

Common Retirement Mistakes

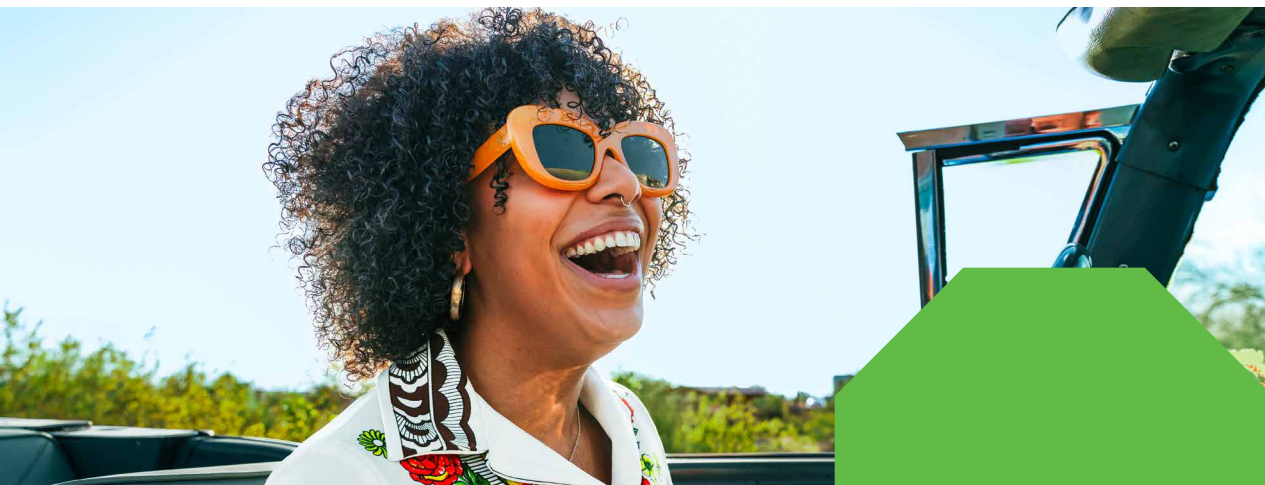
And how to avoid them



Small mistakes can ruin big plans

With people living longer, retirement is now a major phase of life that can stretch for decades. When planning for your retirement, avoiding common mistakes is critical if you want to enjoy your golden years without worrying that you'll run out of money.

If you have concerns about whether or not you'll be able to afford the lifestyle you want, you're not alone. Many people are unsure of what to do to properly prepare for retirement. Getting it right matters so you can enjoy your time in it, doing the things you've planned. This brochure was created to help you avoid some of the most common retirement mistakes so you can create a strategy that lasts.



Don't let small mistakes ruin the plans you have for your golden years.



Mistake #1

Relying on a 401(k) or IRA for Guaranteed Retirement Income

Pensions are pretty much a thing of the past. Today, many employees look to their 401(k)s and Social Security to create a nest egg for retirement. While not a bad savings tool, a 401(k) won't give you a guaranteed income stream for life – meaning that if you're counting solely on it for retirement income, you might end up running out of money at a time when you need it most.

Just imagine you're in the midst of your retirement, enjoying travel, leisure activities, and time with family, when you're confronted with a harsh reality: your savings might soon run out. Would you want to be thrust back into the workforce? What if your health, whether due to age or illness, makes employment an impossibility?

To help prevent this from happening to you, make sure you're not overly reliant on your 401(k) for retirement income since it's not guaranteed. Additionally, consider taking advantage of certain types of investments¹ outside of your 401(k) that can provide a guaranteed lifetime income. A Transamerica Financial Advisors, Inc. (TFA) financial professional can show you options to consider, and together you can choose the most suitable strategy that gives you dependable, monthly retirement income you can count on.

How to Avoid Mistake #1

Ask your TFA financial professional how a guaranteed income stream may help.

¹ **Please note:** Guaranteed income streams, such as annuities, may lose value and, although they are not insured by any federal government agency, each state and the District of Columbia have a guaranty fund or association to protect consumers. Coverage varies, so please check to see what your state provides. Variable annuities may not be suitable for everyone. A variable annuity may not be appropriate for people who do not have a long investment time horizon or who intend to engage in market timing or other frequent (disruptive) trading. You will get no additional tax advantage from a variable annuity if you are investing in one through a tax-advantaged retirement plan, such as a 401(k) plan or Individual Retirement Account (IRA). This brochure is not intended to provide tax, accounting, or legal advice. For more information on a variable annuity, please go to transamerica.com for prospectuses. You should consider the objectives, risks, charges and expenses of an investment carefully before investing.

