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Retirement strategies for women

Not FDIC insured
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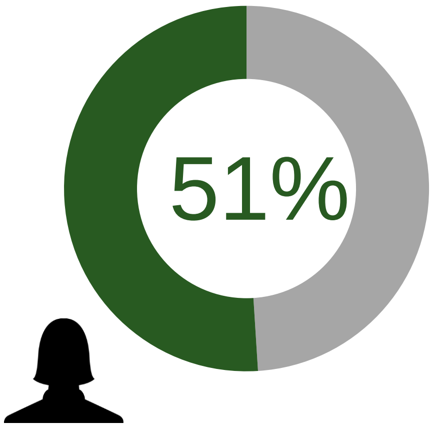
No bank guarantee

Understanding the unique challenges for women in retirement.

Women are poised to lead in investing . . .



Women control 51% of personal wealth in the United States

- Make up more than 40% of all Americans with gross investable assets above $600,000
- Represent 45% of American millionaires
- Will control two thirds of the nation’s wealth by 2030

Sources: BMO Wealth, Institute 2017; Forbes. 2014.

… and face specific challenges

- Living longer than men
- Earning less than men
- Caring for children and elderly parents
- Living on their own

Living longer than men

Average life span

Source: Social Security Administration.

Social Security won't cover it all

Women age 55–64 earned 79 cents for every dollar earned by men*

* Department of Labor, 2016.

** In today's dollars. Average benefit retiring at age 65.

The maximum Social Security benefit in 2014 for an individual at full retirement age (66) is $31,956.

Sources: NWLC calculations based on U.S. Social Security Administration, Annual Statistical Supplement to the Social Security Bulletin, 2014, Bureau of Labor Statistics, Highlights of Women's Earnings in 2013.

Caring for others

66% of caregivers are women*

50% more time is spent providing care than men*

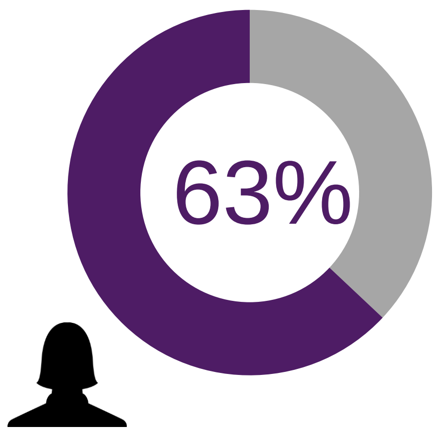
36% of young adults age 18–31 live in parents' home (highest percentage in at least 40 years)*

59% of parents provide financial support to adult children no longer in school**

* American Sociological Association.

** Forbes Woman, NEFE.

Living on their own



63% of unmarried individuals, 18 and older, in 2014 who had never been married were women

Source: Census, 2014.

- Percentage has risen dramatically since the 1960s and is now at a record high
- Presents both challenges and opportunities for single women who are planning for the future

Top priorities for women planning retirement

1	Personalized tax-smart savings strategies
2	A plan for sustainable income in retirement
3	Practical preparation for health-care expenses

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1 Personalized tax-smart savings strategies

Will you need more income in retirement?

Expenses

The average consumer over age 65 spends $44,885 annually. Over 20 years with inflation, that's $1,199,677*

