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Which will last longer?

YOU OR YOUR MONEY?

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DO YOU HAVE ENOUGH MONEY TO RETIRE COMFORTABLY?

TRADITIONAL RETIREMENT INCOME PLANNING

For years, financial planners and advisors have been telling clients to save toward a specific dollar goal. That specific dollar amount was expected to provide a stream of income for life, when a certain percentage of the assets were withdrawn each year. This method of planning is commonly referred to as a "spend down" strategy.

But this approach is very risky.

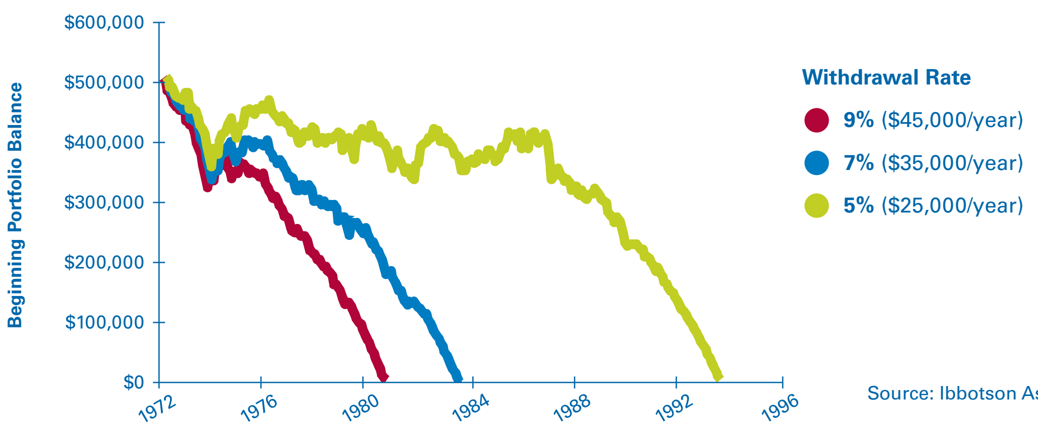
Lets look at the example below — If you retired in 1972 at age 65 and had saved $500,000 for retirement and withdrew 5% of that each year — or used your accumulated savings to create an annual income stream of $25,000, you would have run out of money at age 87.

If you withdrew at a 7% rate, with an annual income stream of $35,000, you'd have run out of money after 12 years at age 77!

The Pitfalls of Traditional Spend Down Planning

Even if you've saved $500,000 for retirement, you could be out of money in 22 years or less

High Withdrawal Rates Erode Retirement Portfolios Fast



Source: Ibbotson Associates

This hypothetical illustration assumes $500,000 invested at year-end 1972 and withdrawals adjusted annually for inflation. Portfolio: 50% Stock (Standard & Poor's 500®, which is unmanaged group of securities and is considered representative of stock market in general) and 50% Bonds (5-Year U.S. Government Bond). Assumes reinvestment of income and no transaction costs or taxes.

Past performance is no guarantee of future results.

If you retire at 65, chances are good you'll live past your 87th birthday. With the advances in modern medicine, your chances of living to age 90 get better every day. In fact if you and your spouse live to age 65, there's a 60% chance one of you will live to be 90, and a 33% chance one of you will live to be 95.[1]

[1] Source: Life expectancy for couples (a male and a female, age 65) and a male age 65, calculated by The Annuity 2000 Mortality Table, (The Society of Actuaries)

SIMPLY TAKING WITHDRAWALS FROM YOUR PORTFOLIO IS NOT A SURE THING.

Today many financial planners and advisors agree that a traditional "spend down" strategy may not be sufficient. The need to consider guaranteed monthly income payments for life is now accepted as a vital consideration for every retirement income plan.

The risks to retirement savings and portfolios are many.

Whether you are saving for retirement to provide income for life, or you want to leave assets to your heirs — the risks you may not have the money you need are very real.

