

# Retirement Point

NEWS FOR PLAN SPONSORS AND PARTICIPANTS

February 2018

## How Long will Your Money Last?

### THE MONTH IN BRIEF

Bulls took charge of Wall Street as 2018 began: the Dow Jones Industrial Average rose 5.79% in the first month of the year, even with a mild selloff on the verge of February. Foreign equity benchmarks largely advanced as well. Oil and gasoline futures surged, while bitcoin continued to rollercoaster. Personal spending, manufacturing, and consumer confidence data encouraged investors. Home sales weakened as home prices surpassed a pre-recession peak and mortgage rates increased. Analysts kept warning that Wall Street was overdue for a pullback; while indices did slip late in the month, optimism was little shaken.

% CHANGE	Y-T-D	1-YR CHG	5-YRAVG	10-YRAVG
DJIA	+5.79	+31.64	+17.73	+10.67
NASDAQ	+7.36	+32.00	+27.17	+21.01
S&P 500	+5.62	+23.91	+17.70	+10.48
REAL YIELD	4/28 RATE	1 YR AGO	5 YRS AGO	10 YRS AGO
10 YR TIPS	0.61%	0.40%	-0.57%	1.33%

Sources: wsj.com, bigcharts.com, treasury.gov – 1/31/18<sup>18,19,20</sup>. Indices are unmanaged, do not incur fees or expenses, and cannot be invested into directly. These returns do not include dividends. 10-year TIPS real yield = projected return at maturity given expected inflation.

The big question when it comes to retirement is, "How much money am I going to need?" With all of the advanced education and strategy tools available, it is still often difficult to understand the difference between what you can save for retirement and what is needed to retire. Sometimes, it is helpful to see what your account can actually provide over the course of your retirement. It can also help you set an achievable goal.

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### MONTHLY QUOTE

"Never apologize for showing feeling. When you do so, you apologize for truth."

- Benjamin Disraeli

### MONTHLY TIP

Personal finance apps have come a long way. Besides bill paying, account overviews, and push notifications regarding household budget categories, some let you see all your credit and bank transactions in one view. If you have not previously used one, consider one for 2018.

### MONTHLY RIDDLE

Sometimes it is good, sometimes it is bad, sometimes you wait for it, other times you fear it. At times you may make it, or even spread it. What is it?

### Last month's riddle:

Suzy and Ben stand upon a 200-foot cliff. They both slip down the cliff to the rocks below, but they have dinner together the next day. How can this be?

### Last month's answer:

They rappelled down the cliff.

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Savings	Monthly income for 10 years <sup>1</sup>	Monthly income for 20 years <sup>1</sup>	Monthly income for lifetime of individual and spouse <sup>2</sup>
<b>\$50,000</b>	\$493	\$289	\$174
<b>\$100,000</b>	\$986	\$578	\$349
<b>\$150,000</b>	\$1,479	\$867	\$523
<b>\$200,000</b>	\$1,972	\$1,157	\$698
<b>\$250,000</b>	\$2,465	\$1,446	\$872
<b>\$500,000</b>	\$4,930	\$2,891	\$1,745
<b>\$750,000</b>	\$7,395	\$4,337	\$2,617

The monthly incomes are hypothetical and not intended to project the performance of any specific investment or insurance product.

Monthly income can be greatly influenced by the number of distribution years. A shorter payout over 10 years will result in the highest monthly distribution amount, but the risk is if you live longer than 10 years in retirement, you may actually run out of money. Perhaps the most important decision is to decide when you actually want the distributions to begin. Deferring the beginning date of distributions from your account a few years can not only reduce the payout timeframe, but could allow an opportunity for additional asset growth depending on investment performance.



<sup>1</sup>Payment increases 2% annually to help offset effects of inflation. Illustrative amounts based on 3.5% interest rate. Lifetime payments assume retirement age of 65. Based on 5.5% annual yield compounded monthly. Investment option performance can dramatically affect these numbers. Inflation can also seriously affect the value of the withdrawals. Rate of return is hypothetical and does not represent any specific investment option or imply guaranteed results. Amounts shown do not reflect the impact of taxes on earnings, your actual return will vary depending on your investment option and your tax bracket. <sup>2</sup>Lifetime payments assume start at age 65 over two lives, Joint and Survivor at 100% survivor benefit and 3% COLA. Analytics provided by MassMutual. ACR#272101 01/18

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## DISCLOSURES

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