

The Northwestern Mutual Life Insurance Company — Milwaukee, WI

Retirement Planning Social Security

Creating Security
for Life



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Wealth Management Advisor

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM), Milwaukee, WI (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries.

29-5425 (Rev 0423)



A man and a woman are walking a large, fluffy white dog on a leash along a paved sidewalk. The woman is wearing a bright green top and blue jeans, and the man is wearing a light-colored button-down shirt and blue jeans. They are both smiling and looking at each other. The background is a lush green park with trees and a blurred car in the distance.

Have I saved enough?

What if the market
goes down?

How can I make my money
last as long as it needs to?

When do I take Social
Security?

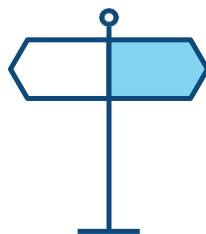
Financial Security in Retirement

- How planning for retirement has changed over generations
- Risks you face during retirement
- Accumulation vs. distribution
- Creating guaranteed income for life
- The role of an income annuity in your retirement plan
- 4 tips to maximize Social Security

The Rules of Retirement Planning Have Changed

Past:

Retirement was primarily funded by employers



Present:

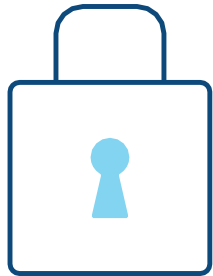
Responsibility is on the individual



Saving for Retirement



Guaranteed Income in Retirement



Guaranteed
Income



Pensions



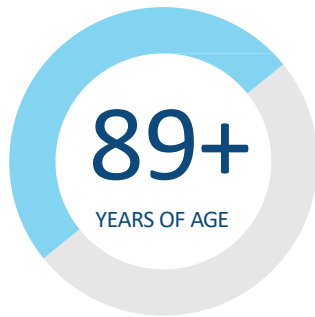
Social Security



Income Annuities

We're All Living Longer

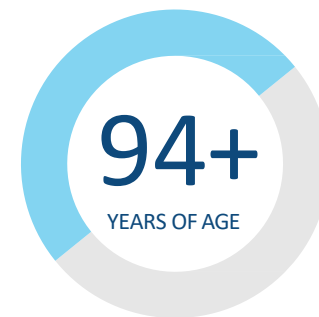
The risk that you'll outlive your money



Single: 50% chance a
65-year-old man will live
beyond the age of 89



Single: 50% chance a
65-year-old woman will
live beyond the age of 91



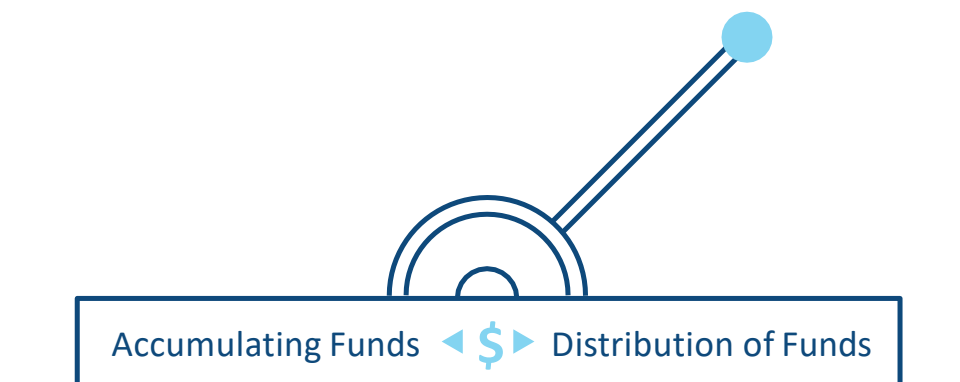
Married: 50%
chance one of them
will live beyond the
age of 94

Plan for a retirement that could last 30 years or longer.

6 Risks of Retirement

Longevity	No one knows how long you'll live; make sure your money lasts as long as you do.
Long-Term Care	Help ensure that the cost of care for an unexpected event or long-term illness doesn't drain your assets.
Health Care Costs	Plan and budget for rising medical costs, fewer employer-sponsored retiree benefits and Medicare limitations so they don't impact your income and retirement savings.
Leaving a Legacy	If you want to leave a financial legacy to the people you love or the nonprofits you care about, planning for those gifts is important.
Inflation and Taxes	Inflation and changes in tax law can both affect how far your money goes. Your plan should account for both to help make sure your funds last as long as you need them to.
Market	Adjust your investment portfolio as you get older to align with your risk tolerance.

