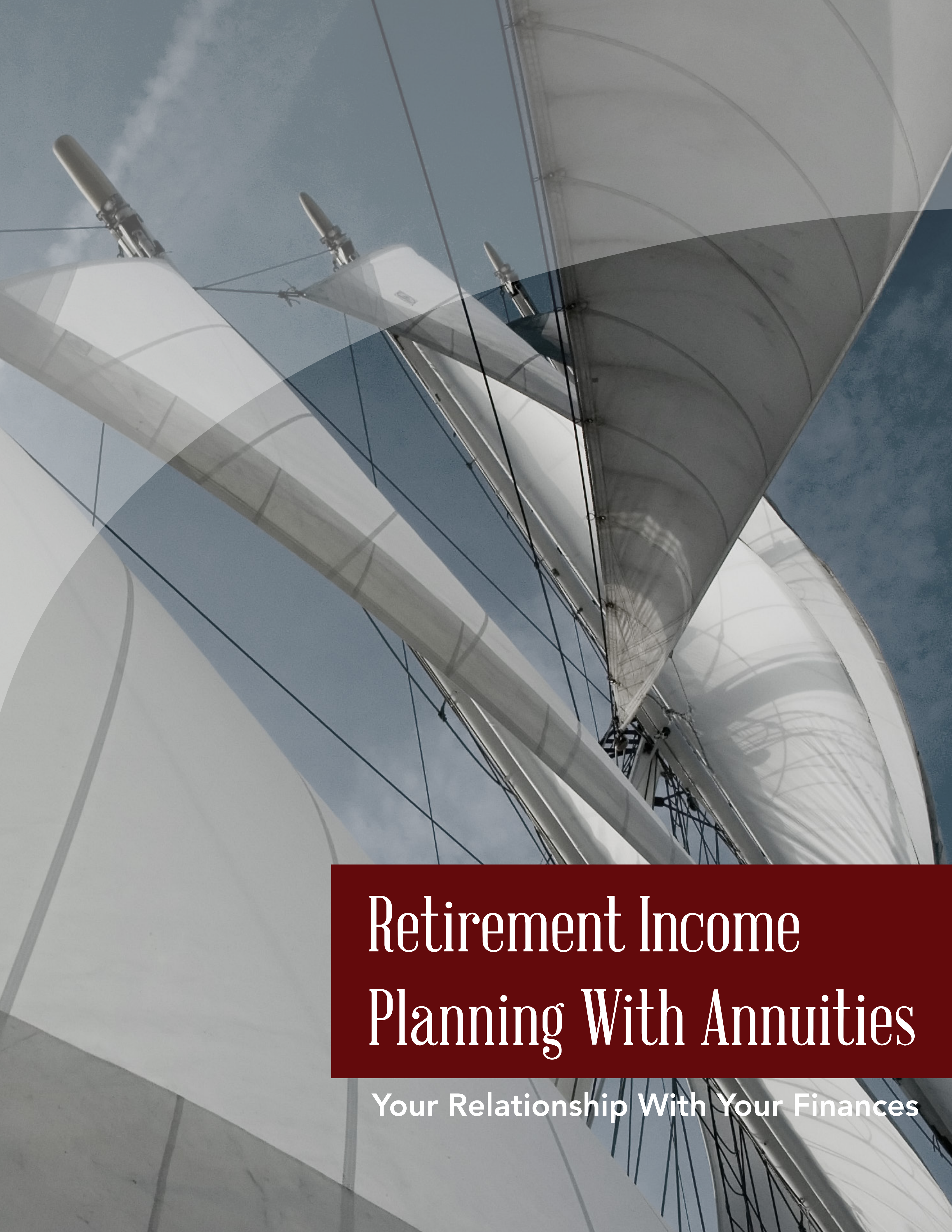

Retirement Income Planning With Annuities

Your Relationship With Your Finances

There are some pretty amazing things that happen around the time of retirement. For many, it is a time of incredible change, perhaps the most dramatic change in your adult life. But unlike marriage or the birth of your children, you might not be surrounded by family and friends ready to chip in and help when it comes retirement day.

