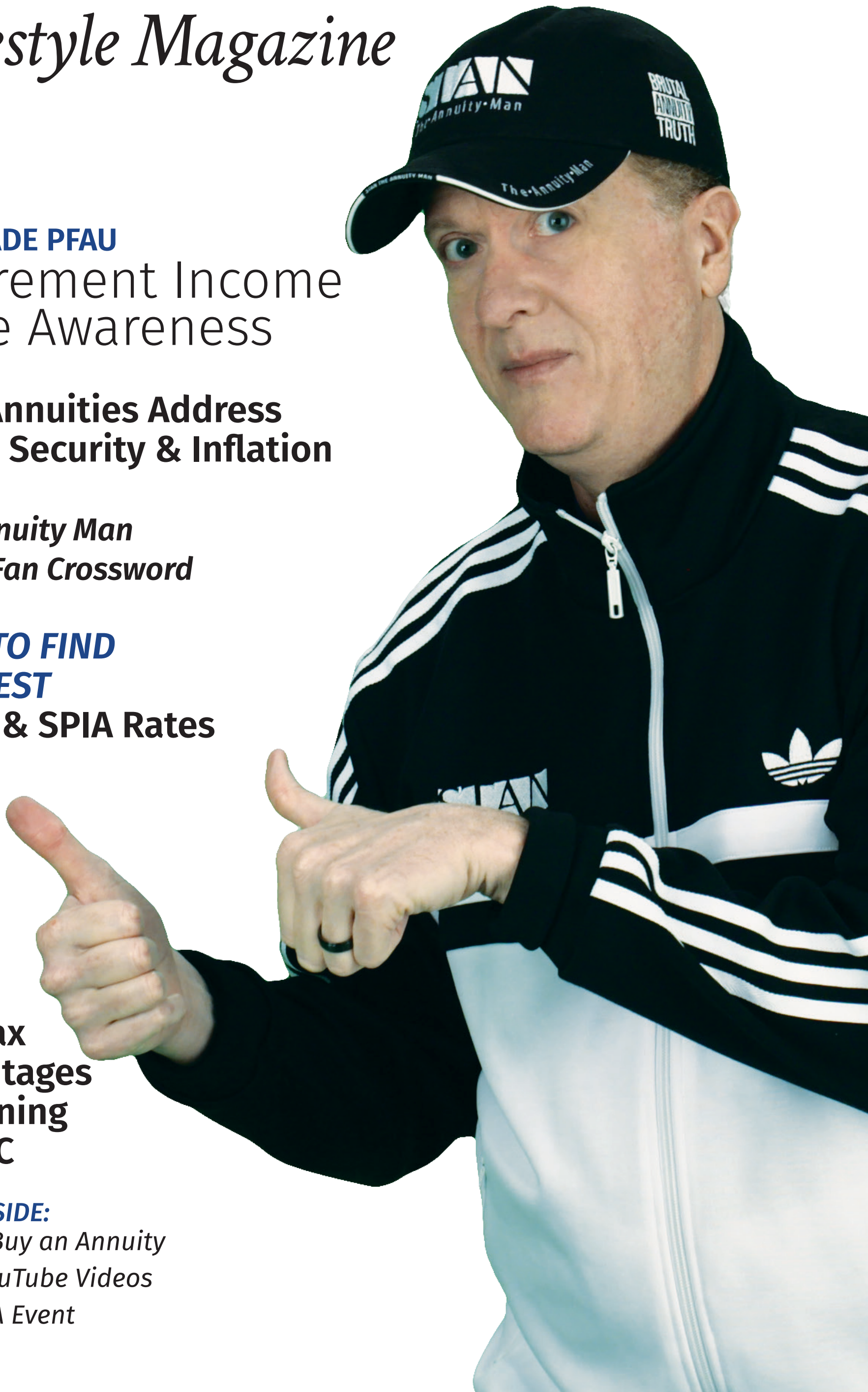
WINTER 2022

ANNUITY
Lifestyle Magazine



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Retirement Income Style Awareness

How Annuities Address Social Security & Inflation

The Annuity Man Super Fan Crossword

HOW TO FIND THE BEST
MYGA & SPIA Rates

The Tax Advantages of Owning a QLAC

ALSO INSIDE:
How to Buy an Annuity
Top 6 YouTube Videos
Live Q&A Event

We’re Slicin’ and Dicin’ and Annuity Pricin’

Welcome to the Winter 2022 edition of ***Annuity Lifestyle Magazine Quarterly***. Packaged up nice and neat on these pages are the highlights of our most-watched, listened to, and read content from Stan The Annuity Man Q4, 2021. Every Saturday morning, the e-newsletter version of Annuity Lifestyle Magazine hits your inbox. Still, we wanted to make it easy for you to dive deep into the best annuity news and retirement planning tips and trends.

If you’re new to the annuity fun, we also include handy dandy checklists of every piece of content we created for you last quarter. It’s so easy for you to shop what interests you and head over to **theannuityman.com** and access it all from our website, for free.

You know, I wouldn’t bother coming all the way to your mailbox without something big, right?

Introducing our latest and greatest Income Rider Calculator! We gave it two, count ‘em one, two upgrades. First, the quotes are now instant. KAPOW. And, second, we list the company’s name attached to the rate. KAAAAAPPPPPOW. Who else does it? Naddah, zip, zilch, zero of our competitors do this.

Don’t jet yet.

In Q4, we also leveled up our regular SPIA, DIA, and Income Rider calculators with a second way to calculate your rate. In addition to lump sum, you can now reverse engineer your quote based on the amount you need each month. THAT’S what I’m talkin’ about!

Given’ late-night infomercials
a run for their money,

Stan The Annuity Man

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Top 6 YouTube Videos Q4 2021 Checklist

Below are the most viewed vides from Q4 | 2021. Which videos have you already seen? Stan The Annuity Man® shares the brutally honest truth about all things annuities with no sales pitches on his YouTube channel every Sunday and Wednesday. Use the checklist provided to shop the videos that interest you for retirement planning.

You Own An Annuity For What it WILL DO, Not What It MIGHT DO!

Annuity Scams: Can I Earn 7% on an Annuity | 11.12.21

Is A MYGA A Good, Safe Investment?

How to Adjust for Inflation with a MYGA | 11.10.21

What Is My Income Floor?

Retirement Portfolio Your Secret Weapon is Annuities | 10.3.21

Why Are MYGA Rates Higher Than CD Rates?

Retirement Withdrawal Strategies MYGA | 10.6.21

What's The Best Immediate Annuity Carrier?

Retirement Withdrawal Strategies-SPIAs | 10.20.21

Annuities Are NOT Investments, They Are CONTRACTS!

What Percentage of Your Retirement Portfolio Should be in Annuities 2021 | 12.8.21

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How Annuities Address Social Security And Inflation

Let's talk about how annuities and social security can address inflation, the gorilla in the room, what everyone's talking about.

When it comes to inflation, you need to think about, "Hey, what happens when you need a little bit extra money on that income flow, as I talk about all the time? How do I address that, and how do I look at social security and annuities, and combine those two to hopefully get ahead of inflation?"

Let's start off talking about social security that no politician wants to touch.

Let's start off talking about social security, that, no politician wants to touch. Why? Because people that receive social security payments do something very important to politicians across the fruited plains of this country. Now, what do they do? They vote. If you mess with social security, you aren't going to be in the office too long player, and the politicians know that.

