Retirement Risk Assessment

This worksheet is designed to address some of the most concerning risks that individuals could face during retirement. This tool is used to identify the concerns and to discern whether proper planning solutions are in place to decrease or eliminate the risk.

- ☐ **Longevity Risk** – The risk that someone will outlive their wealth and available income. Longevity risk can potentially be managed using insured solutions such as immediate annuities, deferred fixed-indexed or variable annuities with living benefit riders, or using the Asset Cycle Portfolio System ®.
- ☐ **Entitlement Risk** – The risk that government programs such as Social Security or Medicare will not offer sufficient protection for retirement. Entitlement risk can be managed by increased personal saving and investing and using insured solutions.
- ☐ **Excess Withdrawal Risk** – The risk that an individual will draw down assets too quickly and undermine their retirement plan. Excess withdrawal risk can be managed by preparing a well-developed plan that includes a clear understanding of retirement expenses and available sources of income.
- ☐ **Market Risk** – The risk of losing invested wealth, either temporarily or permanently, because of a market turndown or poor investment performance. Market risk can be managed through diversification of savings and investments, including the use of insured solutions to provide stability and assurance of income irrespective of market results.
- ☐ **Lifestyle Risk** – The risk that there is not sufficient income to maintain the current or expected standard of living during retirement. Lifestyle risk can be managed through disciplined savings, sound budgeting and planning, and including sustainable income sources such as immediate or deferred income annuities as part of a diversified investment approach.
- ☐ **Asset Allocation Risk** – The risk of investing either too conservatively or too aggressively and not adequately diversifying assets to sustain a portfolio across market cycles. Asset allocation risk can be managed through the assistance of an experienced investment professional, through the diversification of assets, and by including insured solutions as part of the investment mix.
- ☐ **Sequence of Returns Risk** – The risk of receiving low or negative returns in early years of drawing down a retirement portfolio and increasing the potential of running out of money prematurely. Sequence of returns risk can be managed by sound planning as well as through the use of insured annuity products and other guaranteed solutions.
- ☐ **Inflation Risk** – The risk that rising costs will undermine purchasing power over time. Inflation risk can be managed through insured solutions that offer inflation adjustments, through portfolio diversification, and by proper financial planning.
- ☐ **Medical Expense Risk** – The risk of paying for the growing coast of health care related services in retirement. Medical expense risk can be managed through including risk protection solutions such as Long Term Care insurance or Asset-Based Long Term Care as part of a broad financial plan.
- ☐ **Tax Risk** – The risk that rising taxes or unforeseen tax consequences can have on a portfolio or on purchasing power. Tax risk can be managed using tax-deferred and tax efficient investment solutions and by seeking guidance from a tax professional.
- ☐ **Personal or Event Risk** – The risk that an unexpected change in family circumstances (divorce, death, adult children returning home) may undermine anticipated retirement plans. Personal or event risk can be managed through preparation of a financial plan and by establishing reserve or rainy day funds that can be used for emergencies.
- ☐ **Incapacity Risk** – The risk that as a result of deteriorating health, a retiree may not be able to execute sound judgment in managing their financial affairs. Incapacity risk can be managed through having tools such as wills, trusts, and power of attorney provisions in place at the time of retirement, if not before.

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