THE ANNUITY ATLAS

YOUR MAP TO USING ANNUITIES IN RETIREMENT

ATLAS
Financial Strategies, Inc.

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INTRODUCTION

My name is Marty Becker, founder of Atlas Financial Strategies, Inc. I live in St. Louis, MO, with my wife, Kasey, and our two sons, Christian and Grayson. I am an expert in annuities and other safe money products.

I have not always been in this profession. My background is in professional Firefighting and Paramedicine. If I had to be honest, I fell into this industry out of desperation for a solution to a personal problem.

Firefighters, police officers, and other government employees have traditionally always had a Defined Benefit pension. In fact, many of them still do.

A Defined Benefit Pension is exactly what it sounds like — a defined retirement benefit for your years of service with an employer. Think, "I work 30-40 years for the same employer, and at age 65, my spouse and I will receive $3500 per month for the rest of our lives, no questions asked."

Until the 1980s, there were no 'Financial Planners' or 'Retirement Experts' to speak of because you didn't need one. At least not to the level that it is at in the 2000s.

Almost everyone had a Defined Benefit pension plan, along with some savings, cash value whole-life insurance, and maybe some blue-chip stocks. But all of that started to change with the creation of the 401(K).

Originally designed to be a tax-shelter for wealthy executives to defer their bonuses, it became an uncontrollable monster that opened Pandora's Box for the struggle of the middle-class to retire with confidence. Instead of having that 'defined benefit', now people had a 'defined contribution'. Meaning, now it was defined how they could save for their own retirements, and all of it was going to be at risk in the stock market.

Did you ever wonder why the '80s was such a boom time for Wall St.? Because millions of people were forced into the stock market and now had to risk their money to have any hope of retirement. We'll talk in-depth about this in future newsletters.

Back to my story of how I became an annuity expert — this change of benefits is not just a change that applies to the private sector. Many government agencies and unions are now having to drastically cut, or eliminate completely, the defined benefits they offer their employees due to mismanagement and overzealous projections. And mine was not the exception.

Around 2008, our guaranteed defined benefit was changed to a defined contribution. I am not the type to get angry; I just try to adapt and overcome. So, I started a financial journey that has led me to the point of running my own company and helping others that are fearful about running out of money before they run out of life.

My first stop in 2009 was to do what everyone else does, which is talk with a "Certified Financial Planner". Someone who has a bunch of letters behind their name and works for a huge company with beautiful office buildings. I handed this gentleman a lump sum of money because it sounded like he knew what he was talking about, and I just let it ride so he could prove his worth.

Fast forward to the beginning of 2013. Do you remember what happened in the market between 2009 and 2013? It exploded! In fact, the S&P 500, with dividends, had an actual ROR of 14.43%, PER YEAR! However, my balance with this gentleman had not only NOT grown 14.43% per year; he actually lost some of my money!

That set off a series of events that revealed that most, not all, but the vast majority of so-called "money experts", invest your money in what will make them and their companies the most money — *not* their clients. Then add in an average 2% fee (management + internal product fees), and now you have a recipe for losing a client's money in a market that is going straight up in value. This unacceptable scenario caused me to take complete control of my financial future. I spent years researching stocks, bonds, mutual funds, business opportunities, franchises, precious metals, real estate, and any other financial concept that could give me a *guaranteed* retirement to look forward to. And guess what? None of the above mentioned did that. Plus, most of them were extremely capital intensive to even make it worth the risk to get the returns you need to have a solid amount to retire on. Are any of them "bad", by nature? I guess not. There is a time and a place for all the above, however, not as rock-solid as the foundation that is needed for a guaranteed retirement income.

Fortunately, and I do mean *fortunately*, I received a random email from one of the investment newsletters I had subscribed to describing financial products that I had heard nothing but terrible things about my whole adult life. What financial concept or product could be so bad that I had been warned not to even talk to a representative in this field? Well, it was annuities and high cash value whole life insurance. Considered curse words by those ignorant to these products, annuities and other financial products offered by insurance companies are probably some of the most misunderstood products in the market today.