Now, if you have a social security number, you can't say you hate annuities. The people who are out there say, "I don't know, Stan, I hate them." Then you turn to your spouse and go, "Hey, did the social security hit? Did that hit the bank account?" That's an annuity! Social security is the best inflation annuity on the planet.

As you know, social security has this formula, CPIU; and they use this formula to raise, or don't raise, or determine how much they raise. They play with it.

We have to pay for everything as a country. But, I think you're going to

get an increase, and that is good because they're going to increase those payments.

They just can't print money. They're looking primarily at your life expectancy at the time you make the payments.

How do annuities work in conjunction with that? Well, the annuity industry isn't as philanthropic as our government. They just can't print money. They're looking primarily at your life expectancy at the time you make the payments, and with annuities, depending on the types. There's four primary types or strategies with annuities that provide lifetime income, like social security, single premium immediate annuities, deferred income annuities, qualified longevity annuity contracts, and then the fourth isn't an annuity, it's something you can attach called an income rider; but it provides a lifetime income stream. All you need to know about inflation and those four types of annuity strategies that provide lifetime income, is that if you add a cost of living adjustment increase, an increase to the payment, that's what you want to have. We all want that to happen. That makes sense. Nod your head. Annuity companies don't give that away. Typically, they lower that initial payment by 20-30 percent or more, depending on the age at the time you make the payment to make up for that increase. In other words, they don't give it away; they have significant buildings for a reason.

However, that doesn't mean that you can't use annuities to address inflation in addition to your social security. The other thing out there, people that have pensions, if you're a government worker or have a part of a perfect union that set something up for you from a pension standpoint, a lot of those pension payments have increased for inflation already built-in.

The problem is less than 10 percent of us out here in the United States do not have a pension.

A lot of those were done a long time ago, and the assumptions are in your favor, meaning they're going to increase by a lot. The problem is less than 10 percent of us out here in the United States do not have a pension. We have a 401k or 403b, or 457 or some retirement plan for accumulation. Then, the lifetime income stream is called decumulation, because you're getting your money back with interest, but the annuity comes on the hook to pay for as long as you live.

Should I take social security at age 70, or should I take it at age 65?

I got a call the other day, and the guy said, "Hey, should I take social security at age 70, or should I take it at age 65?" Well, just like in the annuity business, I always say there's no perfect answer; just bad sales pitches.

I told him, "Hey, you're going to get a higher payment at age 70 because you're older, which means your life expectancy is less, which means the payments are fewer, which means that you're going to get more income paid,

the higher income level because you're not going to live as long. But that doesn't mean you wait till 70. You have to factor in the payments that you missed. Let's say you turn them on at 65, and you're thinking about it; factor in those 60 months of payments five times 12, five years times 12 months. The 60 months of payments and then how long it will take for you to make up for those payments.

Will the immediate annuity payout be higher five years from now?

Money in the bank. You're getting the money now instead of waiting for later. Does that make sense to you? Again, there's no perfect answer for that. The older you are, the higher the payment, and with annuity lifetime income stream, the same thought process. The older you are, the higher the payment. A guy called me the other day; he said, "Should I wait to buy the immediate annuity? Will the immediate annuity payout be higher five years from now?" Yes, it will be higher. Why? You're going to be older, which means you're going to have less life expectancy, which means there will be fewer payments, which means that the payments will be higher.

I would tell you that when you need more income, you probably need to look at maybe buying a single premium immediate annuity at that time, solving for the income gap you need. Does social security get adjusted for inflation? Yeah, every year, they look at the CPIW, the consumer price index of clerical workers, and the CPIU, which is the consumer price index of urban consumers. It's a lot of nonsense involved there.

There are many details that there are no reason to go into, but the bottom line is that the government looks at that and looks to increase it every year. That's a good thing for you. That's the best inflation annuity on the planet. Will it keep up with inflation? Will it keep up with potential hyperinflation? Maybe, maybe not. That's where annuities on the commercial side, my side, Stan The Annuity Man side, shopping all the carriers, that's when it comes into play.

The only quote that matters is the highest contractual guarantee for your situation.

Just remember, no annuity type is better than any other. It comes down to two questions. What do you want the money to do contractually, and when do you want those contractual guarantees to start? Then we shop all carriers for the highest contractual guarantee. Remember, no quotes are better than the other. The only quote that matters is the highest contractual guarantee for your situation. Annuity quotes change like a gallon of milk. Every 7-10 days, we're quoting pretty much all carriers out there for you to find that highest contractual guarantee. Don't be bamboozled by someone saying, well, this one's the best one for you. That is not the case.

Scan to read the article or watch the video for this article online.

Photo: Shutterstock

How to Buy an Annuity: What Type Of Annuity Is Best

Let's get into it, starting with single premium immediate annuities. That's the grandfather of all annuities; it was developed in Roman times for lifetime income stream, for the dutiful Roman soldiers and their families. That annuity is for the people out there, maybe you, that need an immediate income to start right now. If you say, Stan, I need income to start within a year, that's an immediate annuity. A single premium immediate annuity.

Less than 10% of private companies offer pensions these days.

You can run your quotes on my SPIA calculator and just find out the numbers, and then you can connect with me to do a customized quote. But what is an immediate annuity? It's a transfer of risk pension product. Less than 10 percent of private companies offer pensions these days. The only pensions out there for government workers or some excellent labor unions that set that up with companies for pensions.

You have to create your pension. The best place to go is a single premium immediate annuity.

You have to create your pension. The best place to go is a single premium immediate annuity, if you need income to start within a year. There are no moving parts, no annual fees, no market attachment. It is a transfer risk primarily priced and based on your life expectancy when you take the payment. Interest rates play a secondary role. I'll repeat that, interest rates play a secondary role.

Now, the sister product of an immediate annuity is called a Deferred

Income Annuity, DIA. Same structure, no moving parts, no annual fees, no market attachments. It's a straight transfer risk. It looks just like an immediate annuity, except that if you want to defer past the year, like you want an income to start a year, or two years from now, or three years from now, is a Deferred Income Annuity; and we can quote that.

That's the deferred income annuity, when you need income to start down the road income later. The sister product of the deferred income annuity, which I guess is an offshoot of the immediate annuity, is a Qualified Longevity Annuity Contract, a QLAC. Now that's the newest version of an annuity type. It was introduced in 2014 by our friends at the IRS and the Treasury Department, for use inside of an IRA, a qualified type account for future income with income starting, past age 72. You can defer it as far out as age 85.

Good news about a QLAC is you can attach your spouse or partner.

There are some premium limitation rules; you can only put $145,000 maximum per IRA owner into a qualified longevity annuity contract. But once again, no moving part, no market attachments, no annual fees. It's a straight transfer risk pension product. The good news about a QLAC is you can attach your spouse or partner as a lifetime income joint annuitant at the time of application, even though it's your IRA, which is excellent. I think it's a great way to hedge inflation because you have income starting at a later date.

Another type, multi-year guaranteed annuities, that's the annuity industry version of a CD. The two primary differences between a CD and a multi-year guaranteed annuity are the issuing carrier backs multi-year guaranteed annuities, and there are state guarantee funds that back up that amount to a certain level. CDs have the best backing on the planet, FDIC. By the way, you can use a multi-year guaranteed annuity in an IRA, or a non-IRA, or Roth IRA. But, in a non-IRA setting, multi-year guaranteed annuity interest, grow tax-deferred. Whereas, with a CD in a non-IRA setting, you have to pay taxes on that interest. But if you're looking for principal protection short term, you can buy them as short as one or two years, and go out as far as say ten years.

