

SPIA Sales Solutions



SPIA Offers Bridge to Retirement for Early Retiree

Ultra-Income SPIA helps clients who want to “slow down” now and also buy time for other retirement funds to grow

When a client is interested in early retirement, or perhaps cutting back to part-time work, discuss the advantages of using the Ultra-Income SPIA as an income supplement until full retirement age.

In general, this would benefit clients in their mid to late fifties who have some, if not most, of their big expenses behind them (mortgage, raising a family, college expenses, etc.). Take a look at their non-qualified savings in order to fund the SPIA.

Besides providing the guaranteed income supplement the client needs, this strategy allows other retirement assets to continue growing until the client reaches full retirement.

Benefits include:

- Maximizing Social Security benefits until full retirement age
- Maximizing private pensions until full-retirement age
- Avoiding the 10% penalty tax for distributions of tax-deferred money before age 59 ½
- Allowing other retirement assets and cash value life insurance to continue to grow tax-deferred

Early Retirement Case Study – Frank Reynolds, age 56

Employed 32 years, same company

Eligible for a full company pension of \$1,500 per month at age 65

Can draw Social Security of \$1,300 per month at full retirement (age 66)

Current savings - \$100,000 in a 401(k) plan, \$150,000 of non-qualified savings

Frank’s employer has offered an early retirement buyout and Frank would like to take it. He is willing to work part-time, but knows he also would need to tap into his savings to supplement his income until full retirement.

“Bridge to Retirement” Solution

Use \$100,000 of Frank’s non-qualified savings to buy an Ultra-Income SPIA with a 10-year period certain payout. This would provide \$984.44 of supplemental monthly income until full retirement. With an exclusion ratio of 84.7%, only \$1,800 of the \$11,800 annual income would be considered taxable income.

Additional Benefits

- Frank has peace-of-mind knowing he has a guaranteed income for 10-years
- He can maximize his pension and Social Security benefits by waiting until full retirement age
- Frank’s 401(k) assets will continue to grow tax-deferred. Therefore, he can wait until he is past age 59½ to begin receiving distributions and avoid the 10% penalty tax for premature distributions
- By waiting until age 66 to receive Social Security benefits, he can continue to work and earn as much as he wants to without worrying about a repayment of his Social Security benefits

Ultra-Income SPIA offers key benefits for early and full retirement plans.