

Maximizing Income for Less with IncomeSource®

Many retirees live off interest earnings from taxable fixed income investments, hoping to never invade their principal. If an unplanned bill or emergency should arise, they have access to their funds. However, by spending any of that principal, they reduce their assets, typically resulting in less income.

An immediate annuity may be a better alternative. By generating the same guaranteed income using a part of the original principal and investing the difference, the retiree creates an accessible pool of assets that can be spent without compromising the income stream. One reason this concept works so well is the exclusion ratio. The client pays tax only on the earnings portion, resulting in more after-tax dollars each month for as long as the cost basis lasts.

Example of Male Needing \$750 Monthly:

A 75-year-old male with \$225,000 in investable assets desires a monthly income of \$750 to help pay basic living expenses. The chart below compares the results of placing all of the money in a taxable fixed option versus buying an immediate annuity to generate the same amount of monthly income and investing the difference.

Age 75 Male Needs \$750 a Month (25% Tax Rate)	
10-year fixed interest	IncomeSource (Lifetime + 10) ¹
<ul style="list-style-type: none"> • \$225,000 @ 4% = \$750 • After 25% tax = \$562.50 • Principal is dedicated • Principal is available to beneficiary at death 	<ul style="list-style-type: none"> • \$101,470 income annuity = \$750 monthly • After exclusion ratio = \$706.12 • Invest remaining \$123,530 • Invested difference and remaining period certain available at death²
10 Years Later	
<ul style="list-style-type: none"> • \$225,000 @ 4% = \$750 monthly • Principal is not accessible for spending without possibly compromising the payment stream • All income (\$750 monthly) applies to the possible taxation of Social Security benefits 	<ul style="list-style-type: none"> • Lifetime income of \$750 monthly • \$123,530 invested @ 4% tax deferred grows to \$182,854 and is fully accessible without compromising the income stream³ • Only the income portion of each payment (\$175.50) applies to the Social Security limits

(continued)

1 Illustration as of February 11, 2010.

2 It should be noted that if death occurs, an estate value could be compromised, particularly in the early years after the SPIA was purchased. The left side shows a designated beneficiary would receive the entire principal of \$225K. On the right side, the client would receive the value of the invested difference and any remaining period-certain payments.

3 The principal in the immediate annuity does not have the same level of liquidity within the product itself, but with the difference remaining from the original \$225K to invest in other products, liquidity is created. Using this leverage, we actually can create more retirement income per dollar invested, and provide investment flexibility and true accessible liquidity.



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Results

A single life with 10-year period certain immediate annuity for \$101,470 meets the client's income need of \$750 monthly versus investing the entire \$225,000 in a fixed income option to accomplish the same objective⁴. The money (\$123,530) not used for the immediate annuity purchase will appreciate to \$182,854 (assuming a 4% tax-deferred growth rate) after 10 years and is fully accessible.

More importantly, when you factor in the benefit of the exclusion ratio, the immediate annuity actually nets \$706.12 monthly after taxes for as long as the basis lasts compared to only \$562.50 in the taxable fixed interest example.

For more information, visit WSFinancialPartners.com or contact:

Your Integrity and National Integrity Representative

⁴ Assuming a 25% tax bracket.

Integrity Life Insurance Company and its subsidiary, National Integrity Life Insurance Company, hold outstanding ratings from highly respected, independent insurance rating firms:

- **A.M. Best A+ Superior** for superior ability to meet ongoing insurance obligations (second highest of 16 ratings, held since June 2009).
- **Standard & Poor's AA+ for Very Strong** financial security characteristics (second highest of 21 ratings, held since August 2005).
- **Fitch AA for Very Strong** capacity to meet policyholder and contract obligations on a timely basis (third highest of 21 ratings, held since June 2009).

Ratings neither refer to the performance of the product nor imply approval of it or its investment options. Ratings, as of 10/1/10, are subject to change.

The purchase of an immediate annuity is permanent. The annuity owner will no longer have access to the premium. It converts into a stream of income payments. The contract has no cash value, no death benefit and cannot be surrendered. The terms of the annuity, such as the choice of income payment option, payment amounts and timing, and the rates of return, cannot be changed. Payouts end at annuitant death unless certain period or installment refund option is selected. Life contingent payouts may be less or greater than premium paid based on length of annuitant(s) life.

Payment of benefits under the annuity contract is the obligation of, and is guaranteed by, the insurance company issuing the annuity. Guarantees are based on the claims-paying ability of the insurer. IncomeSource is a single premium immediate annuity issued by Integrity Life Insurance Company, Cincinnati, OH, and National Integrity Life Insurance Company, Goshen, NY. Integrity operates in all states except NH, NY, ME and VT where National Integrity operates. Both are members of Western & Southern Financial Group. Product and feature availability, as well as benefit provisions, vary by state. For use with contract series ICC09 ENT-01 0901, ICC09 ER.01 0901, ICC09 ER.02 0901, ICC09 EE.01 0901, ICC09 EE.02 0901, ICC09 EE.03 0901, ENT-01 0901, ER.01 0901 and ER.02 0901.

No bank guarantee	Not a deposit	May lose value	Not FDIC/NCUA insured	Not insured by any federal government agency
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