

# Welcome



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**Jim Foster, CFP®<sup>®</sup>, CLU®<sup>®</sup>, CRPC®<sup>®</sup>  
Eagle Life Advanced Planning**

# Planning for the surviving spouse

Spousal protection strategies

# Challenges facing surviving spouses

**Protecting surviving spouses with a retirement income strategy that helps them maintain their lifestyle**

- **Longer life expectancies**
- **Loss of income upon death of a spouse**
- **Unexpected rising expenses for widows**
- **Social Security decisions for survivors**
- **Asset, income and age disparity between spouses**



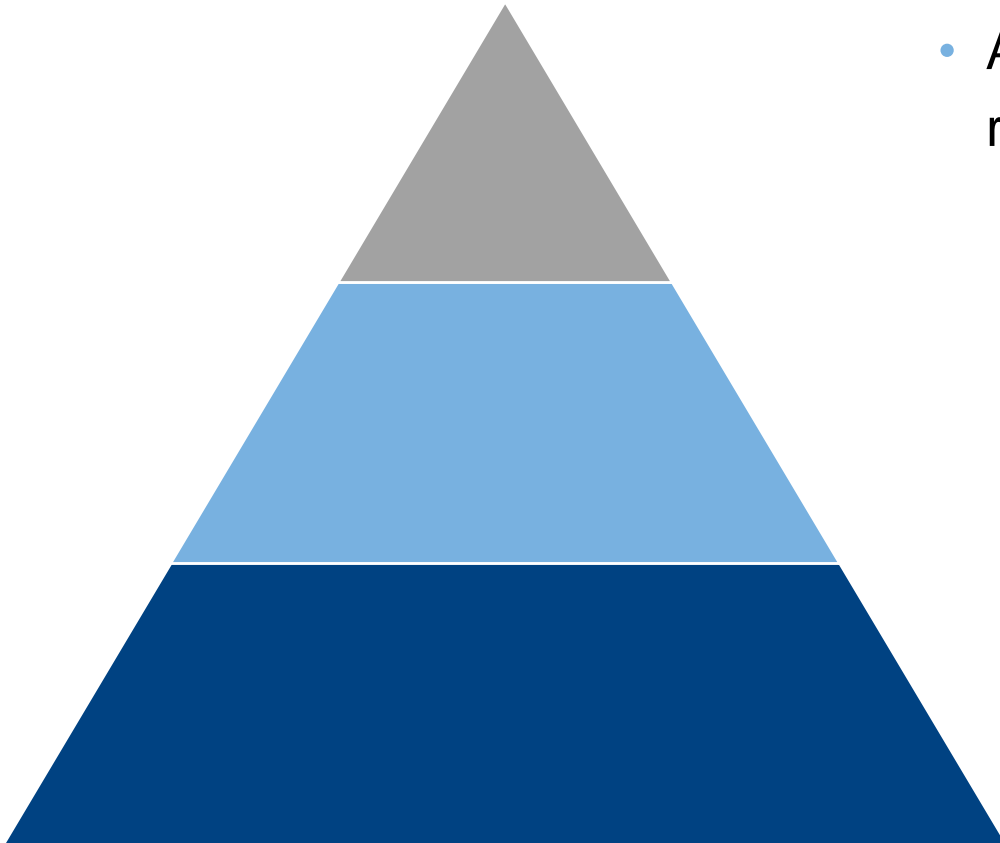
# Agenda

- Surviving spouses assume a disproportionate amount of financial risk
- Impact of Social Security benefits, Medicare and taxes on a retirement strategy
- Spousal protection strategies case study

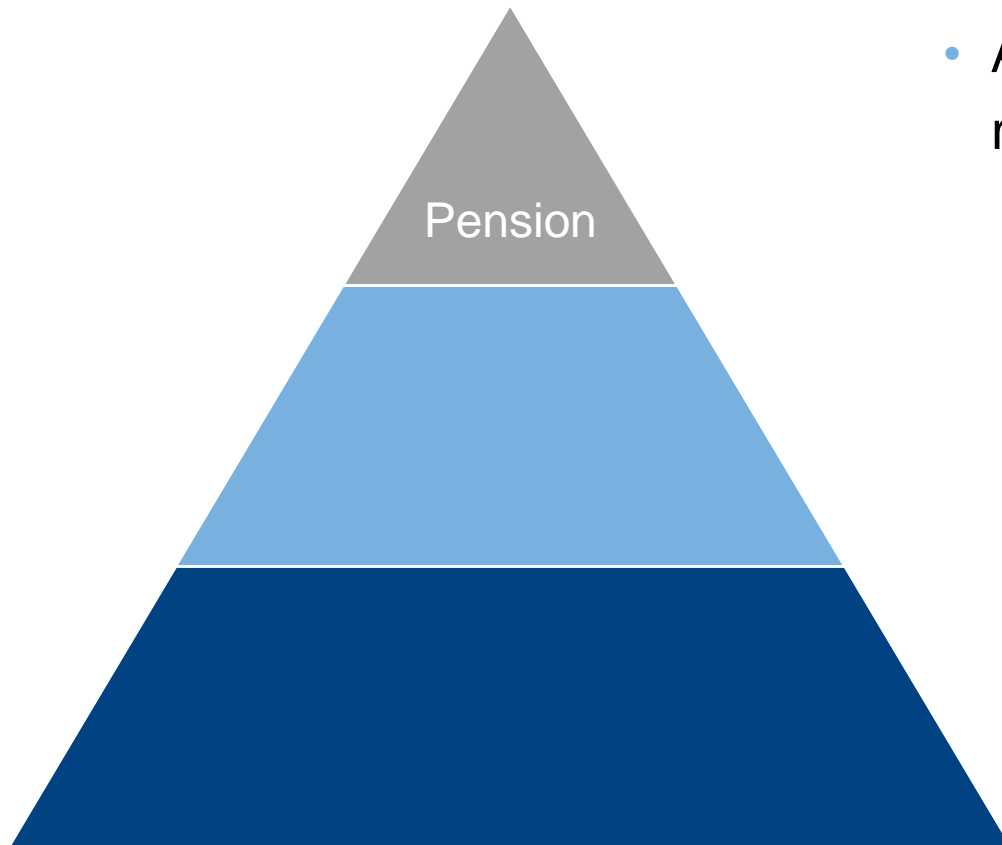


# Income streams can be affected when a spouse passes

- Anything other than a 100% survivor benefit option will result in reduced income.

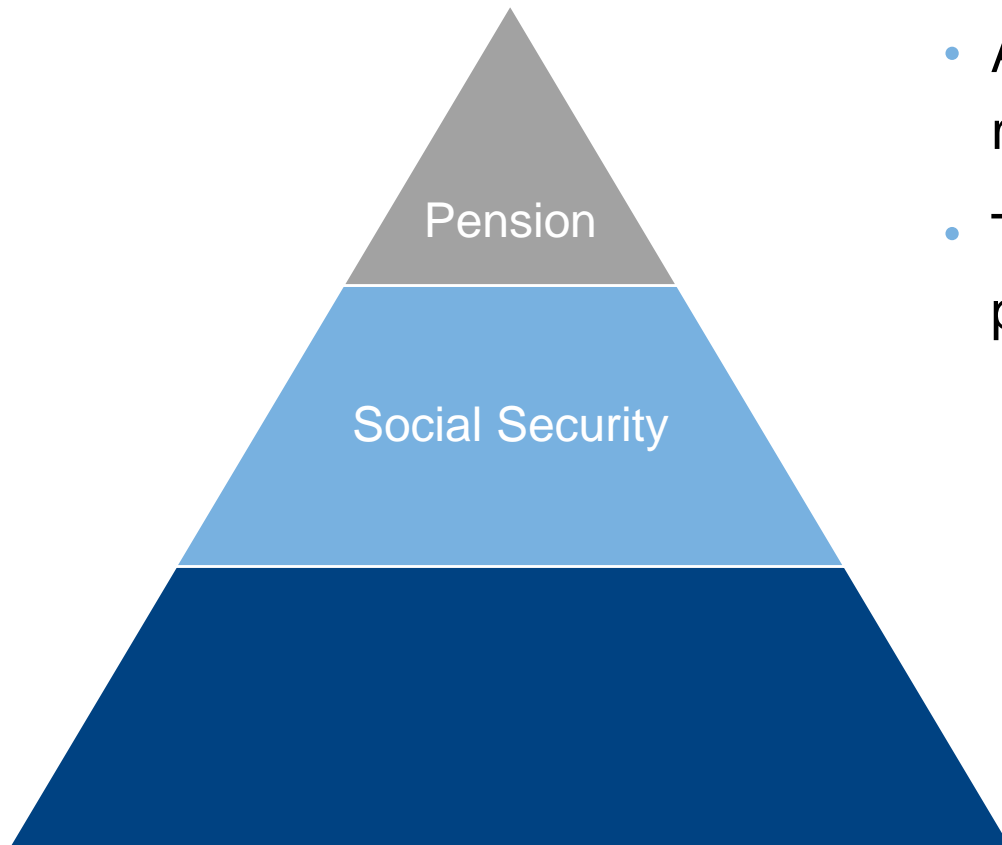


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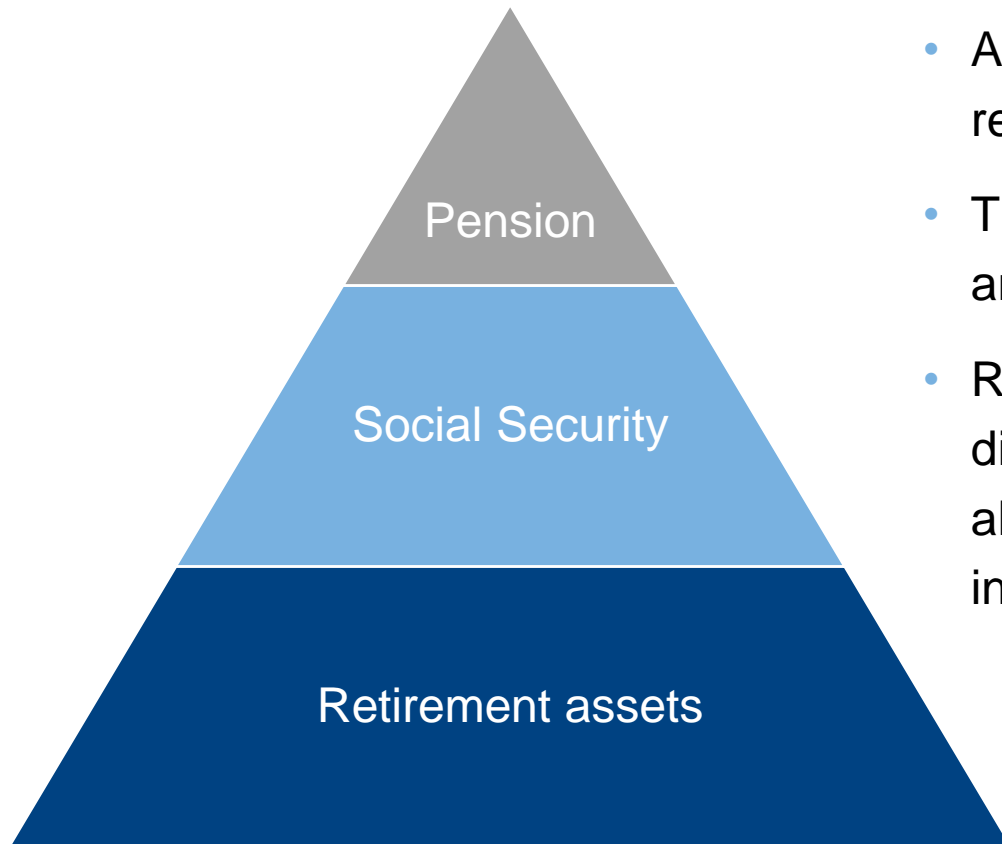
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- The surviving spouse retains the larger Social Security payment and the smaller payment is discontinued.

