

Offer An Income & Wealth Replacement Strategy

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Today's retirees are facing the new issue of having a limited pool of money for their retirement and no idea how long they will need it for. So they are scared to death (so to speak) that they will run out of money before they die. Your clients want their money to grow, but past stock market declines have made them wary of losses. So what is the solution? Show your client the **Income and Wealth Replacement Strategy**.

Once clients are near or at retirement age, they tend to get very fearful of risky investments and having their money in the stock market. However, many people in this situation still need to grow their money to help assure they have enough to cover their life span. That's where you come in! As an independent insurance agent you can show them the Right Mix to: 1) keep their retirement nest egg SAFE, 2) pay them a steady monthly income, and 3) grow their money for their future use.

These days clients love guarantees, but due to increased life expectancies and low interest rates relying on CD type growth isn't going to serve the needs of this type of client. The Income and Wealth Replacement Strategy lets your client have their cake and eat it too. It will put their money to work for them.

Say your client has a nest egg of about \$400,000 to use to fund their retirement living and ensure their retirement income for the future. You might want to put together an illustration to show them how the following products could meet their needs.

Single Premium Immediate Annuity: A portion of their nest egg can go into a SPIA that can be set up to provide them with monthly income for the next 1-10 years and then terminates after that. A SPIA takes in a lump sum of money and the insurance company will give you a calculation of what monthly payment they can provide you based upon the number of years you wish to receive payments. SPIAs can also be set up to provide a client with lifetime income, which can be very valuable to the client, but the combination shown here can help a client stretch out their money over a longer period.

Multi-Year Guaranteed Annuity: Another portion of their nest egg can go into a MYGA that has an attractive guaranteed interest rate that will be used to create a new pool of money to be used to fund a future income stream once the SPIA is exhausted – therefore funding years 11-20 of their retirement.

Long-term Indexed Annuity: The final portion of their nest egg can go into a long-term EIA that will keep their base investment safe and has the opportunity to grow at a much higher interest rate to fund their future retirement income needs or provide a legacy for their family. Typically, the more years a person is willing to commit their money to an annuity the greater the rewards can be.

Some agents shy away from indexed annuities because they are not familiar with them. You need to understand that an indexed annuity can provide great benefits for the right client – someone who needs to keep their money safe, yet can live without access to that money for the length of the annuity period. An indexed annuity is essentially a fixed annuity that has an interest rate linked to a stock market index. It offers enhanced yield over other more liquid savings. In addition, it can offer tax deferral, a minimum guaranteed interest rate, and annuitization options.

This is a great example of how you can use your products and your knowledge to provide retirement solutions for your clients. It's up to you be creative and to provide the very best solutions to your clients' needs.