

Addressing Retirement Risks With Your Clients



All retirement plans face risk. But, do clients know what those risks are? More importantly, can you explain the risks and show your clients how to manage and prevent them?

There are many hazards people may encounter during their retirement journey which can threaten their financial security. It's tough for clients to picture the risks they face during retirement, because they are so different from the ones they experienced during their working years. Longevity, inflation, market volatility and health care are four major challenges that many people will need to deal with during their retirement. A sound advisor can help clients mitigate these risks with planning and foresight.

Longevity is the risk of living a long life. A person's mortality is often life's great unknown. But we do know that life expectancies for seniors have never been longer. Today, living 20, 30 or even 40 years in retirement is a very real possibility. Longevity risk magnifies the impact of the other risks and can result in a person outliving their money. It ranks as a top concern for many retirees.

Inflation — the general rise in the price of goods and services over time — can be very damaging to retirees on a fixed income. The lasting effects of long-term inflation reduce purchasing power, erode the value of a portfolio and drive up the need for higher incomes. Even at a modest 3% rate of inflation, the cost of goods and services can double over 25 years.

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Market volatility is a significant risk for retirees who rely on their retirement savings for income. Your clients are the most vulnerable to volatility just before and just after they retire. If seniors have the misfortune of retiring into a flat or down market, the results could be devastating. This is also known as the “sequence of returns” risk.

Quality health care is an important issue for the elderly. It presents a risk. Health care costs continue to outpace inflation and represent a considerable expense for retirees – especially if they are ever faced with a debilitating illness. Additionally, 70% of Americans over age 65 will need long-term care. The expense of long-term care can place an additional major stress on many retirees’ financial resources.

Risk management deserves a seat at the table when building out a retirement income plan. Using Income ArchiTech software lets you help clients identify and quantify the key risks they may face during retirement. With it, you can run stress tests and demonstrate potential outcomes to clients. This allows you develop contingency strategies and take preemptive action against the risks that can threaten the overall success of their retirement income plan.

Provide Stress-Tested Plans

Nobody can predict the future. But you can help clients plan for it. By using Income ArchiTech software, you can stress-test their retirement income plan against life-event risks to help clients more thoroughly plan for retirement. You can create client peace of mind and build credibility for long-term relationships.



Contact an SMS marketing consultant to learn how to put this software to work in your practice.

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