



National Life
Group®



Save for a Better Tomorrow

Understanding How Your State Pension Plan Works

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ValuTeachers

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DREAM...

Establish a Clear Picture

One of the most important, but often overlooked steps in preparing for retirement is to visualize what you want it to look like and to prioritize your life goals.

- What is my retirement date?
- Calculate how much income you need to live during retirement.
- Create a retirement income strategy that incorporates all of your anticipated sources of retirement income.



Experts estimate that you will need
70% to 90%

of your preretirement income to maintain your standard of living when you stop working.¹

ARE YOU ONE OF THE

68%

of workers admit they don't know as much as they should about retirement investing.²

69%

of retirees say their expenses remained the same or increased.³

94%

of those with a workplace retirement plan want an... option to create a regular retirement income stream.³

Build Towards Your Goals

Estimate Your Total Retirement Income

It's fine to use a percentage of your current income as a benchmark, but it's worth going through all of your current expenses in detail. Your next step is to assess how prepared you are to meet your needs over time as your transition to retirement.

What sources of retirement income will be available to you?

- Lifetime income: annuities, social security and pensions
- Savings: IRAs, CDs
- Earnings: full or part-time job
- Other assets: real estate and equity in your home

The biggest concern retirees have is running out of money.

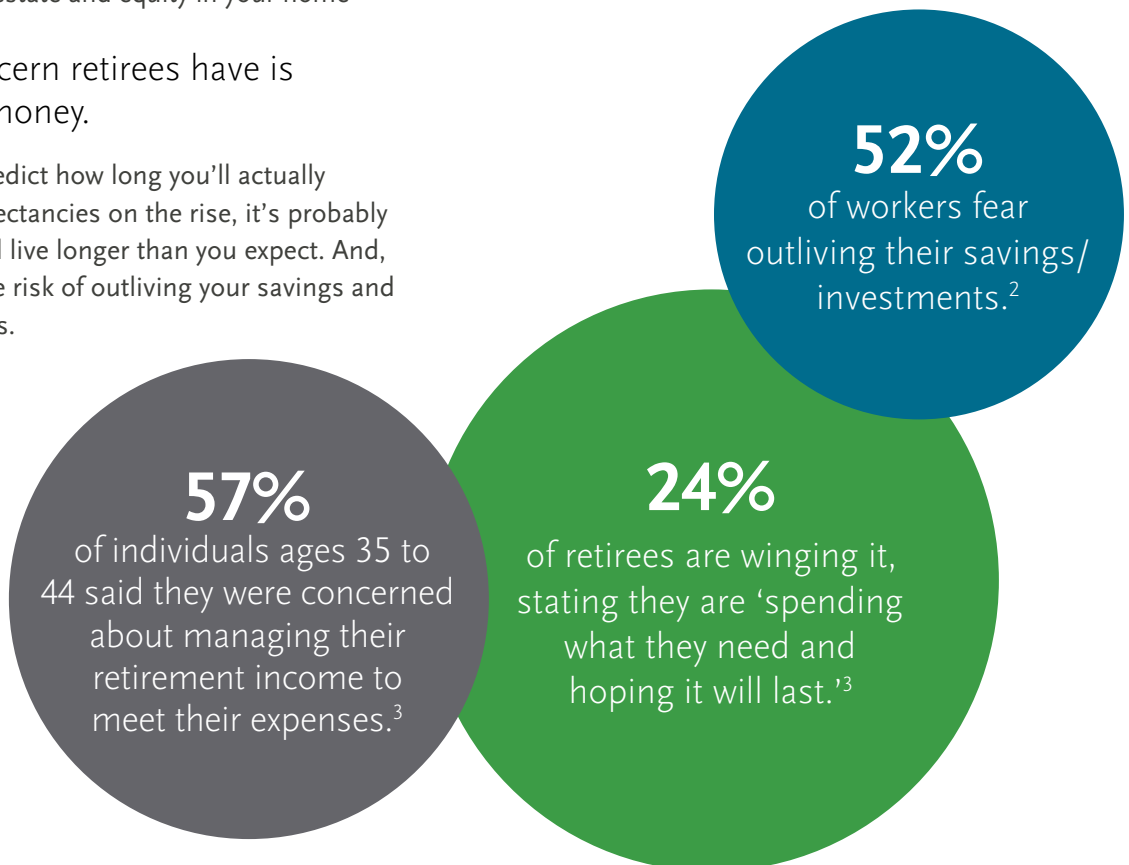
There's no way to predict how long you'll actually live, but with life expectancies on the rise, it's probably best to assume you'll live longer than you expect. And, you may even run the risk of outliving your savings and other income sources.