For some, retirement might seem like you are sailing off into the sunset or beginning a permanent vacation.

To you, it might be one of the scariest things you have ever done. If you have experienced some level of financial success, it's because you watched your budget and made sure that you set aside a little bit every month or every year – preparing for this day.

Now you have stepped away from the career that supported you and your family. Perhaps you have successfully put your children through college and paid off your mortgage. A traditional view of retirement would also have you flip a magic switch that will change you from a "saver" to a "spender". That paycheck you have been receiving for the last 40 years is now gone, and it's time to turn your carefully managed savings into a stream of income that lasts as long as you do.

MANAGE. DEFINE. UNDERSTAND.

Your Relationship With Your Finances

Typically, there are three changes that occur in your relationship with your finances when you retire:

- Managing your lifestyle change
- Defining your attitude about risk
- Understanding how your savings will be affected

Managing Your Lifestyle Change

"Plans are nothing; planning is everything." - Dwight D. Eisenhower

You may have a vision of what you think your retirement will be like: perhaps you will spend more time with family, travel or enjoy a favorite pastime. Maybe you have even created a financial plan with these visions in mind. But you never really know what life has in store for you. The plans you make need to be living and adaptable to ensure they accommodate the reality of your retirement.

There is no better time than the present to review your retirement plans. It is crucial that your assets are structured to grow and generate needed income, but also remain flexible enough to address the unexpected.

Defining Your Attitude About Risk

When you were in your thirties and forties, it was easy to have a cavalier attitude about what the stock market was doing because you had two things on your side:

- Time
- Steady income from employment

You had time for the market to recover so you could ride out the ups and downs. It is possible as you near retirement, you no longer have the luxury of time. It may not be feasible for you to wait for the economy to bounce back or the stock market to right itself. If you experience a market loss of 20 percent, you might have to learn to live on 20 percent less income for the foreseeable future.

Additionally, if your account were to lose 20 percent, a corresponding 20 percent recovery would not get you back to "whole." In order to recoup the loss, you would actually need a 25 percent gain.

For example, if you had $100,000 and lost 20 percent, your new balance would be $80,000. If the account grew in the following year by 20 percent, the account balance would be $96,000.

In years past, you probably had a regular income stream. If the need arose, you could set an additional amount aside to help get your savings back on track. While working full time and earning an income, you may have had quite a different attitude about your money. Your biggest income producing asset was yourself! Once that asset stops producing income, your other assets are too important to leave to chance.

Understanding How Your Savings Will Be Affected

Managing income: Structured or self-managed

For much of your adult life, you may have become accustomed to getting a paycheck twice a month and paying your bills once a month. This constant and structured flow of money in and money out is something that might be second nature to you.

During retirement, your employment paychecks stop and any additional income you require will need to be created by you. You can either create a new stream of structured income or try to manage the existing income on your own. Creating regular income from a lump sum of money can be more complicated than it appears.

Every year, your account undergoes changes. The market has gone up or gone down – or some amount of interest has been credited. For some accounts, fees will be taken out to cover expenses and riders. As you examine your statement, you need to decide how much to withdraw to maintain your standard of living for the upcoming year, factoring in taxes and the effects of inflation.

Improvised income can be quite dangerous in retirement. Whether the market is up or down, you still need income every year. In a down market, these systematic withdrawals can exhaust your savings more quickly.

Typically, people feel more secure knowing they have structured their assets so they can potentially create regular income for the rest of their lives.

