy have impacted retirement.

- American families, on average, save less than do families in other countries. Much of the net worth Americans have accumulated has been through equity in their homes. Over the last several years, real estate values have plummeted, leaving many Americans with far less net worth than at the beginning of 2000.
- Most Americans who invested in 401k and other retirement vehicles saw a substantial reduction in the value of those plans during the crash of

2008 and the follow-on market volatility. While some of these losses have been re-gained, many individuals have not corrected their pre-crash assumptions about retirement. These assumptions impact not only the age at which someone retires but also the size of the nest egg upon retirement. Retirement planning today must reflect the realities of this changed economic environment.

- For years financial advisors have talked about the importance of a balanced portfolio between stocks and bonds for cash preservation and growth. However, conservative investments these days may not produce enough gains over time because of changes in interest rates. This requires younger investors to be far more aggressive in building their retirement plan. The wisdom of "set it and forget it" is really no longer applicable in this new economic landscape.

While changes to the American economy have impacted retirement planning, elder care has also become a major factor. The cost of taking care of the elderly has grown significantly faster than the cost of inflation. This creates a substantial financial risk to those who do not have enough liquidity to afford their desired level of care. This is one reason that those planning for retirement need to plan for a much larger nest egg than in the past. It is not uncommon to hear stories of people retiring with more than a million dollars and being broke before they pass away.

Another important factor in retirement is generational concerns. Many of those planning for or near retirement find themselves caught between funding their own retirement, helping their children financially and caring for their elderly parents.

Many people planning for retirement want to be financially independent so they do not negatively impact their children. But far too often these parents find they need to help their children financially even though the children are working professionals. Baby-

boomers in particular feel a strong sense of obligation to their depression-era parents. If a baby-boomer helps fund elder care for their parents and continues to help their children, they often have little left over for their own retirement.

Another factor contributing to the complexity of retirement planning is who actually builds the plan. In the past, traditional pension plans offered by employers created built-in retirement programs. Most corporations employed professionals with some level of skill and experience in this area. Over the last several years, many employers have discontinued these plans. This means the burden for retirement planning has shifted to the individual. Most individuals simply do not have the skill or time to build a successful and well-thought-through retirement plan.

Many people have thought about retirement and have a picture in their mind but they really don't have a plan for accomplishing that picture. Many people have goals. But far too few people have an actionable plan that they are executing every day that is designed to make those goals a reality. More importantly, most people have no formal means of measuring progress against their goals.

Many people are not conserving enough in their earning years, by saving and investing, to live the life they want to live in retirement. Most people do not want to decrease their lifestyle in retirement. Even those who earn an exceptionally high income are not immune from concerns for retirement. Many high-income earners have not saved and invested nearly enough for their retirement and will have to face severe lifestyle changes unless they begin planning today for their retirement.

The Whitnell Retirement Planning Solution

Whitnell's retirement planning service is a comprehensive approach to setting and achieving realistic goals. We objectively evaluate our clients' stated goals for retirement and then work together to create and implement a custom retirement plan.

Through this process, we help clients prioritize their goals and adapt to the changing economic climate and their unique financial situation.

By working with Whitnell on this service, many of our clients increase the likelihood that they will live a comfortable life in retirement, enjoying free time with the ones they love.

The Whitnell Retirement Planning Approach

At Whitnell, we practice a seven-step approach to building and executing our clients' retirement plans:

- Discovery
- Identification
- Advisement
- Analysis
- Recommendations
- Implementation
- Ongoing Monitoring

Discovery:

During discovery, we get to know our clients very well. We come to understand them at a very deep level, possibly deeper than any other professional advisor has ever

understood them before. We listen to and make a list of their stated goals for retirement. We ask questions about their vision for the future, about their relationships and who is important to them. We get to know what they want to do in retirement. This culminates in a priority list that is unique to each client.

Then we spend time reviewing their financial situation. This takes into consideration all facets of their financial plan. We closely analyze cash-flows today and projected needs for cash in the future. This also entails working together with our clients to agree upon assumptions that are comfortable for them, about inflation and return on investments.