Typically, people like buying them in the three, four, and five-year duration; it's just like buying a CD. You're locking in an interest rate for a specific period, no moving parts, no annual fees, no market attachments. I love it when people say, well, annuities are expensive. Seriously? I just told you about the first four and now getting ready for the fifth one, with no annual fees. Forget the expense thing; yes, there are some out there that are expensive. Variable annuities can be costly, but we don't sell variable annuities.

"Well, they are expensive." No, they're not. Okay, period.

When people say, "Well, they are expensive." No, they're not. Okay, period. Multi-year guaranteed

annuities are for all of you people out there that are CD buyers that are looking at current CD rates and going, "What the heck, I can't put my money there, that doesn't make any sense." A multi-year guaranteed annuity is an excellent alternative for that, and I'm not saying they're better than CDs, because they're not, and neither one is better than the other. They are different from the standpoint of the taxation, but they work the same. They have an annual interest rate that you're going to get every year for a specific period you choose.

Another product that's getting a lot of play right now is indexed annuities.

Another product that's getting a lot of play right now is indexed annuities. Fixed indexed annuities were developed in 1995 to compete with CD returns. It is not a market product, it is not a security, it is issued at the state level, and you need a life insurance license to sell it. They can get a little convoluted; we can help you with that.

Last but not least, let's talk income riders. We primarily use indexed annuities as an efficient and cost-effective delivery system for income riders.

The income rider can tell you to the penny what your lifetime income will be.

An income rider is an attachment to the indexed annuity that guarantees a future income. In other words, I'm going to buy this indexed annuity, and I'm going to attach this income rider because I need income in nine years, or seven years, or five years, or 13 years, or whatever. The income rider, which is a separate calculation, can tell you to the penny, what your lifetime income will be, for either you and your spouse, partner, or however you want to set it up at the time of application.

What's the best annuity type? There is no best type; that's the reason that you need to know how they all work.

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It's Time for Your Custom Plan

BOOK A CALL ONLINE
Or Call Direct 800.509.6473

The Test to Know When an Annuity is Right for Your Retirement Portfolio

It's impossible for the carriers to regulate what every agent says to get the sale, so you need to make any annuity buying decision based solely on the contractual guarantees of the policy. Annuities are contracts, so own them for what they Will Do. Not Might Do.®

Let's determine if you even need an annuity transfer of risk strategy in your porfolio, and if so, what type.

Start with these 2 questions I ask every client:

1. ***What do you want your money to CONTRACTUALLY do?***
2. ***When do you want those CONTRACTUAL guarantees to start?***

To Help Answer Those Questions Use the P.I.L.L.:

P = Principal Protection
MYGAs (Multi-Year Guarantee Annuities) are the annuity industry's version of a CD. No annual fees. No moving parts. Just a guaranteed annual percentage for a specific period of time.

FIAs (Fixed Index Annuities) also provide full principal protection. FIAs have no annual fees as well if riders are not attached to the policy.

I = Income For Life
Annuities are the only financial product that guarantees a lifetime income stream. That's the unique benefit proposition that set annuities apart from all other financial products. The primary reason people own annuities is for this transfer of risk lifetime income guarantee.

L = Legacy
Life insurance is still the best legacy product on the planet, and that's coming from a person that doesn't sell the product. It's the best return on investment that you will never see, because you will be dead when the ROI is finally calculated. With that being said, many people can't qualify for life insurance or get through the underwriting process. Annuities can be set up to pay directly to your beneficiaries, avoiding probate. Also, you can set up your income annuity so any remaining money goes to your beneficiaries and the insurance company doesn't keep a penny.

L = Long-Term Care/Confinement Care
Traditional long term care is still the best coverage available. But annuity alternatives are gaining in popularity because you retain full control of the money if coverage isn't needed.

What to Do with Your Answers

Next step should be to quote all carriers for the best contractual guarantee for your specific situation. Use our proprietary calculators at theannuityman.com to put in your information and see the best rates.

Too many sales presentations focus on hypothetical, theoretical, projected, back-tested, and hopeful agent return scenarios. Never buy an annuity based on those "unicorns chasing the butterfly" dreams. You are going to own the contractual realities of that annuity policy, so it makes sense to start and finish there with your decision.

When You're Ready to Buy an Annuity

You've answered the questions, read my blogs, watched my videos and even run your own quotes using my calculators . . .now what?

It's time to pull the trigger player.
Go to theannuityman.com and book a one-on-one call with me, Stan The Annuity Man and let's find you the best annuity for your retirement portfolio.

Photo: Shutterstock

How To Find The Best MYGA Annuity Rates

So here's a few things about MYGAs that you need to know to shop efficiently. Most people hate annuities, right? This is crazy because annuities are contracts. Getting down to what we are talking about today, MYGAs and CDs are virtually the same product. The MYGAs are the annuity industry's version of a CD, and they both have a guaranteed percentage that they pay for a specific period.

What makes one better than the other?

What makes one better than the other? Well, CDs are backed by the FDIC. State guaranty funds back MYGAs. In my opinion, FDIC is the best coverage because F stands for federal. F stands for; they're going to tax you to get the money if they need it. In a non-IRA setting, the percentage grows tax-deferred. And that's what separates CDs from MYGAs. Inside of an IRA it's the same thing. You're just going to get a guaranteed interest rate inside of an IRA. Any money coming out is taxed at ordinary income levels, so you're buying for the guarantee. But outside of an IRA in a non-qualified account, this percentage grows tax-deferred. Now that's fantastic. You do have to pay taxes when you take the money out. But a lot of people just want a guaranteed interest rate. They want no annual fees. They just want the best rate out there for the specific situation, and they don't want to pay taxes with their non-qualified money. MYGAs are the way to go.

So let's talk about a fixed-rate portfolio. I have an example based on a client who called in the other day and had a lot of money. He had half a million dollars that he wanted to put into CDs or MYGAs; he couldn't decide which

one. I don't sell CDs, but CDs are great products. I'm Stan the Annuity Man, not Stan the CD Man. Anyways, nobody can time rates, correct? Nod your head. So in this example, and many others, the best thing to do is A, not lock in the long term, and B, ladder the portfolio. So we would go one year, two years, three years, four years, five years. That means you're going to have money maturing and coming due every year, starting at year one; which is good because then we can transfer to hopefully a higher rate.

CDs are the highest rates out there for the shorter term.

The reality of CDs and MYGAs is that CDs are the highest rates out there for the shorter term. So with this client, what we did was create a $100,000 one-year CD because it had beat everything that MYGAs had out there.

Then we put $100,000 in a MYGA with company A, $100,000 in a MYGA with company B, and $100,000 in another MYGA with company C. Now, why did I put company B and company C?

Then all three of these were covered under the state guarantee fund.

The reason is under the state guaranty fund limits; they back policies per company, per owner. So if you're with company A and company B and company C and within his state, there was a $250,000 limit on the state guarantee fund. Then all three of these were covered under the state guarantee fund. And then the two CDs were covered under FDIC, right? So what did I do? I said, hey, let's ladder the portfolio; we're not going to time the rates. You then have protection with the FDIC on both CDs and state guaranty funds protection on the MYGAs. Plus, then you've laddered the portfolio where you have a guaranteed rate for all of these, but it's a combination CD and MYGA. I love it when a retirement plan comes together.

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3.25%
LIVE MYGA RATE FEED
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SPIA Calculator: Two Ways To Find The Best Quote

Today's topic is SPIA calculator and two ways to find the best quote. We're going to go through where you go to run your own quotes, and I'm going to talk about the two best ways to find the highest contractual guarantees for your specific situation.

