

WILL YOU HAVE THE INCOME YOU NEED IN RETIREMENT?

A Lifetime Income Illustration Review May Help Strengthen Your Retirement Plan

Great news for 401(k) participants! In 2019, the Setting Every Community Up for Retirement Enhancement (SECURE) Act required that 401(k) owners receive single-life and joint-life **lifetime income** illustrations annually. Available on your plan's website, this information provides important insights into how your 401(k) account value could translate into retirement income. Review your lifetime income illustration with a financial professional who can help you build a comprehensive retirement plan.

WHAT ARE A LIFETIME INCOME ILLUSTRATION AND REVIEW?

The illustration is a document that shows the estimated income a 401(k) account might provide for a single person or a married couple, both age 67.

The **review** is a meeting you set with your financial professional. He/She can put the projected income provided in context with other potential income sources, such as Social Security retirement benefits and other savings.

The two kinds of lifetime income illustrations required by the SECURE Act are an:

- Estimated monthly payment from a single-life-only annuity.
- Estimated monthly payment from a qualified joint/100% survivor annuity for a couple.

WHAT ARE THE BENEFITS?

The illustration and review give a clearer picture of your future income. The illustration shows how the money from your 401(k) might translate from a lump sum into a lifetime retirement income stream. Examples:

- If your 401(k) account value is \$500,000, the calculation will show an estimated monthly payment from a single-life annuity of \$3,075 or \$36,900 per year.
- If your 401(k) account value is \$500,000, the calculation will show an estimated monthly payment from a joint/100% survivor annuity of \$2,550 or \$30,600 per year.

These tools also can help you identify a potential income gap. The illustration can reveal how much additional money you may need to meet two types of retirement income needs, which are:

- **Essential expenses** that must be met every month.
- **Discretionary expenses** for things you could live without but are nice to have.

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WHAT IF I NEED MORE INCOME?

Reviewing your lifetime income illustration with a financial professional can help you determine whether additional savings are needed to cover your essential and discretionary expenses and provide for your desired lifestyle by:

- Identifying all potential sources of retirement income, the tax characteristics of each, and the amount an income plan might provide.
- Determining if additional sources of income are needed.
- Reviewing Social Security retirement benefits and providing guidance on claiming options and how they may benefit you.
- Helping you create additional guaranteed income, if needed, by converting some savings to financial instruments such as a nonqualified annuity.

To learn more about maximizing your retirement income request a customized income review with a financial professional.

While the lifetime income illustration is a great start, a customized review with a financial professional will help you keep your goals on track.

For more retirement planning resources visit our website.

PacificLife.com

¹The examples assume an interest rate of the 10-Year Constant Maturity Treasury Rate and life expectancy based on the unisex (gender-neutral) mortality table. This example is for a single-life-only or joint-life-only payment. This assumes the highest possible payment, but if a participant doesn't meet his or her life expectancy, none of the remaining funds go to beneficiaries.

This material is not an offer to sell or a solicitation to buy annuities. The intent is to provide additional information regarding benefit statements that must be provided to defined contribution plan participants by employers that sponsor 401(k) plans.

Annuity guarantees are subject to the claims-paying ability and financial strength of the issuing insurance company.

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