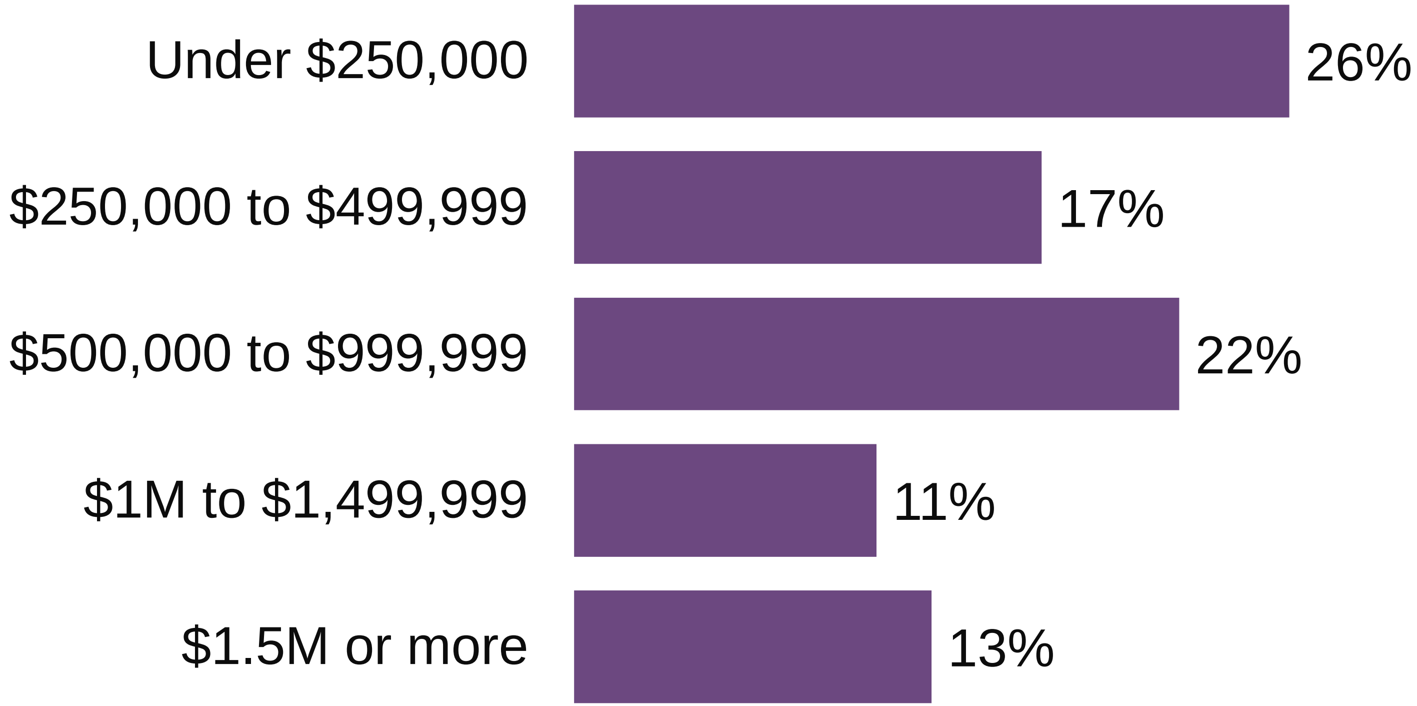
Wealth preservation

Long-term inflation averages 2.1% per year**

* Putnam research, using U.S. Dept. of Labor, 2014 Consumer Expenditure.

** U.S. Bureau of Labor Statistics, Consumer Price Index annual average for the period 7/31/96–7/31/16.

Do you know how much you'll need to save?



- Source: EBRI 2016 Retirement Confidence Survey. Results do not add up to 100%; the remaining who responded were not sure how much they need to save.

Because reality can be startling

If your current annual income is:	You'll need to save:
$50,000	$890,000
$100,000	$1,800,000
$250,000	$3,600,000

Assumes 25 years of retirement, and a retirement nest egg growing at 6% annually, compounded monthly and adjusted for 3% inflation.

Use tax-smart strategies to maximize savings

	2017 limit
Your employer's retirement plan Before-tax contributions, tax-deferred earnings	$18,000
Traditional IRA Before-tax contributions (if you qualify), tax-deferred earnings	$5,500
Roth IRA After-tax contributions, tax-free withdrawals	$5,500

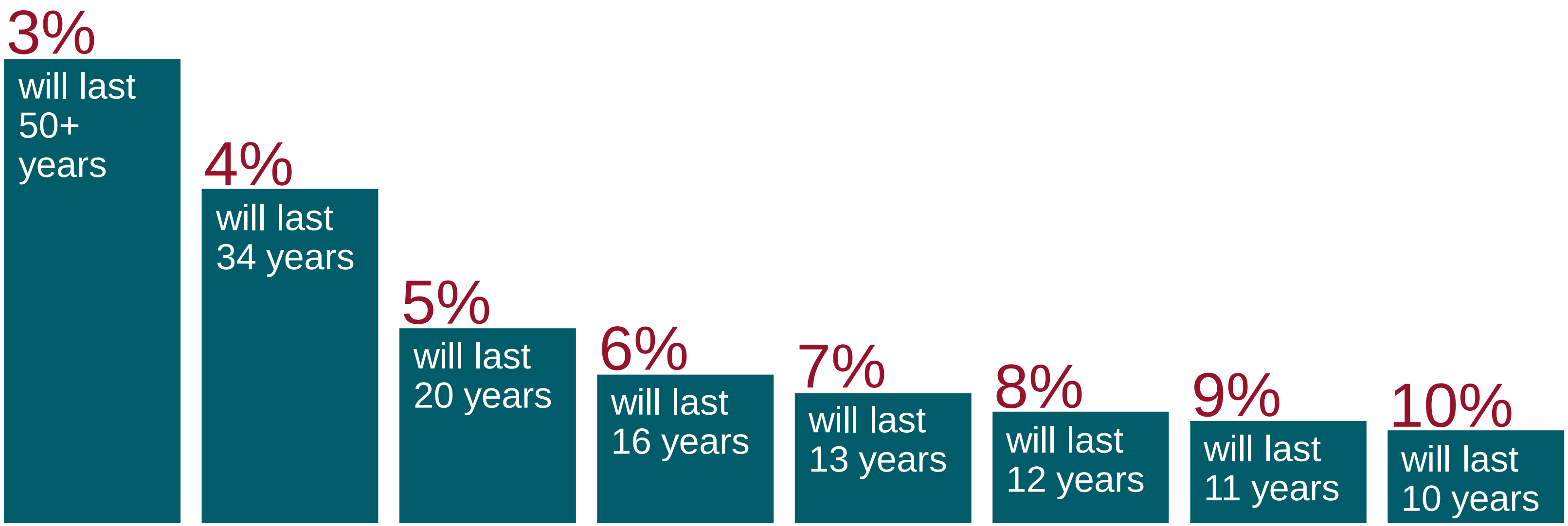
Additional contributions for those age 50 and over