Mistake #2

Not Knowing Your Number

Imagine trying to find a friend's apartment in a city you've never visited before and without directions, a map or GPS. That's how lost many people feel when attempting to navigate their retirement without knowing the amount of money they need to live on comfortably. They don't have a financial roadmap.

To arrive at any destination, you first have to know where you're going. In retirement planning terms, your destination is the amount of guaranteed monthly income you'll need to meet your lifestyle goals.

Knowing your number before you start your retirement plan is critical. It allows you to choose the right strategies, services, and financial vehicles to potentially grow your money, protect it and make it last as long as you do.

Some Other Numbers You Should Know

In addition to knowing how much monthly income you'll need to support your retirement lifestyle, it's also good to know:

- The lump sum required to produce your desired monthly income
- The amount of retirement income you are currently on track to potentially receive based on your current savings plan, which includes 401(k)s, IRAs, Social Security, pensions, etc.
- The probability of running out of money in retirement based on your existing plan
- How much you need to save to help get you to your desired retirement goals

Once you know these numbers, your decisions, options and the financial vehicles you need become clearer. With a financial professional on your team and your financial roadmap in place, it can be very straightforward and easy to understand. Knowing your numbers and sticking with a long-term plan gives you a better foundation from which to pursue your financial goals.

Do You Know Your Number?

How to Avoid Mistake #2

Know your number. Calculate it with your TFA financial professional today and get on track.

Often, knowing their number is the trigger that can push Americans to start saving for retirement.

Mistake #3

Not Having a Strong Defensive Strategy

Imagine a sports team with no defense. When the other team has the ball, they simply wait on the bench and hope they can make a comeback when it's their turn. That's a lot like the advice some financial professionals give their clients when they recommend simply waiting out a bear market with no written strategy in place for the downturn.

It may be suitable for young investors to rely solely on offense, but that gets riskier the closer you get to retirement. Remember, past bear markets have seen losses of 30%, 40% or even 50%. Losing a big chunk of your nest egg when you're near or in retirement can devastate your savings and increase your risk of running out of money.

Most 401(k)s and IRAs are susceptible to losses in the market, and should be regularly reviewed for risk and suitability as you get closer to retirement. A TFA financial professional can do this for you at no charge. Make sure you have a solid defensive financial strategy that can provide a dependable income during retirement that isn't threatened by market losses.

How to Avoid Mistake #3

Call a TFA financial professional and explore ways to put a defensive plan in place so you can protect your future retirement income stream.



Mistake #4

Not Having a Strategy For Health-Related Expenses

No one would argue that maintaining a healthy diet and exercise program into retirement is a bad thing. When combined, health and wealth can make your golden years much more fulfilling and enjoyable. But no matter how healthy you hope to be later in life, there's a likelihood you may need extended care. Having a plan in place to help cover these needs is well advised.

What funds have you set aside to cover those potential costs? Most people rely on savings and Social Security to pay for this, but can they support the expense of your additional healthcare needs?

If you don't have a long-term care plan or policy in place, your savings could be depleted, leaving you with few choices for care and living arrangements. Are you comfortable with the possibility of someone else dictating your healthcare and lodging decisions at the end of your life based on a lack of money? Or relying on your children to support you? Long-term care is sometimes provided in-home, not in a facility; but some policies require that you be in a facility to receive the maximum benefit.

When reviewing long-term care options, make sure you choose a policy that suits your needs. Certain policies allow you to take a portion of your existing assets, such as cash or a brokerage account, and purchase a life insurance policy with a long-term care rider. The rider pays for Qualified Long-Term care tax-free if you are deemed chronically ill by a licensed Health Care practitioner and then any unused funds are passed to your beneficiaries.

