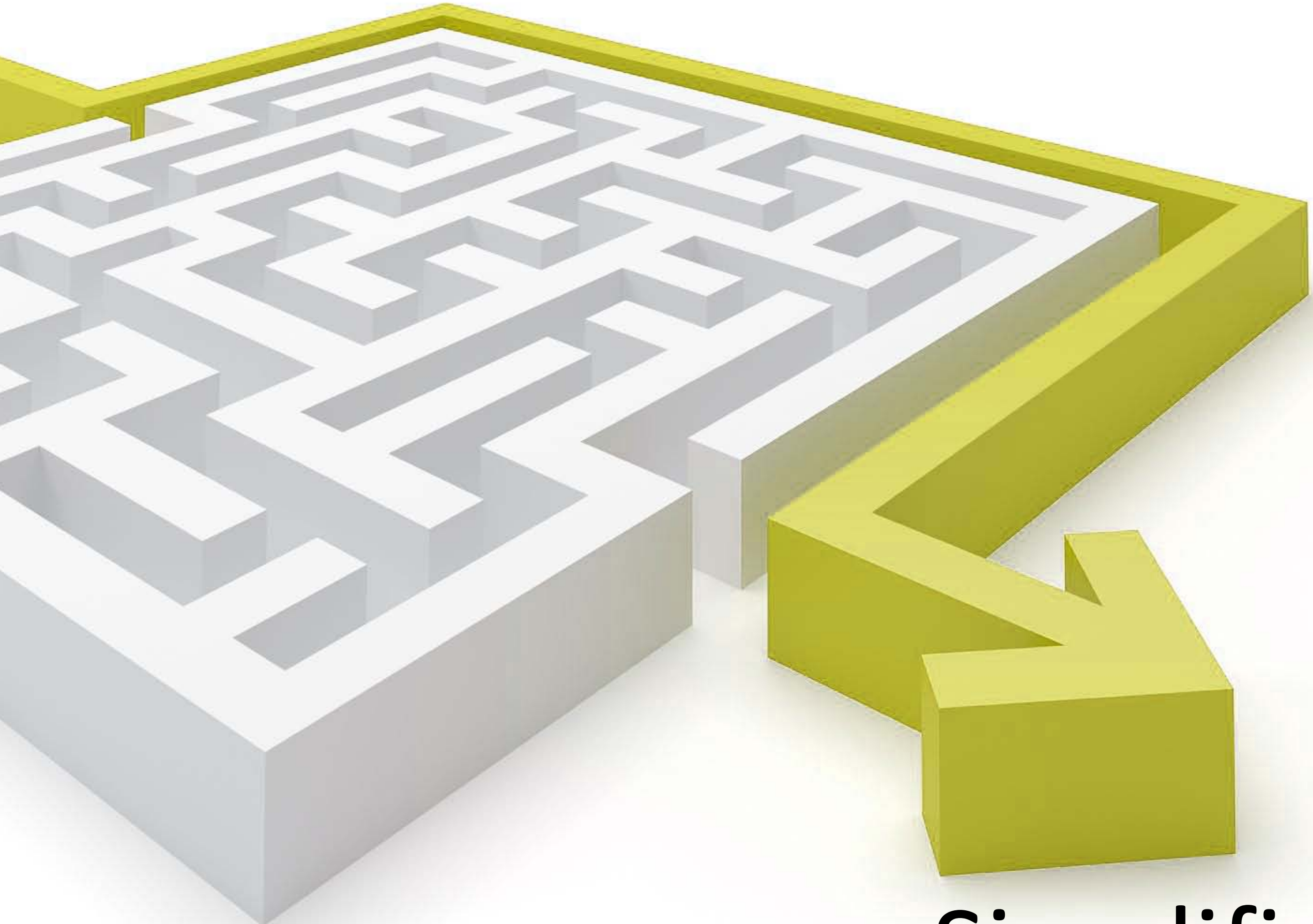
DIAS



Simplified

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What is a DIA?

A DIA (Deferred Income Annuity) is designed to simplify your future income needs. It is a contract with an insurance company whereby you pay them a lump sum of money upfront, known as a premium, and at a future date the insurance company will pay you a specified amount of money, generally monthly, for as long as you live. You can defer your income stream to begin for as short as 13 months (typically 2 years) and as long as 45 years with some policies. This strategy is often referred to as a longevity annuity or longevity insurance.

