A Foundation for a Solid Retirement

Fixed Index Annuities as Part of an Overall Retirement Income Strategy

Today's retirees are living longer, healthier, and more active lives than any generation before. Many people underestimate how long they will live, putting strain on personal savings and increasing the likelihood of outliving their assets. It's important to have a strategy in place to help maintain your standard of living so you can fully enjoy your golden years. A fixed index deferred annuity is one such solution that can assist in providing a comfortable retirement.

As part of an overall retirement income strategy, a fixed index annuity combined with a benefits or income rider can help you grow a portion of your assets. It can also supplement other sources of retirement income, such as Social Security, pensions, and personal assets. Keep in mind that fixed index annuities and riders may not be suitable for everyone. However, they may be ideal if you're looking to:

- Generate a guaranteed stream of income as long as you live
- Provide a predictable, reliable source of retirement income for a surviving spouse
- Bridge the gap to full Social Security benefits if you delay until your full retirement age
- Cover unforeseen expenses as you get older
- Create a lasting legacy for your loved ones

What is a Fixed Index Annuity?

A fixed index annuity is a contract between you and an insurance company. It is a long-term retirement savings and income vehicle that can help protect you from outliving your assets. When you allocate a portion of your retirement assets in a fixed index annuity, you can create your own personal "pension plan" that generates guaranteed income for as long as you live if you choose.

With a fixed index annuity, the interest your contract earns is based, in part, on a stock market index. This provides you greater upside potential than other retirement savings vehicles, such as traditional fixed annuities, Certificates of Deposit (CDs) and savings accounts. A fixed index annuity protects your principal from market loss.* Optional income or benefits riders, available for an additional fee, can enhance your retirement income potential.

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*Check the terms of your contract. Caps and participation rates may apply. Withdrawals will affect the annuity's value.

Case Study: Stephen and Julia's Story

Learn how Stephen and Julia use a fixed index annuity as part of their overall retirement income strategy

Stephen and Julia are married and are both 50 years old. They are employed full time and have been diligent in saving by contributing regularly to their 401(k) plans and Individual Retirement Accounts (IRAs). Both Stephen and Julia hope to retire in 10 years.

While they are confident in their retirement savings strategy, Stephen and Julia are concerned about how they are going to supplement their retirement income. They both lack an employer-sponsored pension plan, so they will need to rely on their retirement savings to help them cover future essential expenses, especially during their first 10 years of retirement. This is because the couple wants to delay taking Social Security until they reach age 70 so they can maximize their benefits. Another concern is paying for potentially hefty medical insurance premiums until Medicare kicks in at age 65.

After learning about the benefits of a fixed index annuity combined with a rider, the couple purchases the insurance product and rider (which is available for an additional fee), as part of their overall retirement income strategy.

Fixed Index Annuity In Action

Age 50: Reposition $100,000, which is a portion of the couple's retirement assets, to a fixed index annuity (10-year surrender charge schedule) combined with a benefits or income rider.

What does this do?

- Gives Stephen and Julia the opportunity for tax-deferred accumulation
- Preserves principal and protects against market downturns
- Provides income growth potential

Age 60: Turn on income from the rider.
Stephen and Julia receive $6,300 annually, which is their guaranteed lifetime income.*

What does this do?

- Gives Stephen and Julia a steady flow of income they can count on for the rest of their lives
- Helps supplement income to help pay for health insurance and other expenses

Age 65: Medicare begins

Age 70: The couple starts taking Social Security benefits**

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*Assumes a hypothetical benefits rider rollup rate of 8.0% and 10 years of income deferral. Also assumes no withdrawals during the 10-year surrender charge schedule.

**It's important to consult with financial, tax, and legal professionals to determine when it's best to begin taking your Social Security benefits. A number of factors can play into this very important decision, including: taxes, future income, age difference between spouses, potential medical issues, and former earnings history. For more information about Social Security, you can read: "When to Start Your Benefits" available at http://www.ssa.gov/retire2/applying1.htm

Start Planning Your Retirement Income Strategy

By taking the time to plan now, you can help ensure that you have enough income to last through retirement. Planning for the future can often be complicated and full of questions, but having choices makes finding the answers a whole lot easier. Learn more about fixed index annuities and retirement income strategies.

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