AMERICAN INSTITUTE
FINANCIAL EDUCATION

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Income for Life

Creative Solutions for Your Long-Term Income Needs

This material was written and prepared by Broadridge Advisor Solutions.

Income for Life
NGS-002-07-000000

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Workshop Objectives

- Introduce
- Educate
- Illustrate

Our Commitment

Our organization is committed to helping people evaluate their financial situations and giving them the tools to help them make good financial decisions. As part of that commitment, we use workshops like this one to provide individuals with sound financial information. This will help you identify your goals and make wise decisions to improve your financial situation.

"I advice [sic] you to go on living solely to enrage those who are paying you annuities."

— Voltaire

We follow up this session with a meeting in our offices. This is a complimentary consultation that we offer to everyone who attends our workshops. During that consultation, we can discuss any questions you have as a result of the workshop. If you prefer, we can use that time to examine your specific situation and begin the process of helping you formulate a financial strategy that will suit your needs.

About Your Workbook

The workbook is designed to help you apply what you learn to your specific situation. It's yours to keep. It reinforces the workshop's major points and will be a valuable resource for you.

Throughout the workbook, you'll see informative graphics. They come directly from the workshop slides, making it easy for you to follow the presentation. Later, these graphics will be reminders of the workshop's important points.

The workbook has wide margins so you can take notes. Feel free to underline or circle items you may have questions about.

You'll find helpful exercises, worksheets, and self-analysis quizzes in the workbook. These materials will make your workshop experience interesting, informative, and most important, valuable.

Financial Challenges

When it comes to your long-term finances, you face a number of financial challenges. One of the greatest concerns people have before they retire is whether they will accumulate enough money. According to one survey:

Only **18%** of workers are very confident that they will have enough money to live comfortably in retirement.

Source: Employee Benefit Research Institute, 2017

To help meet these challenges, it's important to develop solid strategies and make sound financial decisions. Several critical topics are covered here in detail to help you create an income for life so you will not outlive your retirement savings.

Retired for Life

Jeanne-Louise Calment, the oldest woman to have lived, died in 1997 in France at the age of 122!

If Jeanne had retired at age 65, she would have spent nearly 60 years in retirement.

How long will your retirement be?

Source:
Guinness World Records

Annuities for an Income You Can't Outlive

Managing your income, deciding how to invest, and keeping taxes low are important challenges to your long-term financial security. Fortunately, there is a unique financial vehicle that can help you meet these challenges — the annuity.

Annuities are flexible, insurance-based contracts that can be used to satisfy many different needs and achieve a variety of objectives. Whether you want to generate a lifetime income, accumulate retirement funds, reduce taxes on the growth of assets, or diversify your current investment portfolio, annuities can be a valuable addition to your financial strategy.

What Is an Annuity?

An annuity is an alternative to traditional savings vehicles. When you purchase an annuity contract, you basically trade current premiums for a future income stream. Meanwhile, your annuity accumulates tax deferred. An annuity can help protect against the risk of living too long because it provides an option for lifetime income. With fixed annuities, not only do you earn competitive rates but you may also pay less in current taxes.

Longevity Annuity

Longevity insurance (also known as an "advanced life deferred annuity") is designed to provide a guaranteed lifetime income that starts when the policy owner reaches an advanced age such as 80 or 85.

Because the annuity income is delayed, the cost is typically lower than it would be for an immediate annuity but much higher than it would be for a regular deferred annuity.

Keep in mind that without the optional death benefit (available for an added cost), the insurance company will generally keep the premiums paid if the contact owner dies, even if payouts have not yet begun.

Types of Annuities

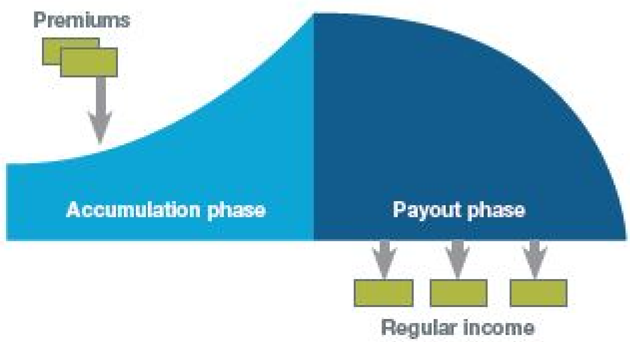
There are two basic types of annuities. Each is used for distinctly different purposes.