Plan To Live Longer Than You Think

When you reach age 65...your lifespan could look like this:

65 Year-old Male		65 Year-old Female	
Age	Probability	Age	Probability
70	91%	70	94.2%
75	79%	75	85.52%
85	43%	85	55.13%
95	7.29%	95	13.93%

Source: Finder.com, "Your Odds of Dying by Age and Gender" May 2019.



Your State Pension Plan

Understand How Your Teacher Retirement System Plan Really Works

TRS benefits are based on your age and years of service under TRS. Eligibility for a full lifetime retirement benefit begins once you have achieved one of the following:

- 30 years of service regardless of age, or
- Age 60 with at least 10 years of service, or
- 25 years of service; however, under this option your benefit will be reduced by the lesser of 1/12th of 7% for each month below age 60, or 7% for each year or fraction of year less than 30 years of service

How to calculate your standard monthly benefit:

1. Years of creditable service
2. Multiply by 2%
3. Multiply by Final Average Compensation

Determining Total Service Credit

A year of service is constituted by having nine or more months of service within a fiscal year. Also salary earned for any nine or more months of service will result in a year of service.

Members can also establish service credit based on unused sick leave at retirement. Service credit from unused sick leave adds to your years of service at retirement but cannot be used to achieve vesting status. You can use sick days to establish service credit if you have at least 60 days of unused sick days you have not been paid for. One month of service is credited for every 20 days of unused leave.

The maximum number of years of service that can be used in the calculation is 40. Once you reach 40 years of service you can irrevocably elect to discontinue your contributions to the TRS. If this is elected, the final average compensation calculation will not use months that you did not contribute to TRS.

Determining Final Compensation

In the retirement formula, the final average compensation is determined by taking the average of the highest consecutive 24 months of membership. State law limits the amounts of salary increase that can be used in the benefit calculation. The limitation is based on the appropriations granted by the Georgia General Assembly plus 2.5%. Please check the Georgia TRS website for the current limitation.

Sample Calculation:

Your Worksheet:

1. Determine years of service - 30	_____ (YOS)
.....	
2. Multiply years of service by 2%	_____ (YOS)
30 (years of service) X 2% = 60%	X 2%
	= _____
.....	
3. Multiply by final average monthly compensation	\$ _____
	X _____ %
\$3,952 (average) X 60%	= \$ _____
(payout factor) = \$2,371	per month

Example:

A participant retiring with 30 years of service has elected the standard payout option. Their salary in year preceding retirement was \$48,300.

Sample Calculation:

1. Total Years of Service	30 YOS	_____ YOS
.....		
2. Multiply YOS by 2%	30 YOS x 2% = 60%	_____ YOS x 2% = _____ %
.....		
3. Multiply by average monthly compensation	\$3,952 x 60% = \$2,371	\$ _____ x 60% = \$ _____

Your Worksheet:

For illustrative purposes only

Payment Options

Georgia TRS provides seven different payout options from which you can choose. These options allow you to choose to receive payments for your life only, or you and your spouses life. The options are as follows:

- **Plan A:** Maximum Plan
- **Plan B:** Survivorship Plans
- **Plan B: Option 1** – Possible lump sum benefit; benefit is the difference between contributions plus interest at retirement less gross payments made
- **Plan B: Option 2** – 100% monthly benefit to beneficiary; multiple beneficiaries
- **Plan B: Option 2 Pop-up** – 100% monthly benefit to beneficiary; one beneficiary only
- **Plan B: Option 3** – 50% monthly benefit to beneficiary; multiple beneficiaries
- **Plan B: Option 3 Pop-up** – 50% monthly benefit to beneficiary; one beneficiary only
- **Plan B: Option 4** – Designated percentage (1-50%) monthly benefit to beneficiary

Payment Options: Beneficiary Information

All options that allow monthly benefits to a beneficiary calculate payments based on the participant's and beneficiary(ies) age. If a pop-up option is elected and the beneficiary predeceases the participant, the monthly benefit will increase to the Maximum Plan payment amount.

Payment increases

Georgia TRS allows for cost of living adjustments (COLAs) and are based on the changes in the Consumer Price Index. Members receive a 1.5% COLA if the CPI is equal to or greater the average CPI at the time of retirement. COLAs are determined on either January 1st or July 1st based on your date of retirement.

