Assured Edge® Advisory

Help relieve portfolio pressure with a protected solution for wealth management

Clients nearing retirement face a number of key income planning challenges

- Interest rates on fixed income products remain low, making it difficult and expensive to generate sufficient retirement income to cover expected expenses
- The market continues to raise investor concern about potential downturns
- Qualified assets must be drawn down beginning at age 72, which can be challenging when seeking to fund an unknown number of years in retirement

One way to help clients address their retirement income needs is to incorporate a protected solution for wealth management into their overall strategy that offers guaranteed income—for life.

Assured Edge Advisory® is an innovative fee-based fixed annuity that offers consistent, dependable income that reduces the pressure on other portfolio assets.

With a flexible guaranteed lifetime withdrawal benefit included, Assured Edge Advisory provides guaranteed principal protection and predictable growth, plus liquidity options with no withdrawal charges.

Key benefits

- Guaranteed lifetime income with current income percentages of 7.3% (Single Life) and 6.8% (Joint Life) at age 65[1]
- The opportunity to grow future lifetime income based on an 8.5% income growth rate each year until clients activate lifetime income [2,3,4]
- Protection of principal for a greater sense of security
- A retirement income stream that continues—even if the contract value is completely depleted as a result of lifetime income withdrawals

The annual fee for the benefit is 0.95%. It is calculated as a percentage of the contract value and deducted from the contract value on each anniversary. Once the contract is issued, the fee will never change.

[1] Income percentages are periodically set by the company and subject to change. Please contact us at 800-445-7862 for a complete listing of current income percentages.

[2] The income credit is a dollar amount that is determined by the income growth rate multiplied by the initial guaranteed lifetime income amount. The income credit is then added to the GLIA each year until lifetime income is activated. The income credit does not increase, if clients take any money out of the annuity before activating income, the withdrawal will reduce the income credit and the GLIA proportionally, thereby reducing future guaranteed lifetime income. After activating income, withdrawals that exceed the GLIA, except for permitted Required Minimum Distributions based on this contract will reduce the GLIA. A change in covered person(s) may also increase or decrease the GLIA. The income credit is not a rate of return and is not added to the contract value.

[3] If after activating lifetime income, withdrawals that exceed the GLIA, except for permitted Required Minimum Distributions, and reduce the contract value to zero, clients will not receive lifetime income withdrawals under the guaranteed lifetime withdrawal benefit and the contract will be terminated.

[4] The opportunity for annual increases ends once lifetime income is activated.

Take action with more diversification, income and protection

Case study: Barbara

- Has $750,000 in retirement assets
- Needs $50,000 annually for total retirement expenses
- Will receive $20,000 in guaranteed income from Social Security and a pension
- Has a $30,000 income gap
- A choice of two income strategies

Scenario 1

Unprotected systematic withdrawal strategy

- Barbara takes a $30,000 systematic withdrawal from her $750,000 portfolio to cover the income gap.
- Her portfolio withdrawal rate – how much she withdraws from her retirement savings portfolio each year—is 4% ($30,000/$750,000).
- Her income reliability ratio—how much she can rely on her portfolio for guaranteed income—is 40% ($20,000/$50,000).
- Barbara's withdrawal rate is within guidelines, but what happens if there is a market correction?
- Assuming a 20% decline, her portfolio balance would fall to $600,000 with an increased withdrawal rate of 5% ($30,000/$600,000).

Scenario 2

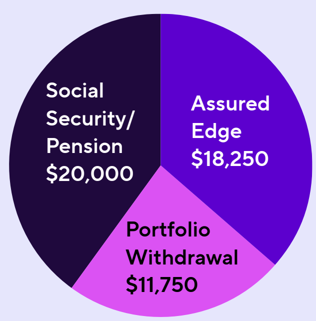
Protected income floor strategy with Assured Edge Advisory

- Barbara uses $250,000 of her overall portfolio to purchase the Assured Edge Advisory fixed annuity to generate an annual guaranteed lifetime income amount of $18,250, assuming a current income percentage of 7.3% Single Life.
- This strategy reduces her income gap from $30,000 to $11,750.
- In the event of a 20% portfolio decline the withdrawal rate is 2.94% vs. 5% with the systematic withdrawal strategy