To Retirement vs. Through Retirement

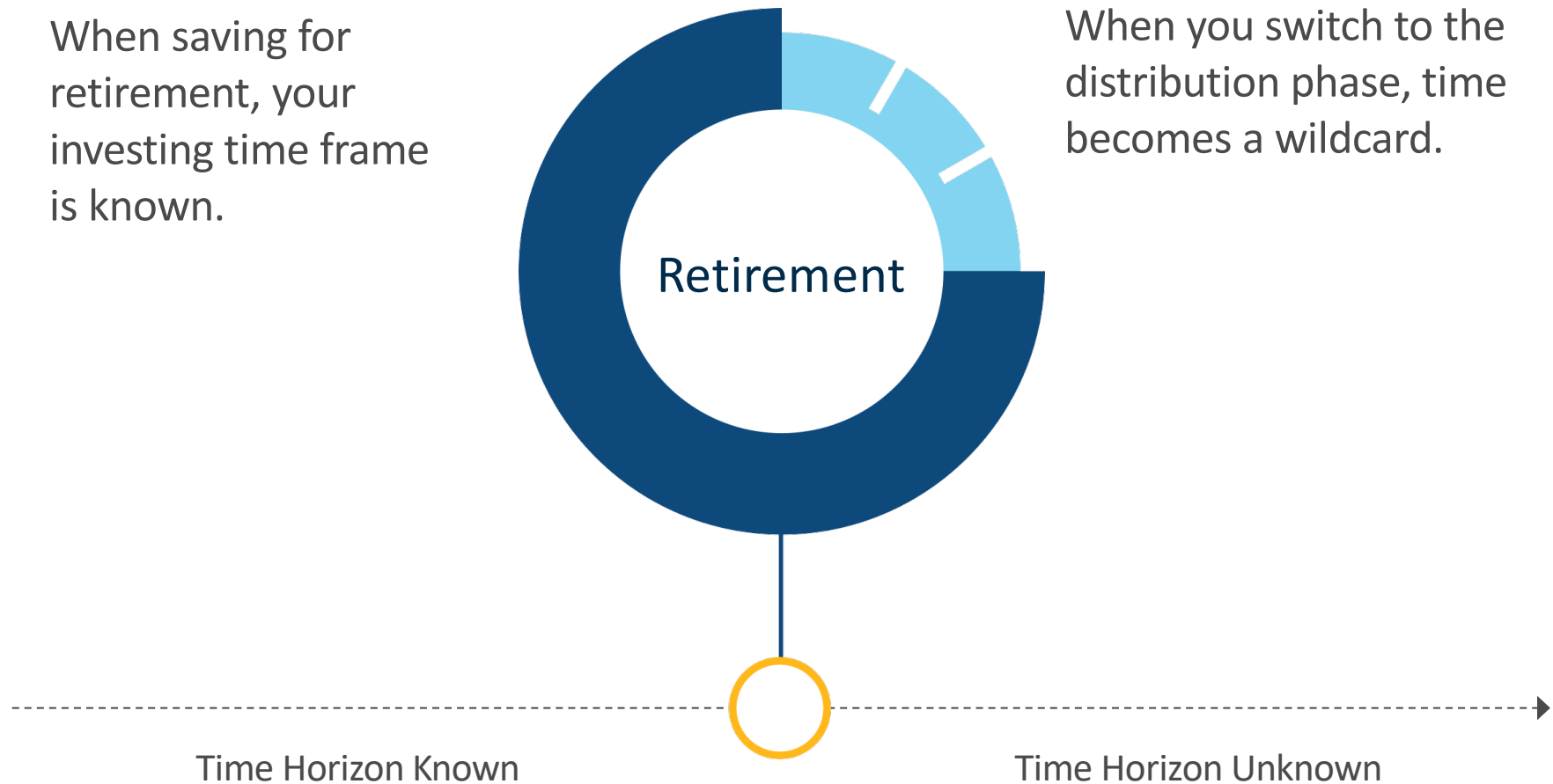


Once you've retired, you switch from saving for retirement to spending in retirement. How you do it makes a big difference in how long your money lasts.

Investing Time Frame

When saving for retirement, your investing time frame is known.

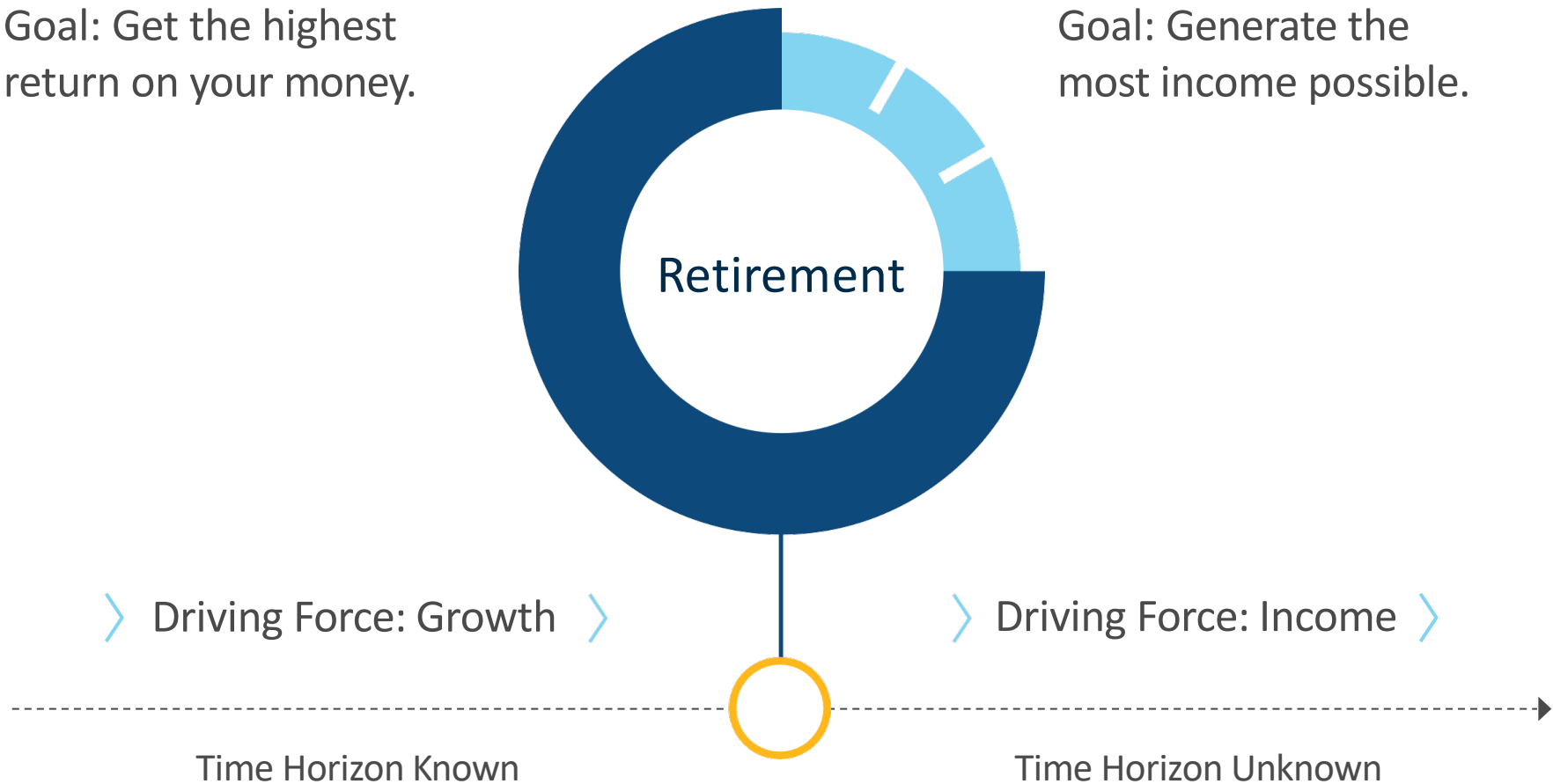
When you switch to the distribution phase, time becomes a wildcard.