Deferred annuity: Designed for long-term accumulation, usually to provide an income stream in retirement

Immediate annuity: Designed to provide income right away

Deferred Annuity

A deferred annuity postpones income to some future date. The premiums you pay for a fixed annuity accumulate and earn interest during the accumulation phase. The annuity accumulates tax deferred. When you begin receiving payments during the payout phase, the payments reflect the added value from this tax-deferred growth.



Annuities have contract limitations, fees, and expenses, and they carry a certain level of risk. Any guarantees are contingent on the financial strength and claims-paying ability of the issuing company. Annuities typically have surrender charges that are assessed if the contract owner sells or withdraws money during the annuity's "surrender period." The earnings portion of annuity withdrawals is subject to ordinary income tax. Withdrawals prior to age 59½ may be subject to a 10% federal income tax penalty.

Tax-Deferred Compounding

Tax-deferred compounding is an important advantage of annuities. Any earnings are not taxed until they are withdrawn, at which time they are considered ordinary income. By postponing taxes while your funds accumulate, you keep more of your money working and growing for *you* — instead of paying it out in current taxes. This can result in potentially greater returns on your annuity, especially over a long period of time.

Keep in mind that only fixed annuities and the "fixed-interest" account of a variable annuity pay interest.

Annuities do not provide any additional tax advantage when used to fund a qualified plan. Investors should consider buying an annuity to fund a qualified plan for the annuity's additional features, such as lifetime income payments and death benefit protection.

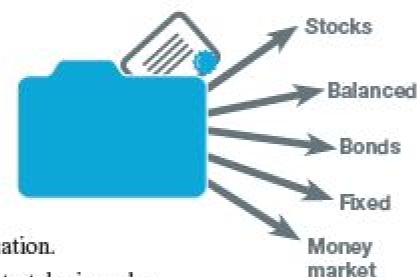
Immediate Annuity

As the name implies, an immediate annuity provides current income. Once you pay the premium, you are entitled to receive regular income right away. An immediate annuity provides a way to use your wealth to secure a regular income stream.

Fixed Annuity

With a fixed annuity, the contract owner is guaranteed a fixed rate of return. Although the rate may be adjusted, it will never fall below a guaranteed minimum rate specified in the annuity contract. This guaranteed rate acts as a "floor" to protect you from periods of low interest rates. It's important to remember that any guarantees are contingent on the financial strength and claims-paying ability of the issuing company.

Variable Annuity



A variable annuity offers fluctuating returns. You can allocate your premiums among your choice of a variety of investment subaccounts with different levels of risk. Your return is based on the performance of the subaccounts that you select. You can periodically reallocate your subaccounts based on changes in the financial markets or your personal situation.

With variable annuities, *you* decide how much risk you want to take in order to earn potentially higher returns. *You* have control. One thing to keep in mind, however, is that you, not the insurance company, bear the risk. Variable annuities are not guaranteed by the FDIC or any other government agency. They are not deposits of, nor are they guaranteed or endorsed by, any bank or savings association.

Variable annuities are long-term investment vehicles designed for retirement purposes. They are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the variable annuity contract and the underlying investment options, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Indexed Annuity

Indexed annuities (IAs) have been popular with investors who want to benefit from the upside potential of the market without forfeiting the security of a guaranteed return. Theoretically, IAs have the potential to produce higher returns than fixed annuities because their performance is tied to a market index. And a no-loss provision guarantees that once a premium has been made or interest has been credited to the account, the value of the account cannot decrease below that amount. Any guaranteed minimum rate of return is contingent on holding the indexed annuity until the end of the term. Of course, any guarantees are contingent on the financial strength and claims-paying ability of the issuing company.

Indexed annuities are not appropriate for every investor. Participation rates are set and limited by the insurance company. An 80 percent participation rate means that only 80 percent of the gain experienced by the index for that year would be credited to the contract holder. IAs also have certain rules, restrictions, and expenses. The guarantees of indexed annuities may cover only a certain percentage of the initial investment; therefore, it is possible to lose money when investing in an indexed annuity. Some insurance companies reserve the right to change participation rates, cap rates, or other fees either annually or at the start of each contract term. These types of changes could affect the investment return. It is prudent and important to review how the contract handles these issues before deciding whether to invest.

