

Northwestern Mutual Tackles Retirement Head On

Managing longevity risk central to company strategy

MILWAUKEE, June 21, 2012 /PRNewswire/ -- Northwestern Mutual announced today a [first-of-its-kind retirement planning approach](#). Consistent with the company's core belief that risk protection and asset accumulation should be managed hand-in-hand, the new [Northwestern Mutual Retirement Strategy](#) is designed to provide individuals with tailored and balanced retirement solutions. The approach breaks new ground because, unlike most financial plans, it does not assume a fixed life expectancy. Instead, the company studied longevity at various ages so that income plans succeed with a high level of confidence no matter how long one lives.

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Utilizing the [Northwestern Mutual Retirement Strategy](#), the company's financial professionals help their clients meet three distinct retirement goals: create a stream of reliable income throughout retirement, protect retirement savings so they last a lifetime, and leave behind a legacy.

"An individual's offensive strategy – the accumulation of assets – is only as strong as their weakest financial defense," says John Grogan, Northwestern Mutual senior vice president for planning and sales. "We've taken our deep expertise in the areas of risk management, investment solutions, and comprehensive financial security planning to develop customized solutions that address our clients' personal needs. It's an approach our field force can use with clients to help them manage risk and grow their retirement assets to generate income for as long as they live."

The defensive strategies address six risks that challenge financial security in retirement:

1. **Longevity:** People now have to consider the risk that their retirement [might last much longer than expected](#). For example, there is a 25 percent chance that a 65-year-old man will live to age 94, a 65-year-old woman to age 95, or at least one spouse of a 65-year-old couple to age 98[1]. Unlike most retirement planning approaches, the Northwestern Mutual Retirement Strategy does not assume a fixed life expectancy, but considers the very high possibility that an individual will live past the average life expectancy.
2. **Market:** Volatility in the investment markets can significantly affect retirement income and savings. In developing its retirement strategy, the company modeled the effects of various market conditions to develop solutions designed to succeed in a variety of market situations.
3. **Inflation and Taxes:** Inflation can reduce purchasing power and tax changes can impact liquidation strategies. By incorporating the effects of inflation, the new strategy is designed to provide income that grows with inflation over time and with after-tax income in mind.
4. **Health Care Costs:** Rising medical costs, fewer employer-sponsored retiree benefits and limitations of Medicare can impact income and retirement savings. Northwestern Mutual's Strategy factors in health care costs of retirees and the fact that health care costs are growing at a faster rate than other costs.
5. **Long-Term Care Needs:** The [cost of care](#) for an unexpected event, or long-term illness not covered by private insurance or Medicare, could require a premature depletion of assets. The Northwestern strategy weighs the impact of potential long-term care events during retirement.
6. **Leaving a Legacy:** Without adequate planning, it may be difficult to leave a financial legacy to loved ones or charity. The retirement strategy takes into account each individual's legacy goals, as well as how they could be met while optimizing income in the most efficient manner.

"What we've realized time and again is that building a prudent plan with the guidance of a trusted financial advisor is key to building a financially secure retirement," continues Grogan. "The Northwestern Mutual Retirement Strategy was developed with the knowledge that the most crucial aspect of retirement planning is having certainty, as well as flexibility, as you move through your retirement years."

About Northwestern Mutual

The Northwestern Mutual Life Insurance Company – Milwaukee, WI ([Northwestern Mutual](#)) – among the "World's Most Admired" life insurance companies in 2012 according to FORTUNE® magazine – has helped clients achieve financial security for more than 155 years. As a mutual company with \$1.2 trillion of life insurance protection in force, Northwestern Mutual has no shareholders. The company focuses solely and directly on its clients and seeks to deliver consistent and dependable value to them over time. Northwestern Mutual and its subsidiaries offer a holistic approach to financial security solutions including: [life insurance](#), [long-term care insurance](#), [disability insurance](#), [annuities](#), [investment products](#), and [advisory products and services](#). Subsidiaries include [Northwestern Mutual Investment Services, LLC](#), broker-dealer, registered investment adviser, member FINRA and SIPC; the [Northwestern Mutual Wealth Management Company](#), limited purpose federal savings bank; and [Northwestern Long Term Care Insurance Company](#); and [Russell Investments](#).

[1] Annuity 2000 Table with mortality enhancements determined using projection scale G2

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