Risk and Return

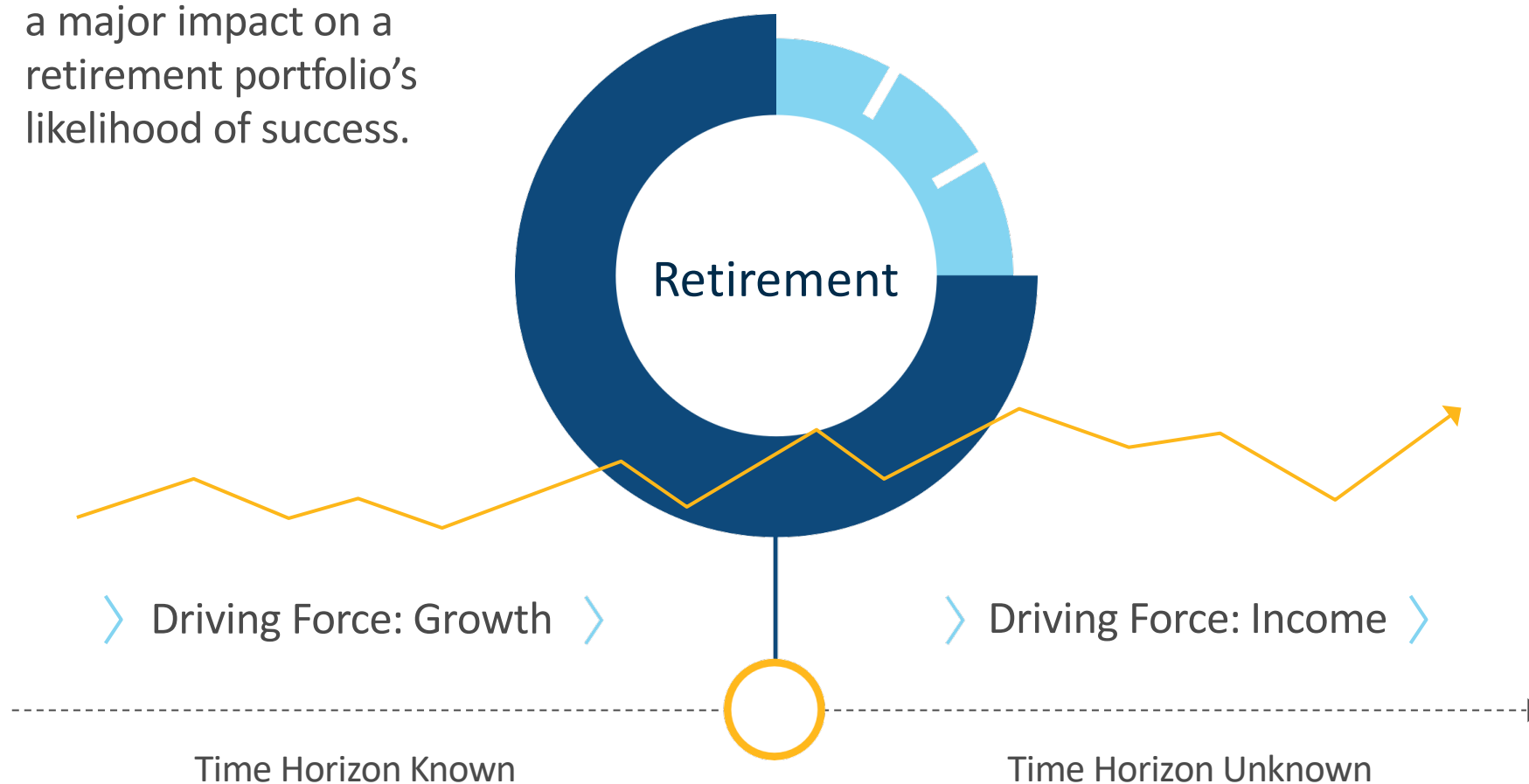
Goal: Get the highest return on your money.

Goal: Generate the most income possible.



Sequence of Returns

Timing of losses can have a major impact on a retirement portfolio's likelihood of success.



