



Live from Philly: The Benefits of Income Planning

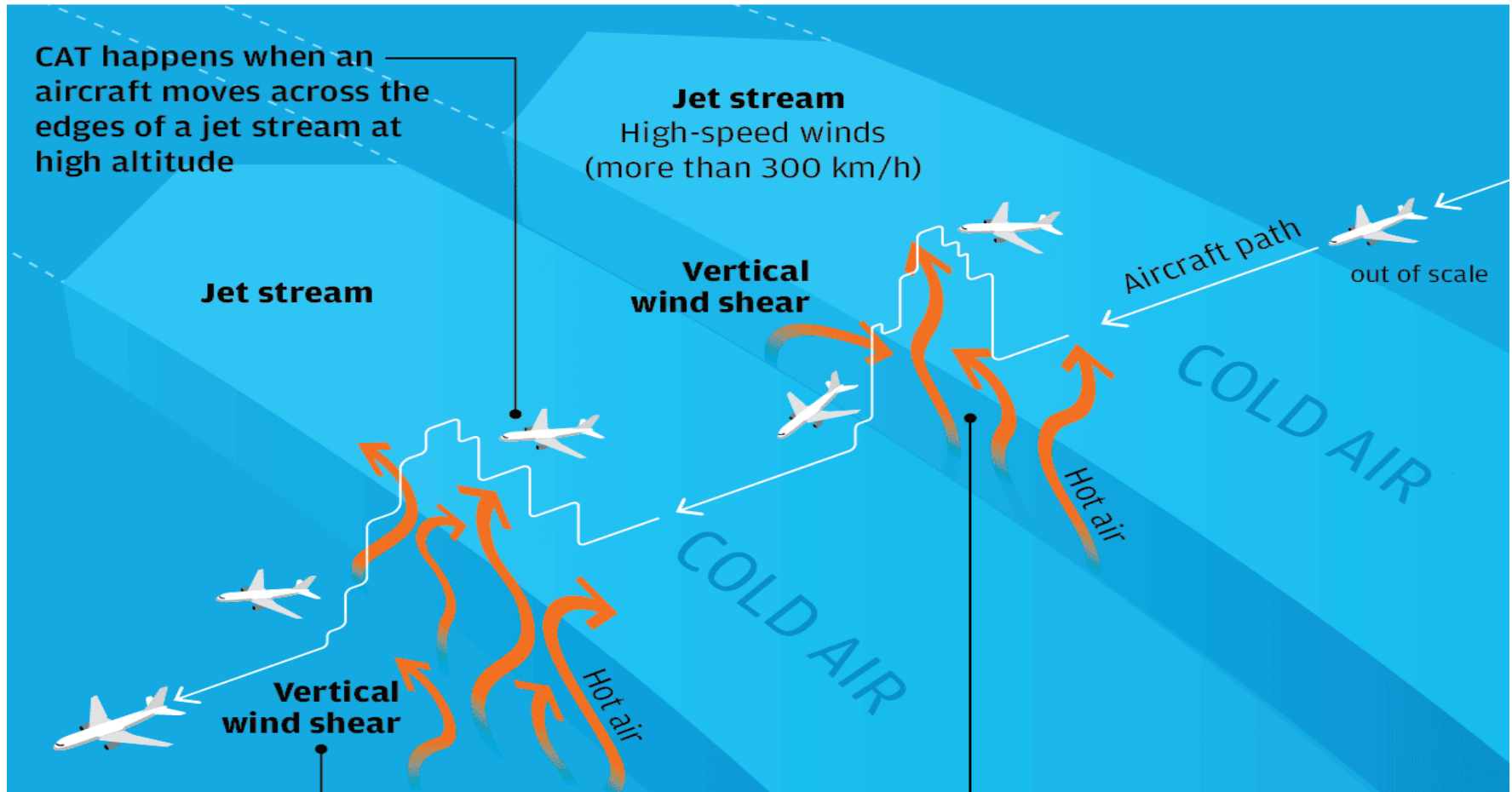
Zack Dukich
VP, Divisional Sales Manager





Clear Air Turbulences (CAT)

A swirling movement of air masses with an absence of visual cues such as clouds



The difference in speed of adjacent air masses

The clash of hot, slow-moving air with the cold high-speed jet stream causes jarring wind patterns, affecting aircraft





Income Planning

A Goal without a Plan Is Just a Wish.

Grow Your Business with a Client First Approach



- Why is Income Planning important to both your clients and you?
- A real Income Planning tool that wins HNW business
- How to implement Income Planning into your practice

What's at Stake in Income Planning?



- Everything
- The only \$25 Trillion Business Opportunity
- Only 35% of retired clients and 38% of pre-retirees who work with an advisor have a formal written retirement income plan
- 80% of Americans between the ages of 30 and 54 believe they will not have enough saved for retirement
- Longstanding advisory relationships are frequently marginalized by income planning experts

Source: Wealth2K, Investment News, The Motely Fool

Why Income Planning?



- Make Smart Decisions with Their Money
- Maintain Purchasing Power
- Preserve Principal/Legacy
- Outcome Focused
- Answers the Most Important Client Question...

Why Income Planning?



Am I going to be okay?

Why Income Planning?



