

The 7.5% IAV Minimum Growth Guarantee Meet Paul And Paula Planner

Paul Planner recently came into my office and here is what he told me.... He said, “ Brian, I want to discuss what to do with the \$500,000 I have saved for retirement. I’m 56 years old and my most important goal is to not go backwards in the market, and if possible, I’d like to be set up to never run out of money in retirement”.

Now, Paul had come in to see me because he had become disillusioned with the worn-out advice he continued to receive from his securities licensed advisor. Namely, that based on his age, he needed a “properly allocated class of stocks, bonds, and mutual funds,” for long-term money, and maybe some fixed instruments like a CD for short-term money along with a money market account. Paul had challenged his broker by saying, “You know, I’ve had my money with you over the last ten years and I’m no better than break even. In fact, if not for this huge *bubble rebound* over the last 9 months, I would still be way underwater with my account. I can’t afford another lost decade, especially now that I’m with-in ten years of retirement”. Paul’s broker recommended an age “balanced fund”, and Paul’s next step was to call me.

After an initial meeting with Paul to identify what he was hoping I might do for him, we were ready to analyze and review his balance sheet in our second meeting, and then in our third meeting I was ready to review an income planning model with Paul designed to do the following:

- Provide market linked growth without risk to his principal, AND have an ***income account guaranteed*** to increase at no less than 7.5% for ten years (whether the market is up, down, or sideways)
- Lock-in a first year guaranteed return of 18.50% for this income account value, which provides future guaranteed lifetime income that can increase, but never decrease.
- Guarantee that he would never lose money due to market downturns.
- Create reliable, predictable income so he would never run out of money in retirement.
- Provide a strategy that works in any market – inflation or deflation.

We would accomplish all this by using Fixed Index Annuity accounts. Here’s what this meant to Paul. His \$500,000 would be **guaranteed** to have an ***income account value*** of no less than \$1,146,000 at his age 66. Assuming he elects to begin taking lifetime guaranteed income payments at that time his annual income from this account is guaranteed to be no less than 5.5% of \$1,146,000 or \$63,030/yr or \$5,253/mo, or however he elects to receive that guaranteed income.

I went on to explain to Paul that his FIA account has two distinct values. One has cash value, while the other is used to offer guaranteed lifetime income. The ***contract value***, has a cash surrender value that is determined by the growth of the account based on market linked interest credits. This ***accumulated contract value*** guarantees protection of

principal and credited interest. It is a separate value from the *income account value* which is guaranteed to accumulate at 7.5% for ten years (or longer if the reset option is exercised) or until the lifetime payment option is activated. As I reviewed my *Forever Pay* illustration with Paul and his wife, they saw how easy it was to follow and everything fell into place for them.

Paula and Paul were concerned with what would happen to this income or the account in the event of Paul's death. Again, using the *Forever Pay* illustration, I was able to show them the lump sum death benefit Paula (and/or children) would receive. We also discussed the joint lifetime income option that is available when the lifetime payment option is elected or exercised (turned on). Paul appreciated the fact that the cost of the *income account value* rider was factored into the illustration and he and Paula both agreed that the 7.5% underlying guarantee was a huge benefit for them.

In fact, Paul is a numbers kind of guy, and (with his calculator) he pointed out to me that with the 11% deposit bonus they were receiving and the 7.5% minimum annual accumulation on the *income account value* their guaranteed income value of \$1,146,000 after 10 years was equivalent to an 8.6% APY over that time period. **YOU CAN HAVE THIS TYPE OF ACCOUNT WORKING FOR YOU.**

By the way – you don't need to have \$500,000-\$1,000,000 in order for this strategy to work for you. Just call us to schedule a review of this new FIA rider option relative to your personal situation.