Retirement Income Simplified for Americans

Your Ultimate Guide To *Annuities*



How To Ensure Financial Stability And Lifetime Income In 7 Steps

GOOD NEWS
FINANCIAL & INVESTMENT ADVISORS

Dr Jovan Jackson
EducatingAmericansto make smarter and safer “retirement” income choices

Content

Introduction

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Dear Friend,

Thank you for taking the time to read this very important guide that is designed to help you understand how to build a safe retirement income with the Annuities solution.

I help individuals and families create a sound financial strategy with different investment and insurance solutions.

In this guide, I will focus on the benefits of Annuities. The purpose of this guide is to create awareness on this topic so that you can decide whether to explore this solution or not.

Every individual has unique needs and my job is to help them find the right solution. With this report, I do not intend to suggest that an Annuity is the right solution for you.

It may or may not be and at the end of the report, you'll be able to book a complimentary strategy session with me to discuss your specific situation.

Please block 15 minutes to do this with your spouse or partner.

Now with that said, let's get going.

Enjoy :)

Dr Jovan Jackson

Step 1: Understand What an Annuity Is

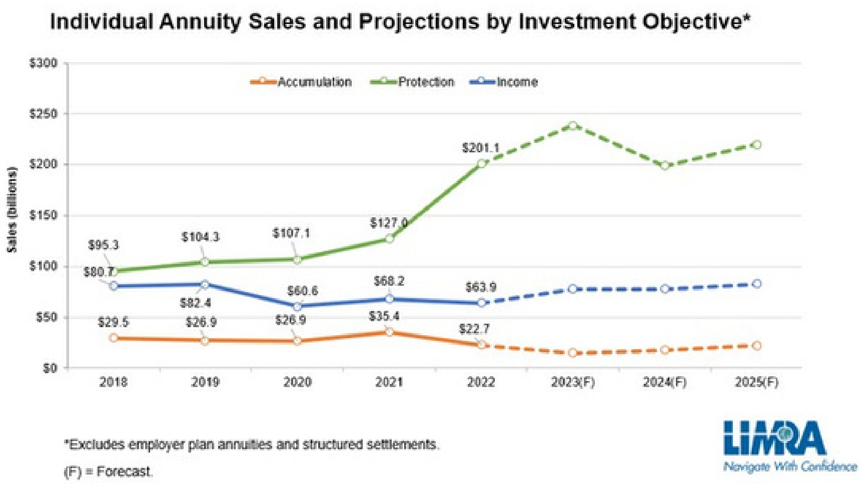
What is an Annuity?

Anannuity is a financial product offered by insurance companies in the USA, designed to provide a steady income stream, usually for life, in exchange for an upfront payment or series of payments. Annuities in the U.S. are governed by federal and state regulations. The most common types are fixed annuities, providing guaranteed payments, variable annuities, offering returns tied to market performance, andindexedannuities, with earnings linkedtoa stock market index.

What is the main problem that an Annuity Solves?

Annuities provide areliable solution for generatingsteady incomein retirement, addressing the risk of outliving savings. They offer financial security by ensuring a guaranteed income stream, which helps retirees cover essential expenses and maintain their lifestyle without the fear of market volatility or depleting their retirementfunds.

How many Americans purchased Annuities in 2023?



The industry trade group Limra recently reported that an estimated $350 billion in individual annuity premiums were sold in the U.S.

Source: Libra - https://www.limra.com/en/newsroom/industry-trends/2023/limra-u.s.-individual-annuity-sales-to-exceed-$300-billion-in-2024-and-2025/

Do most Americans understand Annuities?

Many Americans struggleto understandannuities due to their complexity, encompassing fixed, variable, and indexed types. A recent consumer survey by the Insurance Information Institute revealed that only 45% of Americans feel confident in their understanding of annuities. This lack of awareness can result from limited exposure to educational resources or informed financial advisors.

Step 2: Determine If an Annuity Fits Your Retirement Plan

Who is Annuity most suited for?

Annuities are idealfor Americansseeking guaranteedincome with minimal market risk but may not be suitable for those desiring investment flexibility. Consider whether you need guaranteed income for life or a fixed period.

For example, Joan and Mike, with a $250,000 retirement portfolio from their 401(k), purchased life annuities that provide a stable $1,250 monthly income. This ensures peace of mind, protecting them from market fluctuations and the risk of outliving their money. They also have other income sources to cover retirement expenses.

