For more information please contact:

ING Financial Advisers, LLC
One Orange Way
Windsor, CT 06095-4774

www.ing-usa.com
www.ingretirementplans.com

ING WWW.ING-USA.COM

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10 reasons you should plan for your retirement now

ING

Your future. Made easier.®

Looking for a Good Reason to Start Planning for Retirement?

We'll give you 10!

1 YOUR RESPONSIBILITY FOR SAVING MONEY IS INCREASING

The burden for building retirement savings is no longer as "shared" as we may think. Employee pensions, Social Security, and other benefits are shrinking, while the costs of healthcare, long-term care, and basic goods and services are rising. 39% of Americans have no confidence at all that Social Security will continue to provide benefits of at least equal value to benefits received by retirees today. (Employee Benefit Research Institute (EBRI) and Mathew Greenwald & Associates, Inc, 1992-2009 Retirement Confidence Surveys)

Most financial planners recommend you'll want 70-90% of what you earned during your peak earning years for your retirement income. (U.S. Department of Labor, 2009)

To help ensure your retirement income doesn't fall short, you need a sound retirement savings plan. **Start today**.

2 SOCIAL SECURITY IS ONLY "ONE LEG OF THE STOOL"

The current Social Security monthly benefit check averages about $1,155 for retirees and $1,114 for survivors of workers. (Social Security Brief no. 30, "Social Security Finances: Findings of the 2009 Trustees Report," National Academy of Social Insurance, May 2009). **Could you live comfortably on that?**

Some experts say it's not wise for those under 50 to include Social Security in their calculations because it may not fully materialize.

3 MANY OF US HAVEN'T CALCULATED OUR RETIREMENT NEEDS

Not only have the majority of Americans never even attempted to calculate their retirement needs, most who actually have, either can't remember or have underestimated the amount they'll need to save.

Calculating correctly and setting sound objectives is an essential part of a successful retirement savings plan. **Make sure you do it – make sure you get it right.**

Only 44% of Americans report that they or their spouse have tried to calculate how much money they will need to have saved by the time they retire so that they can live comfortably in retirement. (2009 EBRI Retirement Confidence Survey, Employee Benefits Research Institute)

4 YOU'LL NEED MORE THAN YOU THINK

How much more? Social Security benefits might be adjusted for inflation, but private pensions are generally fixed. Will putting away a little extra here and there suffice? **The short answer: No.**

Let's assume you're age 45, earn $50,000 a year, and you haven't begun to save for retirement yet. Here's what your retirement picture would look like:

Present annual income:	$50,000
Percentage of present income desired in retirement:	80%
Total contributions needed by age 65:	$417,848
Contributions needed this year:	$14,928

This is a hypothetical example only and does not represent any specific investment or fees. Actual results may vary. (Choose to Save's Ballpark Estimate retirement worksheet, **www.choosetosave.com/calculators**. Assumes a 3% return on investments after inflation, 3.4% annual wage growth, no pension benefits, Social Security benefits estimated in future dollars, and a life expectancy of 87 years.) Periodic investing does not assure a profit or protect against loss.

5 WE'RE SAVING LESS

These days our lives are active and spending is up. Our savings, however, are down. Here are the figures pertaining to personal savings in the United States in the past two decades:

Savings as percentage of disposable personal income

1980	10.0%
1990	7.0%
2000	2.3%
2004	1.8%
2007	0.2%
2008	1.8%

Personal Saving Rate, U.S. Department of Commerce: Bureau of Economic Analysis, June 2009.

6 WORKING AFTER RETIREMENT

It's not a safe bet. Working after retirement can be a rewarding way to supplement income. However, counting on your ability to do so in advance can be dangerous. **Here's why**:

72% of workers *plan* to work after they retire yet only 34% of retirees have actually worked for pay at some time during their retirement.[1]

47% of retirees leave the workforce earlier than planned because of:
- Health problems or disability (42%)
- Company changes such as downsizing or closure (34%)
- Having to care for a spouse or family member (18%)[2]

1,2: 2009 EBRI Retirement Confidence Survey, Employee Benefits Research Institute

7 THE HEALTHCARE HURDLE

In 2007, Americans age 65 and over spent on average $4,631 on healthcare. (Bureau of Labor Statistics "Consumer Expenditures in 2007")

Between 1988 and 2008, the number of large employers offering retiree health benefits declined from 66% to 31%. Why? Because as employers look to cut spending and raise their profit margins, they have been shifting the cost of healthcare onto the retirees in the form of higher premium contributions and cost-sharing requirements. (2008 Employer Health Benefits Survey, Kaiser Family Foundation and the Health Research & Education Trust)

8 FACTORING IN LONG-TERM CARE

It's truly difficult to predict whether or not you'll need nursing home or in-home care in the future, but long-term care could be one of the most expensive types of care you'll ever face. Medicare, Medigap, and private health insurance do not cover the costs of long-term care; they only help pay for hospital stays and brief periods of post-hospital recovery.

Medicaid may cover nursing home or in-home care, but you have to spend down your assets in order to be eligible. **Don't forget to factor long-term care into your retirement savings plan.**

Consider this: The average cost of a private room in a nursing home in the U.S. is $77,745 annually, or $213 a day. (2008 MetLife Market Survey of Nursing Home and Home Care Costs)

According to the Employee Benefit Research Institute (June 2009) men age 65 in 2009 will need anywhere from $68,000 – $173,000 in savings to cover health insurance and out-of-pocket expenses in retirement if they want a 50-50 chance of having enough money and women age 65 in 2009 will need $98,000 – $242,000 in savings, because of their greater rate of longevity. If you are seeking a 90% chance of having enough money, plan on at least doubling those amounts.

9 RETIREES SPEND AT HIGH LEVELS

Retirees are vital consumers and often spend close to, if not more than, the amount they spent during their working years. Mortgage payments, business suits, and other work-life necessities are often replaced by vacations, recreation, help with the needs of family and grandchildren, and basic goods and services. **Will you have enough? How are you making your money work for you?**

From 2006-2008, 33% of those who changed jobs rolled over their employment-based retirement savings into an IRA and 8% rolled over their employment-based retirement savings into their new employer's plan. The remaining 59% either took their money in a lump-sum payment or left their money in their old employer's plan. (***2009 Trends in the United States***, LIMRA, 2009)

10 TIME IS MONEY

Contributing to an income tax-deferred retirement account is one way to put time on your side – allowing you the potential to accumulate money for retirement that is deferred from income taxation until it's withdrawn. All withdrawals reduce the death benefit and may reduce the value of any optional benefits. Early withdrawals and other distributions of taxable amounts may be subject to ordinary income tax, a surrender charge, and if taken prior to age 59½, an IRS 10% premature distribution penalty tax may apply.

Putting off planning for even one more year could significantly affect your retirement income.

	At 65 you accumulate	Loss of interest
Begin at 35	$ 89,491	N/A
Begin at 36	$ 83,655	$4,636
Begin at 40	$ 63,194	$20,294

This chart is hypothetical and is for illustrative purposes only and does not represent any specific investment or product. The calculations assume a $100 monthly contribution and a 5.5% annual interest but do not include any specific product fees or charges. If product fees and charges were included, the results would have been lower. Past performance is no guarantee of future results. Periodic investing does not assure a profit or protect against loss.

The ING family of companies offers a number of products and services that can help you meet your retirement savings objectives. For more information, contact your ING representative.