Then we organize their financial information into one coherent system. We gain an understanding of the resources that are available to them both now and in the future. This helps lay the groundwork for the retirement plan. We also come to understand their relationships with other professional advisors today.

Identification:

During identification, we organize their stated objectives into a priority list of what matters most to them. In some instances, difficult choices need to be made. Identification helps us and our clients define what they really want to have happen.

Advisement:

We advise our clients on the process of retirement planning and explain how a decision in one area impacts all other areas.

Analysis:

During analysis, we analyze our client's stated goals and available resources. We build projections of likely cash-flow and budget needs for the future. To do this, we take the following steps:

- We take into consideration their current income and expenses. We build a detailed budget based on realistic lifestyle expenditures today. We closely analyze how much discretionary income is available to them.
- We dig into anticipated income and expenses for now and the future.
- We analyze cash in-flows that may include:
 - Wages during retirement.
 - Stock option income.
 - Deferred compensation.
 - IRA distributions.
 - Anticipated pension income.
 - Net investment income.
 - Decisions regarding social security.
 - Rental income.
 - Gifts and inheritance.
- We analyze the need for cash out-flows that may include:
 - Lifestyle goals such as acquisition of real estate, new vehicles, moving to a new state, building a new home and other lifestyle goals.

- Emergency funds for unanticipated expenses like divorces, legal fees and other unforeseen events.
- College funding.
- The impact of taxation based on current tax rules. We may also project how changes in tax rules can impact cash-flows.
- Healthcare expenses including long-term care insurance and live-in support.
- Charitable planning goals.
- We build linear and probability-based projections regarding retirement. The linear projections help you determine your net worth for the future. Probability projections indicate the likelihood of success of achieving your retirement goals.

Recommendations:

We present the findings of our analysis to our clients and provide them a roadmap for achieving the goals that matter most to them. We help them prioritize their options and weigh the merits of each decision, looking carefully to improve the probabilities of success. We collaborate as a team in final decision-making.

Implementation:

We help our clients implement their retirement plan. We provide a detailed budget and investment strategies. We construct the portfolio to be in line with our clients goals. We provide support at every step of the way.

Ongoing Monitoring:

We don't just leave you with a plan on a shelf. We meet regularly, on an ongoing basis to review progress against goals. We come to understand what has changed in your financial and personal life. We modify the retirement plan to accommodate changes in the situation. We also modify the investment allocation based on where you are against goals.

The Impact of This Service

There are several quantifiable outcomes from the retirement planning process which many of our clients deem very desirable.

By going through this process, **our clients often gain a realistic sense of what they need to do to retire** based on quantifiable projections. This takes the guess-work out of the process.

Clients come to see, in concrete terms, how decisions they make today regarding their wealth impact how they will live in the future. They see how decisions made today produce consequences for the future.

Many clients begin to see a relationship between how a dollar saved today goes to meet a specific retirement objective.

Clients who go through this process are **no longer flying blind about retirement**. Many clients adjust their lifestyle to accomplish their retirement goals. Their adjustments are based on solid projections, not hunches.

For some clients, this may mean that they save more and spend less. While for other clients, this could mean they can spend more and save less.

The Benefits of This Service

We believe our clients feel **a deep sense of peace** of mind after having completed the retirement planning process.

After having gone through these steps with a retirement professional, **they can take comfort in knowing that their desired future can be attainable** if they make the right decisions today.

Uncertainty is mitigated after hunches are replaced by quantifiable data.

Many clients feel good that they can go out and **live a reasonable lifestyle today without negatively impacting their retirement**. They know their plan is in place.

This can produce **a feeling of ease and freedom**. Most clients feel a strong sense of relief, believing they will not be a burden on the ones they love in the last years of life.

About Whitnell

Whitnell is a wealth management organization based in Oak Brook, Illinois. For more than a quarter century we have protected and enhanced the wealth of affluent families, some of whom have been with us for three generations.