Retirement Assets in Annuities

Of the $25.3 trillion of retirement assets in the United States, $2.0 trillion — or 7.9% — is held in annuities.

Source: Investment Company Institute, 2017

Tax Considerations

Annuities and Taxes

This chart shows the dramatic difference that tax-deferred accumulation can make. With tax deferral, you can keep more of your money working for you.

If investing in an annuity through a tax-advantaged plan, you should do so for the annuity features. Tax deferral would not be an additional benefit of the annuity.

This hypothetical example is used for illustrative purposes only and does not reflect the performance of any specific investment product or annuity. Rates of return will vary over time, particularly for long-term investments. Annuities typically have mortality and expense charges, surrender charges for early withdrawals, and administrative fees. These fees and charges are not reflected in this example and would reduce the performance shown if they were included. Any guarantees are contingent on the financial strength and claims-paying ability of the issuing company. Lower maximum tax rates for capital gains and dividends, as well as the tax treatment of investment losses, could make the taxable investment return in this example more favorable, reducing the difference in performance between the accounts shown. Investors should consider their investment horizons and income tax brackets, both current and anticipated, when making investment decisions.

The Effects of Taxes and Inflation

	Example	You
1. Initial investment	$ 10,000	$ ________
2. Interest rate	4%	________ %
3. Amount earned *(line 1 x line 2)*	$ 400	$ ________
4. Federal income tax bracket	32%	________ %
5. After-tax return *[line 3 – (line 3 x line 4)]*	$ 272	$ ________
6. Net value of account after taxes *(line 1 + line 5)*	$ 10,272	$ ________
7. Inflation rate	3%	________ %
8. Value of the account after inflation and taxes *[line 6 ÷ (100% + line 7)]*	$ 9,973	$ ________
9. Real rate of return *[(line 8 – line 1) ÷ line 1]*	–0.27%	________ %

This hypothetical example is used for illustrative purposes only and is not representative of any specific financial vehicle.

Penalties and Surrender Charges

Along with the advantages of tax deferral are some restrictions to be aware of with annuities. First, because annuities are tax-deferred funding vehicles typically used to provide retirement income, they impose a 10 percent federal income tax penalty on withdrawals taken prior to age 59½. This penalty also applies to IRAs and most employer-sponsored retirement plans.

Second, in addition to having fees and expenses, most annuities have surrender charges that are in effect during the early years of the contract in the event that the contract owner surrenders the annuity earlier than anticipated. These surrender charges typically work on a sliding scale, with higher charges in the first years of the contract and lower charges in the years before the surrender charges expire.

Ahead of the Game

Only 41% of Americans have tried to calculate how much money they will need to retire comfortably.

Source: Employee Benefit Research Institute, 2017

Payout Options

The payout options offered by annuities can bring an extra measure of confidence during your retirement. Knowing that you won't outlive your money means a lot if you are going to enjoy your retirement years. And annuities offer one way in which you can be sure of a steady income.

You can structure income from an annuity in a number of ways. Three of the most common methods are:

- **Single life**
- **Joint and survivor**
- **Specified period**

Annuities and Investing

Variable annuities can help you manage the effects of inflation. They offer the potential for long-term growth, and they enable you to participate in investments that have historically outpaced inflation.

With variable annuities, you can achieve diversification through a variety of investment subaccounts. You can diversify among the subaccounts to gain exposure to different asset classes. And considering that each subaccount has many different securities, you effectively benefit from *two* levels of diversification.

Variable annuities can also help you manage risk. Subaccount options usually range from very conservative to very aggressive. Chances are, there are subaccounts suitable for your risk tolerance and financial objectives. You can manage risk by adjusting your allocations as your risk preferences change or the financial markets shift.

Keep in mind that diversification does not guarantee a profit or protect against loss. It is a method used to help manage investment risk.

On the Road to Retirement

Because the markets are unpredictable, it may be a good idea to invest more aggressively during the early accumulation years — when your portfolio would have plenty of time to recover from market fluctuations — and shift to a more conservative strategy as retirement approaches and your time frame shrinks.