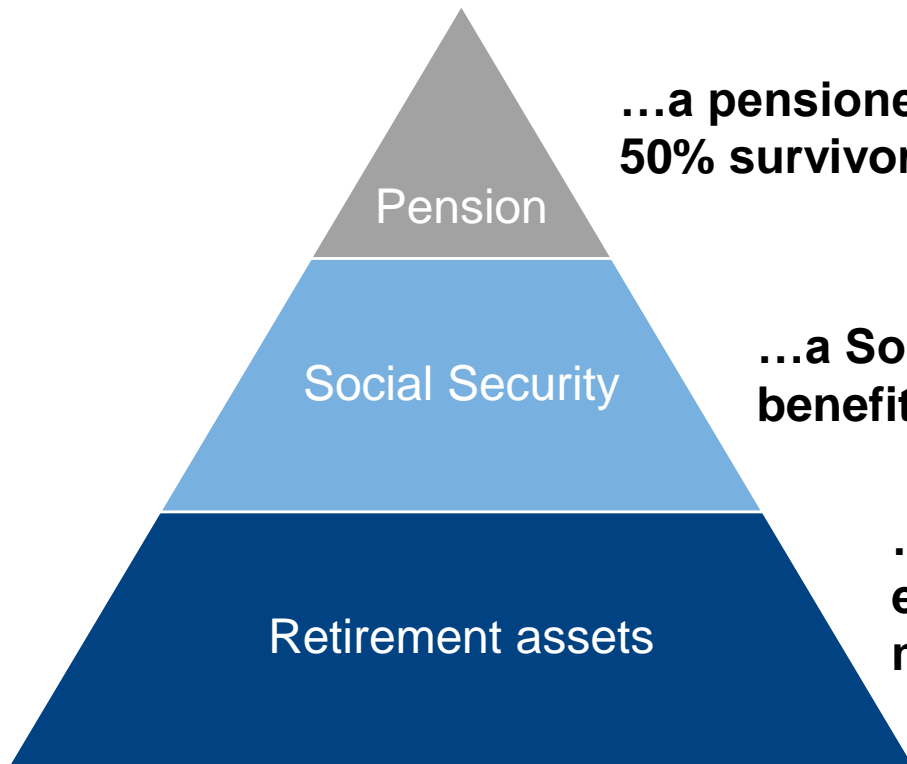


# Income streams can be affected when a spouse passes



- Anything other than a 100% survivor benefit option will result in reduced income.
- The surviving spouse retains the larger Social Security payment and the smaller payment is discontinued.
- Retirement assets can be depleted by required minimum distributions (RMDs) and investment performance. They may also need to be recalculated for a longer life expectancy, resulting in reduced income.

# What happens to a surviving spouse when...



**...a pensioner elects a 50% survivor payment?**

**...a Social Security benefit is lost?**

**...retirement assets are eroded by RMDs or market performance?**

	Couple's income	Survivor's income
	\$3,000	\$1,500
	\$3,000	\$2,000
	\$3,000	\$2,000
<b>Total:</b>	<b>\$9,000</b>	<b>\$5,500</b>

**The average annual household income in the three years before a spouse passes is about \$75,000. In the three years after the spouse passes, it averages \$47,000 a year.<sup>1</sup>**

Hypothetical example shown for illustrative purposes only.

1. Fadlon, I., Ramnath, S., Tong, P., and McKay, L. "Financial life after the death of a spouse."; Federal Reserve Bank of Chicago; 05-01-20; <https://www.chicagofed.org/publications/chicago-fed-letter/2020/438>

# The risk multiplier effect

Longevity risk is the risk of outliving one's money.

Longevity risk has a multiplier effect on all other common retirement risks:

- Healthcare risk
- Inflation risk
- Market risk
- Withdrawal rate risk

## Life expectancy for individuals and couples age 65<sup>1</sup>

Men	88
Women	90
Couples	94

1. American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, <http://www.longevityillustrator.org/>, accessed March, 25, 2022.

# Healthcare risk — Evaluating long-term care

## Estimated percentage of healthy 65 year old who will require paid long-term care:

- Women: 56%<sup>1</sup>
- Men: 44%<sup>1</sup>

## Average number of years needed in long-term care:

- Women: 3.7 years<sup>2</sup>
- Men: 2.2 years<sup>2</sup>
- Women represent 68% of residents in long-term nursing facilities.<sup>2</sup>

## Average annual cost of care:

- Home health — non-skilled: \$54,912<sup>2</sup>
- Private room skilled nursing: \$105,850<sup>2</sup>
- Costs vary greatly dependent on location.



1. Fischer, M.; "What Are the Odds Your Client Will Need Long-Term Care?"; Think Advisor; 06-22-21; thinkadvisor.com/2021/06/22/what-are-the-odds-your-client-will-need-long-term-care.

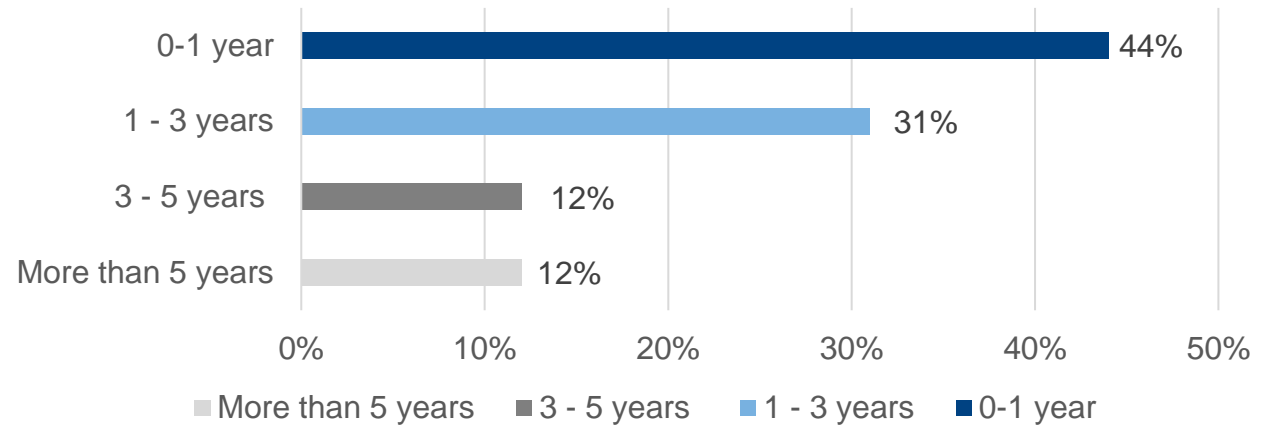
2. Benz, C.; "100 Must-Know Statistics About Long-Term Care: Pandemic Edition"; Morningstar; 12-08-20; morningstar.com/articles/1013929/100-must-know-statistics-about-long-term-care-pandemic-edition.

# Evaluating long-term care cost

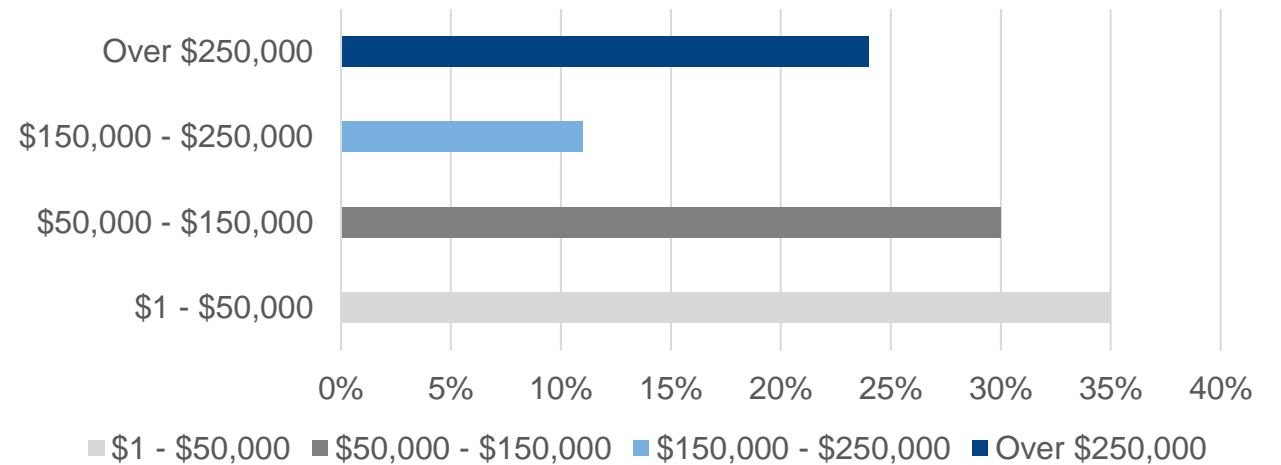
- Making an educated funding decision
- Probability and expense
- Impact on surviving spouse
- Cost of not hedging

1. "What Is the Probability You'll Need Long-Term Care? Is Long-Term Care Insurance a Smart Financial Move?" American Association for Long-Term Care Insurance; [aaltci.org/long-term-care-insurance/learning-center/probability-long-term-care.php](http://aaltci.org/long-term-care-insurance/learning-center/probability-long-term-care.php).  
 2. Benz, C.; "100 Must-Know Statistics About Long-Term Care: Pandemic Edition"; Morningstar; 12-08-20; [morningstar.com/articles/1013929/100-must-know-statistics-about-long-term-care-pandemic-edition](http://morningstar.com/articles/1013929/100-must-know-statistics-about-long-term-care-pandemic-edition).

Probability of duration in long-term care<sup>1</sup>



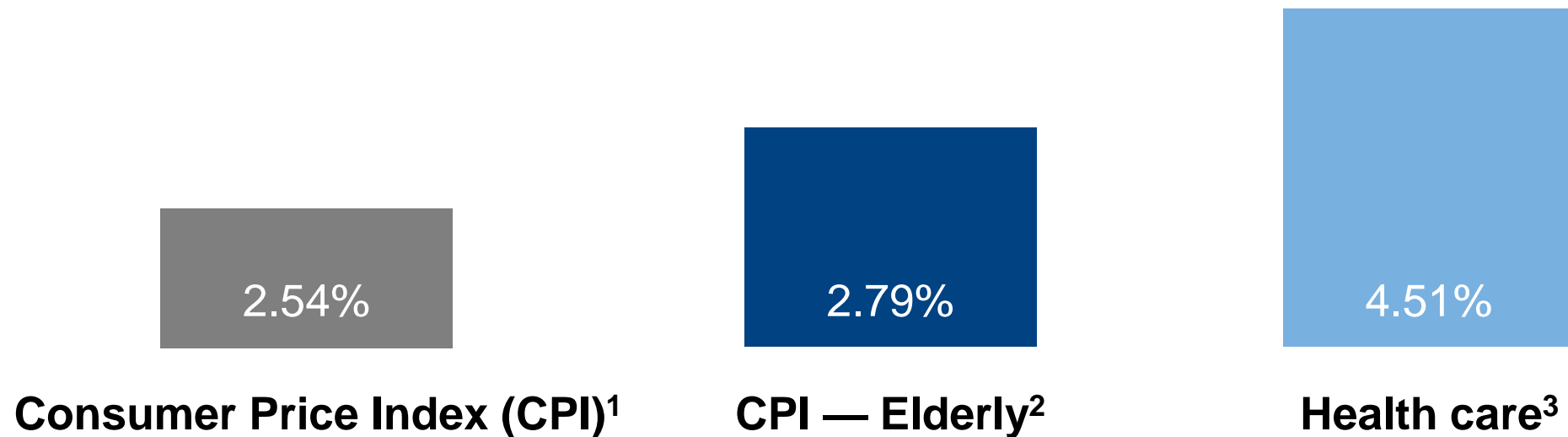
Lifetime expense of those using long-term care<sup>2</sup>



# Inflation risk — The erosion of purchasing power

- Higher income required to maintain lifestyle over a retiree's life
- Rule of 72: With inflation rate of 3%, prices double every 24 years

## Average annual inflation increase since 1982



1. US Bureau of Labor Statistics; based on CPI-W from 12/82 through 12/20; data.bls.gov/timeseries/CWUR0000SA0?output\_view=pct\_1mth.

