5-Page Client Summary on
The powerful increasing income rider for FIAs

What you will find in the following four pages is the best sales/educational piece in the industry when it comes to explaining and selling to your clients the benefits of using an increasing income rider with FIAs.

This piece is a copyrighted/proprietary sales piece that I am letting advisors read, but not print.

This piece is a copyrighted/proprietary sales piece that advisors are NOT to use without the express written consent out the Wealth Preservation Institute.

If you work for an IMO and are reading this, you DO NOT have my permission to use this piece or forward it to your agents.

I personally was commissioned to write this educational piece by two different marketing organizations.

How can you obtain authorization to use this educational/sales piece?

You need to e-mail me at info@thewpi.org and I will forward you a sign up form and instructions explaining what you need to do in order to use this piece.

What about the illustration software?

If you have not seen my illustration software that allows agents to illustrate: 1) the guaranteed income benefit at multiple insurance companies; 2) the account balance of the actual account value in a hypothetical return environment both with and without the fee for the rider; 3) both 1) and 2) for the increasing income product. You should check it out.

To learn more about this software, e-mail **info@thewpi.org**.

One of the difficult things about selling GIB riders and the increasing income rider is communicating the value. With my illustrative calculator, you can illustrate the benefits in a matter of seconds and do so when sitting in front of clients so they can see the power of the numbers. The following chart from the software will certainly help you communciate the value of the product.

If you would like to obtain access to this software for **FREE**, I have two IMOs that will pay me to give you this software for **FREE** if you sign up to sell the increasing income rider FIA with their IMO.

Summary

I don't put out a lot of pure marketing material due to the fact that my enjoyment and forte is in the area of educating agents, but I know the economy is tough and when I saw an opportunity to help by putting together an educational piece and software package to help advisors market this powerful product, I had to step up.

Finally, if you are not working with an IMO that is providing you real value for placing business with them, **maybe it's time you made a change** to one of the ones I work with who are eager to have your business and help you by subsidizing and allowing you to use **$25,000** worth of my marketing tools (including the following 5-page client summary).

HOW TO ACHIEVE MAXIMUM WEALTH WITH MAXIMUM SECURITY

Earn a *GUARANTEED* Return (Accumulation Value) with a *GUARANTEED* Income for Life

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HOW TO ACHIEVE MAXIMUM WEALTH WITH MAXIMUM SECURITY

Today, people are more interested than ever in "protecting" their wealth. To many, that will mean using low yielding and taxable CDs or money market accounts.

Today, people seem more interested than ever in wealth-building tools that can guarantee an income stream vs. one that reaches for maximum growth (which also has maximum risk).

I created this summary to illustrate how readers can receive a "guaranteed" rate of return accumulation value) and a "guaranteed" income for life. What kind of wealth-building tool will I be discussing? It's called a Fixed Indexed Annuity (FIA) that comes with a guaranteed-for-life income rider.

■ GUARANTEED RATE OF RETURN

If I asked 100 people if they'd like a **guaranteed rate of return of 4%** a year **while still being able to participate annually in some of the upswings** in the market if it performs better than 4%, what would they say? I imagine most people would say that would interest them.

That's what the FIA I'll be discussing in this paper allows you to do (along with providing a guaranteed income for life).

You may be saying to yourself, "How can any company guarantee you a 4% rate of return and allow you to participate in the upswings in the market every year?" That gets into a discussion about how FIAs are designed. For a full discussion of how FIAs works, please see my paper on that subject.

One reason is because the insurance company issuing the annuity has a cap on the gains (that do no include dividend income).

For example: Let's assume you purchased a FIA that pegs its growth to the S&P 500 stock index. If the stock index itself goes up 15% in any given year, you may only receive 10% in the annuity product (or higher or lower depending on the product design).

With a FIA you give up some upside growth for the guarantees in the product. As you will read, with the FIA I'll be discussing, there is a guarantee on the "actual" account value and the "accumulation" account value (and they are different).

■ ACCUMULATION ACCOUNT VALUE VS. ACTUAL ACCOUNT VALUE

It is vitally important to understand the difference in this product between the "accumulation" account value and "actual" account value.

Actual account value—The actual account value is what you have available to withdraw from the annuity in cash or what would pass to your heirs at the time of your death.

Accumulation account value—The accumulation account value is ONLY used to determine your guaranteed income for life.