All you have to do is Google the word 'annuity', and you'll get a healthy mix of 'pro' articles that tend to over-exaggerate the benefits of annuities, along with some 'con' articles that tell you it's literally better to go to hell than to buy an annuity. That seems pretty extreme.

The point of this guide is to help you cut through the noise on the internet and give you the most pertinent points of annuities.

Thank you for reading,

Marty Becker

President, Atlas Financial Strategies

SPIA'S

This is your Grandma's annuity. SPIA's, or Single Premium Immediate Annuities, can be traced back to the Roman Empire. This is how Roman soldiers were paid for their years of service to the Empire. It acts very similarly to how a Defined Benefit pension works. There is a lump sum of money available, and you can take the money, or you can take a guaranteed income for you, or you and your spouse, and will then be guaranteed a monthly income for as long as you live. However, if you both pass away prematurely, there is nothing that is passed on to your beneficiaries. I am starting to see a trend of people walk away from their employer pensions for this reason. Most people at least want the option of their children or grandchildren inheriting something if the option exists.

I'm not a huge fan of SPIA's, but they do serve a purpose in specific situations. For instance, if you are under the age of 59 ½ and you absolutely need income immediately from tax-deferred money, an SPIA can help you avoid the 10% IRS penalty*.

SPIA's can also be set up for guaranteed terms. They are available from 5 years to life, and everything in between.

FIXED INTEREST OR MULTI-YEAR GUARANTEED ANNUITIES (MYGA'S)

These annuities operate very much like a bank CD. They will give you a guaranteed interest rate for a predetermined amount of time. They come in term options of 1-20 years, and they almost always beat the rate on a bank CD. Plus, all interest can be deferred on taxes if you so choose, unlike a CD that will cause a Schedule-B tax event***.**

In addition, you can have the option of withdrawing earned interest or up to 10% of the account value per year. It just depends on what each carrier offers in their agreements. Also, Fixed Interest Annuities & MYGA's have no fees. These are great options for someone looking for a guaranteed interest rate with a short-term agreement.

***I am not a tax professional. Please consult with a tax expert before making any decisions.**

VARIABLE ANNUITIES

These are what I call "The Wolf in Sheep's Clothing". Riddled with fees and complicated language within a 100-400-page prospectus, these, unfortunately, get lumped in with every other type of annuity. They are normally sold to unsuspecting individuals that have the right idea of wanting a guaranteed income while participating in market gains. However, there are many pitfalls in Variable Annuities that can cause havoc in your retirement plan. Please see my full report on Variable Annuities for extensive details.

QUALIFIED LONGEVITY ANNUITY CONTRACT (QLAC)

You don't hear a lot about these, but they are designed for people with too much Qualified Money (tax-deferred) and need to delay taking RMD's to avoid paying the taxes. A QLAC will allow you to defer having to take RMD's until age 85, under current tax law, and can be funded with a total of 25% or $135,000, whichever is less, of your Qualified Money.