Sequence of Returns

How it can affect your retirement

\$500,000

Retirement Plan Savings

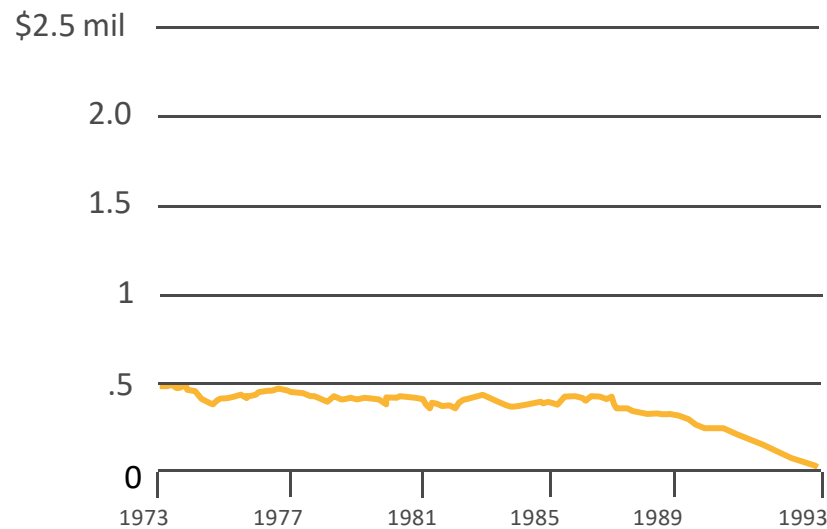
50% STOCKS | 50% BONDS

5% a year withdrawal
starting January 1, 1973

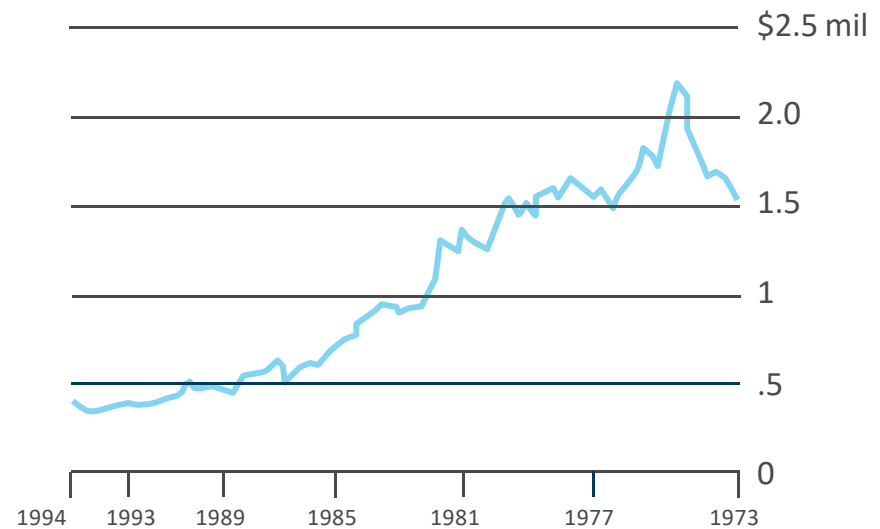
Sequence of Returns

How it can affect your retirement

Actual Historical Return Sequence



Reversed Actual Historical Return Sequence



Stocks in this example are represented by the Standard & Poors 90 index from 1926 through February 1957 and the S&P 500® index thereafter, which is an unmanaged group of securities and considered to be representative of the U.S. stock market in general. Bonds are represented by the five-year U.S. government bond and inflation by the Consumer Price Index. Each monthly withdrawal is adjusted for inflation. An investment cannot be made directly in an index. Past performance is no guarantee of future results. Hypothetical value of \$500,000 invested at the beginning of 1973 and August 1994. Assumes inflation-adjusted withdrawal rate of 5%. Portfolio: 50% large-company stocks/50% intermediate-term bonds. This is for illustrative purposes only and not indicative of any investment. © 2014 Morningstar. All Rights Reserved.

How much time did
you spend planning
your last vacation?



Retirement: The Longest Vacation of Your Life



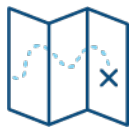
Put the time in.



Plan for it.



Make sure your
money lasts.



It's a lifelong process that takes thought, planning,
and ongoing reviews and updates as your life changes.

Creating Guaranteed Income for Life

Step 1: Visualize your retirement

- Where will I live?
 - What hobbies will I spend my time on?
 - Will I need to support family members?
-



Creating Guaranteed Income for Life

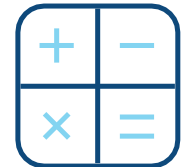
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Step 2: Develop a retirement budget

- Identify essential and discretionary expenses
- Guaranteed income sources cover guaranteed expenses



Creating Guaranteed Income for Life

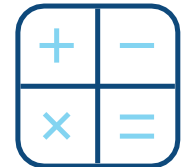
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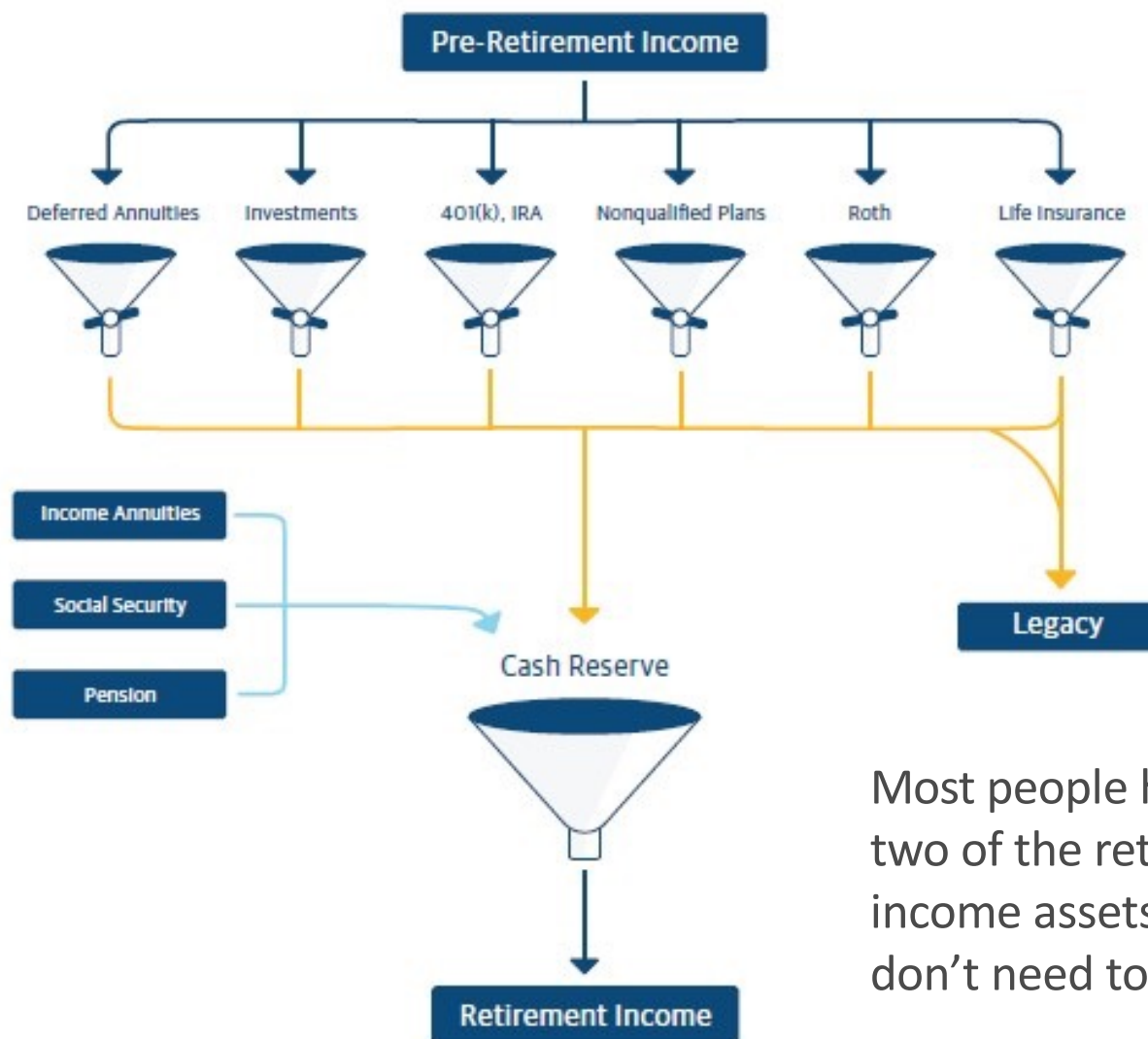