That's a really good way to buy an immediate annuity.

There's two ways to use an SPIA calculator. There's two ways to use a SPIA (Single Premium Immediate Annuity) calculator. The first way is to put in a lump sum. Let's just say, $100,000 pays for my life, or for my life and my partner's life. Single life or joint life, you can put it in a lump sum. The other way is to reverse engineer the quote. Instead of saying, "Hey, I've got this lump sum amount," you go back and say, "Hey, I have a need for $500 a month." That's what I want to solve for and I want to quote all carriers to find that $500 a month using the least amount of money.

That's a really good way to buy an immediate annuity. Once again, lump sum, or you can solve for that dollar amount to pay out monthly and you can choose when that income is going to start. By the way, remember this, you can use IRA money, you can use Roth IRA money, or you can use non-IRA money when using the SPIA calculator.

Let's talk about going to theannuityman.com and use of my proprietary SPIA calculators, which are the best in the business. We put pretty much every single carrier out there for the highest contractual guarantee.

Remember, privacy is guaranteed. When you put any information, no

worries there. What happens when you put in the information? What type of information do you need to put in? First thing you need, you need your first and last name. You need your email. You need your state of residence, that's key. You need your date of birth. You need to put in your gender, male or female. You need to put in the source of the type of funds, IRA, non-IRA. Then you need to put in the deposit amount, and how much you want to put in. In this case, we're doing a lump sum amount, and when you want the income to start. Last thing, you need to put if it's single or joint life.

Now, once you do that and hit the button for the calculator on my site, what's going to pop up on your screen? It's going to pop up the numbers, the highest contractual guarantees for your specific situation, which is a good thing. We quote two structures, life only, which is the highest payout for your specific situation, or joint life only, and then life with cash refund or joint life with cash refund. Remember, you had to put in single life or joint life in the information.

Now, yes, you can have a myriad of different quotes. Life with installment refund, life of periods certain, survivorship percentages, etc. If you want to go deep and dig in like that, please, at the site the top left-hand corner, hit book a call, schedule a call with me and let me run those customized quotes for you, so we can have a discussion on how you want to customize the quotes.

Now, you've entered your information into the calculator. You've got the numbers popping up on the screen, so you're going to see that. But remember you put in your email address as well, as part of the information. You're also going to get an email that comes into your inbox. By the way, check your spam or junk file if you don't see it in, your inbox. You will receive an email and there's going to be a link there.

Remember that the SPIA calculator provides immediate results.

Obviously, the claims paying ability of the carrier is a big determinant of who I'm going to recommend and who you're going to go with. But initially, the first step is to run the quote and see the highest contractual guarantees for your specific situation.

Remember that the SPIA calculator provides immediate results, real-time results from multiple carriers. Also remember this, single premium immediate annuity quotes when you're using the SPIA calculator is like a gallon of milk. Say "Wait a minute. What do you mean by gallon of milk?" Well, every 7-10 days a gallon of milk goes bad so do SPIA quotes.

That's not some sales pitch that you have to buy. But if you want to lock in a guarantee, here's the way it works. Let's just say you run the quotes and you say, "Wait, I like XYZ company." You give me a call or your email and say Stan, this is the one I want. What we'll do is we'll run that quote on that carriers paper and lock that in, and then going through the application process, whether it's IRA money,

non-IRA money, or Roth IRA money, it doesn't matter.That guarantee is in place, and then we will coordinate the funding through the application of the paperwork to fund that guarantee. That's how it works.

Do not fall in love with the carrier name, even though they might have a really good commercial. Fall in love with a contractual guarantee.

A long time ago when CD rates were high and you drove down the road and there's a bank on both sides of the road and the one on the right-hand side had a higher percentage guarantee than the other one, for the same CD. You said, "Well, how's that possible?" That one bank is trying to attract money. Same thing in the single premium immediate annuity world. As soon as they hit that amount that they wanted to attract, whether it's a billion, or two billion, or three billion, whatever that amount is, then they lower the guarantees so that it's not as attractive, because they don't need money for that age group.

That's the reason that one month XYZ company is going be the highest, the next month it might finish 10th. That doesn't mean it's good or bad. That means that they're not trying to raise money for your specific age. Once again, and I tell people this all the time, do not fall in love with the carrier name, even though they might have a really good commercial. Fall in love with a contractual guarantee. Then me and you will talk at the very end of the process about the claims paying ability of the carrier. And I have a responsibility as Stan The Annuity Man, America's Annuity Agent, to tell you if you do not need to put your money with that carrier.

I encourage you to use my SPIA calculator. There are no minimums on the number of quotes. You can run quotes all day long. Seriously, use it to see what those contractual guarantees are. Remember, the pricing is based primarily on your life expectancy at the time you take the payment, interest rates play a secondary role.

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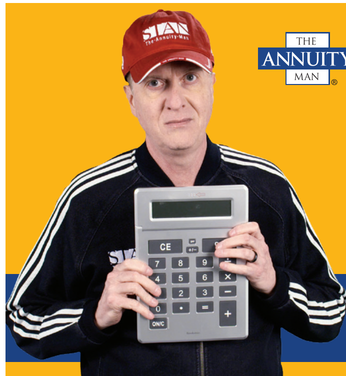

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Fun With Annuities® Podcast Q4 2021 Checklist

Which episodes from Q4 | 2021 have you already seen? Stan The Annuity Man® with these industry leaders share info and insights you need for retirement portfolio planning. For co-host bios, and links to video/podcast interviews, visit theannuityman.com/podcast.

077 Dan Prescher: ***No U-Hauls Behind Hearses*** ☐

078 Wade Pfau: ***Retirement Income Style Awareness*** ☐

079 Loren Feldman: ***Transition to Retirement as a Life Entrepreneur*** ☐

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Retirement Income Style Awareness

Fun With Annuities® Podcast: Stan The Annuity Man with Co-Host Wade Pfau

This is an excerpt from the podcast. Go to the website for Wade's bio and to watch/listen to the complete podcast episode #78.

Welcome to Fun With Annuities co-host Wade Pfau. Tell us, who is Wade Pfau the person?

Well, I was born in Michigan, raised mostly in Iowa. I became interested in economics and that really became my focus in grad school. I moved to Japan and I worked as an economics professor in Japan, mostly on pension systems in developing market countries. But I wanted to move back to the US and I started trying to find a way to be marketable and just stumbled into financial and retirement planning. My background, in that regard, I'm more from the investments world, I was studying for the CFA designation as a part of wanting to move back to the US and just really steeped in building a low-cost index investment strategy. But then as I looked at the retirement planning, the first article I did with that overseas experience, I'd heard about this four percent rule of thumb. It's from the investment world. It's a baseline of building a retirement strategy. You build a portfolio of 50-75 percent stocks, you start taking distributions of four percent of the account balance at retirement, and just keep doing that with inflation adjustments, that amount that you take out, and your money should last. I had data on 20 different countries and I was curious because that rule of thumb is based on US data. I found that it did work historically in the US and Canada, but in the other 18 countries, it did not work. The mileage varies in terms of the international experience. People think it worked 100 percent of the time in the US, it worked about two-thirds of the time when we look at that in aggregate across the world.

