Milestone Marketing®

Retirement planning opportunities at milestone ages in your clients’ lives
50s

Last chance to accumulate

Clients and prospects in their 50s may be in their last decade of being able to accumulate assets for retirement. It’s also an important time for them to consider a retirement income strategy, especially if they are looking to retire early.

<table>
<thead>
<tr>
<th>Age 50</th>
<th>Catch-up contributions</th>
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<tr>
<td>Call all of your clients age 50-plus for a contribution review. Make sure they know about catch-up contributions to qualified retirement plans and IRAs. Opportunities to target include</td>
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<td></td>
<td>spousal IRAs</td>
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<td>building out funding vehicles that will give your client future tax-planning flexibility when he or she starts taking distributions</td>
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<table>
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<tr>
<th>Age 55</th>
<th>Early retiree candidates</th>
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<tbody>
<tr>
<td>Affluent clients considering retiring early could potentially use Separation from Service after Age 55 to withdraw assets from their 401(k) plan and pay only ordinary income tax on the amount withdrawn with no penalty.</td>
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<tr>
<th>Age 59½</th>
<th>Penalty-free IRA withdrawals available</th>
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<tbody>
<tr>
<td>Let clients and prospects know they can now withdraw assets from retirement plans without a 10% penalty from the IRS. Invite them in for a retirement income planning session. Opportunities to uncover may include</td>
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<td></td>
<td>in-service distributions</td>
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<td>Roth IRA conversions</td>
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<td></td>
<td>asset allocation; portfolio positioning</td>
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</table>

Conversation starter

“I want to make sure we do all we can today to add more to your retirement plans so we have more to work with when you retire. Let’s take a look at your catch-up contribution opportunities.”

Conversation starter

“Before you decide what to do with your retirement plan, let’s make sure your CPA, your attorney and I review what’s in your plan and when and how you plan to use your funds. We want to make sure we help you avoid unnecessary taxes or penalties.”

Conversation starter

“You’re approaching a key milestone in terms of retirement planning, and there are interesting options allowed by the IRS. I’d like to get together with you and your tax advisor to review what this means to you and make sure we’re on track for helping you meet your retirement goals.”

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60s

Transitioning to retirement

Your clients in their 60s now need to understand the importance of building a distribution strategy aimed at maximizing income in a tax-efficient way.

Age 62  Earliest date to receive SS benefits

Sixty-two is the age at which Social Security benefits become available. However, clients who take Social Security at age 62 will receive a 25% to 30% permanent benefit reduction. Be sure to call clients several months in advance of their 62nd birthday to alert them to the reduction, as well as Social Security taxation and limited distribution strategy consequences.

Opportunities to target include

- meeting with clients’ CPAs and starting to create distribution strategies
- consolidating clients’ retirement plan assets
- Roth IRA conversion

Age 65  Medicare sign-up

Make sure your clients understand their Medicare options on or before their 65th birthday.

Some opportunities to consider:

- working with clients’ CPAs to execute drawdown strategies

Age 66  Full Social Security benefits

First-wave boomers (those born from 1943 to 1954) are eligible for full Social Security benefits at age 66.

Some opportunities to consider:

- adjusting drawdown strategy to account for taxation of benefits
- possible partial Roth IRA conversions
- strategies to help optimize benefits at age 70 (pros and cons of withdrawing from portfolio or letting Social Security benefits accrue in value)
- for married couples, reviewing survivor benefits

Conversation starter

“You’re approaching the age at which it’s important to start retirement income planning, and I’d like to get together with you to review your plan.” When you meet, tell your client, “Although I’m not an expert on Social Security, I can help you consider how your potential Social Security benefits fit into your overall plan.”

Conversation starter

Send a birthday card three to four months before each client’s 65th birthday. Include a note that says, “Happy early 65th birthday. Your Medicare enrollment clock is ticking! Let’s meet to make sure you know what this means for you.” Or call and say, “This is a big birthday in terms of retirement planning. Let’s meet for lunch to review what’s coming up.”

Conversation starter

“Now that you’re eligible for Social Security benefits, I thought it’d be a great time for us to review your retirement income strategy with your CPA. We may have to make adjustments to account for the taxation of your Social Security benefit.”
70s

Taking tax-efficient income distributions

Tax-efficient income distribution becomes paramount when clients are in their 70s. At this time they may also want to discuss their beneficiary designations and consider their legacy strategy.

Age 70

Maximum SS benefits begins

At age 70 Social Security maxes out. This may be a good opportunity to help clients reposition assets before required minimum distributions (RMDs) begin. Once RMDs begin at 72*, strategies for tax-efficient management become more limited.

Opportunities to pursue now include
- consolidating assets
- Roth IRA conversions
- getting to know beneficiaries

Age 72* +

RMDs for traditional IRAs

Make sure your clients are aware of the RMDs from their traditional IRAs and perhaps other retirement plan accounts. Help them avoid the high price of failing to take their RMDs — a 50% tax penalty on the amount that should have been taken. You, your clients and their CPAs will need to determine the aggregate RMD from their traditional IRAs.

Some clients will be required to take an RMD that is more than they need. Consider using the excess to
- fund a 529 savings plan for grandchildren
- add to insurance for estate planning purposes
- make a charitable gift
- add to a brokerage account

Conversation starter

Call clients several weeks before their 70th birthday and say, “This is a major milestone, and I’d love to celebrate it with you. How about a birthday lunch next week?” Encourage them to invite a friend or two. (If a client’s plan is to take Social Security at age 70, make this call six months prior to his or her 70th birthday to review the current income plan.)

Conversation starter

“I wanted to make sure you know that you have to take a required minimum distribution this year. I’d like to suggest we meet to make sure you’re on track to take your required IRA distributions, and to make sure you avoid the 50% penalty the IRS assesses for mistakes.

*The SECURE Act changed the required beginning date of RMDs for those who attain age 70½ in 2020 or later to age 72. Clients that reached age 70 ½ in 2019, must still take their first RMD by April 1, 2020.

Comprehensive retirement income planning support material is available for you. Call MFS® at 1-800-343-2829.
Taking the time to offer smart retirement planning strategies to clients and prospects in their 50s, 60s and 70s will potentially help you win assets from your competitors.

Milestone Marketing can help you identify and address key retirement planning issues through the decades. This age-based program offers you

- **milestone opportunities** on retirement planning topics, such as catch-up contributions, early retirement withdrawal options and tax-efficient drawdown ideas
- **conversation starters** to help you connect easily with clients and prospects
- **support material** to help you execute your plans and talk knowledgeably to clients about retirement income planning
In 1924, MFS launched the first US open-end mutual fund, opening the door to the markets for millions of everyday investors. Today, as a full-service global investment manager serving financial advisors, intermediaries and institutional clients, MFS still serves a single purpose: to create long-term value for clients by allocating capital responsibly. That takes our powerful investment approach combining collective expertise, thoughtful risk management and long-term discipline. Supported by our culture of shared values and collaboration, our teams of diverse thinkers actively debate ideas and assess material risks to uncover what we believe are the best investment opportunities in the market.
Under the CARES Act, Required Minimum Distributions (RMDs) are waived for 2020. In addition to RMDs for the calendar year 2020, the waiver also applies to 2019 RMDs for those who are required to take their first RMD by April 1, 2020, if the distribution was not taken before January 1, 2020.

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