

Annuity Case Study



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RETIREE DETAIL

Carl is a 67 year old retired maintenance worker. He has done a nice job preparing for retirement. He paid all his bills and saved up a nice number in his retirement plan. Carl's equity investments have performed better than expected over the last several years.

CONCERN

Carl and Betsy haven't needed much out of his retirement plan yet, however inflation has drastically increased the cost of the things that Carl and Betsy need and enjoy.

SOLUTION






Carve off 30% of the 401k plan and purchase an annuity to create a monthly income stream while keeping the balance in a long term growth investment portfolio.

PLANNING OBJECTIVES

- 1 More monthly income
- 2 Concern that the stock market could be at the top end and a correction may be in the near future
- 3 A plan to minimize risk exposure if the market takes a turn
- 4 Keep most of their assets invested

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BENEFIT

-  Monthly Income is certain for the rest of the Carl and Betsy's life. Income is not subject to interest rate risk or stock market volatility.
-  Increased cash flow for living expenses
-  The remainder of the 401k plan remains invested in a long term growth portfolio. If the market corrects there is no need to panic. They manage through the correction.
-  Use the higher yielding annuity vs low yielding bond accounts or low fixed interest rates
-  Over time the 401k can grow back and another income annuity could be considered to keep up with inflation

ACTION

Contact your MBG Regional VP to shop annuity rates and help you design a solution