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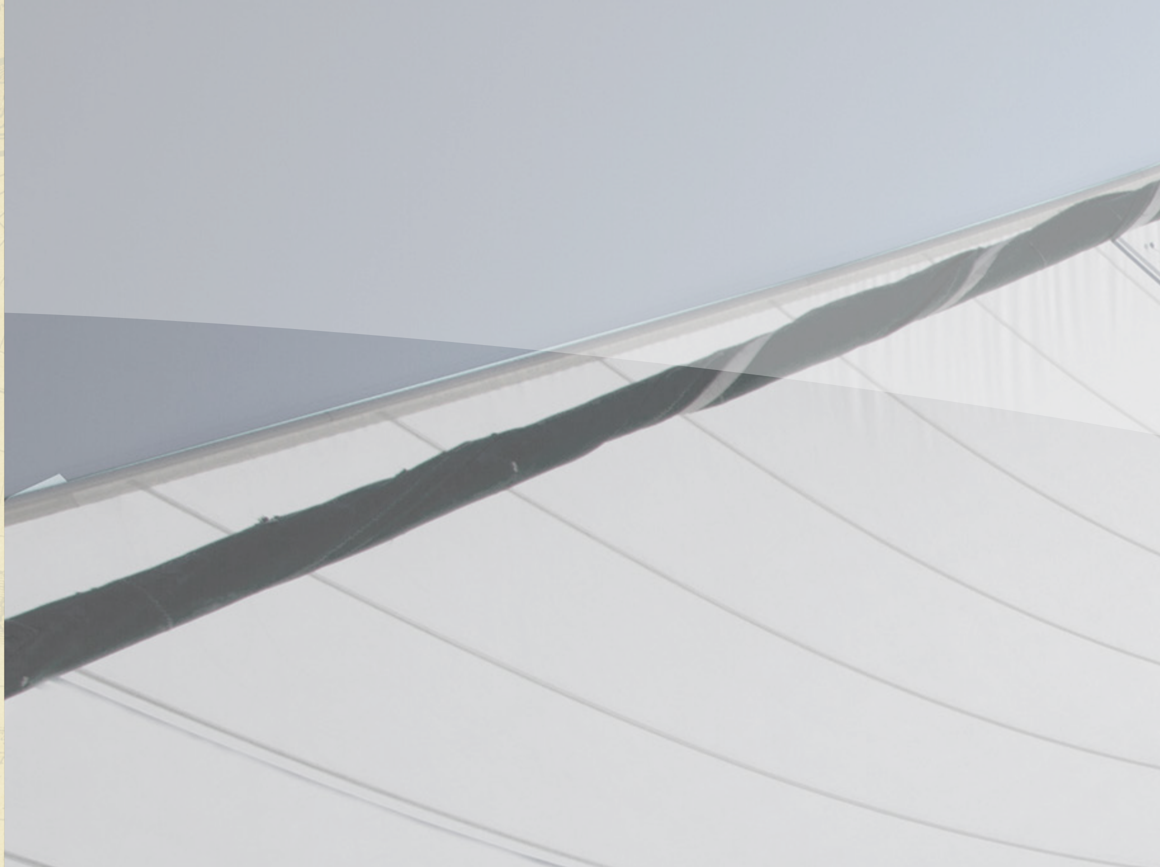

Solutions

How do you address these realities and create a lifetime income for your retirement?

The good news is you are not the only person to wrestle with these challenges, and there is a solution.

What many people are looking for is a vehicle that can:

- **Outpace inflation and give you the growth you need**
- **Provide protection against market risk**
- **Create an income stream that is self managing and perpetual**

Financial service companies have created products that specifically address these needs and have proven to be a fit for retirees. These products are called fixed indexed annuities, and they offer benefits such as:

- **Growth potential**
- **Structured income**
- **Lifetime income**

Fixed indexed annuities are like other annuities, but instead of growing by an interest rate that is declared by an insurance company, they are linked to the performance of a market index. As opposed to the stock market that can go up or down in value and doesn't protect your principal, a fixed indexed annuity has built-in safeguards that ensure your principal, as well as past gains, remain protected.

Structured, Lifetime Income

Financial tools are designed to do specific things. For example, life insurance pays a lump sum amount to beneficiaries. Checking accounts are used to pay bills and manage short-term cash. Health insurance helps pay medical bills.

Fixed indexed annuities are specifically designed to create income – either today or at some point in the future. When you place a lump sum into a fixed indexed annuity, the plan is custom designed to address a primary retirement need: ongoing income.

If income is not needed right away, these products contain a provision commonly referred to as a "roll up."