Let's look at the following chart that should crystallize the difference. The third column from the left is the "accumulation" account value that is **ONLY** used to determine the guaranteed income for life (discussed in the next section). The 2nd column from the right is the "actual" account value. This is the amount that would pass to the heirs upon death and what could be removed in cash from the FIA (although this chart does not take into account surrender charges that gradually decrease to zero after 10 years).

You'll also notice that I used a hypothetical for the returns in the product in any given year. This is just a hypothetical, and the numbers could be better or worse depending on actual returns. The accumulation account will **always grow at 4%** (even when the measuring stock index is less or goes negative). The actual account can never go backwards (meaning if the measuring stock index goes negative, the **actual account value will not go backwards**). Additionally, by product design, any **gains are locked in annually**.

The following example uses an initial premium of $500,000 with a 5% premium bonus (therefore, the account value at the beginning of year one = $525,000).

		Year End Accumulation Balance	Hypothetical Return w/4% in zero years	Year End Actual Balance	Hypothetical Return
1	60	$546,000	**4%**	$522,900	0%
2	61	$595,140	9%	$567,681	9%
3	62	$642,751	8%	$610,643	8%
4	63	$668,461	**4%**	$608,201	0%
5	64	$715,254	7%	$648,172	7%
6	65	$772,474	8%	$697,225	8%
7	66	$818,822	6%	$736,103	6%
8	67	$851,575	**4%**	$733,158	0%
9	68	$928,217	9%	$795,946	9%
10	69	**$1,002,474**	8%	**$856,183**	8%
			6.7% average		5.5% average

One interesting thing to note about the actual account value is that in years when the return is 0%, the account value goes down. That's because with this product, when you add the guaranteed return/income for life rider, there is a .4% fee that is charged every year.

There are literally hundreds of FIAs you can buy that will protect your money by never allowing the account balance to decrease when a measuring stock index goes backwards and locks in the gains annually.

I put this paper together to explain to you the power and security of an **annually increasing** guaranteed income for life rider. As stated earlier, the "accumulation" account is **ONLY** used IF the owner chooses to activate the guaranteed income for life rider.

GUARANTEED INCOME FOR LIFE

Let me now discuss what happens and how this product works when you choose to activate the guaranteed income for life rider (which can be activated 12 months after purchasing the annuity).

When you get into the **income phase**, this is the only product that has an **increasing income option** with the possibility to increase the income annually. Most products in the marketplace have a level-income option. I will only be discussing in this paper the increasing income option (see my other paper for an explanation of a level income product).

Starting income—When you decided to activate the guaranteed income rider, it is based on the value in your "accumulation" account. In my previous example, the accumulation account value at age 70 was **$1,002,474** (the actual account value was **$856,183**). Then depending on your age, the company will start your income stream using a certain income percentage. For the product I am discussing, the starting income stream schedule looks as follows: For the product I am illustrating, the starting income stream schedule looks as follows: 5% from ages 60-70, 5.5% from ages 70-79, and 6% from ages 80-90.

Therefore, if the example client activated the income stream at age 70 (year 11 of the contract), the income would start out at $1,002,474 x 5.5% = **$55,136**.

Again, the unique part of this rider is that the **income can increase in any year there is a positive return** in the annuity. For example, if the S&P 500 index as calculated in this product returned 8%, the income benefit would be increased by 8%.

Using the example, the income for year two would be the same as year one because the actual return in year one in the annuity equaled 0%.

In year two, however, the actual return in the product was 9%. Therefore, the income for the third year payment would increase as follows: $55,136 x 9% = $4,962 (creating a new income of = **$60,098**).

Let me illustrate the power of a guaranteed increasing income rider by extrapolating out my example until age 90. I will take the 10-year hypothetical returns from earlier (0%, 9%, 8%, 0%, 7%, 8%, 6%, 0%, 9%, 8%) and roll them for the second 10-year window. Therefore, in year 11, the return will be zero; in year 12, the return will be 9% and so on.

The guaranteed income numbers you'll see on the next page will truly be stunning. Do remember that this is an example and based on the actual returns in your annuity; the income payments could be higher or lower.

Age	Guaranteed Income	Actual Index Rate of Return	Age	Guaranteed Income
70	**$55,136**	0%	80	**$93,594**
71	**$55,136**	9%	81	**$93,594**
72	**$60,098**	8%	82	**$102,018**
73	**$64,906**	0%	83	**$110,179**
74	**$64,906**	7%	84	**$110,179**
75	**$69,450**	8%	85	**$117,892**
76	**$75,006**	6%	86	**$127,323**
77	**$79,506**	0%	87	**$134,963**
78	**$79,506**	9%	88	**$134,963**
79	**$86,661**	8%	89	**$147,109**

-The total income from the first 10 years = **$690,311**.

