



PREMIER

BROKERAGE SERVICES

A Gallagher Company

DIVERSIFIED APPROACH FOR INCOME OPTIMIZATION

David Moore is a 60-year-old county employee who is retiring and must elect an income or lump sum “cash out” option for his pension plan. David and his wife Marta, age 57, review the plan options and like the idea of protected retirement income (Joint and 75% Survivor Option: \$1,034.56/month initial benefit), but are concerned with the lack of flexibility once the election is made and that payments are not protected in any fashion for their children.

Before deciding, they reach out to their financial advisor for advice. Their advisor then explored using the \$246,920 lump sum option to see if there was a better approach.

After consultation with PBS, their advisor recommended the purchase of two separate annuities via IRA rollover:

1. 10-year immediate annuity to provide income in years 1-10; and
2. A deferred annuity with guaranteed withdrawal benefit rider to provide joint lifetime income in years 11+.

This approach resulted in an increased payout of \$1,057/month for both spouses' lifetimes (non-reduced), protecting the full \$246,920 (less income received) for children, and flexibility via deferred annuity surrender value.

Original Approach: Joint Life with 75% to Survivor Income Option via Pension Plan

- Monthly Income (Both Spouses Alive): \$1,034.56/month
- Spouse Survivor Benefit (At David's Death): \$775.92/month
- Flexibility: No
- Beneficiary Value: \$0

A Diversified Approach: Two-Bucket Annuity Strategy

- Monthly Income (Both Spouses Alive): \$1,057/month
- Spouse Survivor Benefit (At David's Death): \$1,057/month
- Flexibility: Yes (\$142,784 or more available for lump sum at end of year 10)
- Beneficiary Value: \$246,920 (minus income received)

The Bottom Line is that a diversified annuity strategy may optimize a retirement income plan when compared to traditional approaches such as a pension or a joint lifetime immediate annuity. The approach can result in greater income, more flexibility, and stronger guarantees for beneficiaries.

RELATIONSHIPS FIRST

Corporate Headquarters: 604 Harper Avenue ■ Jenkintown, PA 19046 ■ Tel: 800.543.5555

Miami Office: 3470 NW 82nd Avenue, Suite #670 ■ Doral, FL 33122 ■ Tel: 800.683.3077

www.premierbrokerage.com