Step 3: Options for filling the gap

- Line up your essential expenses against income sources
- Identify possible sources of income



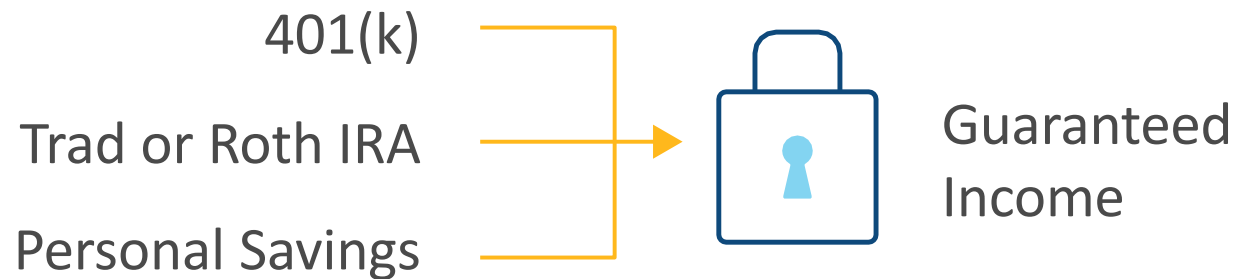
Your Retirement Income



Most people have one or two of the retirement income assets shown; you don't need to have them all.

What Are Income Annuities?

Income annuities are contracts with an insurance company in which you convert a part of your retirement savings into guaranteed income for your lifetime or a specific period of time.



The Basics of Income Annuities

There are two types:

Immediate

Deferred



Immediate:

Start receiving income payments
1 week to 13 months after
purchase date

Deferred:

Start receiving income payments
13 months after the purchase
date or decades in the future

Income Options



Single Life: Payments last as long as you're alive.



Joint Life: Payments last for the lives of you and another person.



Life with a Period Certain: Period Certain options typically range up to 20 years. This ensures that if you die, payments will continue to your beneficiary for the remainder of the guaranteed period.

Immediate Income Annuity Example



Todd, age 65

- About to retire
- Realizes income won't cover all his essential expenses
- Purchases single life immediate income annuity
- Receives guaranteed monthly income for life

Joint Annuity Example

Todd and Kate want to have steady monthly income as long as one of them is alive.

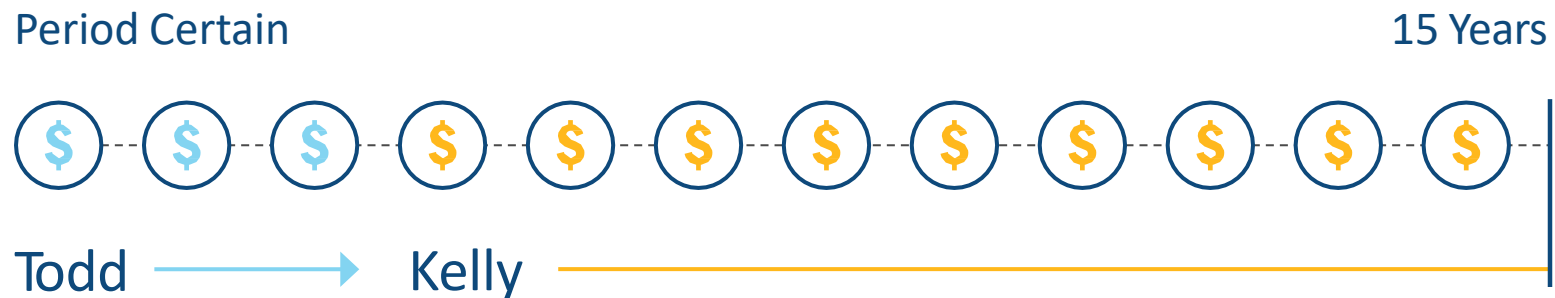
- Even if Todd lived only for three years past retirement, Kate would receive payments for the rest of her life.



Period Certain Example

Todd wants to make sure that if he passes away, his daughter Kelly has monthly income until after grad school.

- He chooses a 15-year period certain.
- Kelly receives payments for remaining years after Todd dies.