- The average HNW investor has 3.6 financial advisors
- In 2020, 70% of the wealth in the U.S. will be held by pre-retirees and retirees
- Advisors who offer retirement income planning services have found that their clients consolidate more assets with them and provide more referrals for new business.

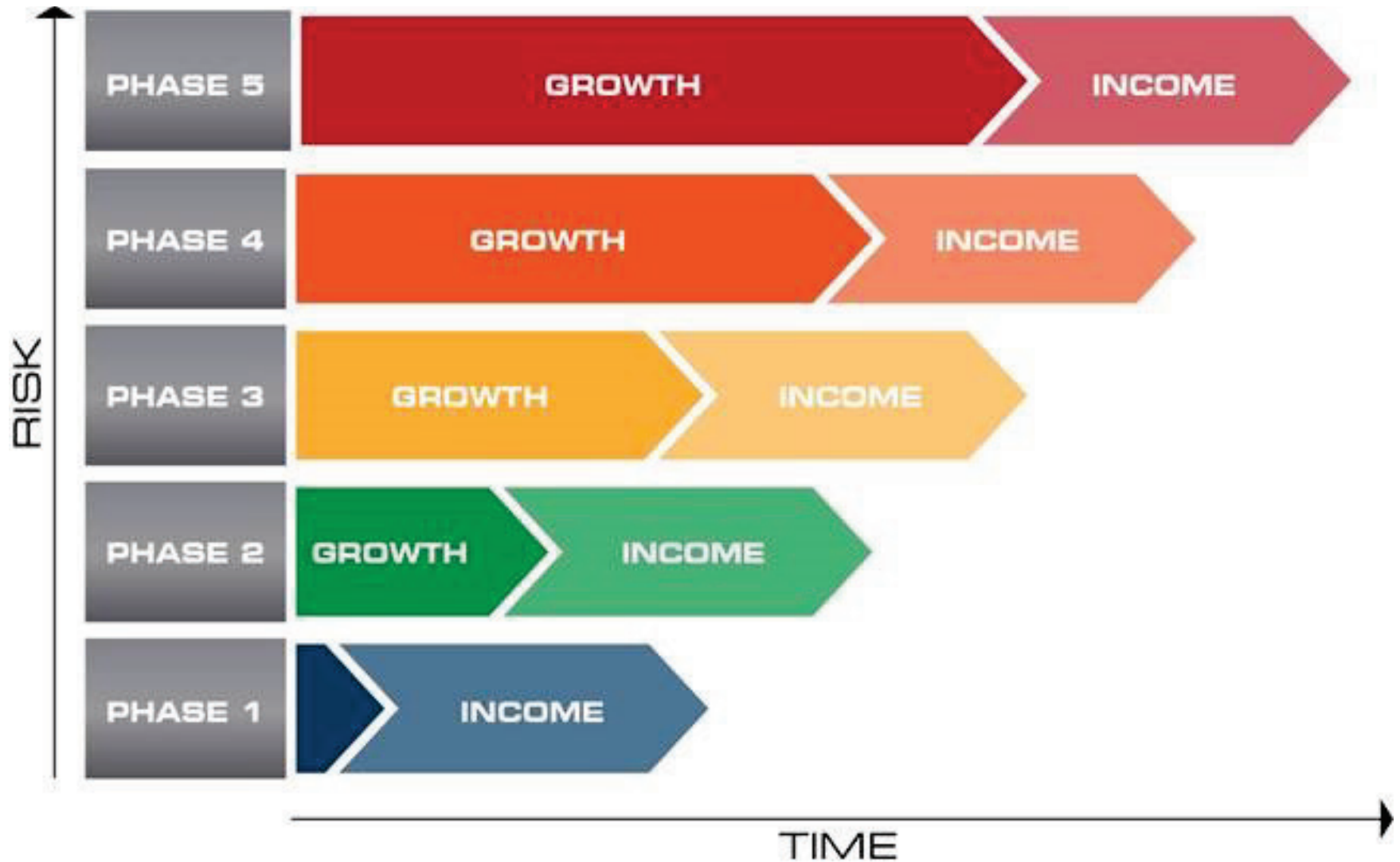


Income Navigator

Personalized Income Planning



Income Navigator



The visual shown above is for illustrative purposes only and does not guarantee success or a certain level of performance.

Case Study – Household Information

Basic Information

Name	Current Age	Target Retirement Age
Mr. John Doe	61	62
Mrs. Jane Doe	61	62

	Current Investable Assets	Desired Monthly Income
Household	\$2,000,000	\$10,000

Additional Income Sources

	Mr. John Doe	Start Age	Mrs. Jane Doe	Start Age
Social Security	\$24,000/yr	62	\$22,000/yr	62
Pension			\$18,000/yr	62



