

BSI Annuity Sales & Service Center

Your client wants a pension? Don't laugh.

You've invested your client's nest egg in the market. Things look fine week after week, but one day the market slides a bit. That's when you get the call.

"What's going on with my portfolio? At this rate, I won't have enough to live on when I retire!"

They're words most of us have heard often in our careers—probably hundreds of times in the past year.

Stocks go up. Stocks go down. It's the law of the market. But that's the last thing clients of retirement age want to be told. They want you to do something about it—now.

Overreaction? Sure, but it's no surprise these clients break out in a sweat with every dip of the market. They know they're at the stage of their lives where they have no room for error, because they have no time to recover. They probably wonder why they're still riding the rollercoaster.

The new ROI

Retirement-age clients are increasingly interested in just one thing—the new ROI—Reliability of Income.

Many discover to their amazement that reliable income is something their advisors are ill-equipped to deliver. They're great nest-egg builders, but when it comes to how clients are supposed to live on those nest eggs for the rest of their lives—no clue.

That's probably why so many clients switch advisors at retirement. They wake up to the fact they're stuck with someone too incapable or too inflexible to change their mindset once the game changes. Their advisors are standing there with pool cues in their hands while their clients are sitting at chessboards.

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It's understandable. Accumulation—return, return, return—is what the advisor knows. They've been doing it their entire careers—they're comfortable with it. Flipping the switch from accumulation to “de-cumulation” is tough—but it's something all of us must be capable of doing. If not, we run the risk of losing our retirement-age clients to CDs or to advisors who know more than just accumulation.

Bond laddering

Of course, it's not as simple as just nailing a sign on your door saying “Retirement Income Specialist.” You have to prove to your clients that you have the answer to their needs—that you know how to deliver guaranteed income for the rest of their lives.

If your solution consists of two words—bond laddering—you may be in trouble.

We're neck deep in the Information Age. Tell clients you can deliver a reliable income stream through something called bond laddering and you'll send them scurrying to the Internet. It won't take them long to find stories of how those ladders can collapse like a house of cards when just a single bond goes into default.

Maybe you're Houdini and know bond-laddering magic. But even if you do, why work so hard and absorb so much worry? Especially when there's a much simpler—and more reliable—solution at your fingertips—income annuities.

Creating a guaranteed pension

An income annuity isn't just an alternative to bond laddering, it's the easy answer to another question most of us have heard from clients in recent years.

“Why can't I have one of those things my parents got from their company when they retired?”

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The good, old pension—something fast becoming a dim memory as companies backpedal away from them.

You can give your clients the rude awakening that pensions and 8-track tapes sit on the same “Hey, remember me?” shelf. Or you can give them what they want—a pension-like income stream provided by a Single Premium Immediate Annuity (SPIA) or income annuity.

The advantages? Plenty. No investments to manage. No portfolios to rebalance. No buy-sell decisions to make. Income payments are flexible, tax-favored, and guaranteed. Clients just sit back and collect a guaranteed paycheck for life—there’s no better example of the “new” ROI than that.

Two hurdles to overcome

Clients usually have two big questions about income annuities that could be deal-breakers if you don’t have the answers—so be prepared.

***What happens to my money if I die?** Make certain the SPIA has an Installment Refund benefit—it guarantees the total annuity payments will not be less than the annuity purchase payment amount.*

***I don’t want to “lock-up” my money. What if I need it?** Be sure the SPIA has an Advance Access benefit – it allows access to as much as 30 percent of the value of future payments It’s available after three years, and as often as every 36 months thereafter, during the annuitant’s life expectancy.*

Your clients want to talk with someone who can address their ROI concerns. Tell them about income annuities—and give them the freedom to spend their money during retirement with confidence knowing their current and future income needs are covered.

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Sidebar

Covering your client's longevity risk

There's still no cure for the common birthday.

People are afraid of living too long and outliving their assets. For some, this is their definition of ROI. That's where longevity insurance comes in. By using a Deferred Immediate Annuity, you can guarantee your clients will never outlive their assets.

Unlike a SPIA, which provides immediate income, income from longevity insurance can be deferred for 1, 2, 10, 20, 30, or more years. Most often only a small portion of your client's savings—usually 10 to 15 percent—is required to secure this future income at today's prices.

Learn more about longevity insurance at www.dontfear65.com/guaranteed-income.htm.