Fixed indexed income annuities offer benefits such as GROWTH POTENTIAL, STRUCTURED INCOME and LIFETIME INCOME.

Taking Control Of Your Retirement Savings

Even though the number of workers retiring with a traditional pension is becoming less common, the need for guaranteed income in retirement continues to be extremely important.

When appropriate, there are scenarios where qualified plans such as 401(k)s, 403(b)s and individual retirement accounts (IRAs)can be transferred into an annuity. Many annuities can offer the income dependability of a traditional pension, but with greater flexibility and enhanced retirement features. Establishing a guaranteed income stream through the purchase of an individual annuity creates a level of financial security many retirees find comforting. Additionally, you may be able to reduce the amount of fees and charges inside your savings plan by transferring your retirement savings from a company-sponsored plan to an individual annuity you choose. Understanding the transition from your working years to your retirement years is an important step. If creating financial stability and a dependable income is one of your retirement goals, purchasing a properly structured annuity is an important solution to consider.

STAN SMITH IS **63 YEARS OLD.** HE HAS **$100,000 TO INVEST** IN A PRODUCT THAT WILL PROVIDE HIM INCOME IN 10 YEARS. BY PLACING THE MONEY IN AN ANNUITY CONTRACT WITH A **6.25 PERCENT INCOME RIDER,** STAN IS GUARANTEED* TO HAVE **$183,354** IN HIS INCOME ACCOUNT **AT AGE 73,** AS LONG AS HE DOESN'T TAKE ANY DISTRIBUTIONS DURING THOSE 10 YEARS. **AT AGE 73,** STAN WOULD BE **GUARANTEED* $11,001 ANNUALLY** FOR AS LONG AS HE LIVES, ASSUMING A **6 PERCENT PAYOUT FACTOR.**

The Fixed Indexed Annuity "Roll Up"

Depending on your future income needs, a fixed indexed annuity can be structured and set in place to create that income for you.

If you need income in the near future, it is possible to set aside that money today and take advantage of a fixed indexed annuity that includes a "roll-up" value. If you use a fixed indexed annuity with a "roll up" this means that each year the value available for a lifetime income increases by a set amount. This increase will continue until you begin taking income, regardless of an uncertain economy or volatility in the stock market.

These products don't just generate income for a few years; rather, they create an income stream that is contractually guaranteed* to last the rest of your life. These contracts can be set up for individuals or spouses who need stable income and potential growth.

For all these reasons, a fixed indexed annuity is an option to consider for retirees looking to protect their assets and prepare for a successful retirement. It may be a great fit for you!

Let's take a look at some of the concepts and terminology you may encounter as you research fixed indexed annuities that fit your situation.

Indexing

A fixed indexed annuity is an insurance contract linked to a common market index, such as the S&P 500. If the index experiences a gain, you are entitled to share in the earnings. If the index experiences a loss, your account is protected against that loss. Fixed indexed annuities are fixed annuities that provide an opportunity to potentially earn more interest than other safer money alternatives. The fixed indexed annuity returns vary based on participation in a market index subject to caps, spreads and/or participation rates, while insulating you against market losses.

Incorporating fixed indexed annuities into your overall retirement plan can afford you the following benefits:

- Safety and guarantee of principal*
- Minimum guarantees*
- Tax deferral
- Penalty-free withdrawal and liquidity options
- Guaranteed lifetime income*
- Stock market index-participation growth (subject to caps, spreads and/or participation rates)
- Probate avoidance
- Ability to select and customize enhanced features, such as:
  - Guaranteed* growth rates on income base for withdrawal purposes
  - Lifetime income (Based on either single or joint life)
  - Death benefit
  - Health care expense protection

* Safety and guarantees are based on the claims paying ability of the insurance company and terms of the contract being honored. Surrender charges or penalty for early withdrawal may apply.