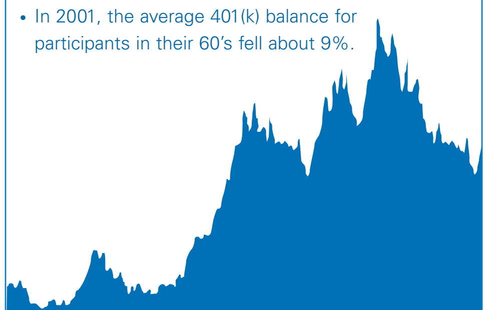
CONSIDER THESE RISKS...

1. Market volatility.

The market doesn't care when you retire. Recent economic events and stock market performance have shaken workers' confidence. A market downturn in the years before — or as your retirement begins — can have significant consequences.

Will performance impact your ability to have the retirement lifestyle you want?

- In 2003, only 21% of savers were confident they will have enough money to life comfortably in retirement.
- In 2001, the average 401(k) balance for participants in their 60's fell about 9%.

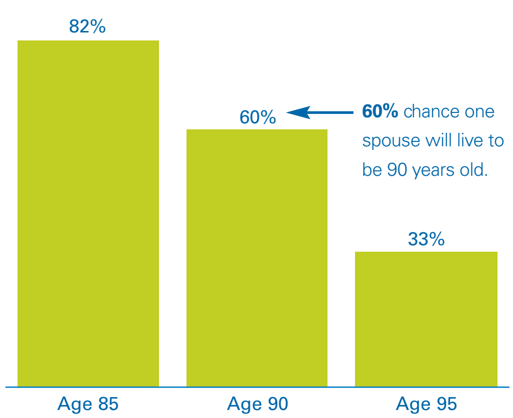


Source: The 2003 Retirement Confidence Survey. Employee Benefit Research Institute (EBRI)

2. Longevity.

Americans are living longer than ever. Retirement portfolios will be pressured to provide income for a much longer retirement. Most Americans are not saving sufficiently to spend decades in retirement.[2]

Life Expectancy for 65 year old couple



Source: Life Expectancy for couples (a male and female age 65) and a single male age 65, calculated using The Annuity 2000 Mortality Table (The Society of Actuaries.)

3. Illness and Disability.

More than 50% of Americans are expected to need some form of long term care, either home care or institutional care — at some point in their lives.[3] Considering the average annual cost of nursing home care is $60,000 and home care costs can range from $50 to $200 a day,[4] long, illness or disability with no protection can deplete a retiree's nest egg.

4. Withdrawal Risk.

Most Americans are not sure how much money they will need for retirement. Most agree they can and will be living on less. Will that be 60-70% of current income? The cost for essentials in a household in which the head of household is between 55-64 today is $35,016.[5] Those same essentials may cost $55,000 in 15 years. If you retire in 2019 will you need $55,000 a year?

[2] Commentary by Robert J. Shiller, Stanley B. Resor Professor of Economics, Cowles Foundation for Research in Economics, Yale University in "The State of 50+ America," AARP Policy and Strategy Group

[3] [According to the Health Insurance Association of America] Wall Street Journal, "Cracks in the Nest Egg, " 10/22/01

[4] Chicago Tribune, 6/19/01

[5] Consumer Expenditures in 2001, P. 9; U.S. Department of Labor, Bureau of Labor Statistics, April 2003

"One of the most complex calculations that most workers will ever undertake is without a doubt, deciding how much to save for retirement."