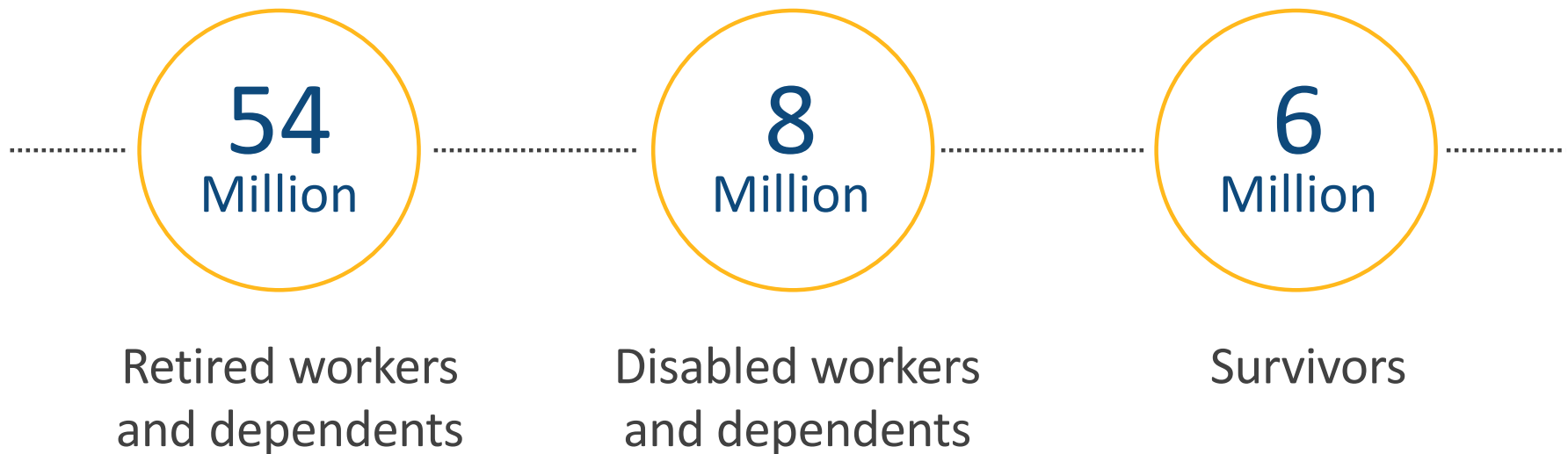
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How Social Security Works

Americans Receiving Benefits in 2024:

Over 67 million beneficiaries

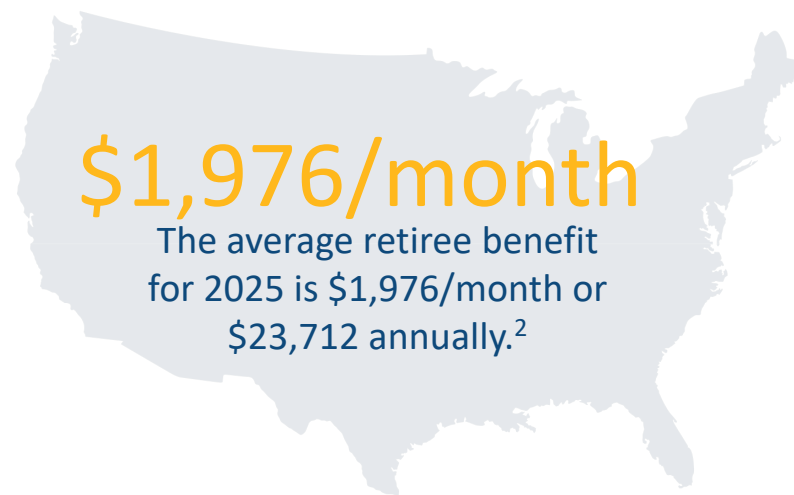


Social Security Today



Social Security benefits represent about 30 percent of income for retirees.¹

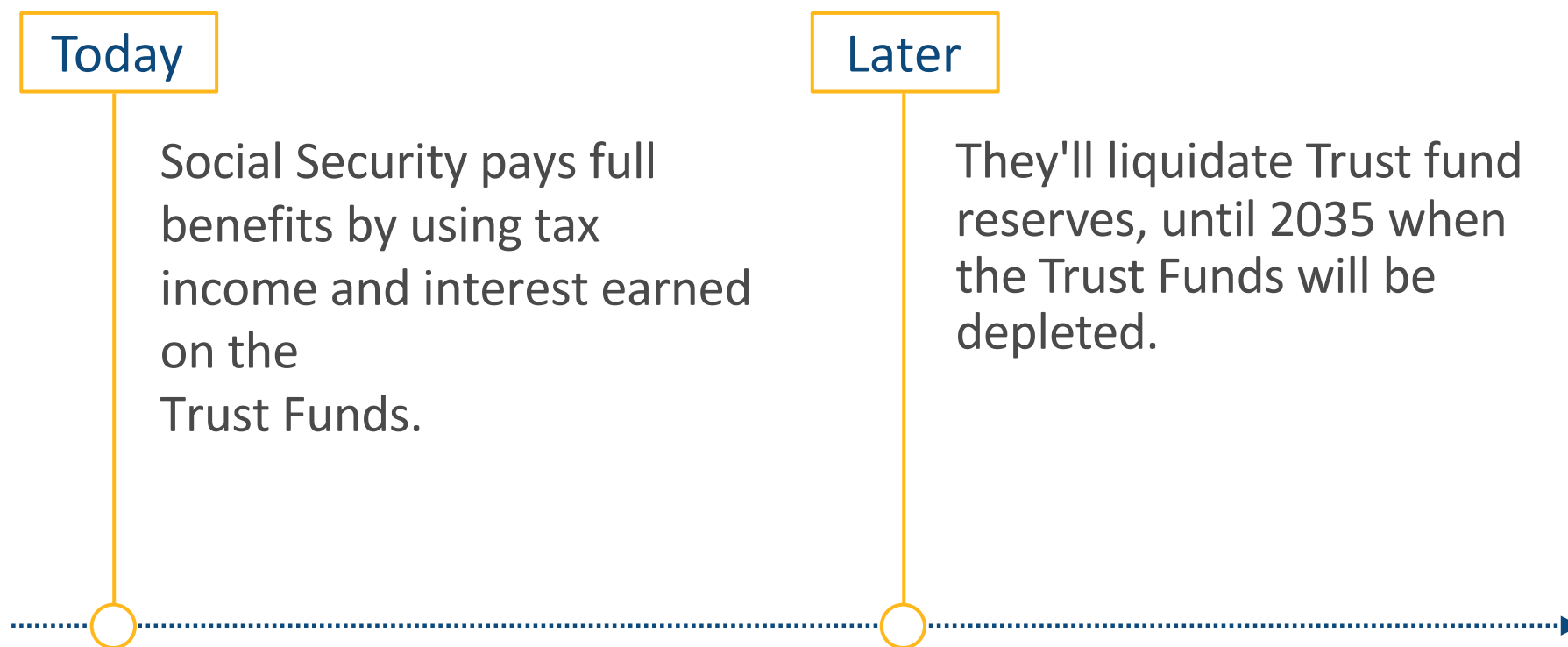
You can't outlast your Social Security benefits—once started they last your lifetime. Social Security is backed by the U.S. Government.