Portfolio balance: $750,000
- Investments: $500,000
- Assured Edge: $250,000

Portfolio withdrawal rate:
2.35%

Income reliability ratio:
76.5%



After 20% decline in account value

Portfolio balance: $650,000
- Investments: $400,000
- Assured Edge: $250,000

Portfolio withdrawal rate:
2.94%

Income reliability ratio:
76.5%

The result

Barbara is protected

- Pressure is alleviated from her investment portfolio withdrawal strategy
- Barbara's income reliability ratio has increased from 40% to 76.5%

What's more, with Assured Edge Advisory, if Barbara did not need income right away, she would also have the opportunity to increase her guaranteed lifetime income amount based on an 8.5% income growth rate every year she doesn't take a withdrawal until lifetime withdrawals begin.

This hypothetical example is for illustrative purposes only. Not an actual case and intended solely to depict how the product features might work. It does not reflect the value of any specific policy. Restrictions and limitations apply.

Get retirement income answers from the experts

Dr. Wade D. Pfau, Ph.D., CFA® is professor of retirement income at The American College of Financial Services.

Dr. Michael Finke, Ph.D., CFP® is dean and chief academic officer at The American College of Financial Services.

Q&A with Dr. Wade D. Pfau and Dr. Michael Finke*

Q What are some of the challenges that Americans face as they transition from saving for retirement to generating retirement income?

PFAU: One of the main challenges is that retirees have less risk capacity because their lifestyle is more vulnerable to market volatility. Downturns in the market can reduce post-retirement standard of living dramatically— and permanently.

Retirement, compared to the "savings" years, is inherently risky: Individuals lose the leverage of working a little longer or saving a little more. When you start taking income from your savings, the whole nature of investment volatility changes—if you get a poor market return early on, it can lead you down a path that becomes very difficult to recover from, even if the overall market recovers.

Q What are the benefits to including guaranteed income, such as guaranteed income from an annuity, in an investment portfolio to generate income?

PFAU: Simulations demonstrate that a strategy that offers a contractual guarantee for income supports spending goals more efficiently—and with less capital—than traditional retirement investments. This, in turn, creates more liquidity for other potential surprises and, in the long run, might support more robust legacy goals.

Q What is the case for meeting the need for guaranteed income with annuities?

FINKE: If you're realistic about the returns you could get on traditional retirement investments today, then you need to look for different strategies to get more dollars of income per dollar of retirement savings. And really, in our view, the only way to do that effectively is through some form of annuity that offers guaranteed lifetime income.

* www.theamericancollege.edu

Add the security of Assured Edge Advisory to your client's portfolio

	Assured Edge Advisory
Product type	Fixed annuity with modified single premium: eligible premiums allowed for 60 days after contract issue
Guaranteed lifetime withdrawal benefit (GLWB)	Included and is not optional.
Rider fee	GLWB fee is 0.95% for both single and joint
Withdrawal charge	None
Issue ages	50-80
Future income growth	Guaranteed lifetime income amount (GLIA) grows based on an 8.5% income growth rate each year withdrawals are not taken
Changes to covered persons	Allowed prior to activation or at income activation (restrictions apply)
Minimum initial premium	$25,000 (NQ /Q)
MVA-free Withdrawals	10% of prior anniversary contract value beginning in the first contract year with no market value adjustment (MVA)
Income withdrawals	Available through GLWB rider. Annuitization is available, but not required for lifetime income
Protection features	Beneficiary protection included with contract

Additional information:

Minimum initial premium amount is $25,000; maximum total premium amount without prior company approval is $1,000,000. (This maximum amount is by company practice, which is subject to change.) Assured Edge Advisory may not be available in all states and product features may vary by state. Please refer to the contract.

The initial interest rate is guaranteed for seven years.

Annuities are long-term products designed for retirement.

Withdrawals may be subject to federal and/or state income taxes. A 10% federal early withdrawal tax penalty may apply if taken before age 59 and half in addition to ordinary income tax. Partial withdrawals may reduce benefits and contract value.

This material is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting or tax advice, nor is it intended to make any recommendations. Applicable laws and regulations are complex and subject to change. For legal, accounting or tax advice consult the appropriate professional.

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