2. US Bureau of Labor Statistics; CPI-E is an experimental index, public and unpublished data; 12/82 through 12/20.

3. US Bureau of Labor Statistics; based on Medical Care index from 12/82 through 12/20; data.bls.gov/timeseries/CUUR0000SAM?output\_view=pct\_1mth.

# Market risk — A history of corrections

## What is a market correction?

- 10% loss from the most recent market peak
- 26 market corrections since 1945
- 42% of corrections became bear markets<sup>1</sup>

## What is a bear market?

- 20% loss from the most recent market peak<sup>1</sup>
- 11 bear markets since 1945

## What is the average bear market loss since 1945?

- 33%<sup>1</sup> with a duration of 17 months

## How many bear markets could a retiree face on average?

- Four bear markets<sup>2</sup>

Information represents past performance, which may not be used to predict future results.

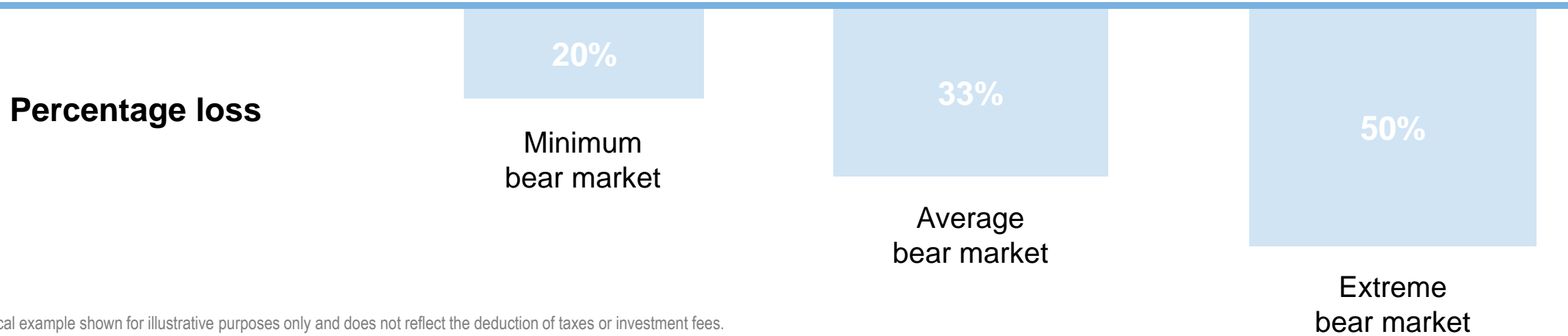
1. "Guide to the Markets"; JP Morgan; 4Q 2020; based on market activity post-WWII.

2. Assumes retiree age 65 with anticipated death at age 90, and an average 6.8 years between market peaks in the post-WWII era



# Market risk — The mathematics of loss

**Percent gain required to break even**



Hypothetical example shown for illustrative purposes only and does not reflect the deduction of taxes or investment fees. Does not represent any specific product or investment.



# Market risk — The mathematics of loss

**Percent gain required to break even**

25%

20%

33%

50%

**Percentage loss**

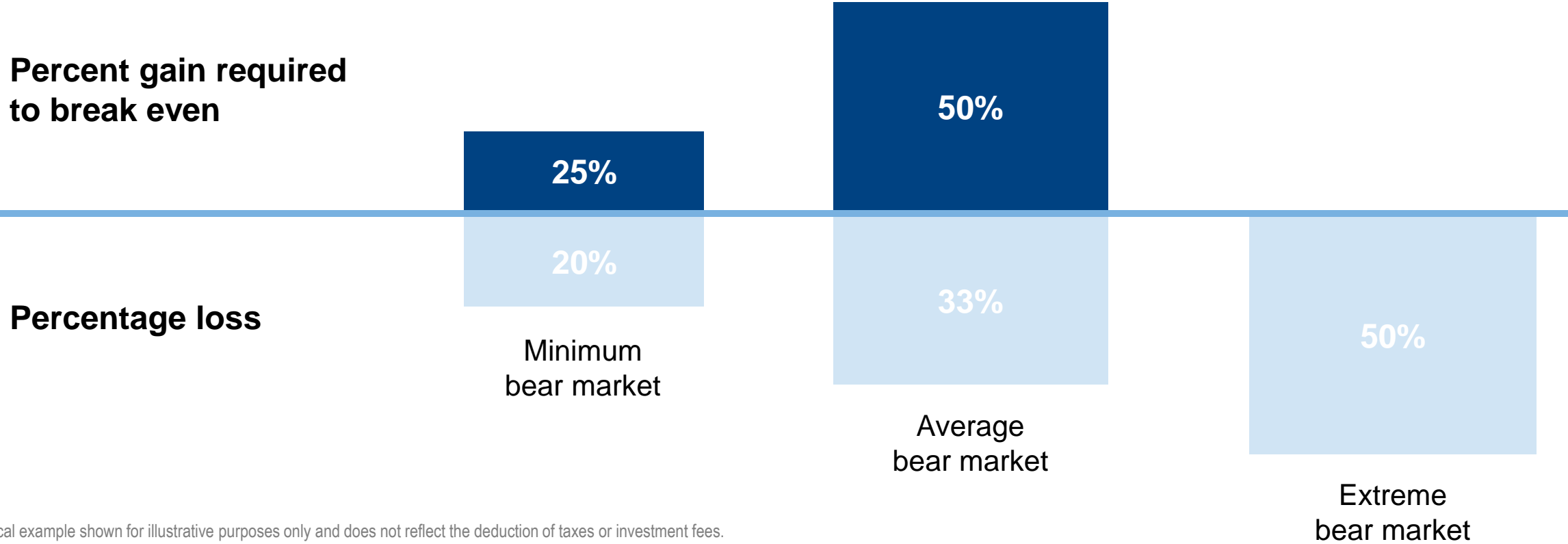
Minimum bear market

Average bear market

Extreme bear market

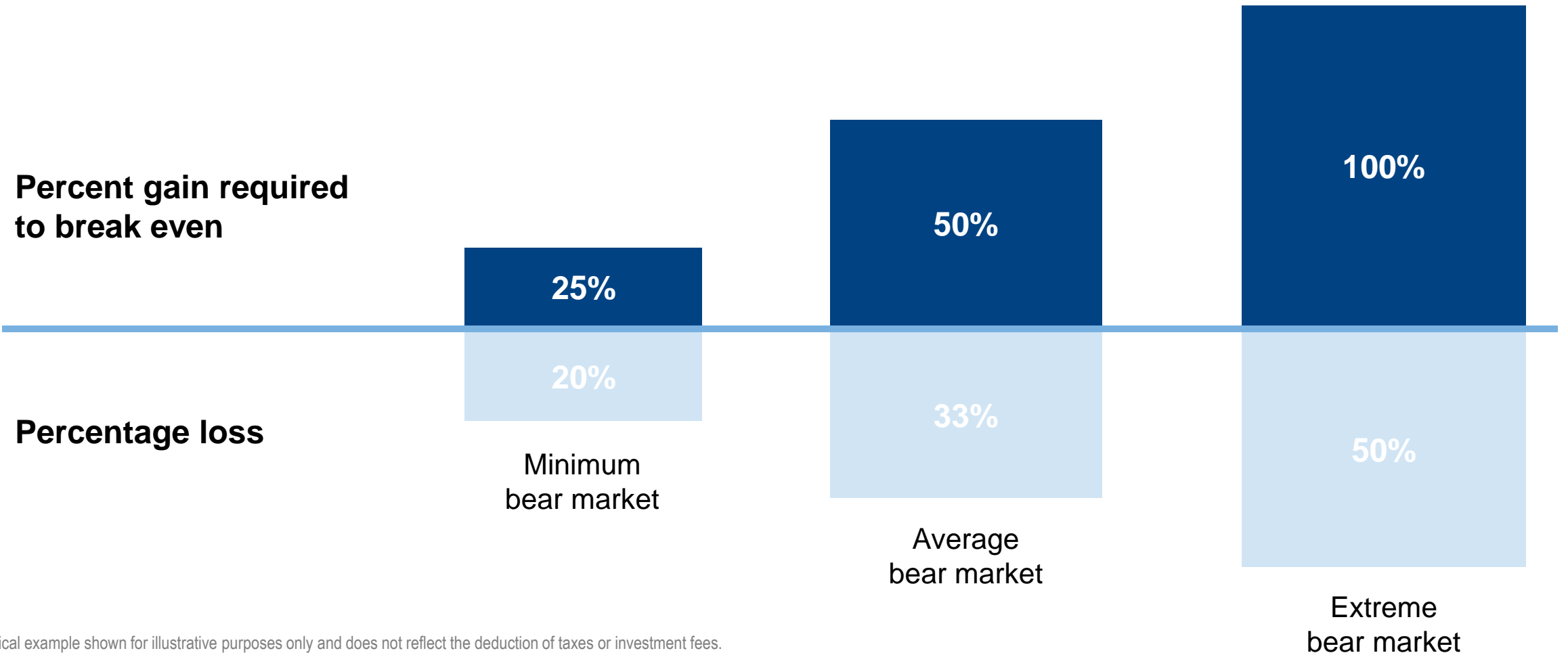
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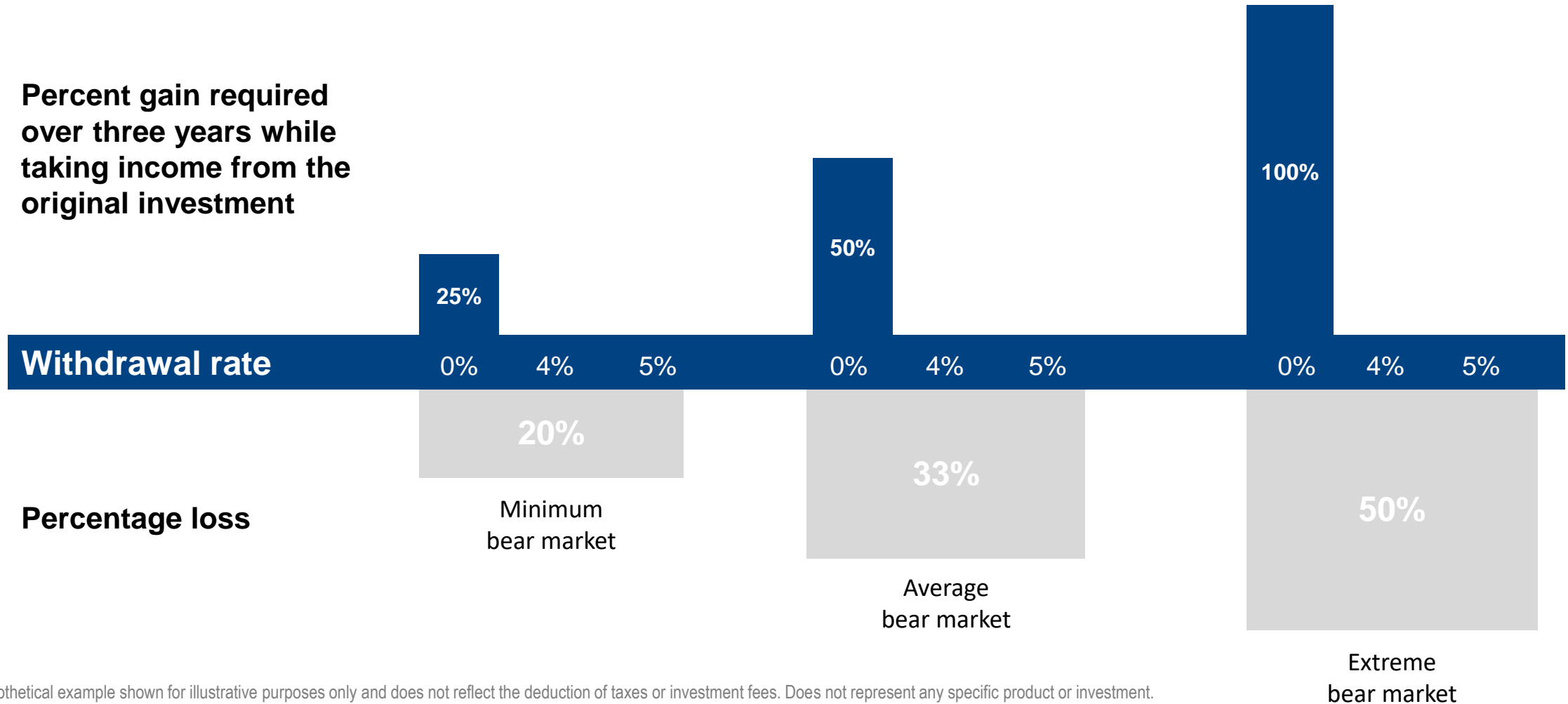
# Market risk — The mathematics of loss



