

HELPING CLIENTS NEARING RETIREMENT DEAL WITH INFLATION



Within the past year, the annual inflation rate has skyrocketed into a percentage the US hasn't seen since the early 80's. According to the Bureau of Labor Statistics, as of June 2022, the year-over-year increase in consumer prices hit 9.1%.¹

This has many older Americans concerned if they have enough in savings to withstand the rising costs.

Another recent study found that: **A quarter** of Americans will need to delay their retirement and 21% of Americans have **reduced** contributions to their retirement savings.²

The question then becomes, how can we help clients who are at or nearing retirement age create long-term financial security that can withstand inflation? As an advisor, you will be in a position to identify products and tools to help your client mitigate the risk of not having enough money to enjoy retirement.

One solution is the use of a Guaranteed Lifetime Income Rider. Lifetime income riders are now available through ANICO Strategy Indexed Annuity Plus, providing competitive cost-effective guaranteed income through a product with no downside investment risk. ASIA PLUS 7 & 10 offers two option guaranteed lifetime income riders. The first is a **Fixed Rate** LIR which compounds daily at a guaranteed rate, typically doubling the income base at the end of the ten-year accumulation period. The Fixed Rate LIR is a good option for clients needing the security of maximizing their savings in relation to a guaranteed lifetime income. The second option is an **Indexed Credit + Fixed Rate** LIR which also compounds daily at a rate lower than that of the Fixed Rate option, but also credits any

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index gains of the policy year to the income base. The Indexed Credit + Fixed Rate LIR is a good option for a client willing to trade the guaranteed gains of the Fixed Rate option for the potential to capitalize on indexed gains of the policy and reduced rider charge. Both options offer single and joint life income guarantees available after completion of the first policy year.

Liquidity Options

ASIA PLUS 7 & 10 products offer an annual Surrender Charge Free Withdrawal Privilege. After the contract is issued, you can withdraw up to 10% of the annuity value at the beginning of the contract year, or the minimum required distribution, if greater, during each contract year without any surrender charges. The policies also offer three Crisis Waivers including Confinement Waiver, Disability Waiver and Terminal Illness Waiver.

Tax Deferral

Not to be overlooked, annuities typically allow for tax deferral on non-qualified premium during the accumulation period. A 1099 is not generated unless a distribution is made allowing interest and gains to compound. Tax deferral is critical to helping clients nearing retirement maximize their efforts to build savings.

Conclusion

The ANICO Strategy Indexed Annuity Plus flex premium indexed annuity is a competitive option for clients requiring flexibility, diverse investment options combined with principal protection.

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1) CPI for all items rises 1.3% in June; gasoline, shelter, food indexes rise, U.S. Bureau of Statistics, July 2022. 2) BMO Real Financial Progress Index: Inflation Causing a Quarter of Americans to Delay Retirement, BMO Harris Bank, May 2022

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