Income Plan Highlights

SAMPLE

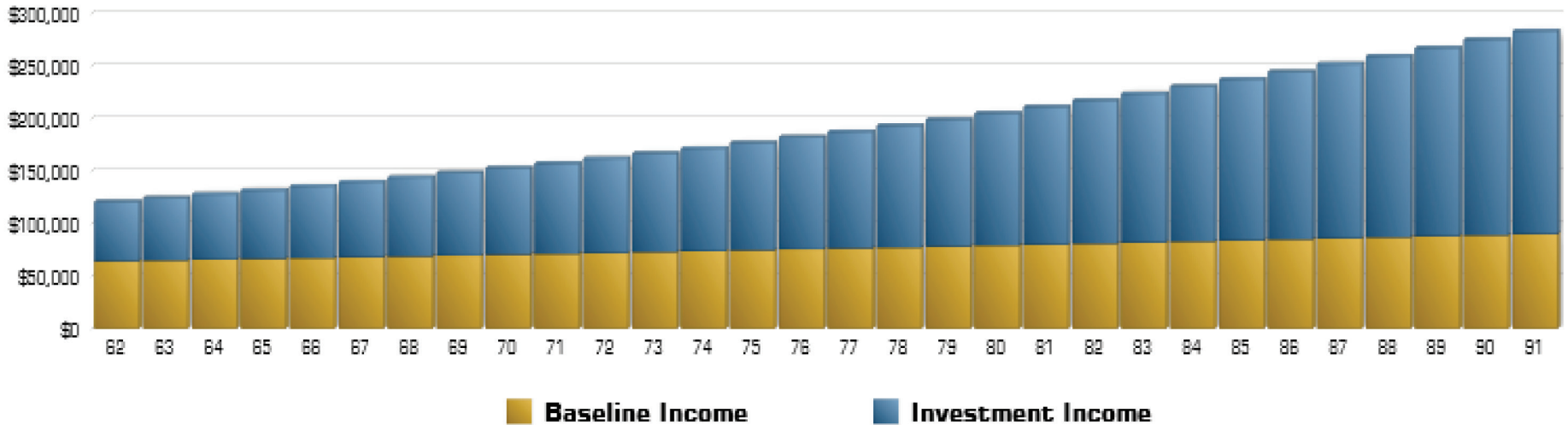
Total Years of Income	30 Years
Initial Investment	\$2,000,000
Other Income Generated	\$2,288,062
Investment Income Generated	\$3,420,988
Total Income Generated	\$5,709,050
Total Ending Amount	\$2,775,409



Distribution Phase

SAMPLE

Assumed Inflation Rate: 3.0%



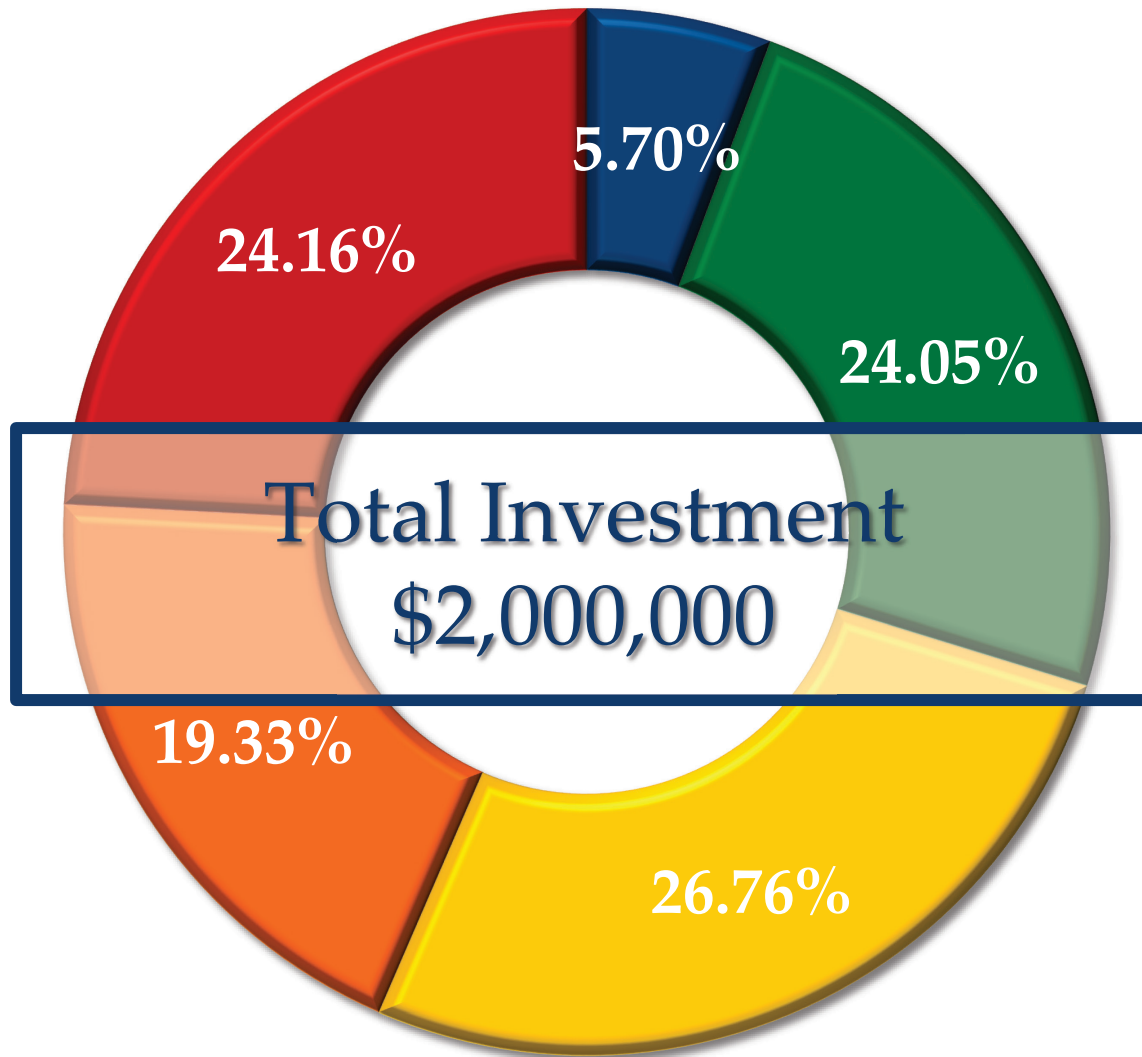
Start Year	End Year	Income Source	Baseline Income	Annual Increase
1	30	John Social Security	\$24,000	1.25%
2	30	Jane Social Security	\$22,000	1.25%
3	30	Jane Pension/Annuity	\$18,000	1.00%