Top 3 Questions to see if Annuity is a fit for you?

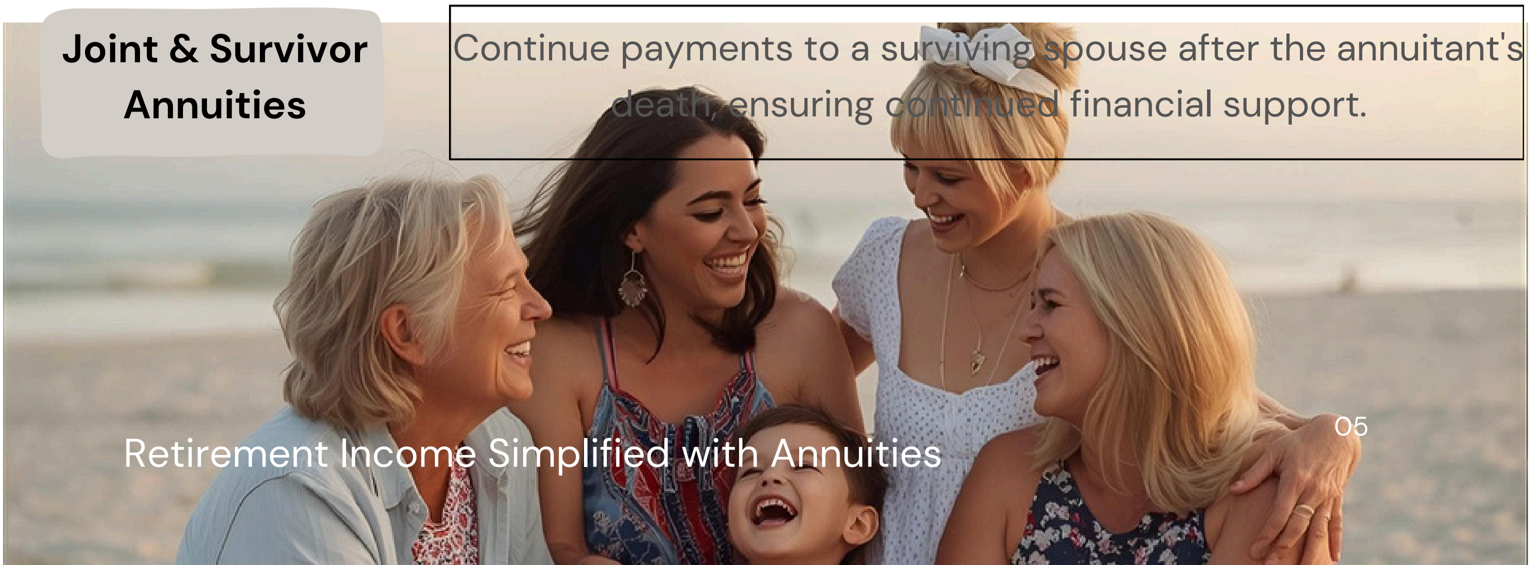
- Do I needguaranteed incomeforlife tocover essential expensesinretirement?
- Am I concerned about outliving my savings or managing investments over time?
- Would a predictable income stream provide peace of mind and financial security in retirement?

Step 3: Explore Different Types of Annuities

Types of Annuities in United States

Inthe United States,severaltypesofannuityproductsareavailable, each offering unique features to meet varying retirement income needs

Fixed Annuities	Provide stable, predetermined income payments, offering consistent returns and reduced risk regardless of market conditions.
Variable Annuities	Payments fluctuate based on the performance of underlying investment options, offering potential for increased returns but with market risk exposure.
Fixed Indexed Annuities	Payments are linked to a stock market index's performance, potentially offering higher returns while also providing a guaranteed minimum interest rate.
Immediate Annuities	Begin income payments shortly after a lump-sum investment, typically within a year, providing an immediate income stream
Deferred Annuities	Allow income payments to begin at a future date, offering potential for tax-deferred growth of the invested funds before withdrawals begin
Longevity Annuities	Defer income payments until a later age, typically around 80 or 85, ensuring income in the later stages of retirement as a safeguard against outliving savings.
Joint & Survivor Annuities	Continue payments to a surviving spouse after the annuitant's death, ensuring continued financial support.