Annuities Provide Other Benefits

Annuities are versatile financial vehicles that provide a number of other benefits as well.

One key benefit is **preservation of principal**. The principal and income of fixed annuities are guaranteed by the issuing insurance company.

Annuities offer **flexible premium options** to help you meet your accumulation needs.

They also offer **flexible payout options**. You can tailor your annuity payouts to suit your specific cash-flow needs.

Annuities provide a **death benefit**. If the contract owner or annuitant dies before the annuity payments begin, the beneficiary will receive a death benefit at least equal to the net premiums paid, adjusted for prior withdrawals and expenses. And many contracts will refund the annuity's accumulated value. Remember, the guarantees offered by the insurance company are contingent on the financial strength and claims-paying ability of the issuing company.

Finally, annuities can help your estate **avoid probate**. Your beneficiaries will receive the annuity proceeds without the time and expense of probate.

Supplementary Retirement Plan

Strict limits

Employer-sponsored retirement plans

Flexibility

Annuities

IRAs and employer-sponsored retirement plans are often the most appropriate ways to save for retirement. The problem with these vehicles is that there are strict limits on how much you can contribute to them.

Annuities can be an attractive, flexible complement to your other retirement plans. They are not subject to federally mandated contribution limits. Although the insurance company can impose limits, they generally are very high amounts. This means annuities can be funded with an inheritance, a lump-sum distribution from a retirement plan, or the proceeds from the sale of a home or business.

Even though annuity premiums are not tax deductible, you can usually contribute as much as you want and still achieve the same tax deferral offered by IRAs and employer-sponsored retirement plans.*

Another advantage of annuities involves your distribution time frame. With traditional IRAs and employer-sponsored retirement plans, you must begin taking required minimum distributions each year after you turn age 70½. With a nonqualified annuity, however, your funds can accumulate as long as you like.

*However, annuities do not provide any additional tax advantages when they are used to fund a qualified retirement plan.

Longevity Insurance in a Qualified Retirement Plan

As a result of a 2014 IRS ruling, you may be able to turn a portion of your savings in a retirement plan [such as an IRA or a 401(k)] into a guaranteed income stream using a qualified longevity annuity contract (QLAC).

Retirement plan participants can use the lesser of $125,000 (inflation adjusted) or 25% of their account balances to purchase a QLAC. The annuity's value is excluded from the balance used to determine required minimum distributions.

Income payments from a QLAC are fully taxable and must begin no later than the first day of the month following your 85th birthday.

Accessing Funds in an Annuity

- **Access provisions**
- **Nonforfeiture clauses**

If you need to access your money in an annuity, there are several strategies you can use. Most annuities have provisions that allow you to access your funds without paying surrender charges. Some annuities allow you to withdraw a percentage of your accumulated balance each year. Others let you withdraw all or a portion of your earnings each year.

If you decide to cash out of your annuity, all contracts have nonforfeiture clauses that outline what you will receive. You might receive a reduced annuity based on your current accumulation, or possibly a lump-sum cash payment.

Bear in mind that when you do access the funds in your annuity, you will have to pay ordinary income taxes on any earnings. And if you make withdrawals prior to age 59½, your funds may be subject to a 10% federal income tax penalty. In addition, surrender charges may apply during the early years of the contract.

1035 Exchange

Under Section 1035 of the Internal Revenue Code, you can exchange one annuity contract for a newer one without creating a taxable event. This means you can effectively "trade in" your old contract for a new one that may offer better value or greater flexibility while maintaining the annuity's tax-deferred status.*

To determine whether this is a suitable strategy for your situation, it's wise to consult with an investment professional who is appropriately licensed to sell securities and insurance products.

*The rules governing these types of exchanges are complex, and you may incur surrender charges under your "old" annuity. In addition, you will generally be subject to new surrender charges with the new annuity contract.

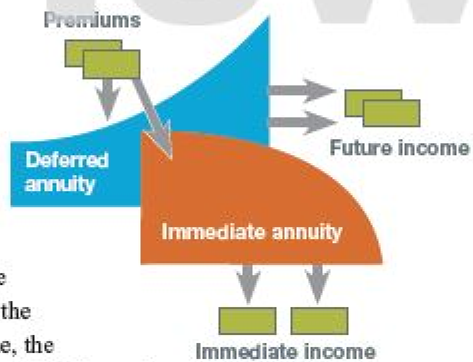
Split Annuity

Length of Retirement

Life expectancies are stretching considerably, and chances are good that you'll spend a large portion of your life in retirement.