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# The mathematics of loss change for retirees

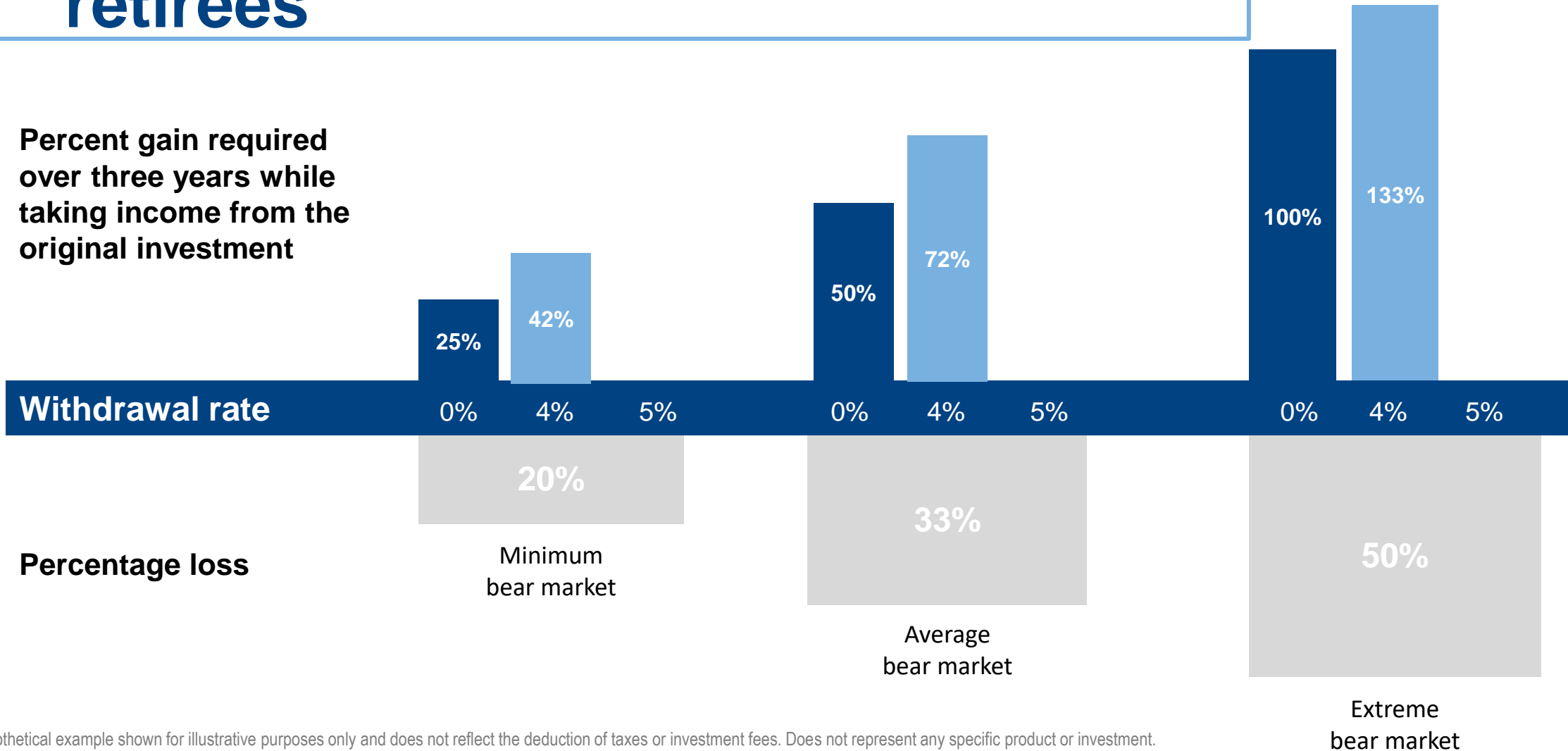
Percent gain required over three years while taking income from the original investment



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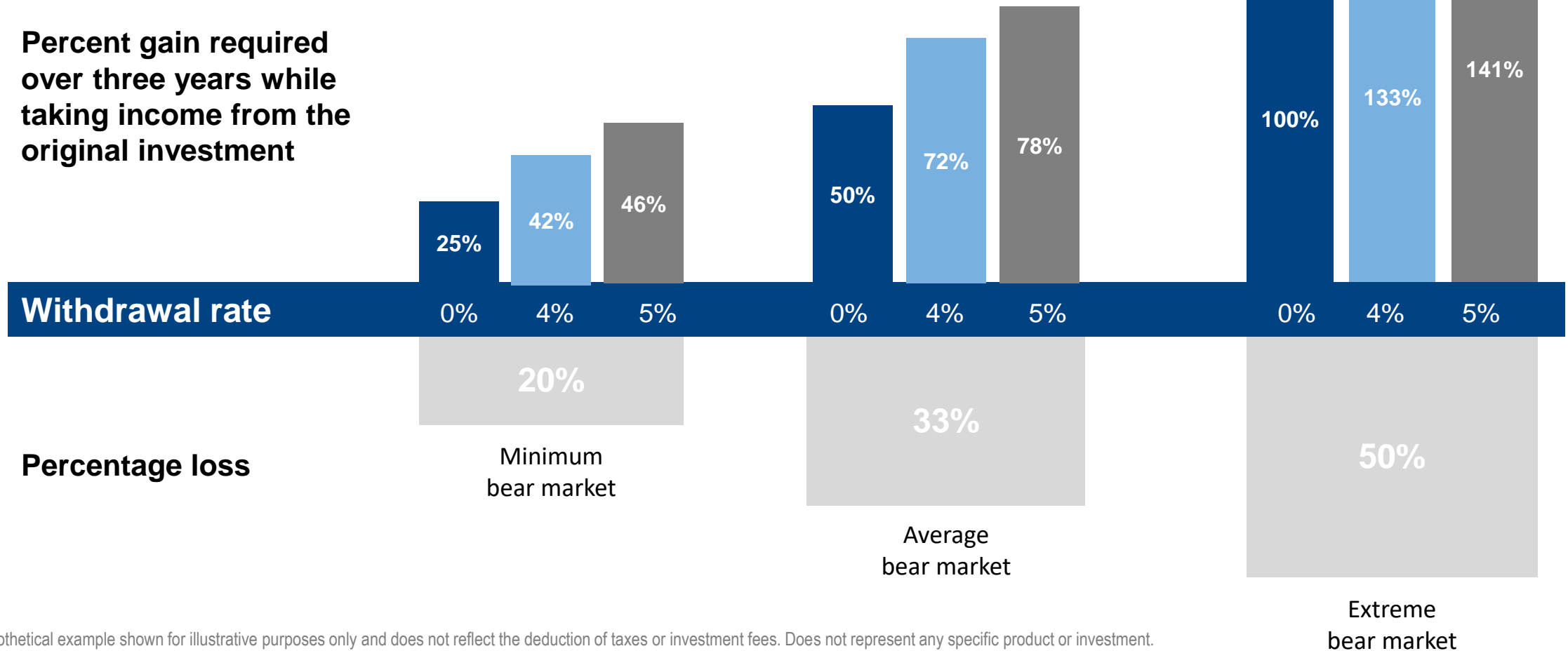
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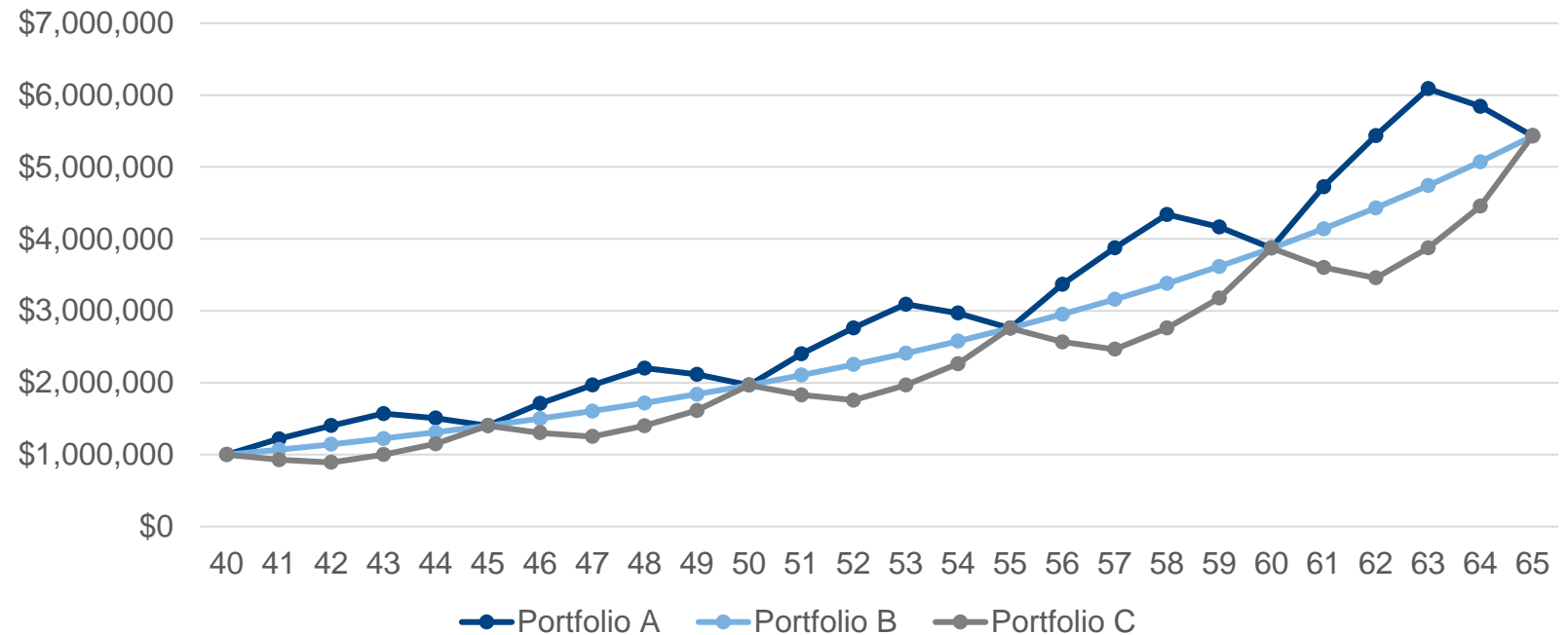
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# Sequence of return risk