Partial Lump Sum Option (PLOP)

Qualified participants can elect to receive a one time partial lump sum distribution from TRS at retirement in exchange for receiving a reduced lifetime benefit. The PLOP payment can be an amount equal to 1 – 36 months of the normal retirement benefit. If it is paid directly to the participant it is taxed as ordinary income in the current tax year, if it is rolled over to a qualified retirement plan (such as an IRA or 403(b)) the taxes can continued to be deferred until withdrawn.

For a participant to qualify for PLOP they must:

- Have 30 years of service, or have 10 years of service and attain age 60 (not early retirement), and
- Not retire with disability benefits

More details on PLOP are available on the Georgia TRS website.

Buying years of service

Program participants have the option to purchase additional service credit. The ability to buy years of service and the number of years that can be purchased depend on the reason the years are being purchased. Georgia TRS has several different categories under which years of service can be purchased, please see the Member's Guide for details on each category.

For more information, please go online to the Georgia Teachers Retirement System (TRS) at www.trsga.com.



You Have Questions, We Have Answers

Your representative is available to assist you in reaching your retirement dreams and to answer any questions you may have, like:

What retirement benefits will I get ?

You can obtain a personalized retirement benefit estimate by going to your online account. Your representative will use this information to help you see your overall retirement income picture and to identify any gap between your estimated retirement funds and your savings needs.

How much can I contribute to a supplemental retirement account?

The amount you can contribute to a retirement account depends on your earnings, your age, and other factors. Your representative will determine your appropriate contribution limit and can set up a customized savings program that works for you.

What happens if I change jobs?

You have control of your supplemental retirement account. The portability feature allows you to roll over the funds in this account into another retirement plan you may have. Or, you can leave your account in place and any balance has the potential to continue to grow tax-deferred.

What if I need money before I retire?

Your plan may contain provisions for loans and hardship distributions, and you may access your funds if you meet certain conditions. Taking an early distribution from your account should be considered carefully since taxes and fees may be imposed.

What product is right for me?

Your financial professional will determine which of the many savings vehicles are appropriate for meeting your current situation and future needs.

ACT...

Make Savings Your Top Priority

1. Are you saving enough for your tomorrow?
2. Will your retirement money outlive you?
3. What percentage of your final salary will you be living on?
4. Do You Have a Retirement Gap? Is there a gap between the amount you've saved for retirement and the amount that you want and need?

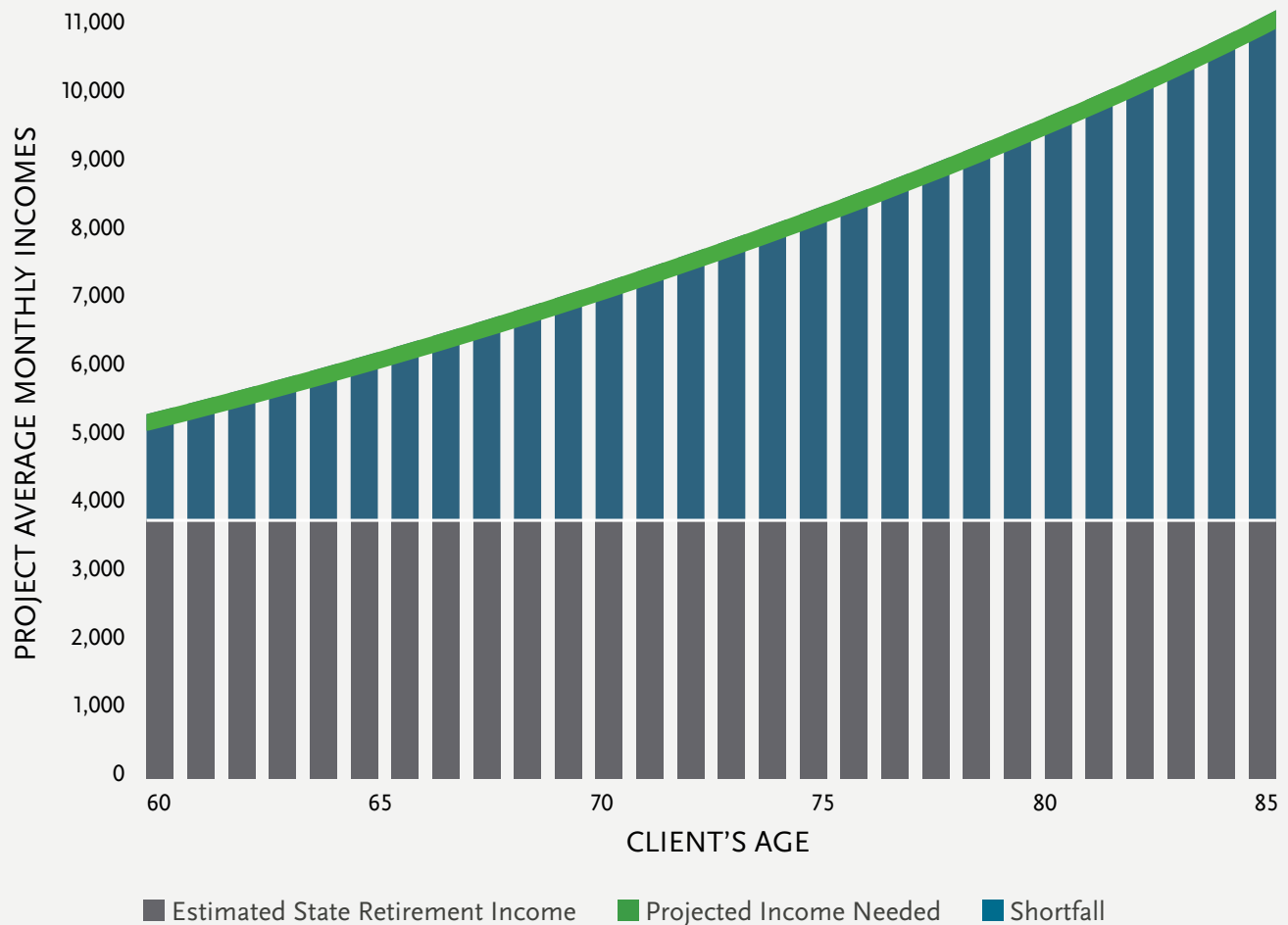
Step One: Evaluate how much money you would need in order to retire at the age you desire and live the lifestyle you want.