In fact, at age 65, a healthy individual may reasonably expect to spend 20 years or more in retirement.

Another creative strategy is often called a "split annuity." Generally, this involves dividing the initial premium into two contracts: an immediate fixed annuity and a deferred annuity. This strategy would generate an immediate, steady income stream while potentially stretching some retirement savings for future income.



During the early years of retirement, the immediate fixed annuity would provide a steady, guaranteed income stream. Once the immediate annuity has paid out all its value, the funds from the deferred annuity could potentially be used as a replacement source of income. Bear in mind that you will have to pay taxes on the growth of the deferred annuity.

The issuing insurance company guarantees fixed payments with a fixed annuity, whereas payments from a variable annuity depend on the performance of the variable subaccounts, which fluctuate with market conditions. Any guarantees are contingent on the financial strength and claims-paying ability of the issuing company.

Estate Conservation Issues

The last strategy involves some of the estate conservation issues that can be addressed with annuities:

- **Annuitized contracts are generally not included in taxable estate**
- **Death benefit passes to beneficiaries free of probate**

Case Study: The Millers

- 65 years old, retired
- $400,000 in bank CDs earning 2%
- $8,000 of CD income creates a tax problem

The $8,000 of CD income the Millers are earning is pushing their taxable income above the $44,000 threshold, thereby subjecting 85% of their Social Security benefit to income taxes.

The Millers

Solution

Reposition the $400,000 from the CDs to a fixed annuity

– Tax deferred until funds are withdrawn
– Only a portion of withdrawals is taxable
– Lower taxable income reduces taxability of Social Security benefit

By repositioning their CDs to a fixed annuity, they could reduce their taxable income by $8,000. Thus, the Millers' taxable income would drop below $44,000, which would subject no more than 50% of their Social Security benefit to taxation. Taxes on the fixed annuity earnings are deferred until they are withdrawn.

This hypothetical example is used for illustrative purposes only and does not consider the effects of sales charges and other expenses. Actual results will vary. The FDIC currently insures CDs for up to $250,000 per depositor, per insured institution. Fixed annuities are guaranteed by the issuing insurance company, although any guarantees are contingent on the company's financial strength and claims-paying ability.

Longevity Risk

The probability that a 65-year-old will live to age 90 is 34% for a man and 46% for a woman.

With a married couple, there is a 64% chance that one of them will live to age 90.

Source:
Society of Actuaries, 2017

Important Questions

Is an Annuity Appropriate for You?

To determine whether an annuity is appropriate for you, you should evaluate several issues:

Benefits

- Tax deferral
- Flexibility
- Competitive rates of return
- Steady income
- No contribution limits

Costs

- Sales charges
- Administrative fees
- Investment management fee
- Mortality and expense charges

If you use annuities to help accumulate retirement funds, there are two additional considerations to keep in mind if you need to access your funds earlier than expected. First, you may incur a penalty for early withdrawals. Withdrawals prior to age 59½ may be subject to a 10 percent federal income tax penalty. And any annuity earnings are subject to ordinary income taxes when withdrawn. Second, annuities generally impose surrender charges on amounts withdrawn during the early years of the contract. Surrender charges and the early-withdrawal penalty make annuities more appropriate for those with long-term objectives.

Should You Choose a Fixed Annuity or a Variable Annuity?

Your decision will depend on a number of factors, including your age, risk tolerance, portfolio composition, and overall investment objectives.

Answering the following questions will help determine which type of annuity may be appropriate for you.

	Disagree				Agree
1. I can accept fluctuations in the value of my annuity.	1	2	3	4	5
2. I enjoy investing in stocks.	1	2	3	4	5
3. Stable growth is not a priority for me.	1	2	3	4	5
4. I prefer a diversified approach to my investments.	1	2	3	4	5
5. My objective is long-term growth.	1	2	3	4	5
6. I have a long-term perspective.	1	2	3	4	5
7. I am comfortable with investment risk.	1	2	3	4	5
8. I can withstand declines in the value of my investments.	1	2	3	4	5
9. I have an adequate liquidity/ emergency fund.	1	2	3	4	5
10. I have a portion of my investments in fixed-interest alternatives.	1	2	3	4	5

TOTAL SCORE: ____________

Regardless of the results of this quiz, consult a professional before acting. Investment decisions should be based on your overall objectives and tolerance for investment risk.