That really led me down a path of thinking maybe investments aren't always the right solution in every circumstance for building a retirement strategy. I didn't have any background in insurance or annuities, but

people started saying, "Well, hey, if you know that there can be issues with investments, why don't you have a look at annuities?" That's what then led me down that path of looking more in-depth and starting to then recognize too, that we really have completely different viewpoints out there in terms of people can ask basic questions about retirement and get completely opposite answers. Either approach can be valid, it really is what works for you as an individual. But certainly I came to see through doing simulations and so forth, that annuities definitely have a strong case that can be made for them in terms of providing a tool to help sustain retirement spending over a potentially very long retirement. Then just being agnostic and considering all the different approaches to retirement income and certainly then seeing the value of annuities and insurance as part of that.

The fork in the road was the four percent rule?

Yeah. Because I didn't know a lot about financial planning. In academics, it's a new field. The first PhD program in financial planning began at Texas Tech University in the year 2000. Well, I was in grad school around that time, but it wasn't even on my horizon. That's starting to look at how this practitioner-based approach to retirement work works and then seeing the four percent rule going down that path was just looking at it with international data.

That led me down this path of more generally seeing issues. Because some people will challenge that international data and say well, we live in the US, assuming that's true, we invest in the US. It doesn't really matter. If Bill Bengen, the creator of the four percent rule had been Italian, and he was looking at Italian stocks and Italian bonds, the four percent rule only worked about 25 percent of the time, historically, not 100 percent of the time. But the argument would be, who cares about that? We live in the US, we have US data. This can start getting philosophical.

But I think because there's so much uncertainty in financial markets, there's value at looking at a broader international experience. But then that just opened so many other doors too, like now interest rates are lower than they ever were in that historical data that gave us the four percent rule. That's huge in a mathematical certainty, if interest rates are low, bond yields or bond returns will be low, and you can't spend as much from a bond portfolio. We see the same issue with the stock market and so forth. I just developed all these concerns that just having everyone go into retirement with 50-75 percent stocks and having the viewpoint that it will be fine because US historical data showed that it worked. I didn't think that was going to be for everyone. That was really the starting point from that.

What's your definition of a person's retirement success?

It doesn't have to mean just not working. It's really having the financial independence to do what you want and to be who you want to be. If that involves working, that's fine. You can still be retired, but you're not driven by the need for income necessarily from work. You have other assets that can do that for you. It's really about finding your passion and your purpose and feeling comfortable that you have a plan that will last for you.

A lot of people are worried about market volatility, they're worried, "What if I lived to 95 or 100?" Having a plan in place that

gives you the comfort that you will be protected in that type of circumstance and having then the comfort to really take advantage of your retirement, to fulfill your purpose and your passion and do what really motivates you and makes you happy and gets you up in the morning, I think that's a big part of it.

Why having a personal retirement income style is important and what those are?

Absolutely. They call it RISA, for retirement income style awareness. It means smile in Spanish. It's really been something that is percolating for a long time. For some people retirement strategy is this let's invest the total return investing strategy, 50-75 percent top stocks take distributions. That's one kind of strategy.

Another one it's called either time segmentation or bucketing, which is where we think about, let's build bonds and use bonds to cover our short-term expenses and then that gives us a window where we can invest the rest in the stock market and if the market goes down, we have this time to wait for the recovery and hopefully have our stocks recover before we have to sell them. That's another kind of retirement strategy. Then we have the different kinds of essential versus discretionary, or it goes by different names like flooring. But it's thinking about, for my core retirement expenses, I may not be comfortable taking a lot of market risks, so that's where an annuity can play a role. You have social security, and then if you still want to have some additional protected income, different types of annuities can fill that role. That's of course simple kinds of income annuities, and then possibly the different types of deferred annuities with the living benefits that give you the protected income, also with some upside potential and having liquidity so you can still get access to those funds. You're not signing away that money forever necessarily.

The styles are do I want to take that total return investing strategy, do I want a bucketing strategy, or do I want a strategy where I build a floor of reliable income through an annuity? In the past, we've never really had a way to help guide people towards one of those strategies or to understand what's best for them. It's so many different speakers. Whether it's the consumer media, financial advisors who may have websites or radio shows, or some finance bloggers, they have a particular style in mind that they tend to think works best for everyone.

That can lead to a lot of mismatching or failed plans, or people doing something and then later doing something different. With Alex Murguia as a part of a retirement researcher, we did this study of could we figure out how to ask people questions in a way that will help guide them towards a style that resonates with them, that works with them. Because at the end of today, an annuity is not right for everyone, but it's going to be right for some people. Also, a total return investment strategy is not going to be right for everyone, but it's going to be right for some people. We need to figure out what works for who. In the process of doing that study, we were able to identify really there's six factors that help to explain a style. Now two of them are the most important. The other four are helping to tell the story. But the most important ideas are, we call it probability-based or safety first. Am I comfortable relying on the stock market to fund my retirement, or would I prefer some contractual protection to help support my retirement?

Then the other big factor is optionality versus commitment. Do I want to keep my options open as much as possible to make any change that I want to or am I more comfortable committing to a strategy that I know will work, that I can check it off my list? I don't have to be as worried about it at that point and just enjoy my retirement. I can give up some of the potential flexibility because I know I have a strategy that will work. Then when you look at those combinations, it's what really shocked us when we were doing that was how well they fit into our existing retirement strategies, and how well even the stories behind those strategies make sense. People who are probability-based relying on market growth also, there is a correlation with they also tend to be more optionality focus. They want to keep their options open. That's a total return investing strategy, rely on market growth, keep your options open. Then the other big one though would be the opposite of that. Someone who's more safety first wanting contractual protections and is more comfortable committing to a strategy.

We call that the income protection style. That's the world of really looking at simple income annuities, building a lifetime income floor, having that reliable income, and then using the investments on top of that for discretion, for more discretionary types of expenses but having that secured lifetime protected income floor to cover your basics. Those are the two core strategies. This is where it's really interesting. Something like time segmentation, it's more of a behavioral strategy in that it's not really rational, but it was designed to help provide for certain concerns that don't necessarily correlate with each other. Those were somebody who wants contractual protections but also wants a lot of optionality. If you're going to sign a contract, you don't really think you're going to get a lot of optionality, but that's what that bucketing strategy does. I use individual bonds to get contractual protections for the short term. It's not giving me any lifetime income, but then I have that growth portfolio to cover me over the long term and I keep all that optionality for that growth portfolio. Then the other one, as you know, since the 1990s, we've developed this entire universe of deferred annuities with the living benefits. We call that risk wrap. It's people who are more comfortable with market growth but also want to have more commitment to a strategy and to really flesh that out too with some of the secondary factors. They're more worried about outliving their wealth so they want to more backload or protect their future spending.

They're thinking in terms of the technical liquidity of the asset. An important aspect of retirement is you have to match assets to their expenses. Even though a brokerage account is liquid, it may not be truly liquid if you've earmarked it to cover your future spending. That mindset is the same with an annuity, where technically it's liquid but you're earmarking that asset to cover the future spending. With all these characteristics, that's describing a deferred annuity with a living benefit.

Now we can really understand based on how someone ranks with these two primary factors. Now we have a starting point for a discussion, are you going to resonate better with a total return investing strategy? Are you going to resonate better with an income protection strategy that builds out lifetime protected income floor with an annuity? Are you someone who might think more in terms of the deferred annuity so you can combine the protection with the upside potential and the same

annuity product? Are you someone who likes the bucketing approach; that resonates with you that you feel comfortable with the idea that if I can just hold onto my stocks for long enough, it should go up before I actually have to tap into them? That becomes a starting point for the conversation that now we know which strategy resonates with you and how can we then best serve that strategy and get you a strategy that will work for you.

How can people find the right plan for their specific situation?