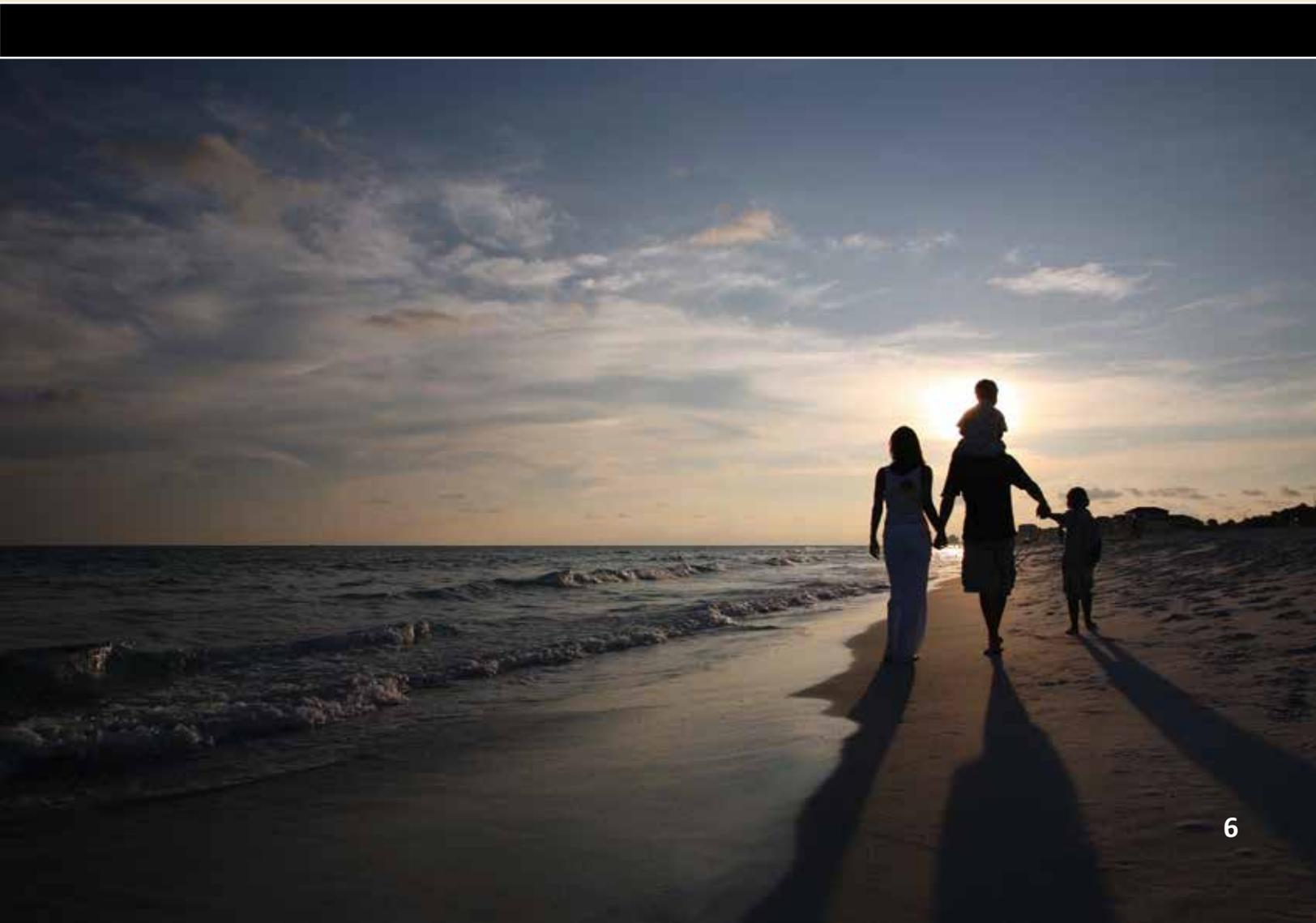
It is our mission to provide affluent families with comfort and peace of mind so they can focus their energies on what matters most to them: their families, their businesses and careers and the charitable causes they pursue with passion.

As wealth managers, our primary focus is to provide our clients with a wide range of services designed to reduce life's worries. Through deep and

meaningful conversations, we come to understand each client's unique position in life:

- Who they love.
- What they dream about.
- What they hope for the future.
- What they fear.
- What they want their wealth to do for them and their family.

Then we build a custom plan unique to each client. Over time, we execute that plan with and for our clients. This helps to ensure our clients' wealth is a source of freedom and joy.



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