¹2024 Social Security Basic Fact Sheet, <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>

²Social Security Fact Sheet, January 2025, <https://www.ssa.gov/news/press/factsheets/colafacts2025.pdf>.

Concerns About Social Security



The Social Security Administration Weighs In



“

With informed discussion, creative thinking and timely legislative action, social security can continue to protect future generations.

- The 2022 Annual Report of the Board of Trustees



Social Security should be considered as only one part of a larger retirement savings strategy.

Make sure you're
getting the most out
of Social Security.

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Tip 1: Increase Your Benefit

1

Credit for every
\$1,810 earned in a
calendar year, up to
4 credits per year

40

Credits to be eligible
for retirement
benefits

10

Work at least
10 years to ensure
full eligibility



Social Security takes into account
your 35 highest earning years.

Benefits of Working Longer

There's opportunity to:



Pay down or eliminate debt.



Save more for retirement.



Stay enrolled in your company's health insurance.



Draw from your retirement savings for fewer years.

Tip 2: Plan When You'll Claim Your Benefit

3 Options:

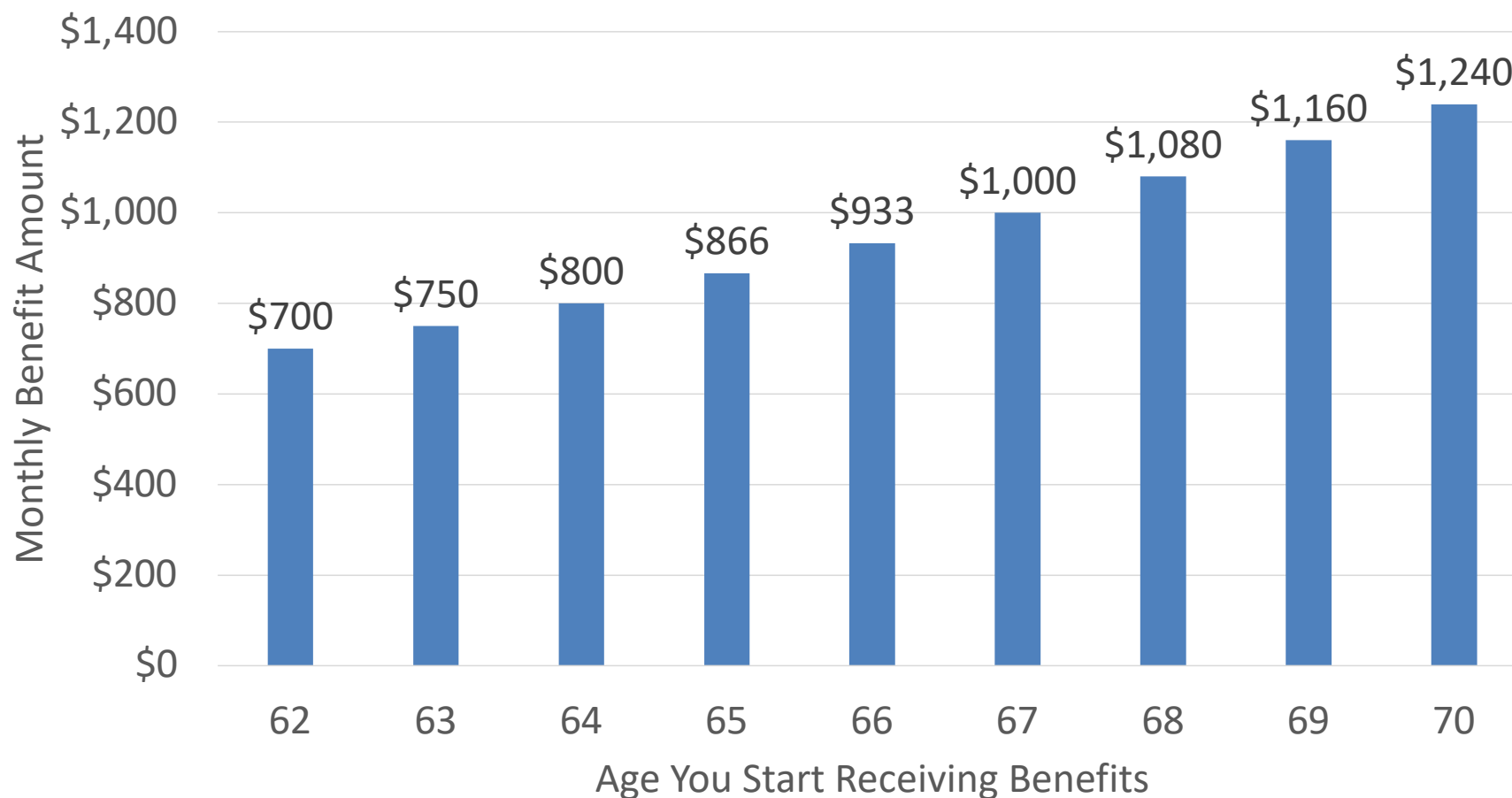
- 1 Early Retirement (age 62 until FRA)
- 2 Full Retirement Age (FRA)
- 3 Delayed Retirement (from FRA to age 70)



Timing can have an impact on your Social Security benefits.

The Right Time for Retirement

Waiting until 70 can increase your retirement benefits.