Takeaway: If you don't want income starting at a later date and continuing for the rest of your life… guaranteed, don't read any further as a DIA is not what you are looking for. You may need income starting now…. go to the SPIA.direct website.

Why Would You Consider a DIA?

- Future income security – takes the worry away about having income at specific time in the future.
- Simple (KISS)- set the amount, set a future start date, receive your check monthly.
- Can add money up to when the income stream begins.
- No Fees….Ever.
- Customize your income benefit.
- Guaranteed principle.

Takeaway: Only look at owning a DIA if you want guaranteed income at a future date. No fees, no worries.

What is the Process for Buying a DIA?

First, it is important that you know that a DIA will become part of your financial plan for you future. Thus, you need to determine how much you wish to put into the DIA contract and then calculate how much income it will provide in the future, based on today's numbers. This is forward engineering.

Or, you can determine how much income you will need from a DIA in the future and then put the amount in the DIA contract that will guarantee you that income. Again, this is based on today's numbers and this is referred to as reverse engineering. Take note that with a DIA you have the flexibility to add money to your contract (each contract has specific rules) up until the first payment.

Either method offers you the ability to customize what you want to obtain the precise future income you will need. DIA's are simple and direct.

Takeaway: It is important to know what your income objective is for the future and exactly when you want to begin receiving the income.

Can I Add Funds to a DIA?

Yes, most of the DIA policies allow you to add money to the policy before the income stream begins. There is a required time frame between the last addition and the income starting that varies by insurance company. Note that each time you add money to your DIA policy the new money contractual guarantee will reflect the current interest rate and the current DIA quote environment. Each new premium payment will be aggregated at the end to calculate your net contractual payment amount.

Takeaway: Adding money on any given date could be good or bad dependent on the interest rate levels at the start of your DIA contract versus the levels when you add new money.

What Risks are Inherent to DIA Contracts?

- No Liquidity
- Opportunity Cost (Grass is always greener syndrome)
- Interest Rate Risk
- Little to No Contractual Wiggle Room
- Inflation
- Credit Rating of Insurance Company

Takeaway: These risks can all be addressed by doing your homework! In other words, time invested now will save you grief, headaches and vomiting later. Invest the time to make sure a DIA fits your needs.

What are DIA's Guarantees?

1) Lifetime income starting at a future date. No matter how long you live the insurance company is on the hook to pay you. You will not outlive the premiums in your DIA contract. They are guaranteed by the insurance company.

2) A DIA transfers investment risk to the insurance company. You do not have the risk of managing your own money in a down market with the possibility of losing your assets. The insurance company guarantees your payment no matter what the markets are doing.

Takeaway: This is not an investment! This is not retirement planning! A DIA is future income planning guaranteed!

Will I Outlive a DIA?

No, you will not outlive a DIA as you are transferring the risk of your money to the annuity carrier who in turn will provide a lifetime income stream to you regardless of how long you live. With that in mind make sure you deal with a quality insurance company that will outlive you financially. There are many highly rated companies you can choose from when you are ready to purchase a DIA.

Takeaway: DIAs are a transfer of risk product, plain and simple. If you want to accept the risk of managing your money then a DIA is not right for you.

What Happens if I Die?

There are many ways you can structure your DIA to fit your needs and those of your loved ones. For example, if you and your spouse choose a Joint Life DIA the surviving spouse will continue to receive payments based on how you set up your contract. If you choose a Period Certain contract where you only want payments for as short as 5 years or up to 30 years and you pass away before the payments are completely paid out, then your beneficiary will receive the remaining payments. Also, if you die before the payments start your beneficiary will receive 100% of the money if the policy is properly structured.

Takeaway: Advance planning always answers these and other questions. Do your homework.

Is There an Annual Fee?

A DIA has no annual fee for the life of the contract. It is a net transaction to you. There are no annual fees, but remember there is no accumulation growth with a DIA. It is important to remember that annuities are NOT investments. They are contractually guaranteed transfer of risk strategies. Simply, a DIA is a transaction between you and the insurance company and there is no need to charge you a fee.

Takeaway: No fees, simply income later… what could be easier?

Can I Add a Cost of Living Adjustment?