Right. There's variation with annuities. I know from reading your work that you're very focused on looking at just what is the minimum downside guarantee. The upside potential may or may not happen. Definitely don't count on it. Certainly, that's a very valid view. But I think then, of course, those annuities with that upside potential are still popular. It's more that how I view that with the retirement income style awareness, the more you lean towards this safety first side and this is all you're on the commitment side already.

The more you lean towards safety first, the more you emphasize the downside protection so the single premium immediate annuity, the deferred income annuities, the fixed index annuity, that sort of thing. Then as you shift, you're still in the commitment part, but as you shift to the probability-based side, that's where you may be open to the variable annuity that might have less downside guaranteed protection. But as a trade-off gives you more upside potential that, of course, may or may not happen.

But you're more comfortable then rolling the dice, thinking you will get at some of that upside potential. Because you're more comfortable relying on market growth. On average, we certainly think the stock market will outperform the bond market. It's just we never know anyone's retirement if that's actually going to happen for them the way they're hoping.

Let's talk about the long-term care, Medicare, Medicaid portion of retirement because most advisors don't talk about that.

Sure. When it comes to long-term care, there's really four ways you can think about funding long-term care. You can build up additional reserves to try to self-fund that I just say, okay, I'm going to earmark or say I want this much additional money as part of my retirement assets before I'm comfortable retiring, just in case I experience some long-term care event in the future. That would be self-funding. A lot of Americans don't really have enough financial assets to self-fund their long-term care should they experience a need to spend several years living in a nursing home or other institutional setting. That's where Medicaid can step in. That's not Medicare because Medicare does not cover long-term care.

There's a whole lot of rules around it, but effectively once I spent down my assets in income then Medicaid will help to pick up bills for long-term care expenses. If I'm somewhere in the middle, or even if I could potentially self-fund, but I can see the value of thinking ahead about the inheritance I'm going to leave. Not wanting I can see the value of thinking ahead about the inheritance I'm going to leave. Not wanting to be worried about whether I get care because I'm worried I'm spending the child's inheritance or something, long-term care insurance can step into the picture.

There's the traditional long-term care insurance, which has made a lot of people uncomfortable because there's a lot of aspects of it that are challenging in terms of rising premiums and lapsing with the policies where you're no longer holding it when you actually needed it and so forth. But then now we're seeing more and more growth with they're called hybrid. It doesn't have a clear name, different types of hybrid products. I don't know a lot about the different hybrid annuity products, but more so on the life insurance side that you can have permanent life insurance that either allows you to spend down the death benefit of the insurance for a long-term care need or may even go above and beyond that. First, you would spend down the death benefit portion. But then you might have an additional continuation of benefit rider to support additional long-term care. Those are the four basic options; self-fund, Medicaid, traditional insurance, and hybrid life insurance/ long-term care, or annuity/ long-term care.

Your second book blew me away. At the time you wrote it, reverse mortgages was the wild west and it might still be. People are sitting on a big asset, which is their home. Can you dig into that?

Sure, and it's really the same story as annuities in terms of the consumer perception, which isn't always incredibly positive. I do get a lot of tomatoes thrown at me, but it's the same story though. It's about retirement planning, risk changes in retirement. People now have to support their lifestyle over an unknown period. They don't know whether they'll live five more years or 45 more years. I guess depends on their retirement age. But they don't know how long they're going to live, and then the market volatility and the way they thought about investing changes when they start to spend from their assets. There is this idea called sequence of returns risk. That if you're spending from your investments and the market goes down, you have to sell a bigger percentage of what's left to meet your spending need. That digs a hole for the portfolio that can be very difficult to dig yourself back out of. The way people think about investing when they're saving for retirement, that volatility we experience with investing really gets amplified in retirement. When the markets are down if I can spend from my reverse mortgage line of credit, that will give me a bridge or a buffer to allow more time for my portfolio to recover. I've found that really does help manage sequence of returns risk.

Reverse mortgages can be expensive to set up it's true, but in the long run, what I find is, you can increase the chances that your financial plan will work and it doesn't really eat into your legacy in the long term. The two metrics are, will I meet my spending goals in retirement and how much money will I have at the end. The reverse mortgage, you're borrowing from your home equity, but you're better protecting your other assets so that at the end, your other assets plus your home equity, plus your home value, minus the loan that is due on the reverse mortgage, can be higher than if you just simply didn't. If you just simply wait until everything else has failed and then open reverse mortgage, that doesn't work as well as setting it up earlier.

You become eligible at age 62 and so setting it up earlier, once you're in a home that you think you will stay in and continue to live in, the secret sauce is this idea of a growing line of credit. It's an extra special advantage of reverse mortgages that really

help to explain why setting it up early and letting that line of credit start to grow and it's a non-recourse loan. This is where doing the research about it is interesting. Even if the loan balance grows to be higher than the value of the home, you're not forced to pay back more than 95 percent of the appraised value of the home at the time the loan becomes due and you're paying. The reason why we talk about reverse mortgage as being expensive, it's primarily the mortgage insurance premiums that you're paying as a part of that.

One of the benefits it provides you is the protection of this, that it's a non-recourse loan, you don't have to pay back more than the home is worth. When you build that into the simulations about retirement too, it's a really powerful strategy, just like an annuity. It's a way to help manage these retirement risks. People aren't always thinking about because they're used to the accumulation, pre-retirement investing and not to what happens post-retirement. It speaks to why a reverse mortgage can help, or why an annuity can help, and why you really have to think more holistically about all the household assets and not just get too focused on one investing strategy alone.

You're saying at age 62, you should at least be thinking about one?

Yeah, it's definitely worth having a look at it and if you are planning to move in the next couple of years, it's probably worth waiting until you're in a home that you anticipate staying in because there's a large upfront cost to set it up. It works better if you're planning to stay in the home a long time. Then also for couples, if you're close to the same age, you have to be at least 62 to be a borrower on the loan so there could be value to waiting until both individuals reach age 62 first. But then yes absolutely, even as a part of a responsible retirement income plan. Even if you have a sufficient amount of assets that you're unlikely to run out of money, the reverse mortgage can still help to improve your outcomes so that you can meet your spending goals. But also then in the end, leave a larger legacy behind as well by being more strategic in how you approach the retirement planning process.

If you were going to explain setting up a reverse mortgage, how would you explain that?

When you set it up and if you set it up around age 62 based on where interest rates are right now, you get access to about 40-50 percent of the home value. That then becomes a line of credit that will grow over time throughout your retirement and you can just spend from it as you wish and it's proceeds from a loan, so it's not taxable income. Also that can help with some tax management strategies too, where if you're going to go into a higher tax bracket, you might tap into the reverse mortgage as a spending source that won't push you into the higher tax bracket and so forth. But it's a way to just create liquidity for your home equity so that you can also spend just like you spend from your investment portfolio, you can also spend from your reverse mortgage and balance those or coordinate them in a way that like when the stock market is doing well, go ahead and spend from your investment portfolio. But if the stock market has a downturn, maybe tap into the reverse mortgage that year. By being able to better manage that, it's just helping you better manage the overall retirement situation and better manage the sequence of returns risks.

This idea that a market downturn can impact you more in retirement if you're

forced to continue spending from the declining investment portfolio in those circumstances.

When you say growth, what does that mean?

Probably everyone can understand that if I borrow money, the loan balance will grow. The cool planning aspect of the reverse mortgage and I think it was an unintended consequence. The assumption was if you open a reverse mortgage you're probably borrowing from it and so then this growth would just be the growth of your loan balance. The cool planning aspect of the reverse mortgage is you can open it up, but you have to keep like a $50 balance at least or maybe $100 with some company. You have to have some minimal balance otherwise you don't have to borrow from it.

