

LONGEVITY PROTECTION



How do we manage our retirement portfolio so that our lifestyle needs are met no matter how long we live?

Deferred Income Annuity

RETIREMENT IS OFTEN projected as an event in life where all one's day to day stresses come to an end. The thought of leaving behind the alarm, stacks of paperwork, and workplace drama can be a joyful image, but it can also be worrisome. As retirement also brings to life new concerns about a family's future.

Common Retirement Concerns:

1. Have we saved enough?
2. How long will we live?
3. What if we run out of money?

To add to the anxiety, employee pensions are becoming less commonplace and average life expectancy continues to rise. **Retirees not only have to worry about protecting their acquired assets, but also of outliving them!**

By setting aside a portion of one's retirement assets today, in a Deferred Income Annuity (DIA), retirees can relieve some of the worry of outliving their savings by securing guaranteed income payments later in life. These payments can step in to ensure a minimum standard of living, supplement health care needs, or help reduce the amount needed to be withdrawn from other retirement accounts.

In summary, a DIA can provide the following benefits:

- Protection against longevity risk by generating a lifetime income stream starting in the future.
- Lifestyle flexibility and the confidence to spend other retirement assets, knowing that guaranteed income will begin at a specific age.
- Longer periods of deferral can create greater payments in the future. Allowing the purchaser to generate growth while avoiding fluctuations in the market.

Hypothetical Case Study

A 65 year old retiring today is taking \$45,000 of annual income growing with 3% inflation. There are \$1,000,000 of retirement assets.

STRATEGY 1: Invest 100% of the retirement assets in a portfolio targeting a 6% rate of return.



STRATEGY 2: Invest 90% of retirement assets in a portfolio targeting a 6% rate of return and the remaining 10% into a deferred income annuity turning on income at age 85.



Allocating 10% of the assets into a deferred income annuity may result in increased income longevity protection and a higher ending portfolio balance.



DISCLOSURES

The illustrations do not include or portray fees or expenses. Performance can vary for the above scenarios, performance is not guaranteed.

The examples given are hypothetical, for illustrative purposes only and does not reference any specific client experience.

Guarantees are based on the claims-paying ability of the insurance company offering the guarantee. Additional features and benefits such as contract guarantees, death benefits and the ability to receive guaranteed income are contained within the annuity for a cost.

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