Step 4: Stock vs. Annuity Comparison

How does Annuity compare with Stock Investments?

This is a great question, and most Americans arewell aware of stock andbond-based retirement strategies, with a significant portion of their 401(k) and IRA accounts allocated to these investment categories. Let me provide a high-level comparison using an example.

John is going to retire with $500,000 in his retirement portfolio. He is considering his best options to live his dream retirement.
Here are his top 3 retirement concerns.

- **Outliving Savings:** Worry about whether savings will last throughout extended retirement years.
- **Rising Healthcare Costs:** Concern about affording medical expenses not covered by public insurance.
- **Inflation Impact:** Fear of inflation eroding purchasing power and affecting lifestyle maintenance.

Scenario 1: Retirement with Stock Investments

- **Investment Strategy:** Stock market investments (within a 401(k), IRA, or similar account)
- **Assumed Annual Growth Rate:** 6% (stocks are subject to market volatility)
- **Withdrawal Strategy:** 4% withdrawal rate

Projected Outcomes:

1. Annual Withdrawals: The retiree follows the 4% rule, withdrawing $20,000 per year from the portfolio. This rule is designed to help the retiree avoid running out of money for at least 30 years, assuming reasonable market returns.

2. Portfolio Growth and Market Volatility: The retiree's portfolio is expected to grow at around 6% annually, but market fluctuations can affect this outcome. In years of strong stock market performance, the portfolio could increase beyond $500,000, providing room for larger withdrawals.

However, in years of market downturns (e.g., a 20% drop), the portfolio could decrease significantly, which could jeopardize the retiree's long-term income security.

3. Longevity Risk : If the retiree lives longer than 30 years, they may risk outliving their savings, especially if they experience several poor market years early in retirement (a phenomenon called sequence-of-returns risk).

4. Inflation Risk: The retiree is exposed to inflation. Although stock portfolios often outpace inflation over time, this is not guaranteed in the short term.

Scenario 2: Retirement with Annuity (Guaranteed Income)

- **Investment Strategy:** Purchase a life annuity
- **Type of Annuity:** Single-life annuity with no inflation protection
- **Assumed Annuity Rate:** 6% (rate varies by provider and personal circumstances)

Projected Outcomes:

1. Guaranteed Lifetime Income: The retiree uses the $500,000 to purchase a single-life annuity, which provides guaranteed monthly payments. At an annuity rate of 6%, the retiree would receive $30,000 per year ($2,500 per month), for life, regardless of how long they live.

2. No Market Risk: Since the annuity provides a fixed, predictable income, the retiree is insulated from market volatility. Unlike the stock investment scenario, they won't need to worry about poor market performance or economic downturns reducing their income.

3. No Longevity Risk: The retiree is guaranteed to receive payments for as long as they live. If they live into their 90s or beyond, they will still receive the $30,000 per year, unlike in the stock scenario, where there is a risk of outliving savings.

4. No Inflation Protection: If the retiree does not opt for an inflation-protected annuity, their purchasing power may erode over time. The fixed $30,000 per year may not cover as much in the future if inflation rises significantly.

Factor	Stock Investments	Annuity (Guaranteed Income)
Income	Variable, based on withdrawals and market returns	Fixed ($30,000/year)
Market Risk	High (dependent on stock market performance)	None (income is guaranteed)
Longevity Risk	May outlive savings	No risk of outliving income
Inflation Risk	Stocks often outpace inflation in the long term	Significant (unless opting for inflation-protected annuity)
Flexibility	Can adjust withdrawals or reinvest	No flexibility; income is fixed and locked in
Growth Potential	High (if the market performs well)	None (payments are fixed and do not grow)

Conclusion

- **Stock Investments:** Offer flexibility and the potential for growth but come with risks related to market volatility, longevity, and sequence of returns. Retirees will need to carefully manage their withdrawals and portfolios to avoid running out of money.
- **Annuity:** Provides guaranteed income for life, which eliminates market risk and longevity risk. However, it offers no growth potential and may expose retirees to inflation risk over time.

Choosing between stocks and annuities depends on the individual's risk tolerance, income needs, and preference for financial security in retirement.

Step 5: Consider Tax Implications

How is an Annuity taxed in the United States?