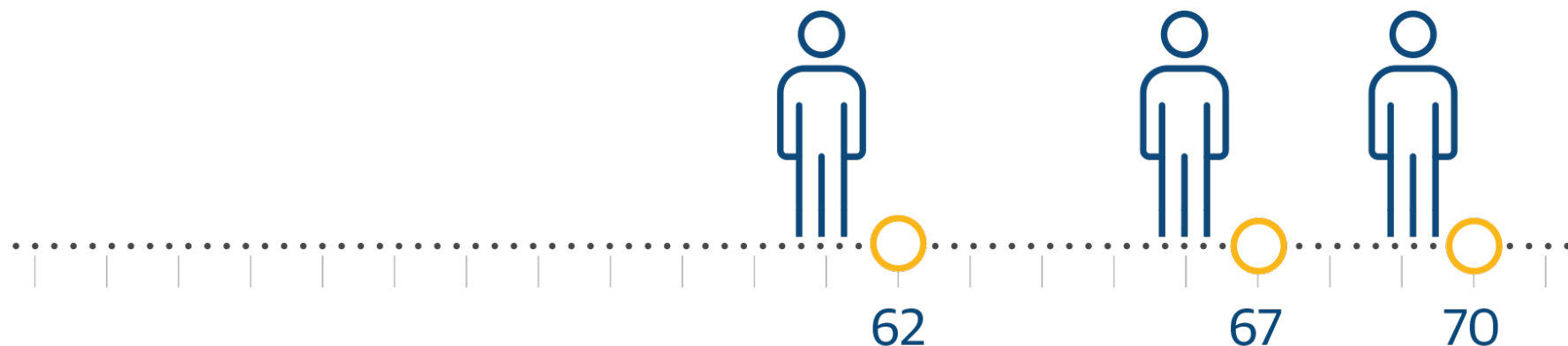


This example assumes a benefit of \$1,000 at a full retirement age of 67. It does not factor in an inflation adjustment.
Social Security Benefits Planner: Retirement; <https://www.ssa.gov/pubs/EN-05-10147.pdf>

What's the Right Time for You?

When to start taking benefits depends on many factors, including:

- Age
- Health
- Savings
- Marital Status
- Earning Power



Tips When Applying for Social Security

Key points when it comes to timing

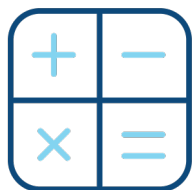
- If you apply for benefits before your full retirement age your benefit starts lower and will remain lower for life.
- COLAs magnify the impact of early or delayed claiming. The higher your base number, the more it increases year after year.
- When you claim your benefit impacts your spouse, especially if you pass away first.



Working While Receiving Benefits

If you take social security before your full retirement age Social Security will deduct:

 in benefits for every  you earn over \$23,400



Your benefits will be recalculated at full retirement age to compensate for the months benefits were withheld.

Are Social Security Benefits Taxable?

Combined income (single/married)	Percentage of Social Security benefits that are taxable
\$0 – \$25,000 / \$0 – \$32,000	0% of Social Security benefits taxed
\$25,001 – \$34,000 / \$32,001 – \$44,000	Up to 50% of Social Security benefits taxed
\$34,001+ / \$44,001+	50 - 85% of Social Security benefits taxed

This presentation is not intended as legal or tax advice. Financial Representatives do not give legal or tax advice. Taxpayers should seek advice based on their particular circumstances from an independent tax advisor.

Source: <https://www.ssa.gov/planners/taxes.html>

Tip 3: Coordinate Spousal Benefits

For a married couple, each spouse is entitled to the higher of:

①

Their own Social Security benefit

or

②

Up to 50 percent of their spouse's FRA benefit



It takes coordination to get the most out of your Social Security benefits.

Divorced Spouse Benefit

Spousal strategies can be used under certain circumstances if you're divorced.

- ☒ You must have been married for at least 10 years.
- ☒ Your ex-spouse must be at least age 62 or currently receiving Social Security benefits.
- ☒ You must currently be unmarried.
- ☒ If your ex-spouse isn't receiving benefits, your divorce must have occurred more than two years ago.

Tip 4: Protect Your Spouse

When you die, your surviving spouse is entitled to receive up to 100% of your benefit.



Delaying Social Security can protect your spouse from running out of money.

Survivor Benefits

If You're Widowed

You can claim a survivor benefit beginning at age 60 as long you had been married for at least nine months before your spouse died.¹

If You're Divorced

You can claim your deceased ex-spouse's benefit at age 60, if you were married for at least 10 years.

If You Remarry

If you get remarried BEFORE you turn 60, you'll no longer be eligible for survivor benefits as long as your new marriage continues.

¹ Some exceptions apply, so please consult with the Social Security Administration to determine eligibility.

The Bottom Line

Estimating your Social Security benefits is easier than you might think. Go to ssa.gov and click **Retirement Estimator**.

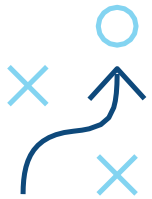
Creating an online account also allows you to:

- Access and review your Social Security Statement
- Confirm your earnings history is accurate



The Retirement Estimator: ssa.gov

Create the Retirement You Want



Planning to make your retirement income last your lifetime is complicated. Working with a professional makes it easier.

But ...

Don't accept a one-size-fits-all solution.

Choosing Who to Work With

- Look for a company that can give you financial planning solutions and options.
- Annuities are backed only by insurance companies. Choose a company that's financially secure.

A++

A.M. BEST

AAA

FITCH RATINGS

Aaa

MOODY'S
INVESTORS SERVICES

AA+

S&P GLOBAL RATINGS

Ratings are for Northwestern Mutual Life Insurance Company and Northwestern Long Term Care Insurance Company, as of the most recent review and report by each rating agency. Northwestern Mutual's ratings: A.M. Best Company, A++ (highest), 6/22; Fitch Ratings, AAA (highest), 8/22; Moody's Investors Service, Aaa (highest), 5/22; and S&P Global Ratings, AA+ (second highest), 7/22. Ratings are subject to change.

Retire With Confidence

Our goal is to take the guesswork out of retirement income planning so you can relax, knowing your money will last through your well-earned retirement.



Thank You

Matt Robb, CFP[®], CLU[®], WMCP[®], RICP[®], ChFC[®], AEP[®]
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Disclosures

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No investment strategy can guarantee a profit or protect against loss.

Withdrawals from annuities may be subject to ordinary income tax, a 10% IRS early withdrawal penalty if taken before age 59½ and contractual withdrawal charges.

All guarantees in annuities are backed solely by the claims-paying ability of the issuer.

Dividends are not guaranteed and are at the sole discretion of the company's Board of Trustees.

Income annuities have no cash value, premiums are non-refundable, and withdrawals are generally not allowed.