Sequence of returns pre-retirement

Sequence of returns does not affect portfolio values in accumulation

Portfolio	Year 1	Year 2	Year 3	Year 4	Year 5	Avg
A	22%	15%	12%	-4%	-7%	7%
B	7%	7%	7%	7%	7%	7%
C	-7%	-4%	12%	15%	22%	7%



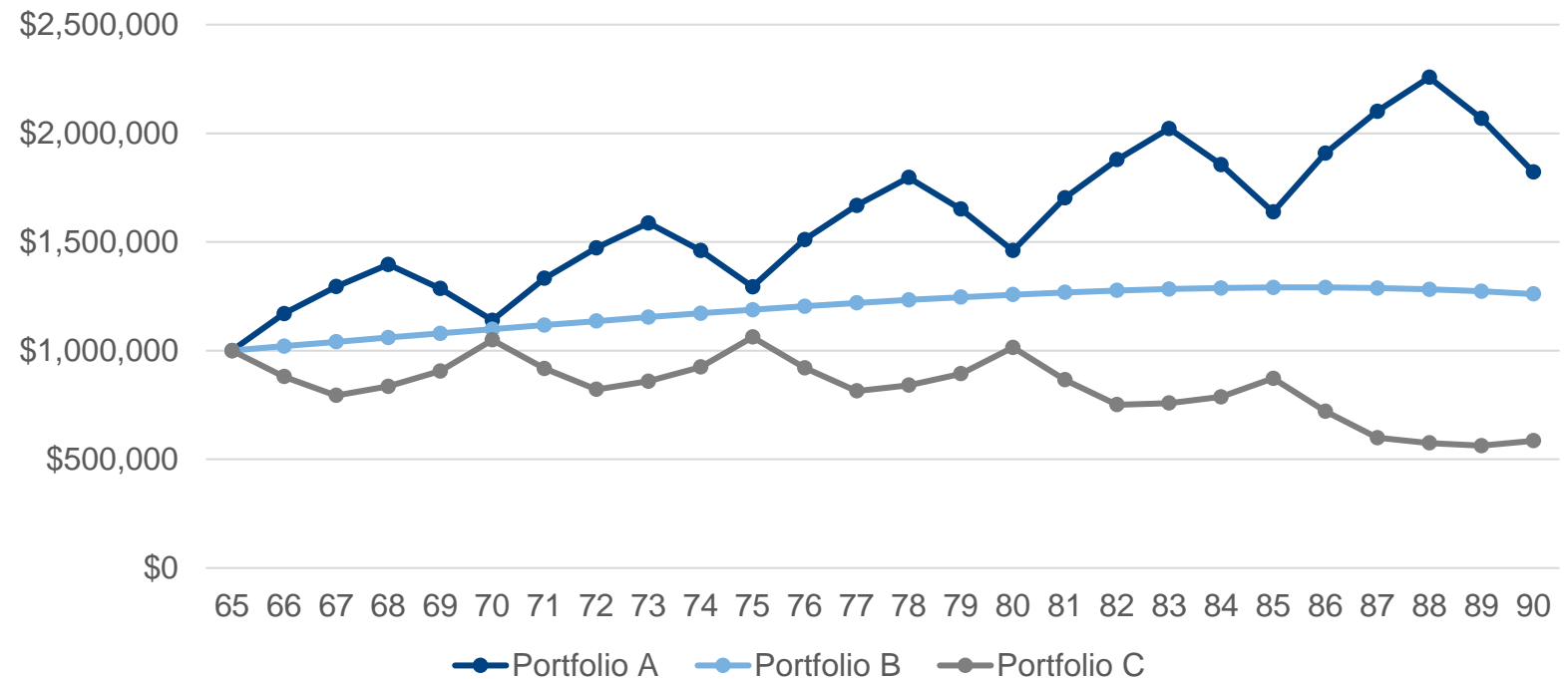
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# Sequence of return risk

Sequence of returns while taking distributions

Portfolio values when taking \$50,000 annual distributions adjusting for 3% inflation

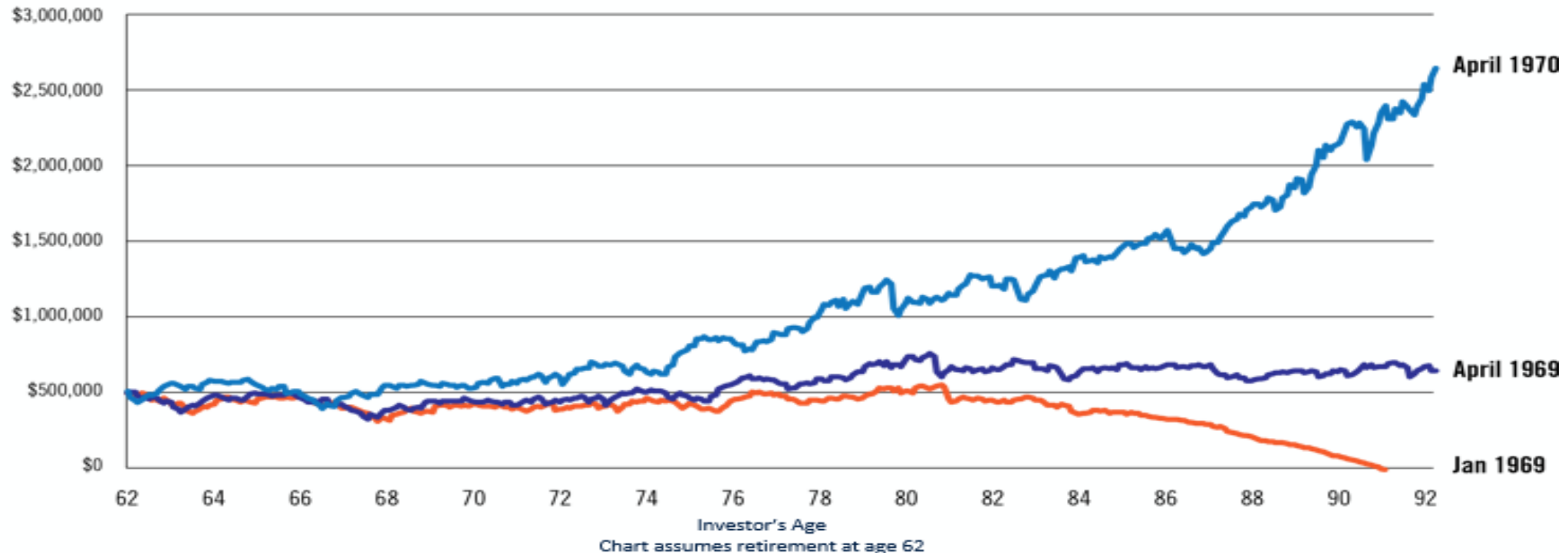
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B	7%	7%	7%	7%	7%	7%
C	-7%	-4%	12%	15%	22%	7%



Hypothetical example shown for illustrative purposes only.



# Market risk can result in far different outcomes



Hypothetical example shown for illustrative purposes only.

12. LIMRA Retirement Income Reference Book; LIMRA Secure Retirement Institute, October 2018; chart assumes \$500,000 initial investments, 4.05% withdrawal adjusted annually for inflation; 42.5% Large Cap, 17.5% Small Cap, 40% Intermediate Government Bond, rebalanced annually.

# Withdrawal rate risk

## What is a sustainable withdrawal rate?

- The rate one can safely take out of an account with no probability of depletion

## Opinions on sustainable withdrawal rates have changed over time:

- Longer life expectancies
- Decline of fixed income returns
- Market volatility

### Withdrawal rates

<b>William Bengen (1994)<sup>1</sup></b>	4%
<b>Jonathon Guyton (2004)<sup>2</sup></b>	3.6%-5.8%
<b>Wade Pfau (2010)<sup>3</sup></b>	2.1%
<b>Morningstar (2021)<sup>4</sup></b>	3.3%

1. Bengen, W.; "Determining Withdrawal Rates Using Historical Data"; Journal of Financial Planning, 10-94.

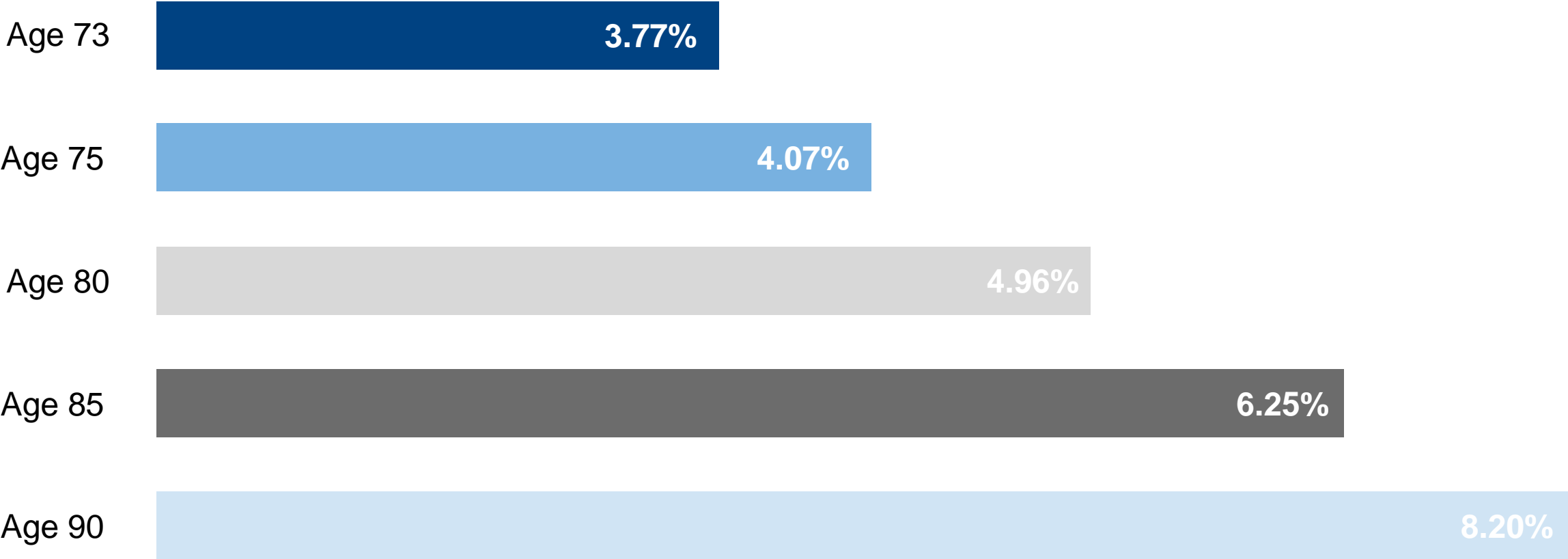
2. Guyton, J.; "Decision Rules and Portfolio Management for Retirees: Is the 'Safe' Initial Withdrawal Rate Too Safe?"; FPA Journal; 10-04

3. "Retirement Income Dashboard for a Benchmark Couple Both Turning 65 in July 2020"; Conservative portfolio (25% stock allocation) with 2% spending COLA; Wade Pfau; retirementresearcher.com/dashboard.