Step Two: If there is a gap between your predicted needs and your predicted savings (and most people do have a gap), determine what you can do to get more money into your retirement savings. That's generally going to happen in two ways: save more or create a savings strategy geared toward your earnings goal.

Identifying the amount you're short is the first step in fixing the problem.

Sample Gap Analysis Report – Prepared for Valued Policy Owner

Retirement Years



You have gathered information about retirement. You have taken the time to evaluate your needs. You are now ready for an action plan! With the efforts you have made over the years, you will deserve to fully enjoy what life has to offer.

Accumulating funds for retirement can sometimes seem impossible.

First — find simple ways to save. Small contributions to your retirement plan can add up to big savings over time.

		In 20 years you'd have	In 30 years you'd have	In 40 years you'd have
\$5 (7/month)	 Lottery Ticket	\$35 per month	\$13,506	\$25,437
\$3.45 (30/month)	 Specialty Coffee	\$105 per month	\$38,328	\$72,189
\$4.95 (30/month)	 Take-Out Lunch	\$150 per month	\$54,754	\$103,127

This is a hypothetical example for illustrative purposes only - not representative of any particular investment. All figures assume a 4% annual rate of return compounded monthly and do not include any matching contributions made by an employer which are available in some qualified retirement plans.

Make Savings Your Top Priority

Save Regularly.

Make sure to set up systematic payroll contributions to help you get you closer to your goals. You not only defer taxes on the money you contribute, any earnings on your savings also have the potential to compound tax deferred until withdrawal.

Here is a pre-tax savings example for you:

	Post-tax	Pre-tax
Gross Income per Paycheck	\$4,500.00	\$4,500.00
Pre-tax contributions	\$0.00	\$266.66
Standard tax deductions	\$686.33	\$619.67
Post-tax retirement contributions	\$200.00	\$0.00
Take-home pay	\$3,613.67	\$3,613.67

This hypothetical example is for illustrative purposes only. This example is based on a teacher claiming single and zero allowances and in the 25% tax bracket not considering state or local taxes. Taxes are due at time withdrawals are made from your plan.

Ensuring you have enough income to support the retirement you envision requires an ongoing plan that you put in place well before you retire.

ENJOY...

Make Savings Your Top Priority

What's your tomorrow?

Do you dream about being able to pursue hobbies?

Is there a dream vacation you have always envisioned?

1. Follow your dreams...
2. Now is the time to put your retirement income strategy in place
3. Experience the financial security and retirement lifestyle you have always dreamed of.

We can help you get there...We are the right choice for retirement income.

National Life Group offers excellent 403(b) annuities through Life Insurance Company of the Southwest. We have helped thousands of people working in the education field save money for their futures.