Yes, a COLA (Cost of Living Adjustment) rider can be added to the policy in order to increase the lifetime income on an annual basis by a contractual percentage. However, attaching a COLA rider will lower the initial payout when compared to the same annuity without the rider.

Takeaway: Look at quotes with and without a COLA, so you can compare the difference in the contractual payout levels. Another option is to ladder DIA contracts.

Can I Ladder DIAs?

Laddering simply means buying several contracts at different purchase dates over time in order to hopefully catch rising interest rates. Laddering DIAs, either by purchase date or by income start date, is a conservative approach to using these simplistic and efficient pension-like strategies. Laddering the income start dates is an effective way to combat future inflation because you will have guaranteed income streams turning on at different times as you get older. Laddering the purchase date is a strategy used to hopefully catch rising rates, or to incrementally implement your desired "income floor."

Takeaway: You may need to work a little here, but laddering DIA contracts allows you to have control of how your income increases over time, and addresses the interest rate issue.

What is My Return of Principal and Interest?

DIAs are not investments. Since a DIA is return of principal and interest, the primary pricing mechanism is your life or joint life expectancy at the time your payments start. Don't try to calculate the Return on Investment…You will only be able to answer that at death. The longer you live the better the return!

Takeaway: If you are looking for more than this you probably like complexity and would like to build your income from investing in bonds, stocks, REITs, MLPs, or other dividend producing assets. In other words, spending your LIFE managing your money! Life after work is about living, not worrying. That is the reason for income planning. Learn to plan your income, guarantee your income, and live life.

Can I Customize a DIA to Fit My Goals?

Yes, there are many choices and combinations available, but before you decide which is best for you start at the finish line by knowing exactly what your future income goal is and how you want the payout structured.

- Single Life

This choice will provide the highest contractual payout, and this guaranteed income will be primarily based on your life expectancy at the time the DIA payments start.

For example, using $100,000 premium, a Single Life option for a Male age 60, deferring to age 70, would produce $896.37 per month for the rest of his life. For a Female age 60, deferring to age 70, it would be $841.24per month for the rest of her life.

It's common sense that the older you are when you start the income, the higher the payment because your life expectancy is shorter.

- Joint Life

You can structure your DIA to pay over two lives, typically with your spouse. Because a second life is added, the guaranteed payment will be lower than structuring the policy Single Life.

- Period Certain

DIAs do not have to be structured with a life contingency – or based on your life expectancy. You can guarantee an income stream for a certain period of time. Typically, that can be as short as 5 years and up to 30 years. If you pass away during this time period, then whoever you list as the policy beneficiary(s) will receive the remaining payments.

- Combo

At the time of application, you can choose a life contingency in combination with a period certain. Common sense would tell you that the more guarantees you contractually build into the policy, the lower the payment. There is a great variety of DIA combo choices available: Life & 5 Year Certain, Life & 10 Year Certain, Life & 20 Year Certain, and Life & 30 Year Certain are some common DIA structuring choices.

- Life with Installment Refund

When you pass your beneficiary(s) will receive payments of the remaining initial installment balance.

- Life with Cash Refund

When you pass your beneficiary(s) will receive a lump sum of any unused money.

Takeaway: A little bit of planning goes a long way to getting what you want from a DIA.

Will a DIA cover my RMD?

Yes, when you have a DIA inside of your IRA, assuming income starts before 70 ½, the income generated covers the RMD for the premium used to purchase the DIA. For example, if you have $300,000 in your Traditional IRA and purchase a $150,000 lifetime income DIA, the RMDs from the $150,000 are covered from the income you receive. But, you will still be responsible for the RMDs on the non-DIA $150,000.

Takeaway: Each December you can calculate if you have met your RMD requirements…if not, simply make an additional withdrawal from you non-DIA accounts to meet the minimum distribution required. Again, it is about planning.