4. Benz, C. and Rekenhaller, J.; "What's a Safe Retirement Spending Rate for the Decades Ahead?"; Morningstar; 11-11-21; morningstar.com/articles/1066569/whats-a-safe-retirement-spending-rate-for-the-decades-ahead.

# RMDs can erode IRAs for surviving spouses

New RMD as a % of account balance<sup>1</sup>



1. 2022 RMD Uniform Lifetime Tables"; static.fmgsuite.com/media/documents/62a03f4e-4470-466d-ab38-c2d1850bfc7d.pdf.

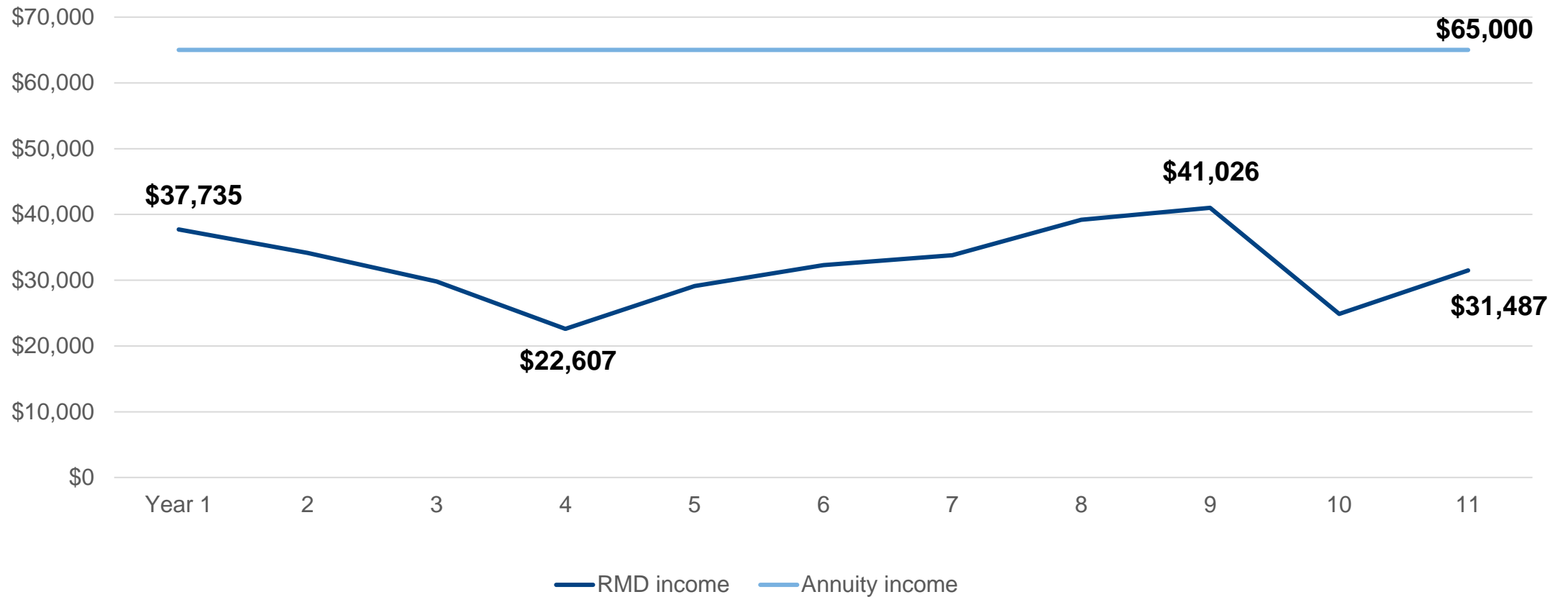
# RMDs in down markets impact an IRA

- RMDs are *required* regardless of market conditions.
- There's a 25% penalty if not taken.
- Taking RMDs in a down market can significantly impact both IRA account value and RMD income.
- S&P 500<sup>®</sup> returns from 2000 to 2010.

IRA beginning of year	RMD percentage	S&P 500 <sup>®</sup> return	RMD income	IRA value end of year
\$1,000,000	3.77%	-9.1%	\$37,735	\$871,264
\$871,264	3.92%	-11.89%	\$34,167	\$733,503
\$733,503	4.07%	-22.10%	\$29,817	\$535,787
\$535,787	4.22%	28.68%	\$22,607	\$666,844
\$666,844	4.37%	10.88%	\$29,119	\$710,277
\$710,277	4.55%	4.91%	\$32,285	\$712,866
\$712,866	4.74%	15.79%	\$33,785	\$791,642
\$791,642	4.95%	5.49%	\$39,190	\$795,913
\$795,913	5.15%	-37.00%	\$41,026	\$460,399
\$460,399	5.41%	26.46%	\$24,886	\$557,334
\$557,334	5.65%	15.06%	\$31,487	\$609,781

Hypothetical example shown for illustrative purposes only, is not guaranteed and does not reflect taxes or investment fees which would reduce the figures shown here. It is not possible to invest directly in an index.

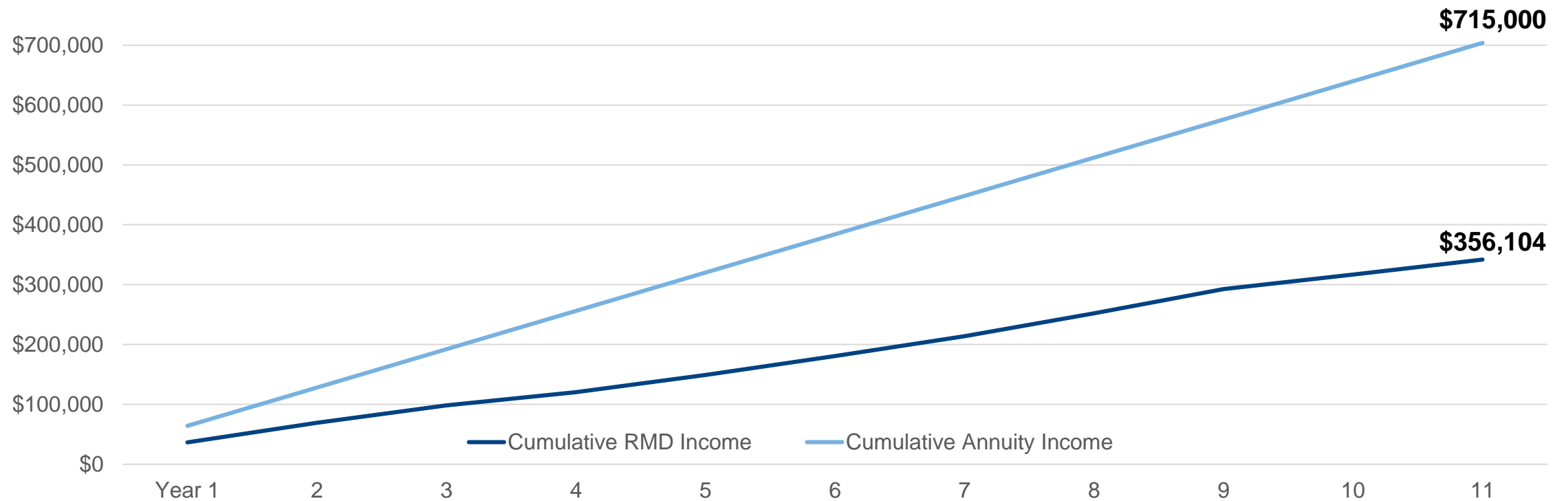
# Annuities can offer an RMD solution for two lives



Hypothetical example shown for illustrative purposes only.

Illustrating taking RMDs from a beginning IRA value of \$1,000,000 during a period of 2000 - 2010 vs the lifetime payout for a couple at 5.60% guaranteed income for life beginning at 72 years old.

# Annuities can provide higher levels of income over a retiree's lifetime



Hypothetical example shown for illustrative purposes only.

Aggregate totals of illustrating taking RMDs from a beginning IRA value of \$1,000,000 during a period of 2000 - 2010 vs the lifetime payout for a couple at 5.60% guaranteed income for life beginning at 72 years old.

# Making benefit decisions

How Social Security, Medicare and taxes are affected when a spouse passes



# Spousal benefits

Married couples can claim benefits based on:

- Their own earnings record, or
- The earnings record of their spouse.

## Four pillars of spousal benefits:

- Spouses may not file until the primary files.
- Spousal benefits do not accrue beyond full retirement age (FRA).
- Spousal benefits are reduced more than primary benefits.
- A spousal filing is a “deemed” filing.





# How are spousal benefits calculated

Full retirement age (FRA) of 66	
62	35.0%
63	37.5%
64	41.7%
65	45.8%
66	50% spousal benefit

FRA of 67	
62	32.5%
63	35.0%
64	37.5%
65	41.7%
66	45.8%
67	50% spousal benefit

Ted and Sharon are married and both have a full retirement age of 67. Sharon has a limited work history as she raised their three children. What will her spousal payment be?

Ted and Sharon's benefits	
Ted's benefit at FRA	\$2,000
Sharon's benefit at FRA	\$500
Sharon's FRA spousal benefit	\$1,000

## What if Sharon elects benefits at age 62?

- At 62, her spousal benefit is reduced to 32.5% of Ted's FRA.
- Sharon receives a spousal payment of \$650 per month.

# Survivorship benefits

- One-time lump-sum death benefit of \$255.
- Surviving spouses can keep their own benefit or step up to the benefit of their deceased spouse.

## Four pillars of survivorship benefits:

1. Low benefit goes, high benefit stays.
2. Survivor benefits begin at age 60.
3. Survivor benefits are reduced if taken prior to FRA — up to 28.5%.
4. Survivors have the ability to switch benefits.

Hypothetical example shown for illustrative purposes only.

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# Survivorship benefit example

**Ted files for benefits at FRA (67).**

FRA benefit of \$2,000 per month/\$24,000 per year

**Sharon files for spousal benefits at FRA (67).**

FRA spousal benefit of \$1,000 per month/\$12,000 per year

**Ted passes at age 72.**

- Sharon's \$1,000 per month spousal benefit ends.
- Sharon begins to receive \$2,000 per month survivorship benefit.

Sharon lives an additional 15 years, her total lost income is:  
 $15 \times 12 \times \$1,000 = \mathbf{\$180,000}$

# Survivorship benefit options

Age	60	67	70	90
	Sharon age 60	Ted passes away this year at age 67 with an FRA benefit of \$2,000.		Sharon lives to age 90

**Sharon's own benefits**

- At age 62      \$1,400
- At age 67      \$2,000
- At age 70      \$2,480

**Sharon's survivor benefits**

- At age 60      \$1,430
- At age 67      \$2,000

**Option 1:**  
 Elect survivorship payment of \$1,430 immediately at age 60 and receive that for life.

Hypothetical example shown for illustrative purposes only.

