



To Know Which Door Holds The Best Return
They Must All Be Opened



IT IS A HUGE DEAL! REVIEW ALL OPTIONS TO SECURE THE MOST RETIREMENT INCOME.

By: Jeff Affronti—September 5, 2017

The Immediate Annuity Option - Request A SPIA Quote?

Sophisticated advisors can design terrific income plans for their clients. Access to a large variety of funds and investment products provides the advisor the ingredients needed to create such designs. It is important to review all options independently for each client. Minimizing unfamiliar and less profitable products that may be most suitable could effect the maximization of retirement income. A wonderful insurance option exists that allows the immediate distribution of a larger portion of ones nest egg without the fear of depleting that nest egg. Designed to return principal and interest payments throughout a lifetime, allows this product to deliver more fixed and systematic lifetime liquidity than any other insurance product. This is an insurance product that was specifically built to guarantee income for life. A product intended to offer a retiree the same type of peace of mind as income from a pension or social security.

Often Overlooked As A Legitimate Lifetime Income Option

The immediate annuity is a tool insurance agents should definitely be examining in

all cases where an immediate guaranteed income is being requested. However, many myths and much misinformation exists in the insurance world regarding the SPIA. Agents/advisors can conveniently dismiss it as a non option based on those myths. Here are some key terms and features that lifetime based immediate annuities can have and agents should educate themselves on.

#1 - Return of premium (ROP) guarantees - Cash and Installment Refunds

#2 - Minimum Gains - Long term period beneficiary guarantees of 20 -30 years

#3- Liquidity - Commutation and cancellation value options

#4 - Riders - COLA Inflation protection & nursing home enhanced income

#5 - Commission - 5.00% to age 85! Below are examples of an immediate annuity with this 5.00% commission level, cancellation liquidity, and based on a life with ROP cash refund guarantee. These payments start in one year, I do this so we can compare with most FIA income riders that have a 1 year wait period to begin income payments.

Assumes \$500,000 - Starts 1 Year After Premium Received

Gender / Age	Monthly Income	Lifetime Annual P&I %
Male Age 62	\$2,149.52	5.16%
Male Age 65	\$2,284.01	5.48%
Male Age 67	\$2,386.57	5.73%
Male Age 71	\$2,635.62	6.33%
Female Age 62	\$2,042.57	4.90%
Female Age 65	\$2,161.10	5.19%
Female Age 67	\$2,251.41	5.40%
Female Age 71	\$2,464.69	5.92%

In the example above a 62 year old male can use 5.16% of his nest egg each year and never run out. Where else is that guarantee being offered and by a well known A+ rated insurance carrier? This is the basic advantage to using a SPIA as a part of retirement income planning. Below is a grid based on the above illustrated male age 62. The cancellation and death benefits values are guaranteed and clearly defined for the owner.

End of Policy Year	End of Year Annualized Total Income Payments	End of Year Return of Premium on Cancellation	End of Year Return of Premium on Death
1	2150	472958	497850
2	25794	453174	472056
3	25794	432874	446262
4	25794	412058	420468
5	25794	390727	394674
6	25794	368879	368879
7	25794	343085	343085
8	25794	317291	317291
9	25794	291497	291497
10	25794	265702	265702
11	25794	239908	239908
12	25794	214114	214114
13	25794	188320	188320
14	25794	162525	162525
15	25794	136731	136731
16	25794	110937	110937
17	25794	85143	85143
18	25794	59348	59348
19	25794	33554	33554
20	25794	7760	7760
25	25794	0	0
30	25794	0	0
35	25794	0	0
38	25794	0	0

Clients that would like income sooner can start an immediate annuity one month after the premium is received. Below is the grid displaying the income with the same parameters illustrated above only with a one month delay.

Assumes \$500,000 - Starts 1 Month After Premium Received

Gender / Age	Monthly Income	Lifetime Annual P&I %
Male Age 62	\$2,043.68	4.90%
Male Age 65	\$2,164.39	5.19%
Male Age 67	\$2,258.66	5.42%
Male Age 71	\$2,476.25	5.94%
Female Age 62	\$1,947.05	4.67%
Female Age 65	\$2,054.10	4.93%
Female Age 67	\$2,135.24	5.12%
Female Age 71	\$2,325.35	5.58%

When it comes to a clients forever purchase of retirement income, it is a HUGE deal. Agent and advisors need to take time and give these cases the attention they deserves. After all, weather a client is new or a 20 year repeat buyer, the purchase of a retirement income product represents a lifetime of hard work and deserves respect and the best deal available.

Please feel free to reach out to me regarding the immediate annuity. I have been working with SPIAs everyday for the last 21 years and still love helping find the best income.

[Jeff Affronti](#) | [FSD Financial Services](#) | [MYGA](#) | [SPIA](#) | [FIA](#) | [LIFE](#) | 800-373-9697



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