In the U.S., annuitiesare taxed based on how they are funded. Qualified annuities (through IRAs or 401(k)s) involve pre-tax dollars, making all withdrawals taxed as ordinary income.
Non-qualified annuities are funded with after-tax dollars, so only earnings are taxed, calculated via an exclusion ratio. Earlywithdrawals(before 59½)facea 10% penalty.

Will you pay more or less tax with Annuity vs Stock over the lifetime of your retirement?

The total lifetime taxsavings for an American withanannuitycan varysignificantly basedonfactors such as the individual's tax bracket, the type of annuity (qualified or non-qualified), the structure of the payments, and changes in tax laws over time.

Let's illustrate the comparison between withdrawing funds from a traditional stock retirement plan and purchasing an annuity with 401(k) funds. We'll consider an individual, Alex, who is 55 years old and has $500,000 in their 401(k).

Scenario 1: Traditional Stock Retirement Plan

- Annual Withdrawals: Alex withdraws $25,000 from the 401(k) annually after turning 65.
- Taxation: The entire withdrawal amount is taxable at their marginal tax rate.
- Lifetime Impact: Assuming a 30% marginal tax rate, Alex pays $7,500 in taxes annually on the withdrawals.

Total taxes over 20 years (from age 65 to 85): $7,500 x 20 = $150,000

Scenario 2: Annuity Purchased with 401(k) Funds

- Purchase at Age 65: Alex purchases an annuity that pays out $25,000 annually.
- Taxation on Annuity Payments: Like 401(k) withdrawals, payments from annuities purchased with 401(k) funds are fully taxable.
- Lifetime Impact: Assuming the same 30% marginal tax rate, Alex pays $7,500 in taxes annually on the annuity payments.

Total taxes over 20 years (from age 65 to 85): $7,500 x 20 = $150,000

Comparison:

In both scenarios, since the funds are originally from a 401(k), Alex's withdrawals or annuity payments are fully taxable as regular income once they start at 65. Consequently, the tax impact over their lifetime remains similar concerning tax owed, assuming constant tax rates and withdrawal amounts.

Step 6: Calculate the Annuity Payouts

Annuity Payout scenarios

While I can provide ageneral idea of annuity payout scenarios based on investment and age, it's important to note that actual annuity rates fluctuate due to market conditions, interest rates, and provider-specific factors. To get the exact rates, one would contact financial institutions or annuity providers.

Age	Premium Amount	Est. Annual Income
55 Years	$100,000	$6,504
	$250,000	$16,224
	$500,000	$32,076
	$1,000,000	$64,068
60 Years	$100,000	$6,900
	$250,000	$17,496
	$500,000	$34,308
	$1,000,000	$68,904
65 Years	$100,000	$7,596
	$250,000	$19,236
	$500,000	$37,488
	$1,000,000	$75,756

Step 7: Your Annuity Assessment

How To Get Your FREE “no-obligation” Consultation?

I hope you found this guide helpful and as you can seean annuity may bea good strategy for your retirement income or it may not be. The only way to find out is to book your complimentary and “no-obligation” strategy session.

[Click here to book your session to discuss this.]

Don’t miss this opportunity.

Now, this session will help you get a fresh perspective which is helpful even if you are working with a financial advisor or managing your investment. There are many different solutions and speaking with multiple experts to find the right financial strategy for you is a sound idea. I always encourage my clients to also keep an open mind and find the best solution for them from anyone, not just me.