Employer's retirement plan	$6,000
Traditional or Roth IRA	$1,000

Source: IRS, 2016.

2 A plan for sustainable income in retirement

Choose a sustainable withdrawal rate



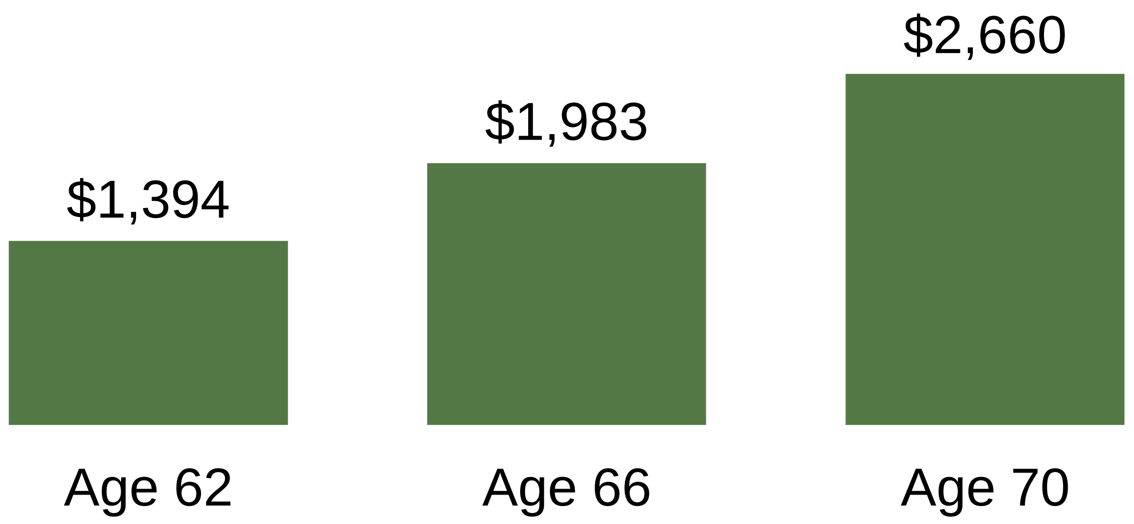
This example assumed a 95% probability rate. These hypothetical illustrations are based on rolling historical time period analysis and do not account for the effect of taxes, nor do they represent the performance of any Putnam fund or product, which will fluctuate. These illustrations use the historical rolling periods from 1926 to 2016 of stocks (as represented by an S&P 500 composite), bonds (as represented by a 20-year long-term government bond (50%) and a 20-year corporate bond (50%)), and cash (U.S. 30-day T-bills) to determine how long a portfolio would have lasted given various withdrawal rates. A one-year rolling average is used to calculate performance of the 20-year bonds. Past performance is not a guarantee of future results. The S&P 500 Index is an unmanaged index of common stock performance. You cannot invest directly in an index.

Incorporate Social Security into your plan

Eligibility	At least 40 quarters of work
Individual contributions	Social Security payroll tax of 6.2% on first $127,200 of earnings
Benefits	Calculated based on average monthly earnings indexed for inflation (based on top 35 earning years)
Retirement age	Reduction in benefits before full retirement age (currently 66), increase in benefits if delay (up to age 70)
Early retirement	Available at age 62 with 25% decrease in benefits

Consider delaying Social Security if possible

Estimated monthly benefit for a worker earning $75,000 annually



Source: Social Security Quick Calculator benefit estimate based on an individual age 62 with $75,000 in current earnings. Does not include increases in benefit levels due to regular cost-of-living adjustments.