Our flexible fixed indexed annuities provide safety, guarantees and income for life and allow you to:

- Contribute to your employer sponsored savings plan with the peace of mind that the money will be there when you need it.
- Receive a guaranteed⁴ stream of income for life without giving up control of your money.
- Leave any balance in your annuity to your loved ones.



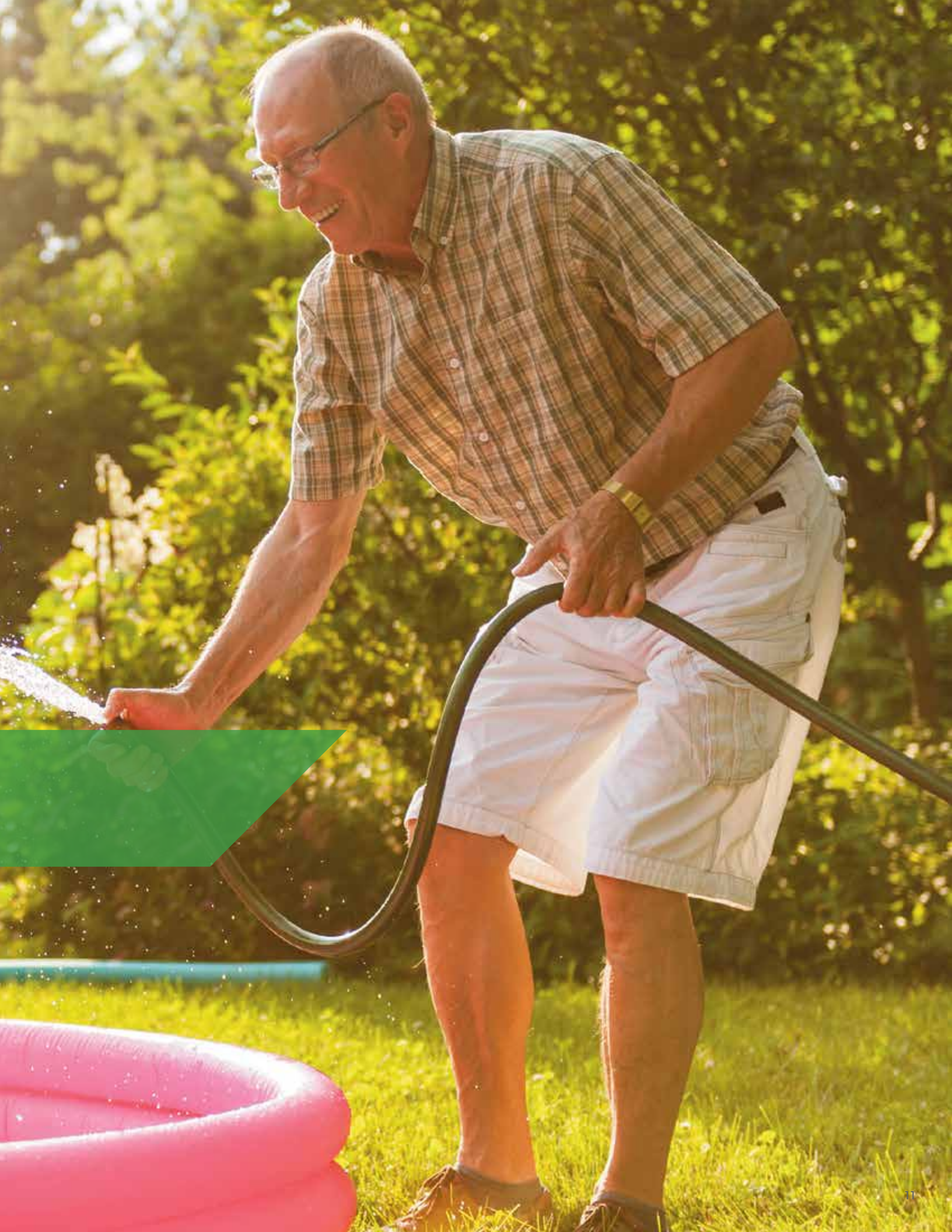
Did You Know...

indexed annuities offer protection, safety, guarantees and income?



Dream, Plan, Act, Enjoy...

Call your financial professional today!





1 U.S. Dept. of Labor, Top 10 Ways to Prepare for Retirement, September 2017

2 18th Annual Transamerica Retirement Survey, 2018

3 Franklin Templeton, 2019 Retirement Income Strategies and Expectations (RISE) Survey, 2019

4 Guarantees are dependent upon the claims-paying ability of the issuing company.

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