

COUNTDOWN TO RETIREMENT

Careful Planning Makes All the Difference

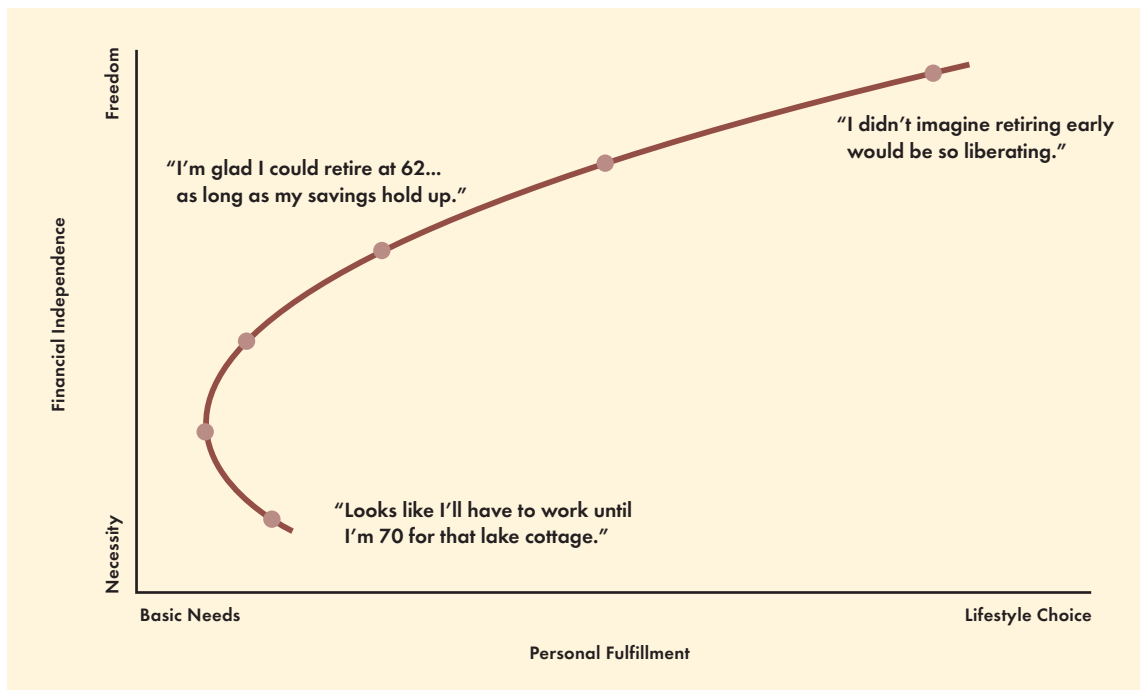


It's not about retiring someday. It's about balancing various personal and financial concerns to optimize today and every day.

Retirement is no longer a matter of “retiring someday.” It’s about balancing your life goals with the financial resources that enable you to achieve those goals.

For many people, talking about retirement in the traditional sense is irrelevant. That’s because they love what they do and don’t want to stop, or because they enjoy the stimulation of work and are healthy enough to continue.

Many of today’s pre- and post-retirement generation are weighing how to balance the financial rewards of work against the desire to spend more time with family or the activities they love. Today, the new retirement may look something like this:



YOUR LIFE. YOUR GOALS.

Achieving the perfect balance between personal goals and financial resources begins with careful planning. On the following pages are some of the ways to gain greater financial independence as you move towards and through your retirement years.

	LIFESTYLE	RISKS	FINANCIAL PLANNING
<p>The Pre-Retirement Years</p> <p>These are the years when your primary focus is on wealth accumulation and balancing family, career and friends.</p>	<ul style="list-style-type: none"> ■ Enjoying peak productivity years. ■ Envisioning how you would like to live in retirement: traveling, working part-time, going back to school, volunteering or starting a new hobby or business. ■ You may be taking care of your parents, children, grandchildren or a disabled family member. 	<ul style="list-style-type: none"> ■ Failing to maximize tax-deferred savings and retirement contributions. ■ Not protecting your current income through disability and other insurances. ■ Not proactively realigning your assets as you approach your retirement years. ■ Forgetting to include healthcare costs and long-term care insurance in your retirement planning. 	<ul style="list-style-type: none"> ■ Discuss your retirement plans with your spouse/partner and children. ■ Determine your target retirement age. ■ Determine how much it will take to support your retirement lifestyle. ■ Evaluate the pros and cons of eliminating debt. ■ Evaluate upcoming family costs such as care for older parents, educational expenses for children/grandchildren or buying a new home. ■ Maximize employer-sponsored retirement plans – 401(k) plans and IRAs – and make catch-up contributions. ■ Review and update your estate planning documents and beneficiary designations and begin thinking about more sophisticated wealth transfer plans. ■ Develop an inventory of assets and discuss your overall cash flow strategy with your financial advisor.
<p>The Early Retirement Years</p> <p>During these active years, lifestyle expenses often dominate, so it is important to establish a financial plan that helps you meet your goals. This may be a good time to review your lifestyle spending needs.</p>	<ul style="list-style-type: none"> ■ Transitioning from work to leisure activities. ■ Traveling or starting a new business or hobby. ■ Reflecting on life and seeking quality interactions with friends and family. 	<ul style="list-style-type: none"> ■ Overspending on lifestyle. ■ Underestimating health and long-term care insurance needs. ■ Not proactively aligning your assets with your goals. ■ Failing to fully integrate your investment strategy. 	<ul style="list-style-type: none"> ■ Integrate new sources of income, such as pensions, real estate and Social Security, and review your cash flow needs. ■ Review and consolidate asset accounts. ■ Diversify concentrated holdings. ■ Prioritize withdrawals from taxable accounts versus tax-deferred. ■ Establish a plan for handling required minimum distributions from IRAs and 401(k)s. ■ Review insurance coverage, including long-term care. ■ Talk to your financial advisor about wealth transfer strategies. ■ Begin investing for the next generation. ■ Develop a charitable giving strategy. ■ Make sure your estate plan is current and reflects your wishes.

