

Destination: Advancing to Your Retirement Goal

Distribution-Focused Strategies

Discover how
the **Distribution-**
Focused
Strategies (DFS)
can help meet your
need for steady
cash flows in
retirement with
extensive flexibility
and control—
all with low costs.

You worked hard to save for the future and put careful thought into saving for and living in retirement. As you approach the transition into retirement, you're looking for ways to make that vision happen. You're also searching for answers to the uncertainties that lie ahead:

- **What will it take to reach your desired level of comfort and freedom?**
- **How can you plan so that your resources last your lifetime?**

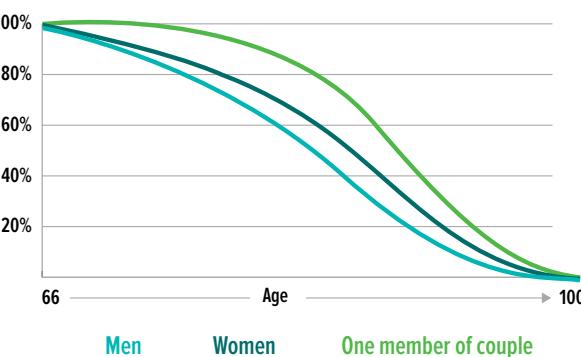
The good news: You may live a lot longer than you expect

A 65-year-old man has a 30% probability of living to age 90. For a 65-year-old woman, that probability increases to 40%.

Note: Percentages for a 65-year-old couple assume at least one is alive at the later age.

Source: Ron Gebhardtsbauer, Faculty-in-Charge, Actuarial Science Program, Smeal College of Business, Penn State University, 2012.

Fig. 1: The long term is really long term



Created with you in mind

The Distribution-Focused Strategies were designed to address the growing need for a savings plan that lasts a lifetime. DFS offers greater control, flexibility and lower fees than many other investment alternatives by bringing you:

- Strategies created to address your need for predictable cash flows in retirement
- An approach aimed at helping you make your assets last a lifetime
- Access to your money any time, **without a surrender penalty**
- Low costs compared with other investments
- Tax management to help reduce your taxes and enhance your income
- The ability to pass remaining assets on to your heirs

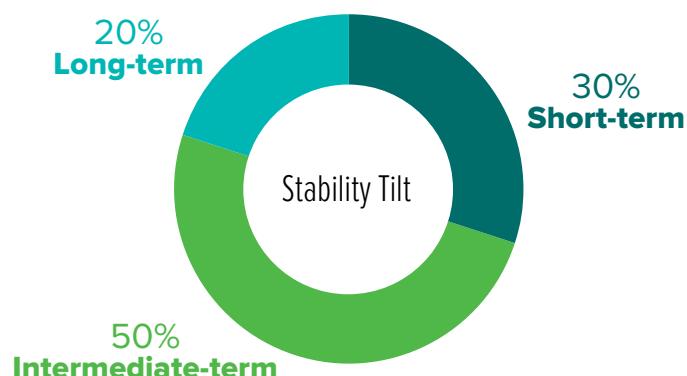
Customized to your personal financial needs

Because everyone's situation is different, DFS portfolios are tailored to your individual cash flow needs, tax situation and risk tolerance. To achieve this highly customized experience, your DFS assets are spread among three pools within a selected strategy—each with its own distinct risk/return objective. The strategy you select is based on your desired cash flow and time horizon. By allocating your assets among these three different pools, DFS is better able to pursue the goals of providing you with a steady stream of fixed-dollar cash flows and preserving your principal investment for as long as possible.

Fig. 2: Helping clients manage income with Distribution-Focused Strategies



Below is an example of how the three Pools are allocated within the Stability Tilt DFS Strategy.



Smart distributions

The way your distributions are sourced can have a big impact on your performance over time. With DFS, distributions are first funded with the income generated by your investments—primarily dividends, interest payments and capital gains distributions. If the income is not enough to meet your target, a portion of your principal will be sold in order to achieve that goal.

When principal is sold, the first assets targeted are those with overweighted positions. This would include assets that have appreciated in price to the point where they now represent a larger-than-desired percentage of your portfolio. In this way, you avoid selling assets that are under stress, instead focusing on selling assets that have met or exceeded their price targets.

For greater tax efficiency, assets with capital losses would also be targeted when principal is needed to fund your distributions. Investments with embedded long-term capital gains would be sold only as a last resort, as would assets in underweighted parts of your portfolio.

Smart distributions make the most of your DFS investment

Fig. 3: Distribution source order



Keeping your options open

Knowing that the future can hold unexpected changes, we've designed your DFS portfolio for maximum flexibility. With DFS, your money remains yours. You keep full control of your assets at all times. You can increase, reduce or stop your distributions as your needs change, and are free to redeem your shares without penalty at any time. Growth is also an objective, so when the time comes, any remaining assets can be passed on to your heirs, allowing you to leave a legacy to the people and organizations you care most about.

Backed by an industry leader

Founded in 1968, SEI manages more than \$239 billion in total assets, and has relationships with 108 banks and trust institutions in the U.S., including the trust departments of nine of the 20 largest U.S. banks.¹ Our products and services help corporations, institutions and individuals like you create and manage wealth in a way that supports your personal goals. For more than 40 years, we have used leading-edge research to anticipate changing investor needs and create innovative solutions designed for individual and institutional investors alike.

A comprehensive strategy for your retirement years

DFS offers you a comprehensive income strategy for your retirement years. Our investment methodology is backed by thorough research and by the resources of SEI. As you compare your options, we don't think you'll find an alternative that more closely meets your need for steady income in an environment of flexibility, control and value.

Due to the ever-changing nature of investments and retirement objectives, it is critical that the advisor revisit an investor's retirement investment plan at least once a year, and more frequently if possible.

There is no guarantee that the investment objective will be fulfilled. The principal balance of the portfolio may be depleted prior to a portfolio's target end-date and, therefore, distributions may end earlier than expected. This risk increases if the distribution amount chosen is a significant portion of the starting principal.

The projected time periods do not take into account the payment of fees to the advisor out of the portfolio or any other distribution from the account.

SEI New ways.
New answers.[®]

**Speak with your advisor today
about whether DFS might be
the right approach for you.**

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice. This information is for educational purposes only.

There are risks involved with investing, including loss of principal. Current and future portfolio holdings are subject to risks as well. Diversification may not protect against market risk.

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