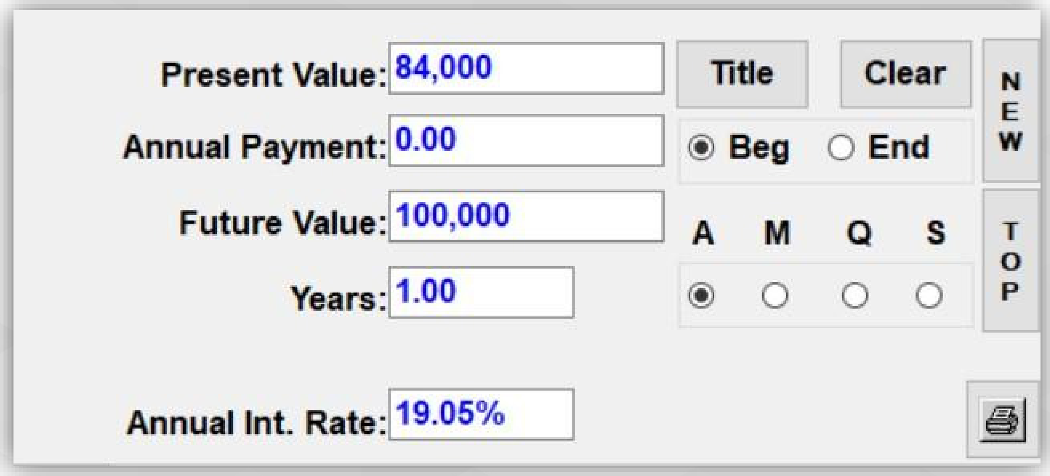
"BUFFERED" ANNUITIES

A "buffered" annuity is a type of Indexed Annuity that will give you full participation in a market index and then has an "absorption" on the down side. For example, the market goes up 20% in year one. Then in year 2, the market crashes by 40%, but you have a 10% "absorption rate." So, technically you only lost 30%. Not only did you lose your 20% gain, but an additional 10% of your money because anything over a 10% loss means you take the hit. Let's do the math:

$100,000 + 20% = $120,000

$120,000 – $36,000 = $84,000 [30% x $120,000 = $36,000]

Now how much does the market need to increase in year 3 for you just to get back to your original $100,000?



19.05%!!! Just to get back to even! Heaven help you if you're paying any type of fee on top of this, which just increases your loss and the return you will need to get your money back.

This is equivalent to an adult wearing a kid's life preserver. You may not sink, but your head could still be underwater.

Be extremely careful and read the fine print if you are considering one of these.

FIXED INDEXED ANNUITIES

Also known as FIA's. A Fixed Indexed Annuity allows you to track a stock market index while not actually having your money at risk in the stock market itself. The keyword here is "track". This allows you to get market-like gains while having your money completely backed by the strength of a giant insurance company. Your gains will be tracked by a selection of crediting strategies within a selection of stock indexes. A key point to remember is that the more volatile the index, the lower your crediting strategy will be.

There are multiple options for crediting strategies, but the most common are 'Cap Rates', 'Spreads', and 'Participation Rates'. Here are some examples of how your money would grow with each strategy:

Cap Rates - Let's say you have a cap rate of 5%. The market goes up 10%. You would receive 5% interest growth because you are "capped" at 5%.

Spreads - Let's say you have a spread of 5%. The market goes up 10%. You would receive 5% interest growth because you keep everything above 5% or above the "spread".

Participation Rates - Let's say you have a 50% Par Rate. The market goes up 10%. You would receive 5% interest growth because you are "participating" in 50% of the growth.

Any one of these crediting strategies can work in your favor. But, depending on the amount of gain in the index, one strategy may do better than the others. I personally prefer going with a participation rate. The most important question to consider is, what happens if the market drops? If, and dare I say, when the market drops, all of your gains are locked in, and you do not lose a single penny. If you can mitigate losses, and fees, out of your portfolio, you would be shocked at how much further ahead you could get.

Let's look at an example:

We'll stick with the scenario from the Buffered Annuity section. You have $100,000, and the market goes up 20% in year 1, a gain of $20,000. Just to be conservative, let's say you only have a 50% Participation Rate; you would be credited $10,000 (even though there are par rates available that are a lot higher). In year 2, the market crashes 40%, your gains would be locked in, and you would lose $0. Then, in year 3 it increases 19.05%, for a total credited gain of $10,477.50. What does that look like?

Year 1: $100,000 + ($20,000 x 50%) = $110,000

Year 2: $110,000 – 0% = $110,000

Year 3: $110,000 + ($20,955 x 50%) = $120,477.50

Again, this is a very conservative example, but I think it represents the power of not participating in market losses, even if you're sacrificing some of the gains in the good years.