Be aware of Social Security benefits

Spousal	• 50% of covered spouse's benefit • Reduced if claimed before full retirement age (benefits as early as age 62) • Covered spouse must claim own benefit to trigger spousal benefit
Divorced	• Unmarried, at least 62 years of age, and marriage lasted 10 years or more • Can claim even if ex-spouse isn't receiving retirement benefits yet (but ex-spouse must be eligible to receive benefits)
Survivor	• 100% of deceased spouse benefit • Can claim as early as age 60 (benefit reduced)* • Able to receive survivor benefit while delaying own retirement benefit (which will increase due to delayed retirement credits)

* In the case of disability, survivor benefits can begin as early as age 50.

Consider a bucket approach to manage income in retirement

Short-term income
(0–2 years)

Meet immediate cash-flow needs, emergency fund, etc.

- Cash
- CDs/money market
- Short-term bonds
- Immediate annuities
- Social Security, pension income
- Wages

Mid-term income
(2–10 years)

Mix of growth and income, replenish short-term bucket, guard against market volatility

- Bonds
- Deferred annuities
- Absolute return funds
- Asset allocation funds, balanced funds

Long-term income
(10+ years)

Inflation hedge, address longevity risk

- Growth stocks/funds
- Real estate
- Commodities
- Longevity insurance

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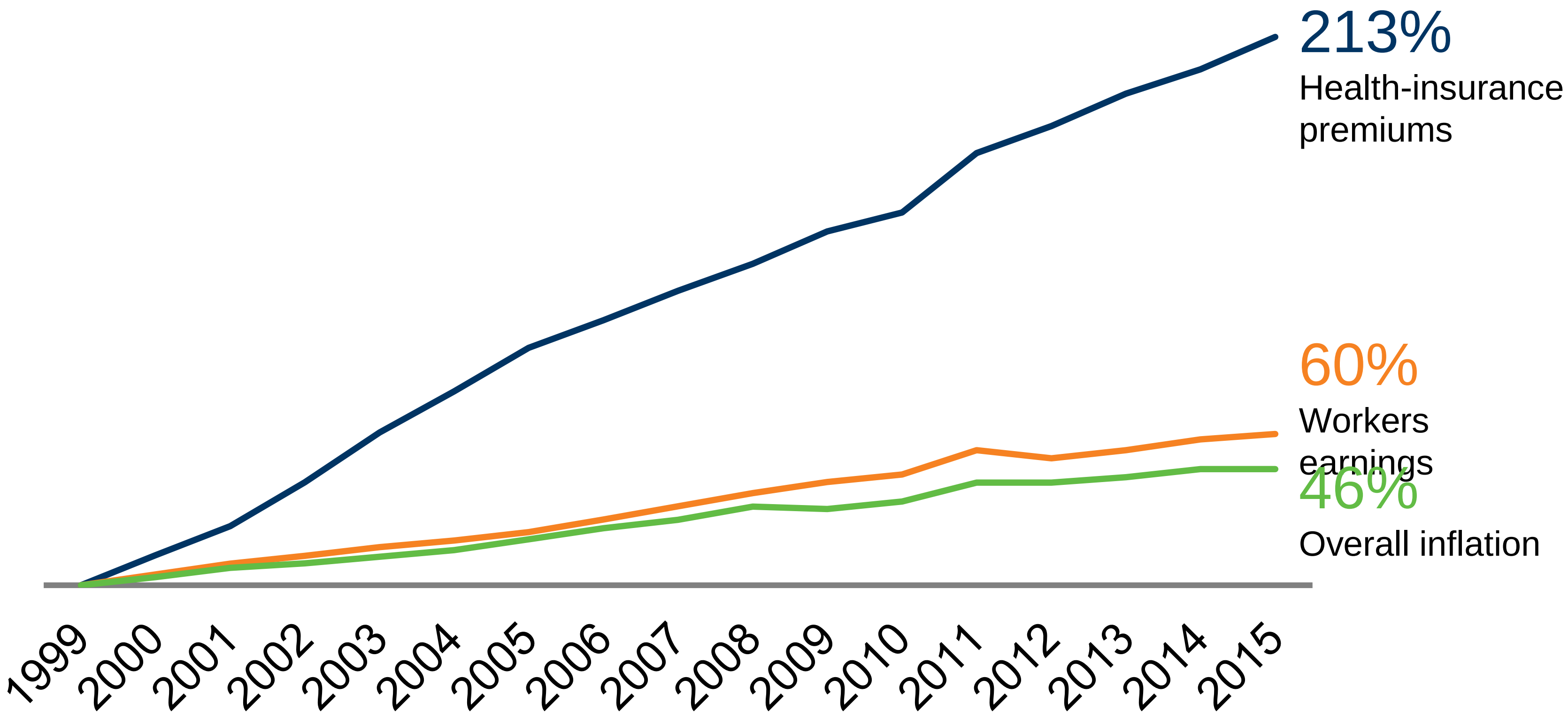
3 Practical preparation for health-care expenses

