Securian Financial®

SecureLink® Future fixed indexed annuities
Achiever Lifetime Income optional benefit

Insurance products issued by:
Minnesota Life Insurance Company

SALES IDEA

Solving the "safe withdrawal rate" conundrum

A well-known industry rule of thumb has said that 4% is the maximum withdrawal rate that can be safely taken (adjusted annually for inflation) and last throughout a client's lifetime. It may not be wise to count on this theory, however. Longevity risk, investment fees, taxes, interest rates and expected investment return all factor into some of the flaws associated with using 4% as a safe withdrawal rate. Thus, the question still remains — **how can retirees best use their accumulated assets to guarantee a stream of income that will last as long as they do?**

Example

- 50-year-old client with a goal of retiring at 60
- $100,000 saved and available to invest
- Seeking approximately $10,000/year beginning in 10 years

Challenge #1

Reaching the accumulation goal. Difficult to achieve the rate of return and not guaranteed.

Using 4% "safe" withdrawal plan[1]

Savings used to fund retirement account	Accumulated value needed for 4% annual withdrawal rate	Rate of return required to reach accumulation goal	Income generated for first year of retirement
$100,000	$250,000	9.6% each and every year for 10 years	$10,000

Challenge #2

Sustaining — what happens after the first year? Here lies the conundrum.

Returns are not consistent year to year so continuing to receive $10,000/year without increasing the risk of running out of money is difficult. For example, if returns are -6% in year 2, the account value would be $225,600 and a 4% withdrawal would only generate $9,024 of income. Of course, if returns are +6%, the account value would be $254,400 and a 4% withdrawal would produce a little more income at $10,176.

Take the guesswork out of retirement income

Contact the Annuity Sales Desk today: **1-866-335-7355.**

Solution

Provide a guarantee so no matter how the annuity performs, your client receives income for life — even if the contract value goes to zero.

A guaranteed solution — Using SecureLink Future fixed indexed annuity with Achiever Lifetime Income (single)[1,2]

Initial purchase payment	Benefit base after 10 years	GAI % at age 60	Guaranteed annual income for life
$83,333	$166,667	6.00%	$10,000

1. Example assumes no withdrawals or additional purchase payments over the 10-year period.

2. This hypothetical example is for a SecureLink Future fixed indexed annuity with the Achiever Lifetime Income optional benefit (available for an additional cost). Guaranteed rates and subsequent values are based on the assumptions used in this case example (as of July 10, 2023) and are subject to change at any time. Values may be higher or lower than those shown. This example illustrates guaranteed minimum values assuming a hypothetical 0% growth. After 10 years, the Guaranteed Minimum Surrender Value would be $86,305; contract value would be $70,300. The Guaranteed Annual Income (GAI) is calculated by multiplying the Benefit Base by the Annual Income Percentage (initially set at the time of first withdrawal following the Benefit Date). Achiever Lifetime Income offers a 200% Benefit Base Guarantee on the 10th contract anniversary if no prior withdrawals have been taken. GAI will only decrease due to an excess withdrawal.

The Achiever Lifetime Income optional living benefit establishes a Benefit Base for calculating guaranteed annual income. The Benefit Base provides no minimum contract value and is not available for withdrawal. Withdrawals exceeding allowed guidelines, or taken before the Benefit Date, may have a negative impact on the guarantees of this optional benefit. All withdrawals reduce contract value. In years where the interest earned is less than the annual benefit charge, the contract value will decrease. The guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company. This benefit cannot be cancelled. The benefit is available on a single or joint life basis for an additional cost with a fixed indexed annuity based on state approval.

An annuity is intended to be a long-term, tax-deferred retirement vehicle. Earnings are taxable as ordinary income when distributed, and if withdrawn before age 59½, may be subject to a 10% federal tax penalty. If the annuity will fund an IRA or other tax qualified plan, the tax deferral feature offers no additional value. Qualified distributions from a Roth IRA are generally excluded from gross income, but taxes and penalties may apply to non-qualified distributions. There are charges and expenses associated with annuities, such as surrender charges (deferred sales charges) for early withdrawals.

Some products and optional features may not be available in all states and features may vary by state. Not all products, features and optional benefits are available from all firms. Please consult with your firm before providing any products/services or materials listed here.

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