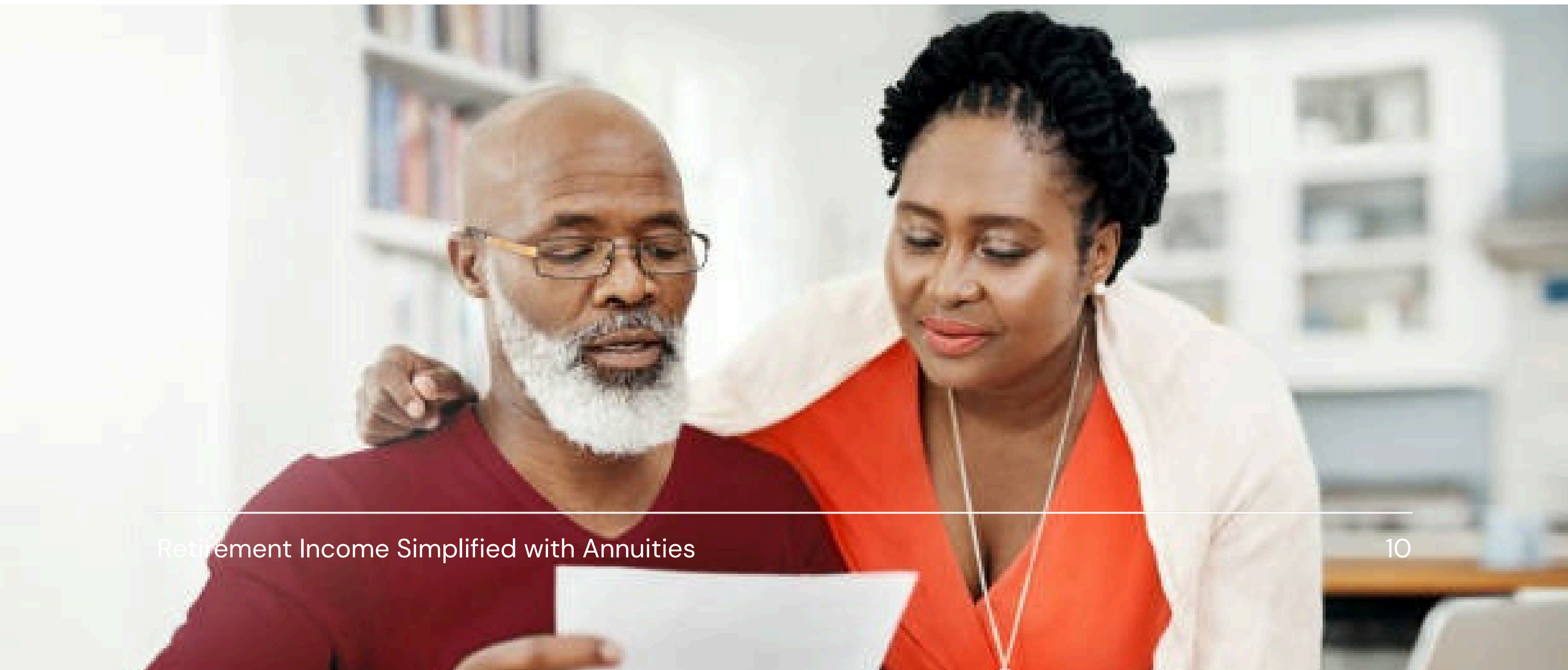
Here’s what I will deliver to you after our session.

I have built a very proven 3step process to help individuals gain financial clarity. Here’s what it looks like.

Step 1 - Your Financial Scorecard
See below a snapshot of the scorecard, we will get into more details and I have access to advanced software and other tools to help you get a good view of your financial goals and current situation.

Step 2- Accelerate Your Goals
I will find different potential options to help you accelerate your goals. For e.g. Retire early by 5 years, Reduce % of taxes in retirement, Increase your net worth by x%, and Increase your overall Estate by y%. This is the most value people get from my consultation.

Step 3 - Your Annuity Fit Assessment Report
This is where I will be able to see if an Annuity is right for you or not. Either way, I will be transparent and give you the right next steps to consider.



Your Financial Scorecard

Use the below1pagescorecardtodoaquickmathonyourfinancialandretirementplan.The goal of thisistohelpyougetabigpictureviewonallaspectofagoodfinancialplan.

Your Personal Financial Scorecard **Name:** ______________________ **Date:** ______________

Your Profile

Age:
Marital Status:
No. Of Kids:
Income source:
Annual Income:
Home ownership:
No. Of Cars:
____
____
____
____
____

Personal Values

Why Money is Important To You?

Freedom: ___________
Security: ___________
Family: ___________
Travel: ___________
Status: ___________
Charity: ___________
Adventure: ___________
Pursue Passion: ___________
Legacy: ___________
Health: ___________

Goals

Personal & Financial:

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________
7. ______________________________
8. ______________________________
9. ______________________________
10. ______________________________

Life Events

Known & Unknown

1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________
7. ______________________________
8. ______________________________
9. ______________________________
10. ______________________________

Income & Expense

Monthly Active/Passive Income

Income Source1: ________________
Income Source2: ________________
Income Source3: ________________
TOTAL INCOME: ________________
TOTAL EXPENSE: ________________
Savings
(Income - Expense): ________________

