

Annuities Benefits Hard to Beat



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ANNUITY PRESS

VOLUME 1 ISSUE 1

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Suze Orman on Annuities

WHEN TO SAY YES

“Is there ever a time where an annuity does make sense? Yes. We have seen how TSAs make sense, and sometimes index annuities, but there is also one other circumstance. If your goal is to have income during retirement years, you do not want to take any risk with this



photo credit: suzeorman.com

money, you want to avoid paying taxes now, but you are still not currently in a high enough tax bracket to make municipal bonds make sense, and lastly feel that you will be in an even lower tax bracket when you retire, then I do have to say that a single premium deferred annuity is great.”

*Obtained from website: 9-8-11 <http://www.suzeorman.com/igsbase/igstemplate.cfm?SRC=MD012&SRCN=aoedetails&GnavID=84&SnavID=29&TnavID=&AreasofExpertiseID=107>

Survey finds

People prefer Annuities vs. the Stock Market Roller Coaster Ride.

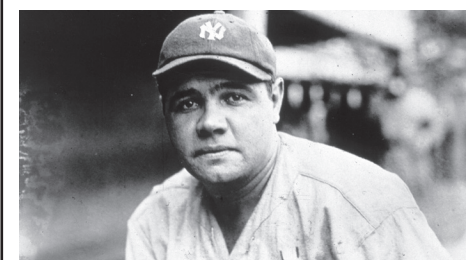


Index annuity pessimists will often state how well their equity investments did in years like 2009 when the market had a blip and soared, but they neglect to speak about the huge losses suffered in 2008. Often they will compare index annuities with certain asset categories at one time and with other asset categories at another time, but only when they have the advantage. They are not comparing apples to apples with the years; instead they are only pulling from segments of time and then presenting an incorrect ‘snapshot’ of the returns. The truth is that financial columnists need to do an update on their index annuity comparisons and give the whole story, they need to give the 5 or 10 year performance history and it would be clear that annuity contracts win over the unpredictability of the stock market roller coaster ride.

An index annuity is purchased by consumers that do not want to cope with the unpredictable and huge swings of the stock market roller coaster ride. Annuities are purchased by consumers that understand that they will never lose interest once it's been earned and they will never lose their principle investment. Index annuities are purchased by consumers that do not have the time or desire to have to read the paper every day to see whether they are winner or losers, in their needed monthly income stream because with index annuities they know they will never be at a loss. *source - 9-8-11 - <http://agent.american-equity.com/documents/MediaHonesty2.pdf>

Benjamin Franklin, The Presbyterian Church and Babe Ruth

Annuities have a long history



Did you know that Benjamin Franklin used annuities to help the Cities of Philadelphia and Boston to provide funds for their citizenry? The last of these annuities was cashed in around 1991.

In the American Colonies, the Presbyterian Church was one of the first to utilize the benefits of annuities. They used their annuities to provide for the retired ministers and their families in 1720. Then they expanded their use to the widows and orphans and later became a backbone of financial security for people of that time.

Annuities growth really caught on in the late 1930s. Turmoil over the health of the financial markets prompted many people to purchase insurance product from insurance companies. In the Great Depression, insurance companies were the stable institutions that could make the payouts that the annuities promised.

In light of this let's remember the Babe Ruth Story. He invested in annuities and during the Depression he never lost a penny and enjoyed a stable income. We found an old recording of the Babe giving a brief 3 minute speech on why he bought an annuity. We thought you would enjoy hearing what the Babe had to say so we transcribed it, the best would could – here it is:

The Equitable Life Assurance Society of the United States – Presents babe Ruth on “Why I bought an Equitable Retirement Annuity” – Here is the excerpt from that Baseball Recording which can be located at BaseballRecordings.com. “Your Vice President has asked me to say a few words on the reasons that prompt me to invest in one of your retirement annuities baseball players are generally an easy going crowd...when it comes

Please see cover story next page >

New rules to bring annuities to 401(k)s, IRAs

The Obama administration seeks to help workers manage longevity risk

In news worthy manner The Obama Administration has proposed new rules aimed at encouraging retirement savers to tap into annuities and other products that allows them to turn their retirement savings into a guaranteed monthly income for life.

One rule proposed by the U.S. Treasury and Labor Departments, encourages employers and IRA providers to offer longevity insurance, also known as deferred income annuities, in 401(k)s and other workplace plans and individual retirement accounts.

The other rule is aimed at having employers encourage workers in traditional defined-benefit pension plans to annuitize — which means to

put their savings with an insurer in exchange for a guaranteed monthly payout for life — for at least a part of their retirement savings.

Here are two samples of the recent announcements:

“When American workers take the responsible step of saving for retirement, we should do all we can to provide them with sensible, accessible choices for managing their hard-earned savings. Having the ability to choose from expanded options will help retirees and their families achieve both greater value and security,” said Treasury Secretary Tim Geithner, in a press release.

“The proposed regulation changes a regulatory requirement to make it

simpler for defined-benefit pension plans to offer combinations of lifetime income and a single-sum cash payment,” the Treasury release said. “This is designed to encourage more retirees to consider partial annuities, which allow for retirees to receive a steady stream of income for the duration of their lifetimes while also keeping a portion of their savings invested in assets with the flexibility to respond to liquidity needs.”

It seems like annuities are once again finally getting the positive press and recognition as a sound financial planning tool that they deserve. For years people have utilized annuity contracts to help them preserve their initial deposit and participate in stock market gains without participating in any stock market risk.