# Survivorship benefit options

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- At age 62 \$1,400
- At age 67 \$2,000
- At age 70 \$2,480

**Sharon's survivor benefits**

- At age 60 \$1,430
- At age 67 \$2,000

**Option 2:**  
 Elect her own payment of \$1,400 at age 62 and receive that until age 67, then switch to the survivorship benefit of \$2,000 and receive that for life.

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	Sharon age 60		Ted passes away this year at age 67 with an FRA benefit of \$2,000.		Sharon lives to age 90

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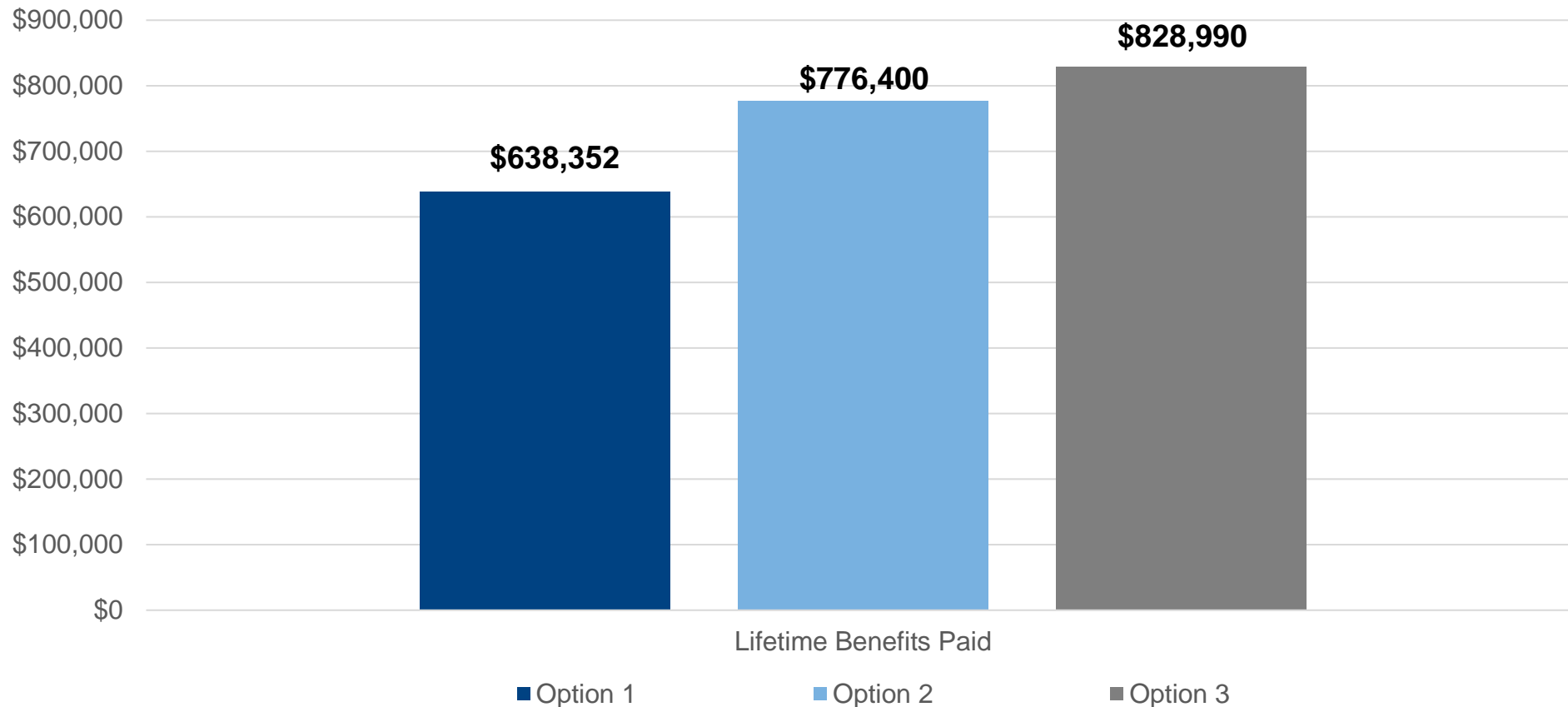
- At age 60      \$1,430
- At age 67      \$2,000

**Option 3:**  
 Elect survivorship payment of \$1,430 immediately at age 60 and receive that until age 70, then switch to her own benefit of \$2,480 and receive that for life.

Hypothetical example shown for illustrative purposes only.

# Survivorship benefit options — Lifetime benefits paid

Lifetime benefits paid can vary significantly.



Hypothetical example shown for illustrative purposes only.

# The ABCDs of Medicare

Policies offered by Medicare:



**Part A** Hospital insurance



**Part B** Medical insurance



**Part C** Medicare Advantage



**Part D** Prescription drug coverage





# Medicare premiums

- What are the premium costs?<sup>1</sup>
- Monthly premium pricing tiers are calculated on Modified Adjusted Gross Income (MAGI) from two years prior.

**For 2023, if your MAGI in 2021 was:**

File individual tax return	File joint tax return	2022 monthly Part B premium	Medicare Part D monthly cost
\$97,000 or less	\$194,000 or less	\$164.90	Plan premium
\$97,001 - \$123,000	\$194,001 - \$246,000	\$230.80	+\$12.20
\$123,001 - \$153,000	\$246,001 - \$306,000	\$329.70	+\$31.50
\$153,001 - \$183,000	\$306,001 - \$366,000	\$428.60	+\$50.70
\$183,001 - \$500,000	\$366,001 - \$750,000	\$527.50	+\$70.00
Over \$500,000	Over \$750,000	\$560.50	+\$76.40

1. <https://www.cms.gov/newsroom/fact-sheets/2022-medicare-parts-b-premiums-and-deductibles2022-medicare-part-d-income-related-monthly-adjustment>

# Medicare cost — Impact on a surviving spouse

- When a spouse passes, the remaining spouse can sometimes experience a sharp rise in Medicare premiums.<sup>1</sup>
- This typically happens in the third year after the death of the spouse, and can potentially result in premiums rising between 40% and 220%.

**Consider a situation of a couple with MAGI of \$185,000:**

File individual tax return	File joint tax return	2023 monthly Part B premium	2023 monthly Part D premium
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<b>\$183,001 - \$500,000</b>	\$366,001 - \$750,000		
Over \$500,000	Over \$750,000	\$578.30	+\$76.40

1. <https://www.cms.gov/newsroom/fact-sheets/2022-medicare-parts-b-premiums-and-deductibles2022-medicare-part-d-income-related-monthly-adjustment>.

# Medicare cost — Impact on a surviving spouse

- When a spouse passes, the remaining spouse can sometimes experience a sharp rise in Medicare premiums.<sup>1</sup>
- This typically happens in the third year after the death of the spouse, and can potentially result in premiums rising between 40% and 220%.

**Consider a situation of a couple with MAGI of \$185,000:**

File individual tax return	File joint tax return	2022 monthly Part B premium	2022 monthly Part D premium
\$97,000 or less	<b>\$194,000 or less</b>	<b>\$164.90</b>	Plan premium
\$97,001 - \$123,000	\$194,001 - \$246,000	\$230.80	+\$12.20
\$123,001 - \$153,000	\$228,001 - \$306,000	\$329.70	+\$31.50
\$153,001 - \$183,000	\$284,001 - \$366,000	\$428.60	+\$50.70
<b>\$183,001 - \$500,000</b>	\$340,001 - \$750,000	<b>\$527.50</b>	
Over \$500,000	Over \$750,000	\$560.50	+\$76.40

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<b>\$183,001 - \$500,000</b>	\$366,001 - \$750,000	<b>\$527.50</b>	<b>+\$70.00</b>
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1. <https://www.cms.gov/newsroom/fact-sheets/2022-medicare-parts-b-premiums-and-deductibles2022-medicare-part-d-income-related-monthly-adjustment>.

# 2023 estimated itemized Medicare cost

- What does Medicare cost?
- Average out-of-pocket for 65 year old Medicare participant, married/joint with MAGI below \$194,000 <sup>1</sup>
  - ✓ Traditional coverage
  - ✓ National premium-base drug plan
  - ✓ Part G Medigap plan
  - ✓ Average national out-of-pocket items not covered, such as vision, dental and hearing<sup>3</sup>

Type of coverage	Estimated annual cost
Part A — Hospital	\$0
Part B — Medical	\$1,978
Part D — Drugs	\$378
Medigap — G Plan <sup>1</sup>	\$1,721
Out-of-pocket (prescription drugs, vision, dental) <sup>2</sup>	\$2,971
<b>Total — Per person</b>	<b>\$7,048</b>

Hypothetical example shown for illustrative purposes only.

1. <https://www.helpadvisor.com/medicare/medicare-supplement-insurance-cost>

2. <https://www.aarp.org/ppi/info-2020/medicare-beneficiaries-out-of-pocket-spending-for-health-care.html>

# The widow's tax penalty

Surviving spouses are susceptible to higher taxes:

- Occurs year following death of spouse
- Loss of one standard deduction as a single filer
- Income compressed to higher tax brackets as a single filer
- Can occur even when income declines

## Taxable income in 2023 for single and married filing joint

Rate	For single filers	For married filing joint
10%	Up to \$11,000	Up to \$22,000
12%	\$11,001 to \$44,725	\$22,001 to \$89,450
22%	\$44,726 to 95,375	\$89,451 to \$190,750
24%	\$95,376 to \$182,100	\$190,751 to \$364,200
32%	\$182,101 to \$231,250	\$364,201 to \$462,500
35%	\$231,251 to \$578,125	\$462,501 to \$693,750
37%	\$578,126 or more	\$693,751 or more

## 2023 filing status

## Deduction amount

**Single**

\$13,850 + \$1,850 for over 65

**Married filing joint**

\$27,700 + \$3,000 for over 65



# The widow's tax penalty



## Married filing joint

Total income	\$100,000
Standard deduction	(\$30,700)
Taxable income	\$69,300
<b>Tax</b>	<b>(\$7,876)</b>
After-tax income	\$92,124



Death of a spouse causes a 78% increase in tax liability at the same income level.



## Single filer

Total income	\$100,000
Standard deduction	(\$15,700)
Taxable income	\$84,300
<b>Tax</b>	<b>(\$13,853)</b>
After-tax income	\$86,147

Hypothetical example shown for illustrative purposes only.

# Taxes can increase even when income declines



## Married filing joint

Total income	\$100,000
Standard deduction	(\$30,700)
Taxable income	\$69,300
<b>Tax</b>	<b>(\$7,876)</b>
After-tax income	\$92,124



Even when a surviving spouse's income is reduced by as much as 20%, their tax liability can still increase.



## Single filer

Total income	\$80,000
Standard deduction	(\$15,700)
Taxable income	\$64,300
<b>Tax</b>	<b>(\$9,454)</b>
After-tax income	\$70,546

Hypothetical example shown for illustrative purposes only.