Scoring

10–25 You may be better served by a fixed annuity, which provides slower but more reliable growth over time.

26–50 A variable annuity, which provides more investment flexibility and greater potential for long-term growth, may be more appropriate for your needs.

How Do You Allocate a Variable Annuity?

If you choose a variable annuity over a fixed annuity, you will have to allocate the funds to various professionally managed investment subaccounts. You can choose subaccounts that are conservative, aggressive, or a combination of both. Your choices will depend on your investment objectives and your risk preference.

If you are allocating funds in a variable annuity, there are some considerations you should bear in mind:

- **Value based on performance of subaccounts selected**
- **Management fees and other expenses**
- **Earnings taxed as ordinary income when withdrawn**

Variable annuities are long-term investment vehicles designed for retirement purposes. They are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the variable annuity contract and the underlying investment options, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

The Investment Spectrum

When allocating a variable annuity, one of the most important things to keep in mind is the relationship between risk and potential return. In general, as you take on more risk, you increase your potential return. And the reverse is true, too. Generally, the less risk you take, the lower your potential return.

When you allocate funds among the variable annuity subaccounts, you should do so with an eye toward achieving a sensible balance of risk and return. You may find it appropriate to allocate funds in several subaccounts, each with a different level of risk. Of course, your ultimate annuity allocation will be based on your overall objectives and your tolerance for investment risk.

Risk Tolerance

Before investing in any financial vehicle, you should have a good idea of your tolerance for investment risk. To size up your risk tolerance, answer the questions below.

Risk Tolerance Quiz

Which of the following investments do you feel most comfortable with?

a. Certificate of deposit
b. High-grade corporate bond
c. Growth stock

Of the following stocks, which do you feel would most suit your needs?

a. A conservative utility stock that pays high dividends but offers little chance for long-term growth
b. A "blue chip" stock that offers the potential for modest dividends and growth
c. An aggressive small-company stock that pays no dividends but offers great potential for long-term growth

What have you traditionally considered most important from your investments?

a. Safety
b. Conservative growth
c. Maximum growth

You just made a $100,000 investment. The following amounts represent the estimated best-case and worst-case scenarios after one year. Which range of possible outcomes would you prefer?

	best case	worst case	possible gain/loss
a.	$104,000	$96,000	$ 4,000
b.	$108,000	$92,000	$ 8,000
c.	$112,000	$88,000	$12,000

Which statement most closely resembles your feelings about risk?

a. I am not willing to take risks with my investments.
b. I am willing to take limited risks with my investments.
c. I am willing to take substantial risks with my investments.

Scoring Give yourself: 10 points for every "a" answer
20 points for every "b" answer
30 points for every "c" answer

50–80
You are a relatively low-risk investor. You are mostly concerned with the preservation of your capital and the potential for current income. You are not willing to risk your capital for greater potential returns.

90–110
You are generally conservative, but you recognize the need to consider growth-oriented alternatives. You may be willing to take modest risk to earn above-average, long-term returns.

120–150
You may be a relatively high-risk investor. You are mostly concerned with long-term appreciation, and you may be willing to take on more risk to earn greater long-term potential returns.

How Do You Select an Insurance Company?

One of the best ways to choose a financially sound company is to check with one of the insurance rating services. There are a number of rating companies that provide extensive analysis of insurance companies. They carefully examine each insurance company in the areas of profitability, debt, liquidity, and other factors. From the results of these examinations, they issue overall ratings.

This chart shows the rating scales of the four most prominent rating companies.