-The total income from the second 10 years = **$1,171,814**.

-The total income for the 20-year period = **$1,862,125**.

THE PAYMENTS KEEP GOING EVEN AFTER YOUR ACCOUNT VALUE GOES TO ZERO

One question I am often asked is how can an insurance company afford to offer this product? The main reason is because the insurance company is giving you back your own money when making the guaranteed income payments.

In the above example, the $55,136 payment is taken out of the **actual account value**. If in the annuity the actual returns in the early years are equal to or greater than the income payment percentage, then the actual account value will not decrease or will slowly decrease. I will illustrate how this works using the numbers from my example (see the next page).

In the following chart, the second to left column on the left is the beginning actual account balance for the year and the column on the right is the year-end actual account value.

I've put into the chart the guaranteed income payment using my 10-year rolling hypothetical return. You will also see the actual returns in the annuity based on the hypothetical return (the actual account value is still growing even though income payments are being made).

What you'll notice is that the actual account value goes to zero when the example client turns 85. If the client dies prior to age 85, his/her heirs will receive the account value in the right- hand column (which is dramatically different than single-premium annuity products that typically would pass less or significantly less to the heirs upon an annuitant's death).

The main reason people buy this product is so they will know that if they live a long life they will NEVER run out of income. It's very comforting; and as you should surmise from the numbers, the income payments are very strong.

Age	Beginning Acct. Balance	Guaranteed Income Payment	Actual Returns	Ending Actual Acct. Balance
70	$856,183	**$55,136**	$0	**$797,843**
71	$797,843	**$55,136**	$66,844	**$806,312**
72	$806,312	**$60,098**	$59,697	**$802,687**
73	$802,687	**$64,906**	$0	**$734,830**
74	$734,830	**$64,906**	$46,895	**$713,951**
75	$713,951	**$69,450**	$51,560	**$693,277**
76	$693,277	**$75,006**	$37,096	**$652,746**
77	$652,746	**$79,506**	$0	**$570,948**
78	$570,948	**$79,506**	$44,230	**$533,529**
79	$533,529	**$86,661**	$35,749	**$480,686**
80	$480,686	**$93,594**	$0	**$385,543**
81	$385,543	**$93,594**	$26,275	**$316,951**
82	$316,951	**$102,018**	$17,195	**$231,200**
83	$231,200	**$110,179**	$0	**$120,536**
84	$120,536	**$110,179**	$725	**$11,038**
85	$11,038	**$117,892**	**$0**	**$0**
86	$0	**$127,323**	$0	**$0**
87	$0	**$134,963**	$0	**$0**
88	$0	**$134,963**	$0	**$0**
89	$0	**$147,109**	$0	**$0**

If the annuitant lives past 89, the income payments will continue to be paid (and will increase in any year the index return is positive in the product).

SUMMARY

If you are looking for a **guaranteed rate of return** (accumulation value) with a minimum of 4% a year or what the stock index return is inside the FIA (if higher), you might consider this product.

If you are looking for a **guaranteed income for life** that you can **never outlive,** you might consider this product.

What I can state as an expert in this subject matter is that there is **no other FIA in the marketplace today that has the potential to pay more guaranteed income than this product**. The reason is because of the unique increasing income component. Even if other products start out with a slightly higher income payment, with the increasing income component, this product should quickly catch up and pass the payment by all of the other products and every year thereafter will pay more and potentially significantly more income for life.

If you would like more information on this product, please contact **The Wealth Preservation Institute** for a referral to an advisor in your area who can help you decide if this is the best product to protect your money and guarantee you a lifetime income you can never outlive (**info@thewpi.org**).

To learn more about the wealth building tool discussed in this paper, you can also purchase my new book where I literally go into chapter and verse on how readers can "Retire Without Risk."

RETIRING WITHOUT RISK

WAS CREATED AS THE AUTHORITATIVE GUIDE TO HELP YOU:

• Build wealth for retirement without the fear associated with investing in the stock market.

• Build a tax-free retirement nest egg in the most efficient, least painful and least risky manner possible.

• Determine if tax-deferred qualified retirement plans or IRAs are really "tax hostile" or "tax favorable."

• Learn how to grow wealth with NO risk of loss due to market downturns.

• Learn how to lock in stock market gains on an annual basis (which will never be lost once locked in).

• Learn how to earn a 7% guaranteed rate of return (accumulation value) with a guaranteed income for life you can never outlive.

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