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SAMPLE

Your Income Navigator Plan

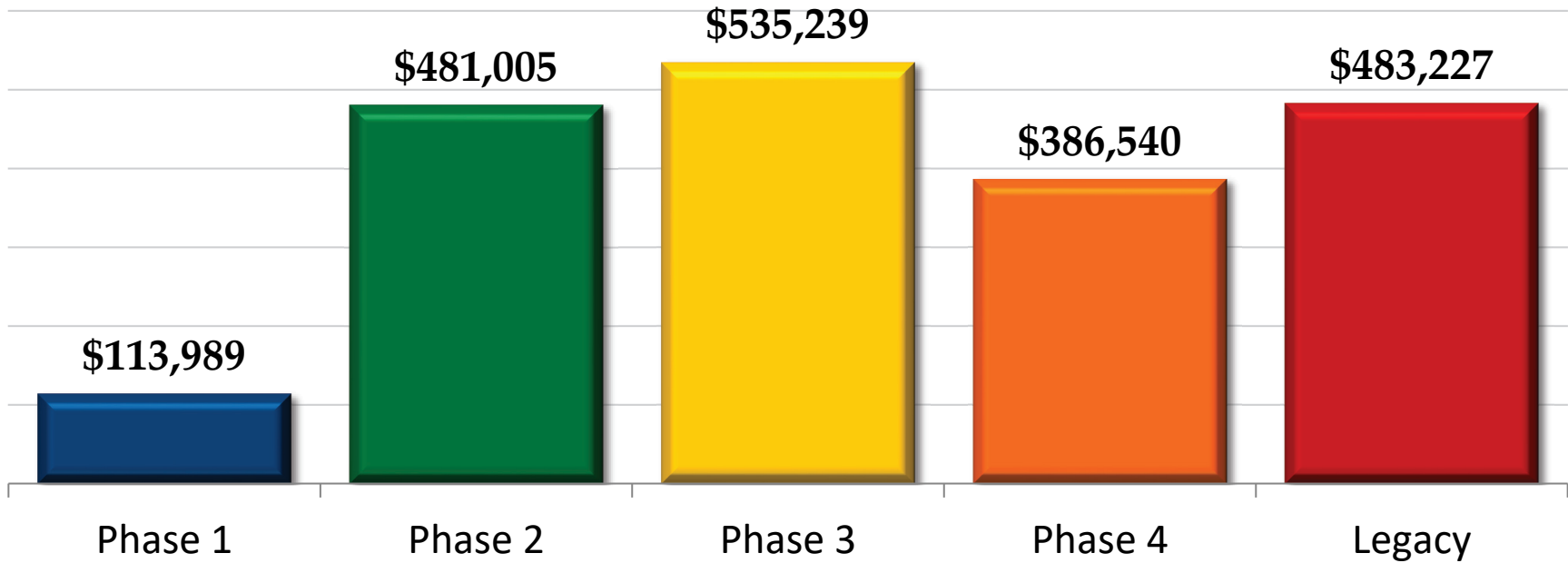


- Phase 1
- Phase 2
- Phase 3
- Phase 4
- Legacy

For Illustrative Purposes Only.



Your Income Navigator Plan



	%	Starting Amount	Total Duration	Distribution ROR	Accumulation ROR	Deferral Duration
Phase 1	5.70%	\$113,989.28	Year 1 to 2	0.50%		0
Phase 2	24.05%	\$481,004.50	Year 3 to 10	3.00%	4.00%	2
Phase 3	26.76%	\$535,238.96	Year 11 to 20	4.00%	5.00%	10
Phase 4	19.33%	\$386,540.45	Year 21 to 30	5.00%	6.00%	20
Legacy	24.16%	\$483,226.81	Year 30		6.00%	30

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Your Income Navigator Plan Year by Year