DIA Benefits and DIA Limitations

Benefits:

- No annual fees
- Contractually guaranteed income stream
- Simplistic & efficient design
- Can be used in an IRA or non-IRA account
- Tax preferable income stream in a non-IRA account
- Single or Joint contracts
- Customizable for lifetime income, period certain, or both
- Large carrier participation
- 100% principal protection
- COLA and CPI-U Riders can be attached
- No market attachments (pure non-correlated asset)

Limitations:

- Very limited liquidity
- No accumulation value
- No market growth potential
- Payments based on life expectancy & current interest rates
- No enhanced death benefit

Tips:

- Consult with your spouse on benefits.
- Don't put all your eggs in one basket
- Laddering diversifies risks.
- Price wins –income is determined by the company – shop for the best.
- Don't believe everything you hear.
- Read YOUR CONTRACT before you sign.
- Know the rating of the companies before you sign.
- You don't need an agent to by a DIA. (DIA.direct)
- Get a current quote…remember it is only good for 7 days.
- Quotes must be current and customized to you – don't believe the examples!
- Compare it to the 4% rule.

IF I HAVE MORE QUESTIONS ABOUT DIA's

EMAIL Have Questions? EMAIL US FOR MORE INFORMATION

Questions to answer before you request a SPIA quote:

How you structure the contract will determine the amount of monthly income you receive. Thus, it is important to know which questions to ask to properly structure the policy to meet your desired income goals. The following questions will fill in the blanks, literally, for the type of contract that best fits your needs. It is important that you focus on the phrase “you choose” when determining what benefits work best for you relative to a SPIA.

Do you want the payout to be single-life or joint-life?

Lifetime income payments from annuities are primarily based on your life expectancy at the time you take the payment. In the annuity world of make believe definitions this payment is referred to as mortality credits, or mortality yield.

Even though a single person owns an IRA account, you can choose to structure the lifetime income to pay for the lives of both the IRA owner and the owner’s spouse. Common sense dictates that the guaranteed payments for two lives will be less than one life, but many like the option of taking care of their spouse with a DIA guaranteed income stream. You choose

Should I add a return-of-premium guarantee?

A common fallacy about annuities is that the annuity company always keeps the money if the owner passes away early in the contract. That is only one of many ways to structure the payout, and it’s referred to as “life only.” Some DIAs allow you to choose life only, which does provide the highest guaranteed payout.

However, you can also add a return of premium, or ROP, guarantee to your DIA contract. For example, if you pass away during the income-stream phase, your listed beneficiaries would receive any unused amount and the annuity company won’t keep a penny. Choosing this benefit comes down to the objective at the time of setting up the contract structure. You, as the contract owner, have total control of how the money is distributed during your lifetime, and should you die early, you can control the distribution after your death. You choose.

Does a COLA rider make sense?

Cost of living adjustment (COLA) riders are attachments to a policy that will annually increase your income by the percentage you choose at the time of application. This feature might sound too good to be true, but annuity companies have the big buildings for a reason — they don’t give anything away and they know how to calculate everything. If you add a COLA rider to your DIA policy, the initial income payment will be lower than if you didn’t add the COLA. That doesn’t mean you should not consider a COLA, but you should ask for both quotes (with and without) to compare the payout differential. Choosing the COLA rider is a matter of deciding to have less now and the income to increase each year by the rate you choose at the time of starting the DIA contract. It boils down to life expectancy and longevity. Unfortunately, those are areas insurance companies are the masters of the universe in performing calculations. Despite all that, you choose.

When do I want the lifetime income to start?

Starting your income stream is entirely up to you. So, if you don't want the worries of depending on the stock market to produce your income in your later years then a DIA may be right for you. You don't have to be a certain age to buy a DIA. You just need to have a lump sum of money, pay that money in one or more premiums to the insurance company, and in turn they will begin sending you payments on the agreed upon date. If you prefer to manage your own money and deal with the day to day frustrations of the markets then that is a decision only you can make. You choose.

5 RULES for Deciding if a DIA is Right for You

RULE ONE – You have enough money saved to purchase a DIA which will in turn generate a guaranteed income to you for your life or a certain period of time. If you have no savings, you don't qualify, but you can add as little as $10,000 now and more later.

RULE TWO – Your primary focus is future income guaranteed. (income Insurance)

RULE THREE – You want future income and have determined if you want a single or joint DIA. If you're married, you may want to speak with your spouse as you plan for your future income needs.