Annual Reset

Fixed indexed annuities utilize a concept known as annual reset. This strategy allows interest earned to be "locked in" annually, and the index value is "reset" at the end of each year. This means that future decreases in the stock market will not affect the interest already earned. Annual reset can potentially offer higher credited interest than other methods should the stock market fluctuate. It also increases policyholder value and allows an index credit to be added to the index account on each anniversary. The anniversary date is the actual day the fixed indexed annuity was purchased. Once added, the credit is "locked in" and can never be taken away, even if the index performs negatively in the future. The index credit of your initial premium now becomes the guaranteed index account* "floor," which participates in all index crediting moving forward. This new amount will participate in future index growth, giving you the advantage of compounding. Additionally, the index starting point is reset each year on the anniversary of your policy.

This strategy is extremely beneficial when the index experiences a severe downturn or loss during the year. The account will not participate in any losses during the contract year and will still be credited from that point forward.

Your fixed indexed annuity contract with the annual reset feature does not have to make up previous losses in order for it to earn additional interest. Each contract year, the index's ending value becomes next year's starting value.

Income Rider

A lifetime income benefit rider allows you to take lifetime income from your fixed indexed annuity without losing control of your retirement assets. Income riders are designed to provide safety of investment, predictability, guarantees*, lifetime income and financial clarity to people who are worried about running out of money in retirement.

At the time of purchase, insurance companies may offer you the option to add an income rider to the policy for an additional cost. This is possible because the lifetime income is in the form of regular withdrawals from your fixed indexed annuity rather than annuitized payments.

Most income riders will guarantee* a set amount of growth to the income base each year until the income withdrawals begin. The guaranteed* income percentage is based upon your age at the time you elect payments. When you begin taking income, your age will typically determine the percentage you receive each year.

You also have the ability to stop and restart the guaranteed* income benefit at your sole discretion. An important feature of the income account is the visibility of the account balance. This is important because the value of the guaranteed* lifetime income stream can be monitored.

Summary

As you begin retirement, you may experience three shifts regarding how you relate to your finances.

Fixed indexed annuities can have the ability to:

- Provide an additional income buffer by offering guaranteed* growth and lifetime income
- Be insulated from market risk and periodically lock in gains, ensuring you can continue to move forward
- Create an income stream that can last as long as you do

Regardless of how you get to retirement or what your goals are, one thing is clear: how you manage your finances in retirement is different than the way you managed your money during your working years. Also, retirement strategies are much different today than they were in the past. Not only is the economy different, but people are living longer, and the financial tools available to you are more advanced.

Today, you can manage your lifestyle, avoid market volatility and create a lifetime income stream by doing a little planning and research. Fixed indexed annuities can help you address each of the changes that retirement brings and so you can financially survive, even thrive, during your retirement – and enjoy the next stage of your life even more!

* Safety and guarantees are based on the claims paying ability of the insurance company and terms of the contract being honored. Surrender charges or penalty for early withdrawal may apply.

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There is no such thing as a perfect financial tool. It is important that you make an informed decision based on your unique financial goals and objectives, and understand the product you are considering purchasing.

Annuities are designed to be long-term investments and can involve charges such as administrative fees, annual contract fees, rider fees, mortality & risk expense charges and surrender charges. Early withdrawals may be subject to surrender charges and can impact annuity cash values and death benefits. Withdrawing more than the guaranteed annual withdrawal amount on an annuity with an income rider can reduce the future guaranteed annual withdrawal amounts. Taxes are payable upon withdrawal of funds. An additional 10% IRS penalty may apply to withdrawals prior to age 59 ½. Annuities are not guaranteed by FDIC or any other governmental agency and are not deposits or other obligations of, or guaranteed or endorsed by any bank or savings association. When considering replacing or transferring out of an annuity it's important to understand what costs may be incurred such as surrender charges and the loss of death and/or income benefits.

Investments in fixed indexed annuities are affected by changes in a stock or equity index over the crediting period. Even though changes in the index affect the interest credited to the fixed indexed annuity policy, a fixed indexed annuity is not an investment in the stock market and does not participate in equities, commodities, fixed income or currencies. Fixed indexed annuities may be subject caps, spreads, administrative fees and/or participation rates that will limit and/or lower the amount of interest that is credited to the fixed indexed annuity.

GAB-38037 2016-12-20