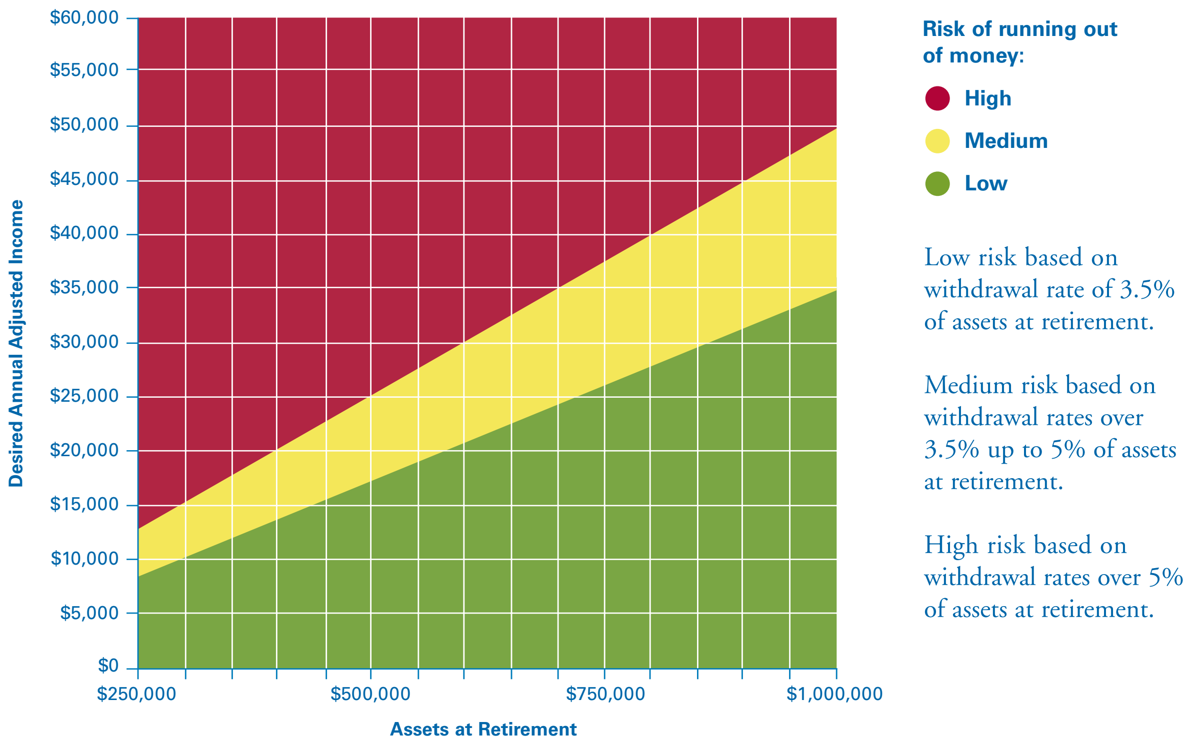
Alan Greenspan,
2002 National Summit on Retirement Savings

"Few workers appear to have an idea of how much it takes to live comfortably in retirement. Only about 4 in 10 have taken steps to calculate how much they need to save by the time they retire in order to live comfortably in retirement, and one-third of those say they don't know or can't remember the result of the calculation."

Employee Benefit Research Institute, American Savings Education Council and Mathew Greenwald & Associates Inc, 2004 Retirement Confidence Survey

WHERE ARE YOU ON THE WITHDRAWAL RISK SPECTRUM?

Research by Ibbotson Associates has shown that retirees who make annual withdrawals of more than 3.5% of their starting portfolio balance stand a high risk of running out of money, unless they make changes to their financial situation or spending habits.



Low risk based on withdrawal rate of 3.5% of assets at retirement.

Medium risk based on withdrawal rates over 3.5% up to 5% of assets at retirement.

High risk based on withdrawal rates over 5% of assets at retirement.

Plot yourself on the Withdrawal Risk spectrum.

Place an "X" by the amount you expect to have at retirement.

Follow the vertical line up to where it reaches the yellow band.

Now read to the left to see the maximum amount you may withdrawal each year in retirement to have a low risk of running out of money in retirement.

MEET HANK AND BETTY.

"Are we going to run out of money?"

Hank closed his small landscaping business and retired two years ago. They've been living modestly, but experienced painful losses during the recent market correction. As healthy 70-year-olds, they are concerned they may not have enough money to last their lifetimes.

Goal: Maintain their standard of living throughout their lifetimes, and leave something to their children if possible.

Annual withdrawals of $22,000 from a $450,000 portfolio may not seem unreasonable.

But that's a 4.9% withdrawal rate, and puts them at a strong risk of running out of money.