Insurance

$ Value of Insurance

Insurance1(Life): ________________
Insurance2(Life): ________________
Insurance3(Critical Illness): ________________
Insurance4(Other): ________________
Total Insurance: ________________

Net Worth

$ Value of Assets & Liabilities

Asset1(Cash): ________________
Asset2(Investments): ________________
Asset3(Home): ________________
Asset4(Cars): ________________
Asset5(Other): ________________
Asset6(Other): ________________
TOTAL ASSETS: ________________

Liability1(Credit Card): ________________
Liability2(Mortgage): ________________
Liability3(Debt): ________________
Liability4(Other): ________________
Liability5(Other): ________________
TOTAL LIABILITIES: ________________

NET WORTH
(Asset-Liabilities): ________________

Investments

Stocks: ________________
Bonds: ________________
Retirement Plan: ________________
Education Plan: ________________
Real Estate: ________________
Business: ________________
Other: ________________
TOTAL: ________________

Estate Plan

Loved ones: ________________

Have Estate Plan ? Yes / No
Have a Will? Yes / No
Have a Trust? Yes / No
Have a Power of Attorney ? Yes / No
Have Medical Directive? Yes / No
Designated Beneficiary? Yes / No

Retirement

TODAY	RETIREMENT	85 YEARS
Age _______	Age _______	Income in Retirement
Investment $_______	Investment $_______.	$____________

Life Expectancy

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ANNUITY CHECKLIST

AS YOU READ EACH QUESTION, SIMPLY TICK "YES" IF YOU AGREE OR "NO" IF YOU DISAGREE WITH THE STATEMENT. "UNSURE" IF YOU ARE NOT SURE

	Question	YES	NO	UNSURE
01	Do you want a guaranteed income for life, or a set period of time, regardless of market fluctuations?	☐	☐	☐
02	Are you concerned about outliving your retirement savings?	☐	☐	☐
03	How strong is your financial position? Can you afford to lock up a lump sum of money in an annuity without needing it for liquidity?	☐	☐	☐
04	Are you uncomfortable with the volatility of investments in the stock market or other variable income sources?	☐	☐	☐
05	Do you need easy access to your funds, or can you afford to have some tied up in an annuity with limited flexibility?	☐	☐	☐
06	Is inflation protection a priority? Are you considering an indexed annuity that increases payouts to keep up with rising costs?	☐	☐	☐
07	Do you have other reliable income streams in retirement (e.g., CPP, OAS, pensions, or investments) that could supplement or replace an annuity?	☐	☐	☐
08	Have you considered how an annuity will impact your taxable income in retirement, especially if purchased with qualified funds (401(k)/IRA)?	☐	☐	☐
09	Is leaving an inheritance to your beneficiaries important? (Some annuities do not allow funds to be passed on to heirs after death.)	☐	☐	☐
10	Based on your overall financial situation, does your advisor recommend an annuity as part of your retirement plan?	☐	☐	☐

Your 1 on 1 Strategy Session

JOVAN JACKSON

JOVAN JACKSON
Registered Investment Advisor

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ABOUT

I help pre-retirees achieve financial freedom with investment and insurance solutions that are tailored to their specific situations and needs.

Congratulations !!! You Made It...I am sure you feel more knowledgeable and empowered.

Now if you feel a little overwhelmed and uncertain, then I have something that will really help you.

To help you get answers to all your questions and see if and how Annuities (or any other solution) can help you, I would like to offer you a Complimentary Consultation and assessment of your financial plan and answer any questions.

Click this link to book your session OR contact me at my office below.

In this session, we will review your personal goals, and current financial situation, answer your questions, and give you some insights on potential areas of concern. I take this session very seriously and will focus my full attention on helping you with your plan.

Note: I promise this session will be of immense insight and value even if you are working with another Financial Advisor today.

I look forward to our discussion.

Thanks
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Disclosures

This content is provided for informational purposes only and is not intended to serve as the basis for financial decisions. The information and opinions contained herein provided by third parties have been obtained from sources believed to be reliable, but accuracy and completeness cannot be guaranteed.

All investments are subject to risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. Any references to guarantees or lifetime income generally refer to fixed insurance products, never securities or investment products.

Annuity guarantees rely on financial strength and claims-paying ability of issuing insurance company. Annuities are insurance products that may be subject to fees, surrender charges and holding periods which vary by carrier. Annuities are not FDIC insured.