

EDUCATIONAL COMMENTARY

For consumers



COVER YOUR BASIC EXPENSES: PROTECTED LIFETIME INCOME FOR ESSENTIAL EXPENSES

CASE STUDY: MARRIED WORKING COUPLE

- Lives in Texas
- \$600,000 in assets
- 65 years old
- Ready to retire

EXPENSES BASED ON TEXAS AVERAGES AND ASSUMPTIONS

- **Mortgage:** \$12,000 (\$1,000/mo)
- **Utilities and Home Maintenance Cost:** \$14,000 (\$1,167/mo)
- **Average Annual Groceries Cost:** \$6,000 (\$500/mo)
- **Average Health Insurance Cost:** \$6,000 (\$500/mo)
- **Average Transportation Spending:** \$5,000 (\$417/mo)
- **Owners of Two Horses:** \$7,000 (\$583/mo)

TOTAL BASIC EXPENSES: \$50,000 (\$4,167/mo)

Joint Social Security: \$40,800 (\$3,400/mo)

SHORTFALL: \$9,200 (\$767/mo)

ADD AN ANNUITY TO COVER YOUR BASICS

If they purchase an annuity for \$200,000 (33% of their assets), it could generate a protected lifetime income of \$9,821 annually (\$818/mo).¹ This purchase will cover their BASICS but still leave them \$400,000 to generate probable income to pay for other expenses. Their BASICS will be met. They can stay in their house, buy groceries, have transportation and participate in a hobby they are passionate about. And it's all protected.

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1. Data sourced by CANNEX Financial Exchanges Limited as of June 5, 2020. The estimated annual income amount of \$9,821 is for a single premium immediate annuity (SPIA). This is based on an average of the top five highest annual income amounts from 18 insurance companies that provided data to CANNEX Financial Exchanges Limited. The data reflects a joint life annuity with annual payments, with a premium of \$200,000, for two annuitants, a male born on June 5, 1955 and a female born on June 3, 1955, both residing in Texas. This is for illustrative purposes only. Please contact a financial professional for information on costs and details on annuity options available to you.

Expenses are based on state averages, U.S. Census Data and certain assumptions.

Annuities are long-term investments designed for retirement purposes. The value of variable annuities is subject to market risk and will fluctuate. Product guarantees are subject to the claims-paying ability of the issuing insurance company.

Earnings, when withdrawn, are subject to federal and/or state income tax, including a 10% tax penalty for withdrawals before age 59½.

Some income guarantees offered with annuities take the form of optional riders and carry charges in addition to the fees and charges associated with annuity products.

There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses. Investments in annuity contracts may not be suitable for all investors.

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