Health-care costs outpacing earnings and inflation

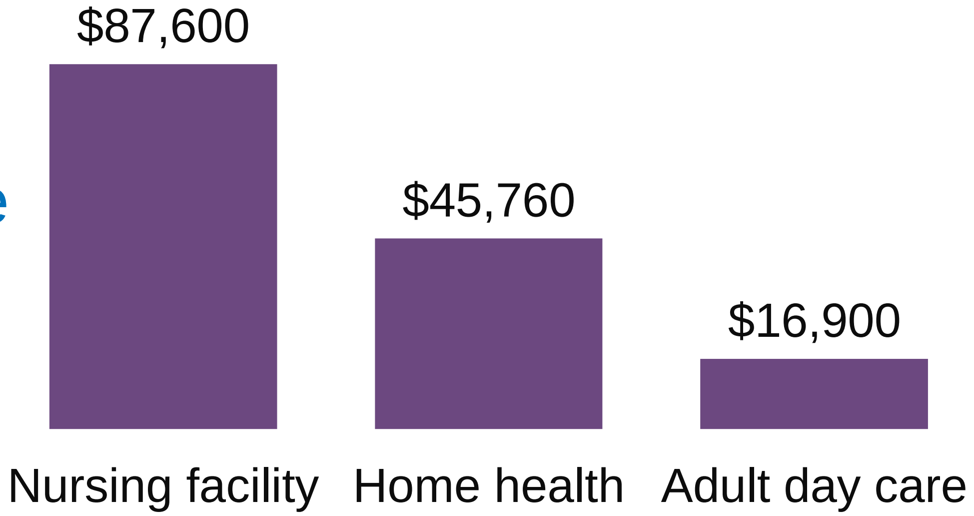


Source: Kaiser Family Foundation, September 2015.

Long-term care costs can be staggering

Long-term services and supports are expensive, often exceeding what beneficiaries and their families can afford

Median annual care costs by type of service, 2014



Understand Medicare

Part A (Hospital)

- Generally no premium
- Nursing care, hospital stays, home health, hospice, limited nursing home care
- Annual deductible of $1,260 (hospital inpatient)

Part B (Doctor)

- Doctor visits, outpatient procedures, tests, therapy, x-rays, etc.
- Base premium of $120 annually with a deductible of $167/year
- 80/20 coverage — no coinsurance for most preventative services

Part D (Drug)

- Optional prescription drug coverage
- Offered by private insurance companies that are approved by Medicare

Based on 2016 rates. Medicare beneficiaries who are currently receiving Social Security benefits are not subject to an increase of their Part B premium in 2016 due to the hold harmless clause. A hold harmless provision in the Social Security Act disallows an increase in the Medicare Part B premium for qualifying Social Security recipients if their COLA is not large enough
to cover the increase in the Part B premium. For that group, the Part B base premium will remain at $104.90.

Make sure you have supplemental coverage

Medicare Advantage (Part C)

- Private alternative to Medicare Parts A and B — must have at least equivalent benefit, regulated by Medicare
- Generally offers additional benefits, such as vision, dental, and hearing, and many include prescription drug coverage
- Eliminates some Medicare co-payments and deductibles
- Plans have service areas — most coverage offered through an HMO or PPO network

Medigap policy

- Offered through private insurance companies
- Extra insurance that will cover certain expenses not covered by Medicare such as deductibles, copays, and uncovered services
- Premiums will vary by area and are paid separately from Medicare Part B and D premiums
- Generally higher cost than Medicare Advantage but lower out-of-pocket expense

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Explore options for long-term care

- Based on current and family health factors, is the risk of needing long-term care higher?
- Is there a family member or friend nearby who could provide care?
- Talk to a professional about exploring long-term care insurance and determining the factors in selecting the right coverage
  - What's the right benefit amount?
  - How do elimination periods work?
  - When do benefits trigger?
  - Are different levels of benefits covered?
  - Is there inflation protection?
  - What is the financial rating of insurance company?

Put your plan into action

- ✓ Understand your challenges and consider how they may impact your retirement
- ✓ Develop an effective retirement plan to determine what you can do today to ensure you’ll have the income you’ll need later on
- ✓ Work with a qualified financial advisor

All funds involve risk, including the loss of principal.

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