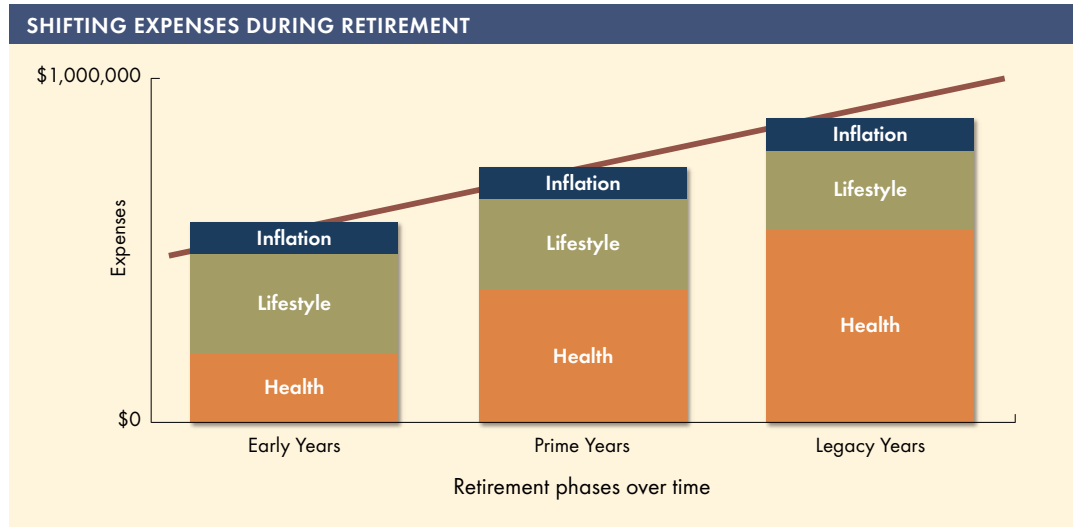
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<p>The Prime Retirement Years</p> <p>During this phase, retirees often have established a rhythm to their lives, spending more time on leisure and family activities. At this stage, however, healthcare expenses begin to rise. The long-term effects of inflation can have a significant impact on purchasing power. (This is the time to review your investment strategy to make sure your portfolio keeps up with rising costs so you can maintain your lifestyle.)</p>	<ul style="list-style-type: none"> Relocating or changing living conditions. Fully engaging in hobbies, sports and other leisure pursuits. Spending more time with friends. Potentially losing spouse and/or friends. 	<ul style="list-style-type: none"> Your investment portfolio does not keep pace with inflation. Forgetting to update your estate plan, including powers of attorney and healthcare directive. Overspending on your lifestyle. Not taking advantage of wealth transfer strategies. Not keeping engaged in family, social and charitable activities. 	<ul style="list-style-type: none"> Review and revise your income strategy to minimize tax consequences while maintaining your standard of living. Review your wealth transfer and legacy planning strategies. Share legacy and wealth transfer plans with family and charitable organizations.
<p>The Legacy Years</p> <p>The fourth phase of retirement can bring great satisfaction to one's life, legacy and family. However, it is also a time when potentially serious health problems or long-term care can consume a greater portion of your income.</p>	<ul style="list-style-type: none"> Focusing on legacy and wealth transfer strategies. Spending time on a few cherished activities or hobbies. Commemorating family milestones and anniversaries. Coping with health issues or decreased mobility that can require additional assistance. Staying in touch with family and friends. 	<ul style="list-style-type: none"> Underestimating estate and other tax obligations. Serious health problems that dramatically increase expenses and deplete assets. Failing to legacy plan for family and charities. 	<ul style="list-style-type: none"> Discuss managed care options with your loved ones. Review and update beneficiaries on IRAs and other accounts. Plan for gifts to family and charitable organizations. Make sure your portfolio continues to meet increased liquidity needs. Discuss your final arrangements with your family. Organize your assets to minimize estate taxes.

PLANNING IS IMPORTANT

When you look to the future, we want you to see endless possibilities and a life filled with activities you enjoy.

Living life to the fullest takes resources and careful planning. At Northern Trust, we can help you identify your goals and assist you in reaching them by developing personalized strategies. These strategies not only utilize the latest retirement planning tools, but also incorporate sophisticated investment planning techniques that can help you achieve the retirement lifestyle you want.

Retirees typically spend more on healthcare expenses, less on lifestyle as they move through each phase of retirement.



FOR MORE INFORMATION

To learn more, contact a Northern Trust professional near you or visit northerntrust.com/retirewell.

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