Description	A.M. Best	Standard & Poor's	Moody's	Fitch Ratings
SUPERIOR Very little risk	A++ A+	AAA	Aaa	AAA
EXCELLENT Slightly higher risk	A A–	AA+ AA AA–	Aa1 Aa2 Aa3	AA A
GOOD High claims-paying ability	B++ B+	A+ A A–	A1 A2 A3	BBB
ADEQUATE Less protection against risk	B B–	BBB+ BBB BBB–	Baa1 Baa2 Baa3	BB
BELOW AVERAGE Relatively high risk factor	C++ C+	BB+ BB BB–	Ba1 Ba2 Ba3	—
WEAK Very high risk factor	C C–	B+ B B–	B1 B2 B3	B
NONVIABLE	D E F	CCC CC R	Caa Ca C	C D

These ratings do not apply to the performance of the separate account of a variable annuity.

You should be able to find copies of at least one of these ratings in the reference section of your local library. If you are unable to find them, you can also obtain insurance company ratings over the telephone.

A.M. Best	908-439-2200
Standard & Poor's	212-438-2400
Moody's Investors Service	212-553-1653
Fitch Ratings	800-893-4824

Figuring Out Your Net Cash Flow

How much discretionary income do you have available after your monthly obligations are met? Can you account for where the money goes? Some people are surprised at the amount they should be able to save and invest each month but don't. Analyze your cash flow for the current month. Because income and expenses can vary from month to month, you may wish to estimate your cash flow through all 12 months or take a 12-month average.

Monthly Income	
Wages, salary, tips	$
Alimony, child support	$
Dividends from stocks, mutual funds, etc.	$
Interest on savings accounts, bonds, CDs, etc.	$
Social Security benefits	$
Pensions	$
Other income	$
TOTAL MONTHLY INCOME	$

Monthly Expenses			
Mortgage payment or rent	$	Other transportation	$
Vacation home mortgage	$	Life insurance	$
Automobile loan(s)	$	Homeowners insurance	$
Personal loans	$	Automobile insurance	$
Charge accounts	$	Medical, dental, disability insurance	$
Federal income taxes	$	Unreimbursed medical, dental expenses	$
State income taxes	$	Entertainment/dining	$
FICA (Social Security)	$	Recreation/travel	$
Real estate taxes	$	Club dues	$
Other taxes	$	Hobbies	$
Utilities (electricity, heat, water, telephone, etc.)	$	Gifts	$
Household repairs and maintenance	$	Major home improvements and furnishings	$
Food	$	Professional services	$
Clothing/laundry	$	Charitable contributions	$
Education expenses	$	Other expenses	$
Child care	$		
Automobile expenses (gas, repairs, etc.)	$	TOTAL MONTHLY EXPENSES	$

NET CASH FLOW	
Total monthly income	$
Total monthly expenses	$
Discretionary monthly income *(Subtract your expenses from your income)*	$

How much of your discretionary monthly income are you investing or saving each month? $ ______________

Figuring Out Your Net Worth

How much are you worth? Just as corporations prepare a balance sheet to determine their current net worth, you may want to complete a personal balance sheet.

Tangible Assets	
Residence	$
Vacation home	$
Furnishings	$
Automobiles	$
Rental real estate	$
Art, jewelry, or other valuables	$

Debt Assets	
U.S. government bonds and agency securities	$
Municipal bonds	$
Corporate bonds	$
Face amount certificates	$
Debt mutual funds	$

Cash and Cash Alternatives	
Checking accounts	$
Savings accounts	$
Money market funds	$
Certificates of deposit	$
Other cash reserve accounts	$
TOTAL ASSETS *(Add tangible, equity, fixed principal, debt assets, and cash)*	$

Equity Assets	
Qualified retirement funds	$
Stocks	$
Equity mutual funds	$
Variable life insurance (cash value)	$
Variable annuities	$
Limited partnerships	$
Business interests	$

Liabilities	
Home mortgage	$
Other mortgage	$
Automobile loans	$
Bank loans	$
Personal loans	$
Charge-account debt	$
Other debts	$
TOTAL LIABILITIES	$

Fixed-Principal Assets	
Fixed-interest annuities	$
Life insurance (cash value)	$
Other assets	$

NET WORTH	
Total assets	$
Total liabilities	$
NET WORTH *(Subtract your liabilities from your assets)*	$

Set a goal for yourself.

What would you like your net worth to be in 5 years? $ ______________

What would you like it to be in 10 years? $ ______________

What to Bring

Please bring the following documents to your consultation:

1. ______________________________

2. ______________________________

3. ______________________________

4. ______________________________

5. ______________________________

Your consultation is scheduled for:

____

Date Time