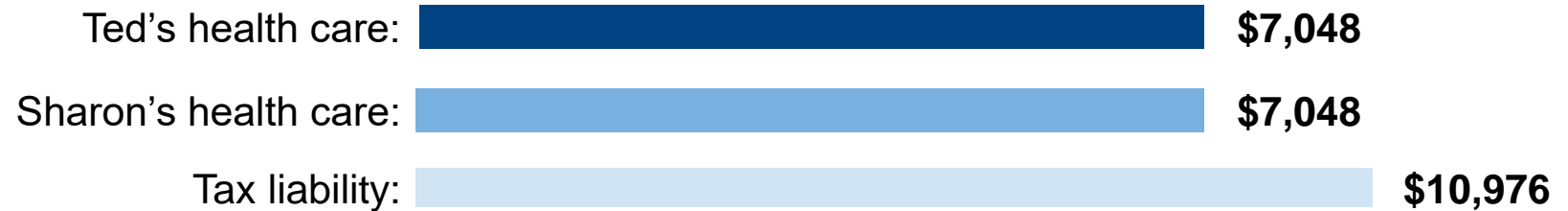
# Hypothetical Case study

Putting it all together

# Surviving spouses can face increased costs



## Ted and Sharon's expenses on \$130,000 of income



Married filing joint income		Taxable amount
IRA withdrawals	\$85,000	\$85,000
Ted's Social Security <sup>1</sup>	\$30,000	\$25,500
Sharon's Social Security <sup>1</sup>	\$15,000	\$12,750
Taxable amount		\$123,250
Standard deduction		(\$30,700)
Taxable income		\$92,550

Hypothetical example shown for illustrative purposes only.

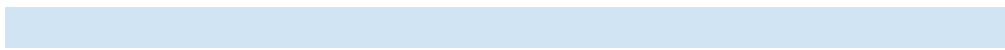
1. Social Security is 85% taxable.

# Surviving spouses can face increased costs



## Sharon's expenses on \$130,000 of income

Sharon's health care:  **\$9,404**

Tax liability:  **\$19,752**

Married filing joint income		Taxable amount	Filing single		Taxable amount
IRA withdrawals	\$85,000	\$85,000	IRA withdrawals	\$100,000	\$100,000
Ted's Social Security <sup>1</sup>	\$30,000	\$25,500	Sharon's Social Security <sup>1</sup>	\$30,000	\$25,500
Sharon's Social Security <sup>1</sup>	\$15,000	\$12,750			
Taxable amount		\$123,250	Taxable amount		\$125,500
Standard deduction		(\$30,700)	Standard deduction		(\$15,700)
Taxable income		\$92,550	Taxable income		\$109,800

Hypothetical example shown for illustrative purposes only.

1. Social Security is 85% taxable.

# Using a dual-budget model

A dual-budget model is a direct extension of the bottom-up model, which incorporates **two** total spending estimates.

The first or essential represents the lowest level of retirement spending that can be accepted.

The second or discretionary (or preferred) budget represents a higher level of retirement spending that is actually desired.

## Expenses

### Essential expenses

- Housing
- Health care
- Food
- Clothing
- Transportation

### Discretionary expenses

- Leisure
- Hobbies
- Travel
- Entertainment

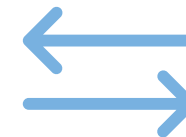
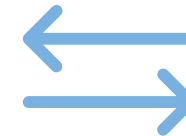
## Income

### Guaranteed income

- Pension
- Social Security
- Guaranteed lifetime income through an annuity

### Non-guaranteed income

- Managed money
- Mutual funds
- Stocks and bonds
- Real estate



# Using a dual-budget model

If reliable sources of guaranteed income are not sufficient to cover essential expenses, an income gap exists.

<b>Essential expenses</b>	<b>\$57,000</b>
Housing/food/clothing/transportation	\$44,000
Health care	\$13,000
<b>Guaranteed sources of income</b>	<b>\$42,000</b>
Social Security	\$24,000
Pension	\$18,000
<b>Income gap of essential expenses</b>	<b>\$15,000</b>

Hypothetical example shown for illustrative purposes only.

# The ART of income

## Converting assets to cash flow

Investment needed to generate \$15,000 income per year at age 65

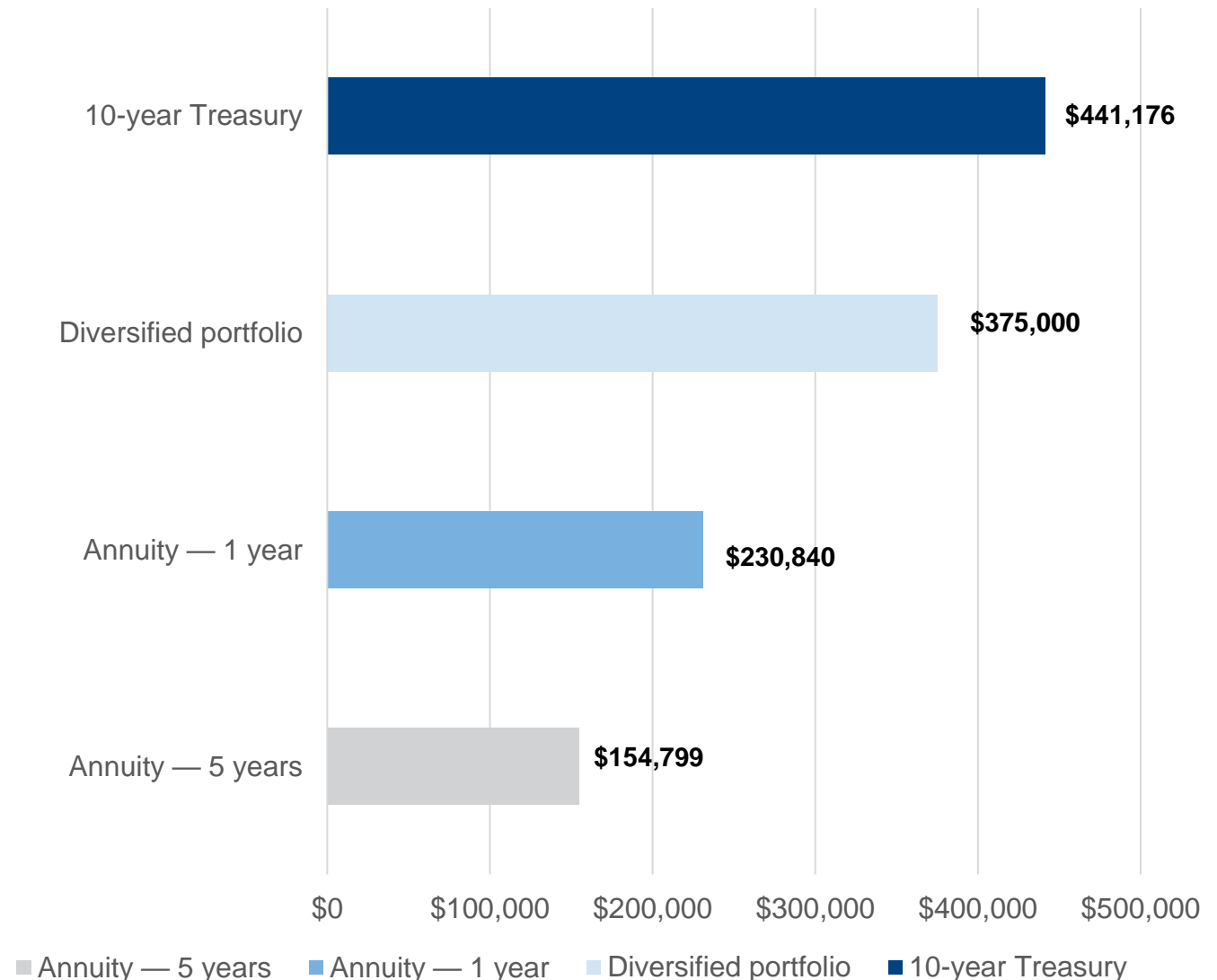
**Avoid** 10-year U.S. Treasury at 3.4%

**Retain** Hypothetical diversified portfolio with a safe withdrawal rate of 4%

**Transfer** Hypothetical FIA with an income rider paying 5.7% for both lives of a married couple age 65 with a 14% simple roll-up taking income in one year or five years

As of 4/10/2023. Does not represent any specific investment product. Hypothetical example shown for illustrative purposes and is not guaranteed.

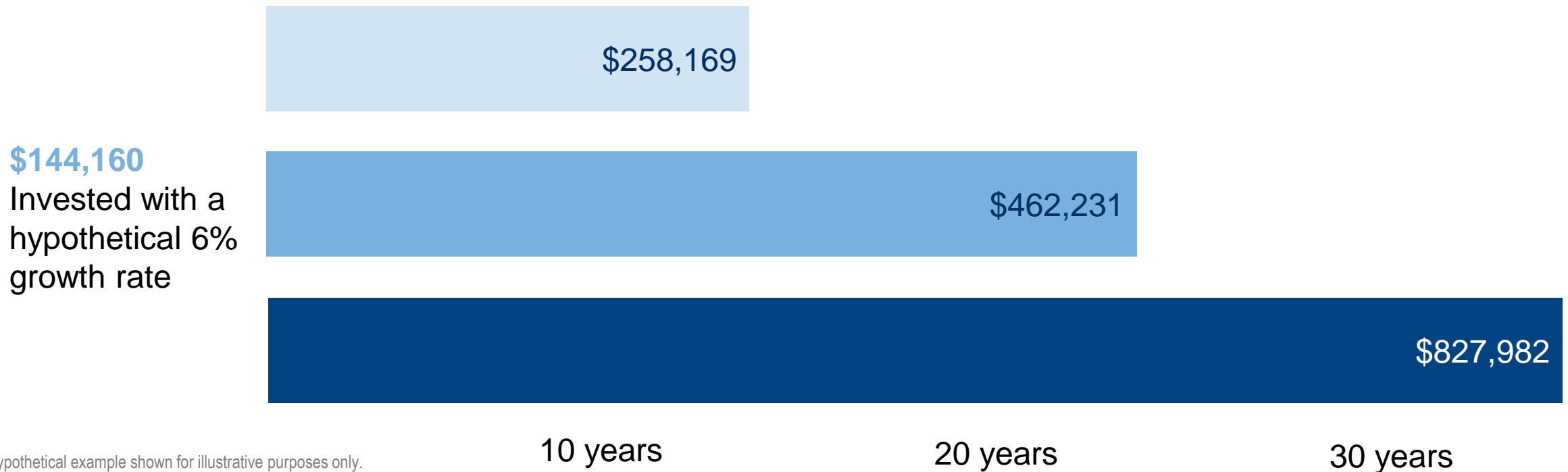
## Amount needed to create \$15,000 of income





# Excess capital can be reinvested

Transferring risk requires **\$144,160** less in capital to achieve a guaranteed outcome. This can be reinvested to grow over remaining life expectancy



# Summary

- Surviving spouses assume a disproportionate amount of risk in a retirement strategy.
- Surviving spouses frequently have decreasing income and increasing expenses.
- Without proper planning as a couple, surviving spouses are particularly vulnerable to outliving their desired retirement income.

# QUESTIONS?



Annuity withdrawals are subject to ordinary income taxes. Surrender charges may apply to excess withdrawals that, in addition to LIB payment, exceed 10% annual free withdrawal available under the contract. You may be subject to a 10% federal penalty if you make withdrawals before age 59½.

Provisions of the Lifetime Income Benefit Rider (LIBR), such as Income Account Value (IAV) Accumulation Rates and IAV multiplier may change prior to issue. IAV is only used to calculate lifetime income. It is not part of the underlying contract value, or available in a lump sum. Available for issue ages 50 to 85.

Rider fee is calculated based on the IAV and deducted from the contract value on each contract anniversary as long as the rider is attached to the contract.

Guarantees are based on the financial strength and claims-paying ability of the issuing company. Eagle Life is a wholly owned subsidiary of American Equity Investment Life Insurance Company®.

Eagle Life Insurance Company® does not offer legal, investment or tax advice. Each client has specific needs that should be discussed with a qualified legal or tax advisor.

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**THANK YOU**