Barron's has something Positive to say about Annuities

The Best Annuities

Would you ever think that a U.S. premier stock market magazine would validate the use of annuities?

Well, that's exactly what happened in an article Barron's published on June 20, 2011. Barron's is America's premier financial magazine, that specializes in providing an depth analysis of the markets for Wall Street, stock analysts, trades and the public alike, helping all to keep abreast of the current economy and the news on the street.

On June 20, 2011 the article Barron's produced was titled "Best Annuities" for their cover story on retirement. The lead statement of the article reads: "With their steady income payments, annuities are suddenly hot. We pick 25 with good returns, reasonable fees and strong backing".

The article went on to tell the all too familiar story of a couple who had diligently worked to save for retirement, only to find themselves with a loss of half of their stock portfolio, in the market crash of 2008. But this story has a twist – and that is even though this couple lost over half of their entire retirement savings, they had done one thing in 2007 that had

given them a safety net - they bought two kinds of annuities.

The article goes on to state "Annuities, maligned for years as expensive gimmicks, are now shining in a big way. The basic features that critics used to blast as too costly – downside protection and guaranteed payouts – have paid off spectacularly for folks like (this couple) through the stock market collapse and the subsequent volatility."

"Now as baby boomers approach retirement with fresh memories of big market losses, many sharp financial advisors are recommending an annuity as an important part of an income plan.

In summary, this is refreshing to see the media now covering the insurance industry and the annuity products in a positive light. For years these financial avenues have provided life time worry free income for many people. Today with the unstable economy and even more unstable and unpredictable stock market annuities provide a good alternative to a worry free income stream.

**source article – Barron's – June 20, 2011 "Best Annuities"

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to handling money I realized years ago that my talent lays in altogether different directions, I wanted to make sure however that some part of my good income which I have enjoyed since joining the

Yanks would be put a place safely, I wanted something that would take care of me when my batting eye may not be as good as it is today. Everyone has to look for the future no matter what business or profession he may follow. As few years ago my friend and business advisor told me about your retirement annuity product, he explained how that would enable a fella to invest a few hundred dollars or a few thousand dollars a year with a guarantee of a lifelong income when retirement age comes. I was interested right away so I signed up for enough to keep me comfortable when the balls and strikes and home runs will be but pleasant memories. With the annuity income the Equitable will pay me I will be able to go to the ballpark and watch other fella's knock them out, or I could travel and see the world. Knowing that my amnesty check will follow me wherever I go or I could play golf or father some other hobby. While I am a great believer in life insurance, the policy I took from the Equitable is a form of a life annuity which apart I can say someday I am going to retire. I certainly like the idea of looking forward to a lifelong income that will never shrink or be in default. I am mighty glad that it is guaranteed by that strong grand old company The Equitable." *Source – The Equitable Life Insurance Company and recording found on baseballrecordings.com.

Annuities Benefits Hard to Beat

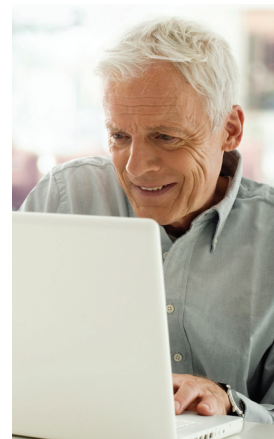
A way to avoid the Stock Market Roller Coaster Ride

Towards the end of summer 2011 the stock market was up about 6%, but then in just two weeks, it was down again to about 11%. These are the types of swings that can be devastating to your retirement savings, especially if you happen to sell in the wrong two weeks. If you have exposed your life savings to the swings of the stock market then beware. These kinds of ups and downs are great if you enjoy riding the stock market roller coaster ride or if you are not opposed to gambling with your retirement savings, but for most people this isn't the answer to managing their lifetime of savings designed to last for the rest of their lives.

What's the alternative – maybe it is a bank CD – those are usually safest – right? Well don't count on it. Here is an example - if a retiree was getting \$1,000 a month in interest

from a 1-year CD in 2006 that would not be what it would pay in today's economic environment. Today, that same \$1,000 a month in interest is more likely to be about \$112 a month from that CD. That's the power of the declining value of the dollar couple with an extremely small interest rate growth potential.

Index annuities are continuing to become more and more competitive than they have ever been, especially when you consider all the new options that are now available that give more flexibility - like death benefits, new monthly income features and up to



10% yearly free withdrawals.

At the end of the day, it is getting difficult to beat the benefits of annuities which are: guaranteed preservation of principle, indexed interest based on stock market gains, coupled with guaranteed protection from stock market losses, and add to that the new shorter term surrender periods. Wow!

The bottom line? Check out the new and improved annuity choices that are now available to you the consumer, make sure to pay attention to the financial strength and ratings of the insurance company you pick, and take the time to meet with an educated, unbiased financial consultant who is well versed in annuity products.

Who ran the world's largest Economy and Owns Annuities?

Former Federal Reserve Chairman Ben Bernanke

Managing the world's largest economy is a complex job but when it comes to his personal finances the Federal Reserve's Chairman keeps things simple.

Mr. Bernanke's financial disclosure form, released in 2007, shows that he is

a millionaire with holdings in no-frills investments, U.S. Treasury securities and annuities.

The Chairman's largest assets were two annuities – TIAA Traditional and CREF Stock Large Cap Blend, each for between \$500,001 to \$1,000,000.

Our take: if annuities are good enough for the world's largest bank federal chairman's private holdings then it should be good enough for ours.

*source article – The Associated Press on July 31, 2007