FIA'S WITH INCOME RIDERS

An income rider is an option that can accompany most FIA's. They come with a fee, normally an average of 1%, and it will give you a guaranteed increase, or "roll-up", towards the *Income Value*. The Income Value is an actuarial calculation based on your age that the insurance company sets to determine what payout percentage you will receive. A standard payout percentage in the traditional retirement planning world is 4%, known as The 4% Rule. However, that "rule" is being heavily disputed these days due to the volatility of the stock market and a low-interest-rate environment in the bond market. It is more like 2.5% - 3%, according to researchers like Dr. Wade Phau.

However, let's say that it is still 4%. An insurance company will normally guarantee more than a 4% payout rate if you are over the age of 60.

What an income rider allows you to do is spend a higher percentage of your money while still participating in an all-stock index, without the risk of loss, and guaranteeing that you will never run out of income for as long as you live.

What happens to the remaining money in the event of an early death? All the remaining money goes to your beneficiaries that you have on file with the insurance company. What happens if you live a very long life, and the market doesn't perform, causing the Account Value to go to zero? You still get paid every month, no matter what, for as long as you live. Guaranteed.

Think of the Income Rider this way: We have all had life insurance to protect our loved ones in case of an early death. A Fixed Indexed Annuity, with an income rider, is insurance that protects *you* in case of long life. Which just happens to be the number one fear, according to a recent Forbes article, explaining the 4 biggest concerns of people near or already in retirement. So, which one of the above annuities is right for you? Some Annuity Professionals love Income Riders. Some hate Income Riders. Some love SPIA's because of the higher payout rates. Others love the idea of a fixed interest rate. I'm totally indifferent.

What you will find a lot of time with annuity agents is they are trying to 'product push' because they are too lazy to learn about all of the options available that could actually provide the best solution available for your individual needs and/or wants.

For me, it all has to do with, what is the purpose of your money? The answer to that question will determine what product is the right fit for you.

FIXED INDEXED LINKED ANNUITIES OR FILA'S:

This type of annuity came onto the scene in mid-2021. One of the things I love about the annuity industry is that it is very competitive for your business, so they are always innovating to release better and better products. What they came up with is the **Fixed Indexed Linked Annuity**, or **FILA**.

The way this annuity works is a trade off for a higher Cap or Participation Rate in exchange for your willingness to risk a portion of your gains. Just your gains. Never your principle.

For example, at the time of this writing, the highest offered Cap Rate is 20%, or a 65% Participation Rate. And both of those rates are offered on an Annual Point-to-Point (every year) basis on the Mother of All Indexes: The S&P 500! Now, that is HUGE!

The trade off to get those higher rates is you are willing to risk up to 10%-15% of your previous years growth. But again, your principle is still 100% protected from loss. It is a very innovative product, but it must be fit to the right individual.

Here's a short Pro's & Con's List for the **FILA**:

Pro's

- MUCH Higher Caps & Participation Rates on the S&P 500
- 100% Principle Protection
- Zero Fees
- 100% Return of Premium Upon Death, Long-Term Care Confinement, or Terminal Illness Diagnosis

Con's

- Gains Have a Potential Risk of Being Lost (but how much is at risk is totally up to you)
- **FILA's** are Only Offered in 10-Year Products
- The 10% Penalty-Free Withdrawal is Limited to Your Principle Amount (you can access interest growth in addition to principle in other **FIA's**)

DO YOU WANT TO SEE A RETIREMENT INCOME STRATEGY THAT OUTPERFORMS 99.9% OF ALL ANNUITY-BASED RETIREMENT PLANS?

Book your 100% free consultation now to receive an independent assessment of your situation and compare the options you've already been presented with...

- **Personalized Application Of Index Annuities For Your Retirement Plan** (I'll show you how to apply the concepts from this guide to your retirement and how they stack up against other plans)

- **A Crystal-Clear View Of The Numbers** (Numbers don't lie, and I'll give you a complete, fact based look at your current options compared to my strategy)

- **Zero Obligations To Buy Anything From Me** (I don't use fear or pressure for a sale in any way ever.)

To Speak With Me Directly, Call: 636-926-6500