SAMPLE

Year	Age	Baseline Income	Investment Income	Total Income	Phase 1	Phase 2	Phase 3	Phase 4	Legacy	Total
1	62	\$64,000	\$56,000	\$120,000	\$58,559	\$495,435	\$562,001	\$409,733	\$512,220	\$2,037,948
2	63	\$64,755	\$58,845	\$123,600	\$0	\$510,298	\$590,101	\$434,317	\$542,954	\$2,077,669
3	64	\$65,519	\$61,789	\$127,308		\$463,818	\$619,606	\$460,376	\$575,531	\$2,119,330
4	65	\$66,291	\$64,836	\$131,127		\$412,896	\$650,586	\$487,998	\$610,063	\$2,161,544
5	66	\$67,075	\$67,986	\$135,061		\$357,297	\$683,116	\$517,278	\$646,666	\$2,204,357
6	67	\$67,866	\$71,247	\$139,113		\$296,769	\$717,271	\$548,315	\$685,466	\$2,247,821
7	68	\$68,666	\$74,620	\$143,286		\$231,052	\$753,135	\$581,214	\$726,594	\$2,291,994
8	69	\$69,477	\$78,108	\$147,585		\$159,875	\$790,792	\$616,087	\$770,190	\$2,336,944
9	70	\$70,298	\$81,714	\$152,012		\$82,957	\$830,331	\$653,052	\$816,402	\$2,382,742
10	71	\$71,127	\$85,446	\$156,573		\$0	\$871,848	\$692,235	\$865,386	\$2,429,469
11	72	\$71,967	\$89,303	\$161,270			\$817,419	\$733,769	\$917,309	\$2,468,497
12	73	\$72,817	\$93,291	\$166,108			\$756,825	\$777,795	\$972,347	\$2,506,967
13	74	\$73,678	\$97,413	\$171,091			\$689,684	\$824,463	\$1,030,688	\$2,544,835
14	75	\$74,548	\$101,676	\$176,224			\$615,596	\$873,931	\$1,092,529	\$2,582,055
15	76	\$75,429	\$106,082	\$181,511			\$534,138	\$926,367	\$1,158,081	\$2,618,585
16	77	\$76,319	\$110,637	\$186,956			\$444,866	\$981,949	\$1,227,566	\$2,654,381
17	78	\$77,221	\$115,344	\$192,565			\$347,317	\$1,040,866	\$1,301,220	\$2,689,402
18	79	\$78,133	\$120,209	\$198,342			\$241,001	\$1,103,318	\$1,379,293	\$2,723,611
19	80	\$79,058	\$125,234	\$204,292			\$125,407	\$1,169,517	\$1,462,051	\$2,756,974
20	81	\$79,992	\$130,429	\$210,421			\$0	\$1,239,688	\$1,549,774	\$2,789,462

Clark Capital Management Group has prepared this projection relying upon information about the investor's financial circumstances and specific investment goals provided by the investor and/or the investor's personal financial advisor. The projection is hypothetical and provided solely as information which should be carefully weighed and evaluated by the investor with the assistance of the investor's personal financial advisor. It is not guaranteed that any of the investment recommendations or projections made here will be profitable or provide a given level of income in the future. In making projections of investment results at different phases of the model, Clark Capital has utilized the Firm's financial and market research, historical market activity as well as external sources of research which contribute to the Firm's asset allocation process and the continuous refinement of the proprietary econometric models. There is no guarantee that the projections will be seen to be correct and there may be significant deviation between projections and actual results of particular investments or group of investments. Before investing, the investor should consider their investment goals and risk comfort level and consult with their investment advisor and tax professional. Past performance does not guarantee future results.