Here are a few questions to ask about your life insurance or long-term care policy:

- Does it provide long-term care coverage?
- Does it pay whether you're in a facility or your own home?
- Does it provide potentially tax-free money for long-term care costs?
- What costs does it cover and which ones does it not?
- Will it pay a family member to take care of you?
- Will the unused premiums paid into your policy pass to your heirs tax-free?²

How to Avoid Mistake #4

Call a TFA financial professional today and ask for a complimentary long-term care proposal. Getting a long-term care insurance policy in place could help preserve your assets in the long run and provide you with comfort knowing you have planned ahead.³

² Long term care (LTC) payments reduce the policy face amount by accelerating the death benefit. Policy owner either pays premiums, or they are taken from the cash value of the policy for the life of the policy. Stand alone LTC policies have no cash value and so the beneficiaries receive no benefit if it is not used. Life insurance policies with LTC riders may have cash value. Any unused cash value or death benefit will pass to the beneficiaries tax-free at time of death of the insured. Specific protocol and qualifications must be met before the insured can qualify for a claim. There are certain items and exclusions not covered by certain policies so read the Outline of Coverage carefully before purchase.

³ Neither Transamerica nor its representatives may provide tax or legal advice. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely on their own independent tax and legal professionals regarding their particular situation and the concepts presented herein.

Mistake #5

Making Emotional Investment Decisions

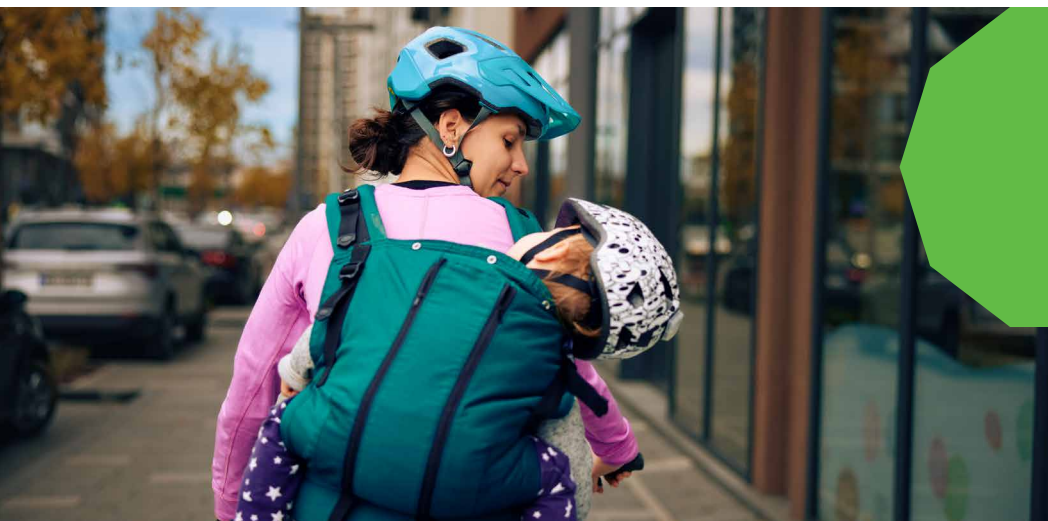
Hasty, emotion-based investment decisions can lead to bad outcomes and unnecessary losses over the long run.

When you read a negative headline, hear about a scary shift in the market or experience a rough year, you may be tempted to make a hasty change. Selling when the market drops, only to buy back once it has rallied, is known as getting 'whipsawed' and it can have a devastating effect on your portfolio. It's a classic emotional reaction and is the exact opposite of the wise, old saying, "buy low and sell high."

The best way to potentially avoid a financial gap in your retirement plan is to have a firm grasp on your personal financial roadmap and a solid understanding of the way the markets work. Staying focused on your long-term objective rather than the daily news and market fluctuations will give you a better foundation from which you can pursue your financial goals. It takes patience, but it can pay off big in the end. It's absolutely necessary to make adjustments and course corrections to your investment portfolio from time to time, but they should be well thought out, based on the facts and in sync with your long-term plan rather than that day's headlines, social posts or short-term market volatility.

How to Avoid Mistake #5

Work with a TFA financial professional to help you create a clear financial roadmap and to share their knowledge, clarity and level-headed guidance.



Mistake #6

Not Having a Proper Estate Plan

Many Americans don't have an estate plan because they assume they don't have enough money to warrant one. Do you think that's the case for you?

Completing an estate plan does not have to be daunting, exhausting or financially draining. No matter how large or small your estate, there are benefits to be gained from having a plan in place.