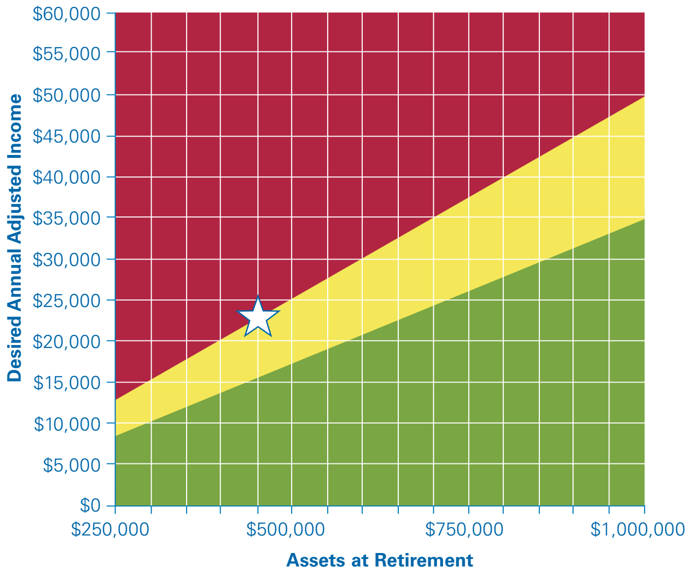
Let's Take a Look at Their Situation:

Total Retirement Assets: *Assuming 6% portfolio returns and 3% inflation*	$450,000
Annual Essential Expenses:	$40,000
Sources of Funds for Expenses Annual Social Security Income: Annual Withdrawal from Portfolio:	 $18,000 $22,000

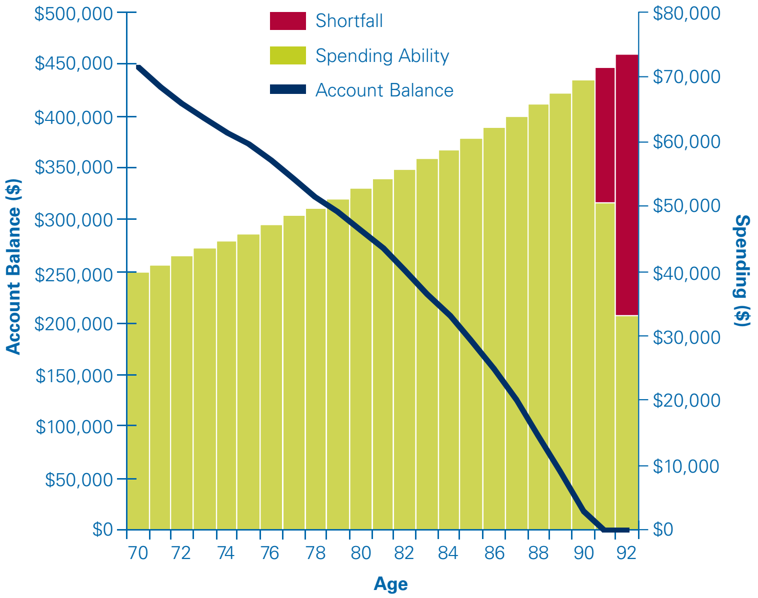
Housing	*$14,500*
Food	*$5,000*
Health Care	*$7,500*
Clothing	*$1,500*
Transportation	*$7,500*
Other Expenses	*$4,000*

Hank and Betty Are Withdrawing $6,250 More Than a Safe Strategy Allows. ...and could run out of money at age 91

Portfolio Withdrawal Risk



Annual Expenses & Portfolio Balance[6]