Your Income Navigator Plan Year by Year



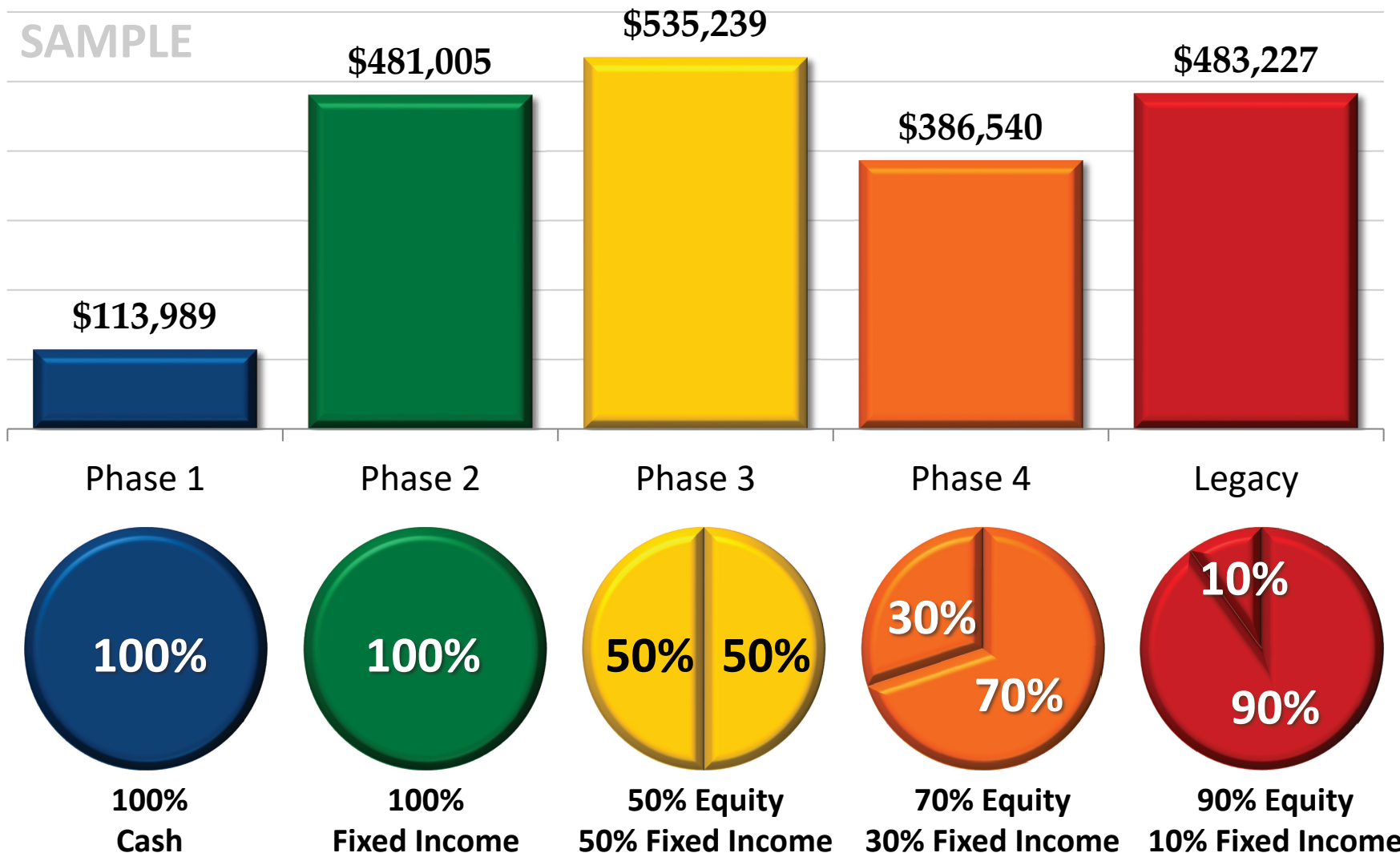
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Age	Baseline Income	Investment Income	Total Income	Phase 1	Phase 2
62	\$64,000	\$56,000	\$120,000	\$58,559	\$495,435
63	\$64,755	\$58,845	\$123,600	\$0	\$510,298
64	\$65,519	\$61,789	\$127,308		\$463,818
65	\$66,291	\$64,836	\$131,127		\$412,896
66	\$67,075	\$67,986	\$135,061		\$357,297
67	\$67,866	\$71,247	\$139,113		\$296,769

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Your Objectives Drive the Investment Plan