You have this principle limit, which is what you borrowed plus what's leftover in the line of credit and that's the thing that's really growing at some rate over time. If you open it and you don't borrow from it, your line of credit is growing like the loan balance would've been growing.

That's what grows. Then later you have more line of credit that you can tap into at some point. Something happened with Social Security, that then happened with reverse mortgages. In the early 2010s, people figured out all these cool planning strategies where you could get extra spousal benefits out of Social Security. Then the government shut that down and started phasing it out in 2015. Well, this line of credit growth was amazing, I had written an article, probably in 2015, about how there's like a 50 percent chance that line of credit could be worth more than the value of the home in about 20 years. Then in 2017, the government caught up and changed some of the parameters around that. Everything I'm talking about is still true, it's just not as shockingly amazing as it was pre-2017. There's a second edition of my reverse mortgage book because I had to entirely rewrite it after that 2017 change. But everything I'm talking about right now is thinking more in terms of the current rules, which is still, it's not as likely that line of credit will grow to be worth more than the home. But it does grow and it does speak to the value of opening it sooner and letting that line of credit grow, rather than waiting until later and opening it and missing the line of credit growth during that period.

Has there been good reception from people to reverse mortgages?

Well, more people are becoming open to it. But I think, it's almost like a universal misconception that you somehow handover the home to the bank when you initiate the reverse mortgage. We're talking about more than 90 percent of reverse mortgages are the Home Equity Conversion Mortgage Program. It's administered through the government, there's a whole set of rules and no one ever handed over the title to their homes. I think everyone just starts from that misconception, and that makes it a struggle from the very beginning because it does require taking some time to understand how it actually works.

You're doing a good job of giving them validity, and I'm hoping that people will hear you. Let's talk risk pooling from the standpoint of life insurance and annuities.

Sure. We had traditional company pensions, especially in the post-war era in the United States. You work for 30 years and then 60 percent of your, I mean,

however it works, but like 60 percent of your salary gets replaced and it lasts for the rest of your lifetime. That traditional company pension pools both market risk and longevity risk. What that just means is, I'm not taking any risk about what the financial markets are going to do or how long I'm going to live.

My employer is taking that risk. Over time, they're going to be investing to pay these payments to me, but they can't because different workers are starting their careers and ending their careers at different times. The employer can focus more on providing a pension that matches the average market return over time. Then also they know as well some people will not live very long in retirement, other people will live longer. If I'm trying to manage that risk on my own, I have to be worried. Well, what if I retire when markets go down?

Then it's good that I live a long time, and it's a lot more expensive for me to fund my retirement. Well, the employer could pool that risk because they can pay everyone the pension based on an average lifetime. It's like your pensions based on, you'll get an average market return and live in average length of time. It doesn't really matter what happens in your individual circumstance, you're protected. Even if you had been investing that money in your own, you would have got really poor returns and you end up living a really long time and you can't afford to pay for the retirement.

The employer took on all that risk. But that traditional company pension, for most people, I mean, they, they still exist, but they're much rarer these days. An annuity is a way to build that pension on your own through an insurance company, where the insurance company will pool that risk, and especially that it's the longevity risk. If I'm 65 years old, I might live to 68, I might live to 98, I don't know. I have to worry, what if I am worried about this, that plan more, what if I do live to 98 and then I have to spend less to stretch that money out for longer. The insurance company though, has the actuaries who are figuring out. Well, if the average person lives to 86, then I can pay everyone who buys that annuity a higher level of payment because I can pay everyone like they're going to live to 86. Then for those who end up not living as long, that money doesn't go to the insurance company, it goes to the other members of that risk pool who live longer.

If you live a long time, it's great from the perspective of you've got your money's worth out of the annuity. But given that people don't know in advance which group they're gonna fall in, it helps to raise the standard of living for everyone in the risk pool, because everyone can now spend, like they're going to live to 86 or just however the life expectancy, rather than being worried, well, what if I am the one who makes it to 95 or beyond? I can enjoy a much higher standard of living because I pool that risk to the insurance rather than accepting and taking on that risk and being forced to spend less as the only method I have to manage that type of risk.

What are the non-financial items you would like people to focus on?

I had to do some background reading on that when I was writing the chapter in the book about the non-financial aspects. But they're as important as the financial aspects, and maybe even more important, because at the end of the day, people can adjust to their finances. Even if it's just a Social Security benefit, in the end, people can adapt. But then the non-financial

aspects are a lot harder to adapt to. A rule of thumb is, you want to have something that you're retiring to rather than something that you're retiring from. You don't want to retire because you hate your job. You want to retire because you have something else you'd rather be doing that will give you purpose and passion.

Wait. Repeat that again.

Yeah, it's that you want to retire to something and not retire from something.

We can think about work that provides us income, but it does a lot more than that. Other aspects or other positive life experiences we get through work. It's a source of social engagement, friendship, camaraderie. It's a structure for the day. I know I have these hours of the day, I'm going to work, a routine and structure that can be important to some people.

It's a sense of identity for some people. When someone asks who you are, if your response is your career, like I am an accountant or I am a lawyer, that can be a big part of your identity. Retirement can take away that identity and also people can feel like they're valuable contributors to society through their work. Therefore, if they don't have a replacement for that, they might also then have less of a sense of self-worth when they don't have that career as part of who they are. Working provides all these positive attributes that need to be replaced as part of retirement. That's a big aspect of the non-financial side of how are you going to spend your days, how are you going to continue to maintain social engagement. If you don't have anything that forces you to get out of the house, it can become a hurdle for you, and you're going to be spending more time potentially with a partner or a spouse. What are you going to do together as a couple? What will you do separately? How will you manage the extra eight hours of the day that you're spending together that you weren't necessarily used to doing? Especially now that the children have grown, you don't have that child-rearing as the source of what you're talking about or what you're doing together as well. That's a nutshell of the non-financial aspects. The things that are really important to be thinking about. Also health, taking care of your health and mental health, and just the risk of people becoming depressed when they leave work because they're just losing all these benefits of work above and beyond the income that can lead to negative feedback loops. It's just important to really be thinking about and to prepare for what's going to give you purpose and passion and make you have that retirement that you really want to have, and not just fall into the inertia of the days just wasting away. A lot of people will have a honeymoon period at the start of retirement that could last a month or a year even. But at some point, sitting on the couch all day or going golfing every day, there's got to be something else to really sustain a successful happy retirement experience.

Wade Pfau, the truth thought leader in the industry, an icon, as you can tell by just listening to him. Any last thoughts before we close this thing out?

No. I've admired your work for a long time and it's a pleasure to talk with you about it. Thank you.

Scan to read the article or watch the video for this article online.

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The Tax Advantages of Owning a QLAC

In a perfect world, QLACs would be the number one selling product in the country when it comes to annuities.

Less than 10% of private companies offer pensions.

In 2014, the Federal Government introduced the product to encourage people to add another component of the income floor to their lives. The income floor is that income stream that comes in every single month. If you have a pension, by the way, pensions are an annuity, which is fantastic. The problem with that is, less than 10% of private companies offer pensions. If you work for the government or some good union, they have a pension, but most people don't have access to one. They also wanted to remind people that social security was never meant to be the primary retirement income source.