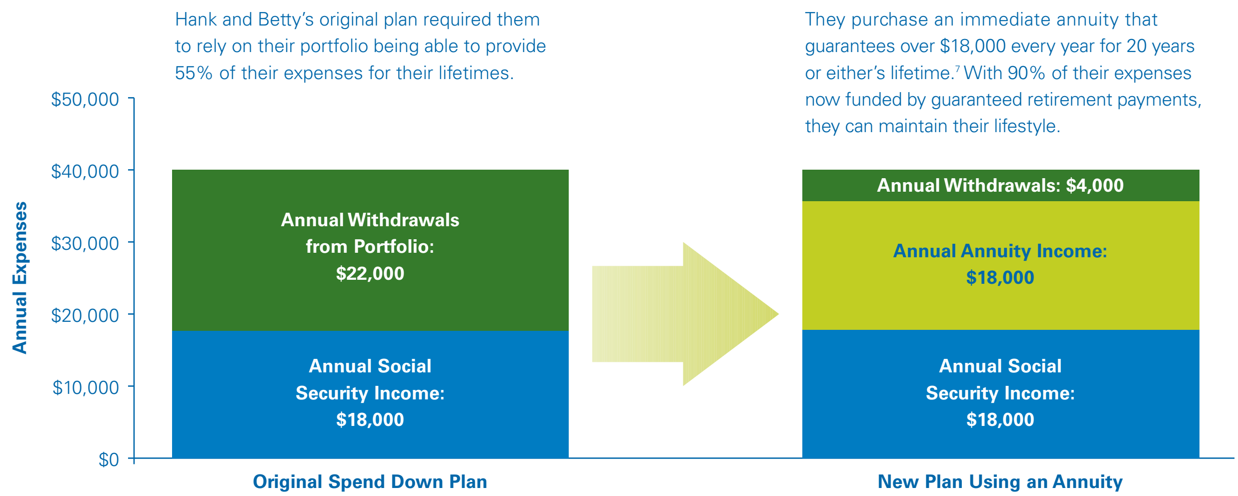
[6] Spending Ability shows $40,000 increasing 3% annually.
Account Balance is calculated by simulating 3,000 market scenarios, showing the results with a 95% probability of success in those scenarios.

Hank and Betty Consider Several Strategies to Provide for a More Financially Secure Retirement:

- ✗ Save More
- ✗ Go back to work
- ✗ Reduce Expenses
- ✓ Guarantee Retirement Payments
- ✓ Modify Withdrawal Rate

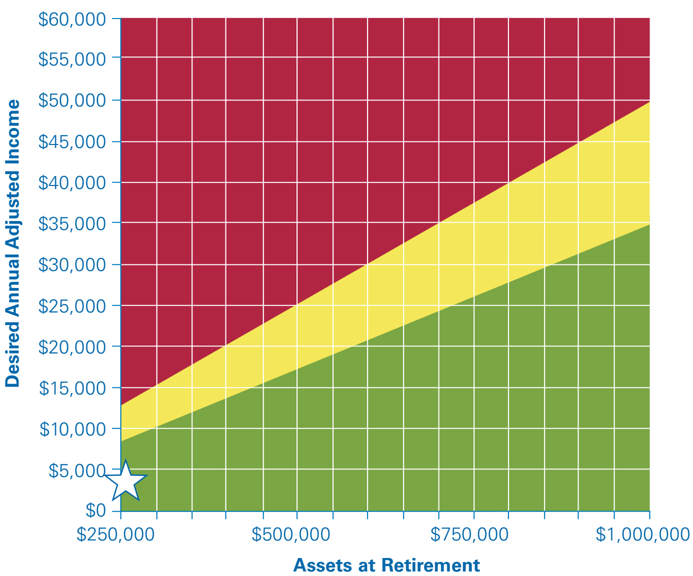
They determine that by allocating a portion of their portfolio to an annuity that guarantees a steady payment each month for their lives, they can maintain their current lifestyle and feel secure that they will be able to meet their essential expenses.

Sources of Income: Relying on Guarantees, Not just Market Returns.