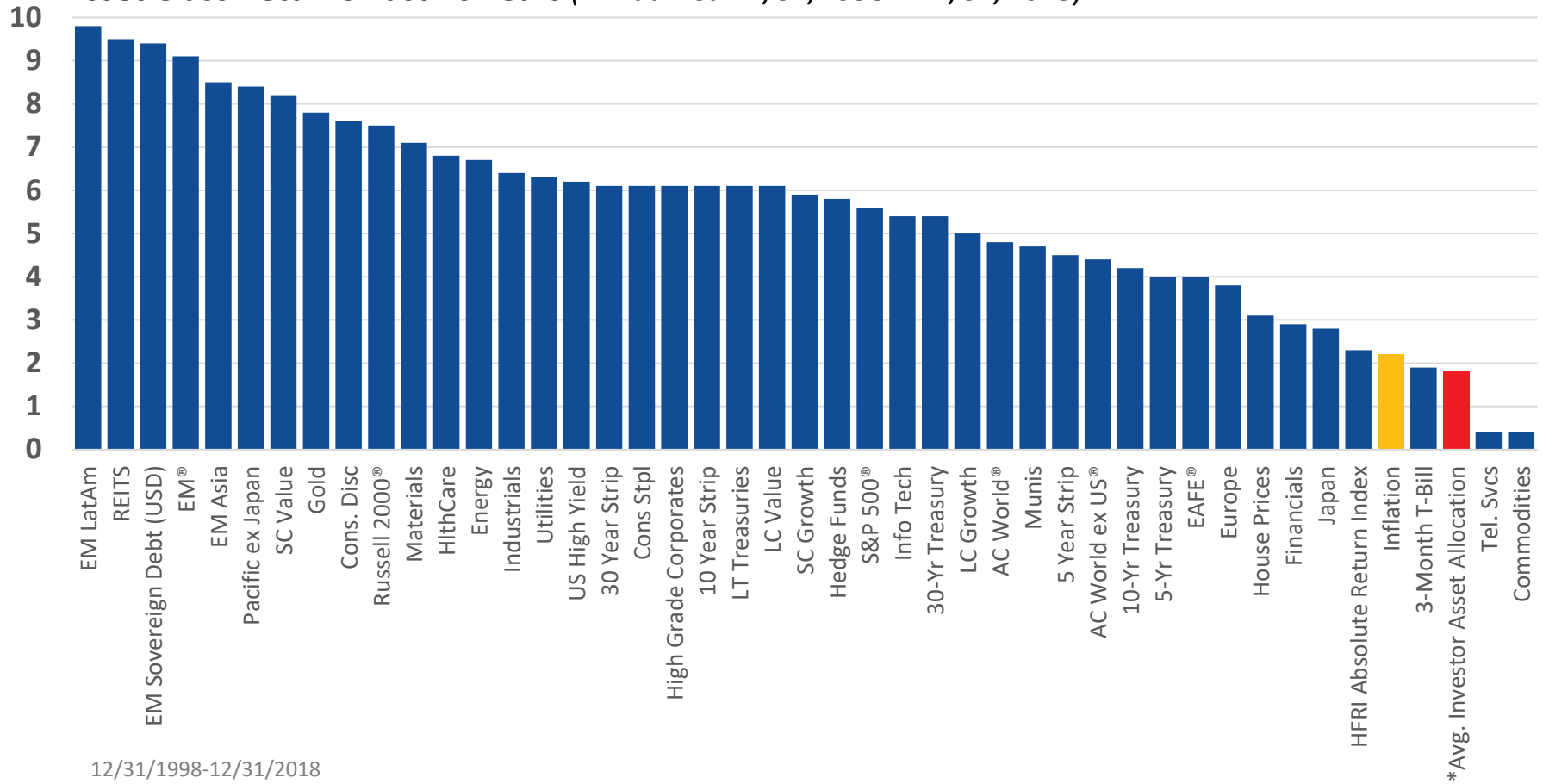


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This is not a recommendation to buy or sell a security or to adopt a particular investment strategy. Please see attached disclosures.

Asset Class Returns vs. the “Average Investor”

Asset Class Returns Past 20 Years (Annualized 12/31/1998 – 12/31/2018)



12/31/1998-12/31/2018

Source: Richard Bernstein Advisors LLC., Bloomberg, MSCI, Standard & Poor’s, Russell, HFRI, ICE BofAML, DALBAR, FHFA, FRB, FTSE. Total Returns in USD. *Average Investor returns are represented by DALBAR’s investor returns which represent the change in total mutual fund assets after excluding sales, redemptions and exchanges.



How Powerful is Our Approach?



- Minimizes the impact of investor emotions – reduce the risk of bad decisions
- Increase close rate with HNW prospects
- Reduce fee/performance-based conversations with your clients - stickier assets
- Grows your AUM through consolidation of assets and increased referrals

Inputs	Iterate Tax Rates	Person 1	Person 2	Description
General Settings				
Start Year / Person2 switch	2014	On		Change the On/Off under Person2 to enable or disable calculation for Person2. Set to Off for a single person. Start year is usually the current year. The spreadsheet has all tax rates, NRTCs amounts, TFSA and RRSP
Province	Alberta			Changing the province will change the tax rates, NRTC amounts and dividend tax credit rates.
Summary and Plots in Current \$	1			1 = Yes, 0 = No
Person	22 year old	22 year old		Name.
Current Age	22	22		
Retirement Age	60	60		
Life Expectancy	80	90		
Inflation and Returns				
Inflation	2.0%	2.0%		Same as CPI. This is used to index retirement income requirement, tax brackets, NRTC amounts, CPP and OAS income, TFSA and RRSP limits.
Salary Growth	3.0%	3.0%		Growth in employment income
Investment Return	5.0%	5.0%		Investment return for all accounts
% Cap Gain in Invest Return	40%	0%		Proportion of growth in investment account that is capital gain.
% Dividend in Invest Return	10%	40%		Proportion of growth in investment account that is eligible Canadian Dividends.
Income and Taxes				
Employment Income	80000	40000		Employment income as of the start year in current \$
% Income saved	20%	10%		Percentage of income that goes towards personal RRSP, TFSA or Investment account and the Mortgage amount if you specify it.
Mortgage Payment	3000	4000		Annual amount of mortgage payment. For the duration of the mortgage this is subtracted from savings, prior to putting into the savings accounts (RRSP etc.). This allows you to increase your savings once the mortgage is paid.
Mortgage End Year	2033	2033		Last year of the mortgage payment.
DC Pension Contribution	0%	6%		Portion of employment income that goes towards employer's RPP. May be limited by RRSP limit. If the employer matches a %, add the equivalent \$ amount to income and add that percentage here.
DB Pension Amount	5000	0		Pension Amount shown on your T4 slip if in a DB pension plan. This is indexed to the salary growth. If you are in a DC/RPP plan don't enter the PA here, just enter the % above.
Percentage of RRSP to Spouse	50%	0%		Percentage of RRSP contributions that are Spousal (go to spouse's RRSP)
Additional Federal NRTC Def'n	0	0		For tax calculation. The spreadsheet does the basic amount and age amount automatically. If you have additional deduction amounts in the Tax Credit section of your taxes put those here.
Additional Provincial NRTC Def'n	0	0		For tax calculation. The spreadsheet does the basic amount and age amount based on your Province. If you have additional deduction amounts in the Tax Credit section of your taxes put those here.
Retirement Income Required (after taxes)				
Income Required	45000	45000		Amount of retirement income you need after taxes. This is in current \$ and is inflated at CPI plus the "income required growth" below.
Income Required Growth	0.0%	0.0%		Real growth in retirement income after start of retirement, relative to inflation. Can be negative so that requirements grow slower than CPI.
Additional Widowed Income		20000		Additional income required for Person2 after Person1 is deceased.
Transfer Estate to Person2	1			(1=yes, 0=no) If set to yes, then TFSA, RRSP and LIRA are transferred to Person2 as beneficiary. The investment account holdings are sold, tax paid on capital gains and paid to Person2 as cash. Person1 must pre-
Pensions				
DB Pension Income	40000	0		Defined benefit pension plan income. If you enter this as current \$ then set the "DB Index before retirement" to some appropriate value. If you enter the income you will actually receive in the first year then set "DB Index before retirement" to 1.
DB Start Age	60	60		Start age for DB income.
DB Index before retirement	2.0%	2.0%		Rate at which to inflate the DB pension income from current until start of pension income. Make this same as CPI to follow inflation, same as salary growth if pension is tied to final salary or 0% if you will be entering the pension at the start of the year.
DB Index after retirement	0.5%	0.5%		Rate at which to index the DB pension, after the DB income has started. Most plans will index this to something less than CPI.
DB CPP/OAS Clawback	1	1		0=None, 1=CPP, 2=OAS, 3=Both. Clawback of the DB pension. It can be reduced by CPP, OAS or both of these benefits.
DB Share to Spouse	25%	0%		Percentage of DB income that is split with the spouse. In real life this is done purely on the tax form. In this spreadsheet the cash is actually transferred, which allows the spouse who receives the split to have the cash.
DB Survivor %		67%		Percentage of Spouses DB plan that the person2 receives after person1 is deceased. As in the estate transfer feature Person1 must pre-decease Person2.
CPP Age	65	65		Age at which you want to take CPP benefits. Can be between 60 and 70. If you make this different than 65 you need to adjust the CPP benefit amount. For month before 65 you start taking CPP you lose 0.6% of the benefit per month.
CPP Benefit Amount	12000	8000		CPP pension income in money as of start year. As of January 2013 the maximum was \$1012 per month, or \$12144 per year. If you have been contributing to CPP at the maximum amount each year then divide the number of years by 12 to get the monthly amount.
CPP Survivor Benefit		4000		There is an estimate below of this amount, given the CPP Benefits entered above, but this only works if you are taking CPP starting at 65.
OAS Age	67	67		Age at which you want to take OAS benefits. Will be between 65 and 67 depending on your current age. If you were born before April 1958, this will be 65. If you were born after January 1962 this will be 67. Between April 1958 and January 1962 the age will be between 65 and 67.
OAS Benefit Amount	6552	6552		OAS income in money as of start year. As of April 2013 the maximum amount was \$546 per month, or \$6552 per year. Enter the full amount as if there was no clawback as the spreadsheet will calculate the clawback.
LIF/RRIF Conversion				
LIF Conversion Age	60	60		This must be between 50 and 71. There are no withdrawals from LIRA accounts until it is converted to a LIF, then minimum and maximum withdrawals apply.
RRIF Conversion Age	71	71		This must be <= 71. Once you convert the RRSP to a RRIF then minimum withdrawal rules apply.