So, the treasury department and the IRS are both our friends. They said, "Hey, with your traditional IRA, you can buy a QLAC with that money." And some employer-sponsored plans are offering them now, but most people buying them have traditional IRAs, not Roth IRAs. You can put money into a QLAC to provide a lifetime income stream in the future. And in addition, you can add your spouse or partner as a joint lifetime income recipient as well.

You can structure a QLAC so that 100% of any unused money goes to the beneficiaries. In addition, the amount of money in a QLAC is not used to calculate your distribution requirement. So you can save some taxes. Does that sound too good to be true? No. Because it's not. It's a contract. The downsides and the limitations of QLAC are that there are no market attachments and no market

growth. To me, boring is good. Why? Because you own an annuity for what it will do, not what it might do.

QLACs were put on the planet for a lifetime income. They're not put on the planet from market growth.

For example, if you have an IRA and your spouse has an IRA, the rules apply to both, which is that you can use the lesser of 25% of your overall IRA qualified assets or $145,000. So let's just land on the $145,000. If you put money into a QLAC and have a $1 million IRA, you can put $145,000 into a QLAC. And if your spouse has a $1 million IRA, congratulations to both of you; you're both millionaires, but she can put, or he can put $145,000 in that QLAC as well.

The cool part about it is you can set it up either single life, joint life, or communal life with your spouse. Disclaimer, I'm not a tax lawyer, I'm not a CPA. If you're talking taxes, you need to go to those people. And we work directly with CPAs and tax lawyers to ensure that everything's working together with your overall plan and QLACs being part of that overall plan. Again, you have to understand that QLACs were put on the planet for a lifetime income. They're not put on the planet for market growth. They're not put on the planet for liquidity or long-term care. These are pension products with your IRA.

Now, the rules are that you can start as soon as age 72 and push it out as far as age 85. You don't have to go as far out as age 85. You could say, "Okay, out of the $145,000, let's buy three contracts and have income start at 75, 80, and 85." Why? Because that's the only way to address inflation using an annuity. You can also put a cost of living adjustment increase with some annuities or with a QLAC.

The IRS and the department of treasury raise that limit on what you can put in. So, there are some tax advantages.

So when you go take your requirement of distributions from your IRA when you turn 72, that QLAC, that $145,000, is not part of your calculation. So, if you have nonannuity assets in your IRA, you'll have to take the requirement of distributions from those, but you do not have to include the $145,000 as part of that calculation. Remember the rules: it's the lesser of 25% of your total IRA assets or $145,000 at the time of this blog; It keeps rising every year or so. The IRS and the department of treasury raise that limit on what you can put in. So, there are some tax advantages. There's a potential that your RMD taxes will be less because you do not include that $145,000.

The other thing you have to look at from a tax savings standpoint is when you start the income from a QLAC, they're going to base that income stream primarily on your life expectancy or life expectancies if joint with a spouse at the time you make the payment. Interest rates play a secondary role. So you're going to get that income stream coming from that $145,000, and you'll have to pay taxes

just on the income stream you get.

The IRS is pretty clever, and they're watching the investment world.

So, let's just say, $145,000 is what you put into the QLAC, and your income stream from that coming out of your IRA is, say, $2,000, okay. Let's say it's $2,000 a month. You're only going to pay taxes on that $2,000 per month when it comes out of your IRA as it's being paid as income to you. You don't have to pay taxes on the $145,000. So you're lengthening out that tax liability of the $145,000 which is also very cool. You have to be careful out there in the hinterlands of the internet and sales pitches and bad chicken dinner seminars that talk about tax-free this and all these tax advantages of things. The IRS is pretty clever, and they're watching the investment world with QLACs because the IRS helped introduce them to the treasury department. There's no gray area.

I mean, all the rules with QLACs apply, and that is legal. I just encourage you to be very careful of anyone out there who says they have found a tax loophole that they found. They have not found it. QLAC is a legal tax strategy approved by the IRS and the treasury department that you can take advantage of in your retirement portfolio.

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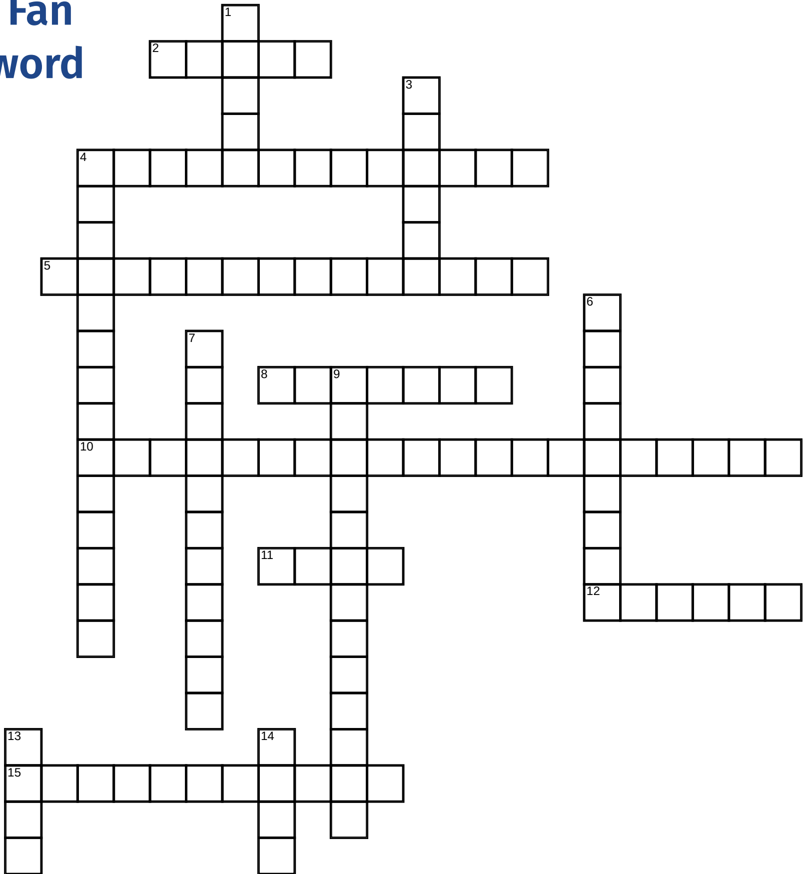


Down

1 How many total books has Stan written?
3 Who is Chester's wife?
4 #1 Annuity on the planet
6 Annuities are not investments, they are
7 What can you use for free on Stan's website?
9 What should be the Annuity slogan?
13 How many annuity types does Stan sell?
14 What is a four letter acronym Stan uses?

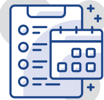
Across

2 Live in the reality not the
4 At the time you take the payments, interest rates play a
5 Annuity payments are primarily based on
8 Will do. Not
10 You should look for an annuity with the highest
11 Who's Stan's CEO?
12 Own the steak not the
15 Optional feature you can use with deferred annuities

Answers: stantheannuityman.com/crosswordw2022

How the Annuity Buying Process Works with The Annuity Man®

1. You receive quotes & books and talk to The Annuity Man® about our strategies



2. You make the decision on your terms and time frame

3. You decide to move forward and set a paperwork phone appointment

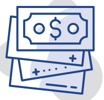
4. You speak with The Annuity Man® Client Services Staff to complete the application

5. You receive the application and product information for review

6. You sign the annuity application and send it back to The Annuity Man®

7. The Annuity Man® reviews the application and submits it to the carrier

8. You are updated on the process via email



9. Money is applied *(check or transfer)* to the policy and the contract is sent to us for review

10. The Annuity Man® sends you the policy via UPS 2nd Day Air

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