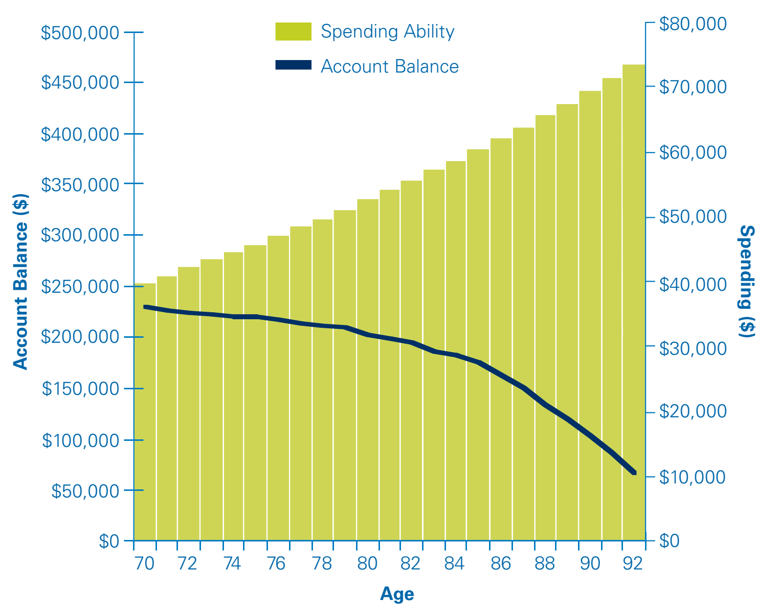


Guaranteed income eliminates their worries of running out of money. Hank and Betty are now able to meet their basic expenses for life.

Portfolio Withdrawal Risk



Annual Expenses & Portfolio Balance



[7] Estimated annual income based on a $250,000 Single Premium Immediate Annuity for a 70 year old couple for 20 years certain and life thereafter
All guarantees are based on the claims-paying ability of the insurer.

HOW MUCH INCOME DO YOU WANT TO GUARANTEE?

At Genworth Financial we understand that everyone's retirement needs and plans are not the same. Simply complete this one-page fact finder. Based on the information you provide, your representative will come back to you with recommendations of ways that you can guarantee all or a portion of the monthly income you'll need when you retire.

Put some certainty in your retirement today.

Essential Expenses

	Current Annual Cost	x	Inflation Factor*	=	Cost in 1st Year of Retirement
Housing					
Food & Clothing					
Transportation					
Insurance & Medical					
1 Total Annual Essential Expenses					

Fund your essentials with Lifetime Income Sources

- Social Security
- Pensions
- Annuities
- Other lifetime income

Discretionary Spending

Dining Out			
Travel/Recreation			
Charitable Giving			
Other			
2 Total Annual Discretionary Spending			

Pay for this spending with Managed Income Sources

- Taxable Assets
- Personal retirement accounts
- Wages
- Other variable sources

***Inflation Factor Table** (Calculated values based on the following formula: (1 + inflation rate) $^{\text{\# of years until retirement}}$)

Number of Years Until Retirement	5	10	15	20	25	30
Inflation factor (3% inflation rate)	1.16	1.34	1.56	1.81	2.09	2.43
Inflation factor (4% inflation rate)	1.22	1.48	1.80	2.19	2.67	3.24
Inflation factor (5% inflation rate)	1.28	1.63	2.08	2.65	3.39	4.32

Retirement Income

Annual Income expected from:	
Social Security	
Pensions	
Income sources other than assets	
3 Total Annual Retirement Income	

Retirement Assets

Expected Portfolio Value:	
Stocks & Mutual Funds	
Cash	
Other sources	
4 Total Assets at Retirement	

Funding Your Retirement

Total annual expenses in retirement. Add lines 1 & 2.	
5 Amount you want to fund with guaranteed income	
Less expected income from line 3	
6 Estimated Retirement Income Gap	

Your Withdrawal Rate

To close your retirement gap, you may have to withdraw from your assets.

$$\frac{\text{Income Needed, \textbf{Line 6}}}{\text{Total Assets, \textbf{Line 4}}} \qquad \frac{\boxed{}}{\boxed{}} = \boxed{}\ \%$$

DO YOU NEED GUARANTEED INCOME?

If your withdrawal rate is more than 3.5%, you may be at risk of running out of money.

Your Genworth Financial representative can help you determine the best annuity strategy to guarantee your retirement income.

GUARANTEED INCOME — A KEY COMPONENT OF YOUR RETIREMENT PLANS

As you prepare for retirement, you know you will need a certain amount of income to sustain your lifestyle. Saving toward a dollar goal with a traditional plan to spend a percentage each year for the income you need may no longer be enough.

You know the risks to your savings, including:

- Longevity
- Illness or Disability
- Market Volatility
- Withdrawal Risk

You can mitigate these risks by guaranteeing all or a portion of your retirement income. At a minimum, let us show you the many options you have to guarantee income for life.