Submit Form

ADVISOR INFORMATION

Today's Date		Click to Insert Logo Here
Date Analysis Needed		
Financial Advisor Name		
Firm Name		

HOUSEHOLD INFORMATION

Household Name		
	Spouse 1	Spouse 2
Client Name		
Birth Date		
Current Age		
Target Retirement Date		

Would you like help introducing the income plan/proposal to your client? Yes No

Preferred Inflation Assumption 2% 3% 4% Other

Please enter any existing accounts that will be used to fund this income plan. Provide client statements if available.

	Registration Names	Account Type	Current Value
1			\$
2			\$
3			\$
4			\$
5			\$
6			\$
7			\$
	Current Investable Assets		\$

Accumulation Period

When will you begin taking withdrawals (year)?

If you intend to begin taking withdrawals immediately, enter the current year above and ignore the Contribution section below.

Please enter the Contributions you intend to make during the Accumulation Period in the section below.

Contribution Description	Contribution Amount	Start Year	End Year	COLA*
	\$			
	\$			
	\$			
	\$			
	\$			

*Cost of Living Adjustment Percentage

General Account Information

Accumulation Period Information

Submit Form

Distribution Period

If you have a desired monthly income amount during your Distribution Period, please enter it below.

Gross Monthly Income Required (Pre-Tax Dollars) \$

OPTIONAL. Please complete this section if your Gross Monthly Income Required will change over time.

Time Frame	Time Frame Description	Duration Years	Monthly Income Need
1			\$
2			\$
3			\$
4			\$
5			\$

Please enter the income that will supplement your investment plan during the Distribution Period.

Annual Income Sources	Spouse 1	Start Year	End Year	COLA*	Spouse 2	Start Year	End Year	COLA*
Social Security	\$				\$			
Defined Benefit/Pension	\$				\$			
Annuities	\$				\$			
Business/Property Sale	\$				\$			
Inheritance	\$				\$			
Other 1	\$				\$			
Other 2	\$				\$			
Other 3	\$				\$			

*Cost of Living Adjustment Percentage

Distribution Period Information

Legacy

OPTIONAL: If you wish to leave a specific legacy amount at the end of the investment plan, please enter the amount below.

Desired Legacy Amount \$

Maximize Legacy Yes

Maximizing your legacy ensures that the largest amount possible will remain after your monthly income needs are met. If you choose that option, DO NOT enter a Desired Legacy Amount.

NOTES. Enter additional instructions here

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Legacy



Q&A



Disclosure

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Index returns include the reinvestment of income and dividends. The returns for these unmanaged indexes do not include any transaction costs, management fees or other costs. It is not possible to make an investment directly in any index.

The volatility (beta) of an account may be greater or less than its respective benchmark.