

How Long Will My Money Last?

If you have clients who need income and you are looking for alternatives to immediate annuities and guaranteed income benefits in fixed or variable annuities, it might make sense to get back to the basics. The chart below illustrates how long one's principal will

last based on earnings and withdrawal rates. Let's say your client has \$400,000 in assets and desires a 5% income benefit or \$20,000 per year. Assuming the contract earns 4% it would take 42 years before the contract is exhausted.

Withdrawal Rate

| | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-------------|---|---|----|----|----|----|----|----|----|
| Growth Rate | 6 | | | | | 34 | 24 | 19 | 16 |
| | 5 | | | | 37 | 26 | 21 | 17 | 15 |
| | 4 | | | 42 | 29 | 22 | 18 | 15 | 14 |
| | 3 | | 47 | 31 | 24 | 19 | 16 | 14 | 13 |

The main objection to immediate annuities is the lack of liquidity. Using guaranteed income benefits is an alternative to SPIAs but it can wind up being expensive and some companies are withdrawing them altogether.

Sometimes, just getting back to basics makes sense. If you would like more information, please give us a call. We have companies that allow for systematic withdrawals and we can provide illustrations.

Guaranteed Rate Update

| | | |
|---------|-------|----------|
| 5 Year | 3.15% | Rated A- |
| 6 Year | 3.25% | Rated A |
| 8 Year | 4.00% | Rated A+ |
| 10 Year | 4.40% | Rated A+ |

Call us today!



We Love Annuities!



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Your annuity resource

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