

# IncomeSource® Sales Idea: Carol

## A Better Income Outcome

Carol, a 70-year-old female with \$500,000 of investable assets, needs \$3,600 for required monthly expenses. She receives \$1,500 monthly from Social Security leaving a shortfall of \$2,100 a month.



## Systematic Withdrawal = Questionable Outcome

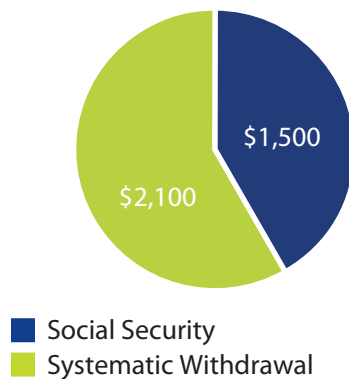
If Carol placed \$500,000 in a systematic withdrawal program with assets allocated to a diversified mix of stocks, bonds and cash, she would not be guaranteed a steady stream of income from her systematic withdrawals, her cash flow could be affected by market conditions and her funds would not be guaranteed to last a lifetime.

## Systematic Withdrawal + Immediate Annuity = Better Outcome

However, Carol could use \$200,000 (or 40% of her total assets) to purchase a single premium immediate annuity (SPIA) to secure \$1,217 a month of additional guaranteed lifetime income\*. The remaining \$300,000 could then be placed in a systematic withdrawal program using the same asset allocation breakdown as previously mentioned. With this combination strategy, her probability of having a steady and stable stream of income would improve since she would be guaranteed income for life from the SPIA.

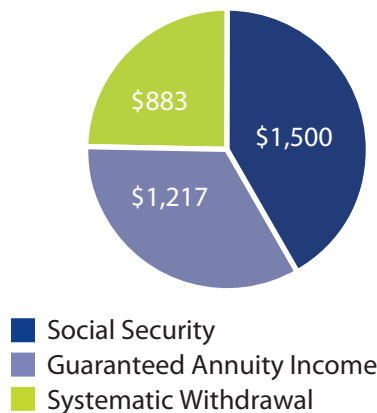
## Carol's Options for Acquiring \$3,600 Monthly Income

**Systematic Withdrawal Only**



(continued)

**Systematic Withdrawal + SPIA**



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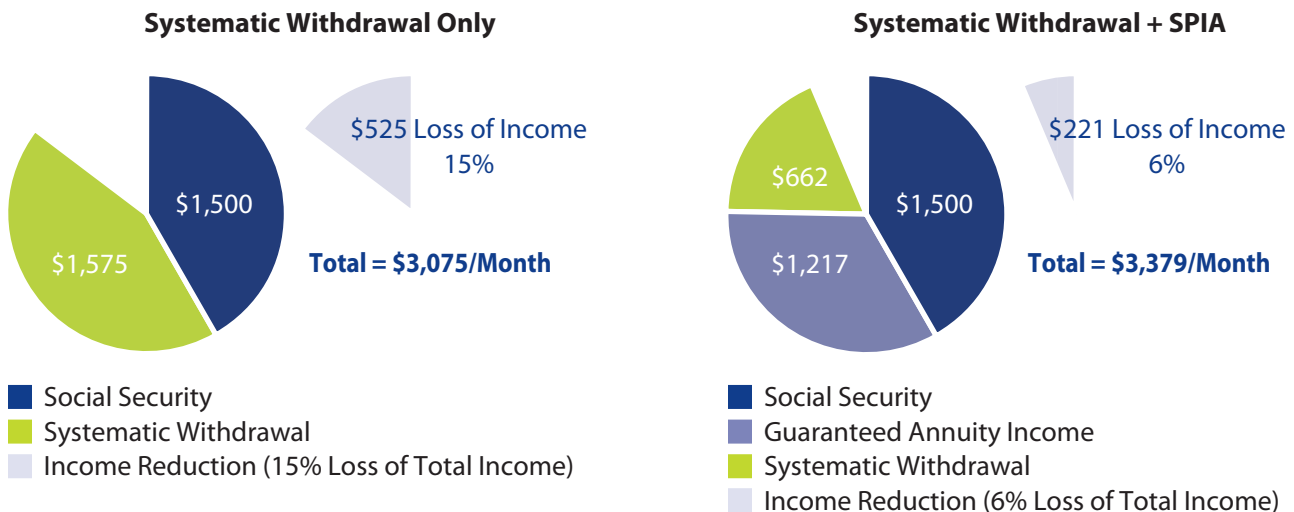
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## Result

If Carol purchased an immediate annuity, she would receive \$1,217 of additional guaranteed income. This results in a better outcome because **more** of her required expenses are covered with guaranteed income.

**And, what would happen later if Carol's asset value decreased 25%?** When solely using systematic withdrawals, she would only receive \$1,575 per month, which is 75% of the original \$2,100 (\$525 per month less). However, if she combined an immediate annuity with a systematic withdrawal program, she would receive \$662 from the systematic withdrawal, which is 75% of \$883 (\$221 per month less). Her total monthly income from investable assets with the additional SPIA payment of \$1,217 would be \$1,879. This results in a \$221 per month loss instead of a \$525 per month loss — only a 6% decrease in total monthly income instead of a 15% decrease in total income.

## One Year Later = 25% Drop in Asset Value



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\* Illustration for female, age 70, birth date 1/15/1940, for Life and 10-year period certain, as of 12/1/10.

An immediate annuity is permanent. The owner has no access to the premium, which converts to a stream of income payments. The contract has no cash value, no death benefit and can't be surrendered. The terms selected, such as payout amounts, timing, and rates, 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.

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