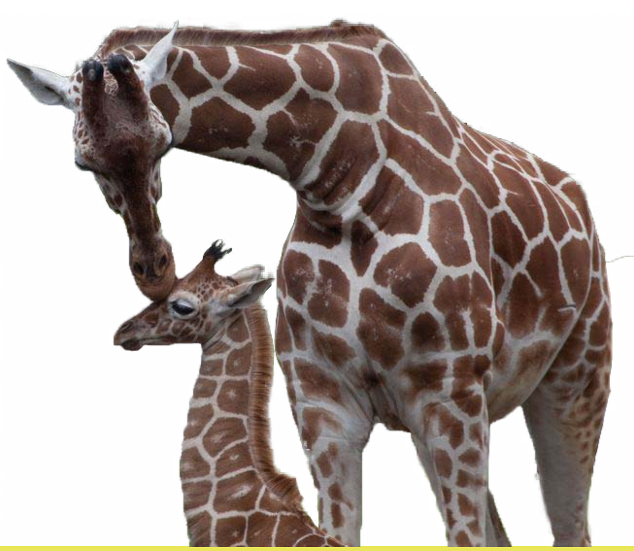
RULE FOUR – You will learn more about which payout is best for you and your family before you sign any contract. It is important to understand what happens once you pass away.

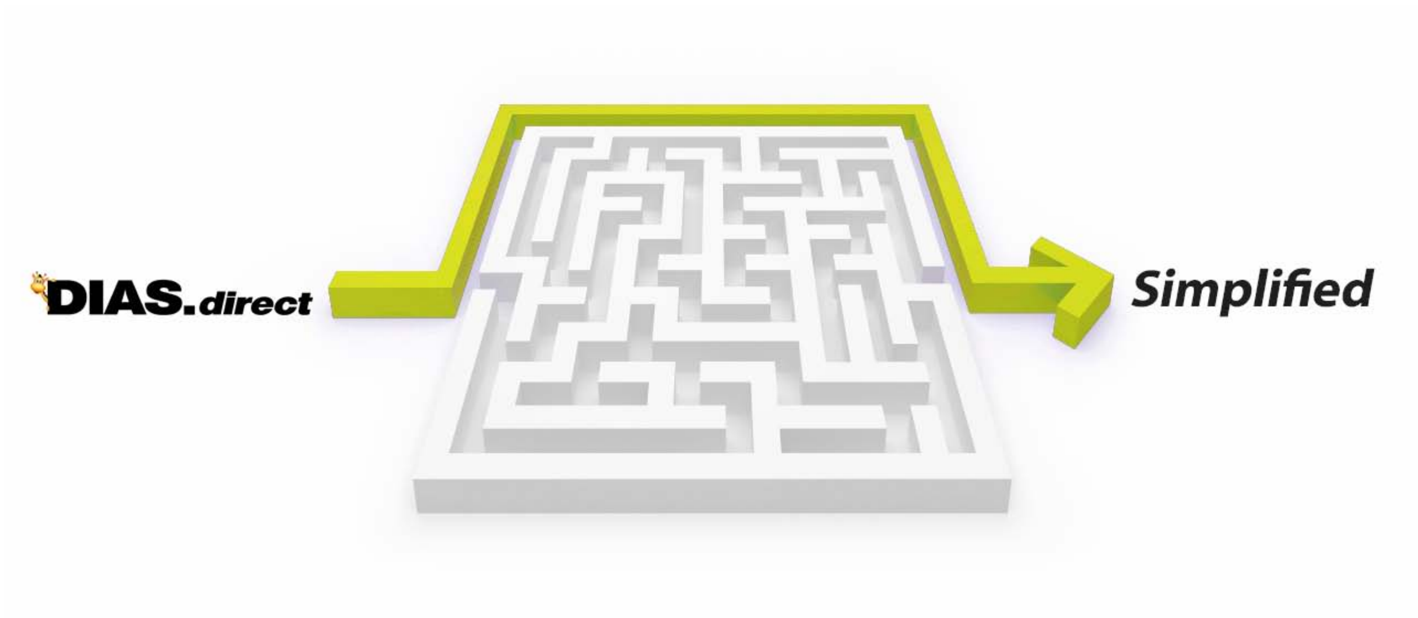
RULE FIVE – You want your future income to be guaranteed and have a peace of mind knowing that every month a check will be there for you. You will choose a highly ranked insurance company, so you will outlive it!

If one or more of these rules apply to you… request your quote now.

WANT MORE INFORMATION?

Get A Free Quote Now!





Future Income Security Guaranteed

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Customizable to Fit Your Needs