Every estate plan should include these six key items:

1. A will and/or trust: A written document that specifies how property will be distributed. Properly written trusts can also help minimize estate taxes.
2. Durable power of attorney: A document that appoints an individual to act on your behalf in the event you become unable to do so. Without this, decisions may be left to a court.
3. Designated beneficiaries: Named individuals (typically a primary beneficiary and a contingent beneficiary) listed on assets such as a 401(k), to receive ownership or funds in the event you pass away.
4. Designated guardians: Appointed individuals who will gain custody of any minor children upon your death.
5. Letter of intent: A written document that spells out your final wishes to an executor or beneficiary.
6. Healthcare power of attorney: A designated individual given the right to make important healthcare decisions on your behalf in the event you become unable to do so yourself. This is typically a spouse, child or other close family member.

It's important to have a conversation with a licensed estate planning attorney about a will, trust, health care surrogate designation and other important documents so you can be prepared for whatever the future might bring.

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How to Avoid Mistake #6

Consider it your responsibility to your loved ones to develop an estate plan. After creating it with an attorney, meet with your TFA financial professional and make sure your investments are titled properly and have the appropriate beneficiaries.

Mistake #7

Focusing On Things That Don't Really Matter in the End

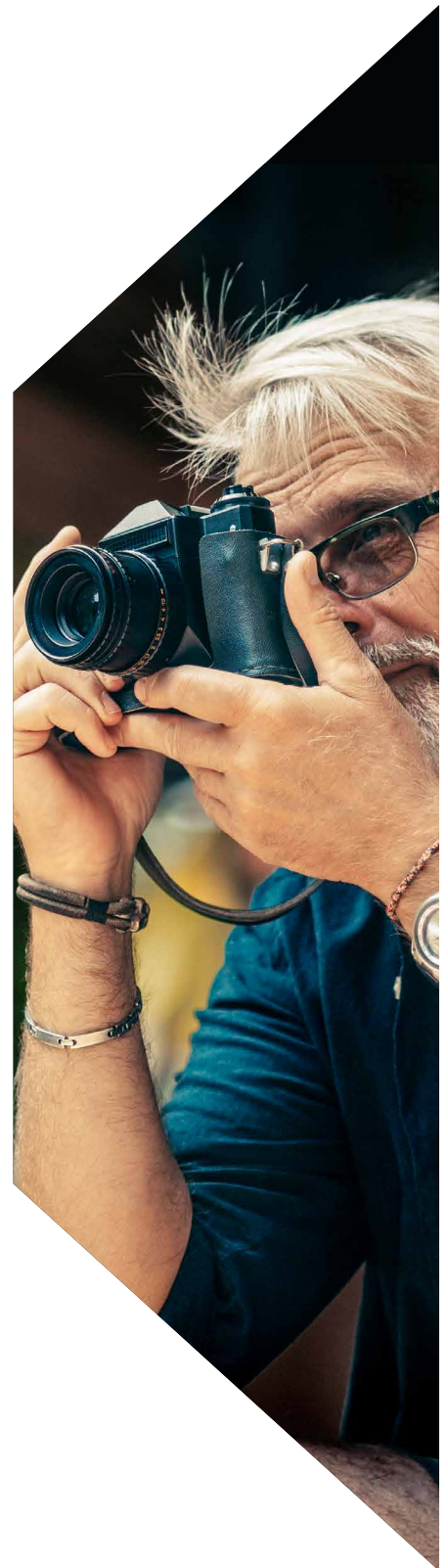
Happiness doesn't come from things. Family, friends, good health and gratitude are what bring deep joy in life and make the most precious memories. Investing your time in the pursuits you're interested in and with the people you love is what makes retirement truly meaningful.

You might wonder how this applies to a sound financial strategy. In fact, it's what brings us full circle. Your priorities directly affect the number you should know outlined in Mistake #2. Quality of life can't be calculated, but when your income is protected and running out of money is no longer a fear, you can focus on the two greatest luxuries of retirement – spending time with family and friends, and creating lasting memories.

How to Avoid Mistake #7

Take the time today to jot down the three or four things that are most important to you, and then make a conscious decision to focus on those areas now.

Of the seven retirement mistakes to avoid, this one is probably the most important.



Avoiding the mistakes outlined in this brochure can't guarantee the retirement you want, but they can help you avoid some of the most common blunders that have scuttled the goals of many investors. Remember, small mistakes can ruin big plans. The best way to avoid retirement mistakes is to work closely with your TFA financial professional and have a written strategy in place. Without these two critical things, you lower your chance of navigating your way successfully to the future you see.

Rather than waiting another decade, another year, or even another day, make the call and let an experienced TFA financial professional start working on your behalf.

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