

Income Case Study

Client Bio:

Husband and Wife, both age 73.
Husband has a Qualified Variable Annuity that no longer has surrender charges.
Current Value is \$400,000.
He is currently receiving \$20,225 per year using the GMWB rider.
The current death benefit is \$400,000.

Objective: Determine if it's possible to generate more guaranteed income.

Option #1 – Transfer the \$400,000 into an immediate annuity with a single life and 14 years certain. Doing so generates \$30,240 of annual income, an increase of 49.5%. The husband will receive income as long as he's alive and it guarantees \$423,360 to him or his beneficiaries.

Option #2 – Roll the variable annuity to a joint life and 14 years certain immediate annuity. The SPIA produces \$27,299 per year for the rest of both of their lives and is guaranteed for 14 years should both pass away prematurely. It's a 35% increase in income, covers two lives instead of just one life and guarantees \$382,186 to both of them and their beneficiaries.

Downside:

Clients lose some flexibility, but generally their need for more income outweighs lost flexibility. Many clients allocating resources to drive income have other money for emergency needs.

What to look for:

Identify annuities that are past their surrender charge period and are dedicated to generate retirement income. You can usually provide more guaranteed income!

If you would like more information, please contact:

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