

Wealth Ladders Overview

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 **WealthLadders**[™]
Safety First in Retirement

Income

A simple word but one with big implications.



For retirees, income takes on obvious importance.

One reason is that retirement income comes mainly from your savings, not your labor. In retirement, it's your savings that should to work hard to produce income. Not you.

After years of economic uncertainty, many retirees would like their incomes to be more predictable..and secure.

But turning assets into income can be complicated. So questions may arise:

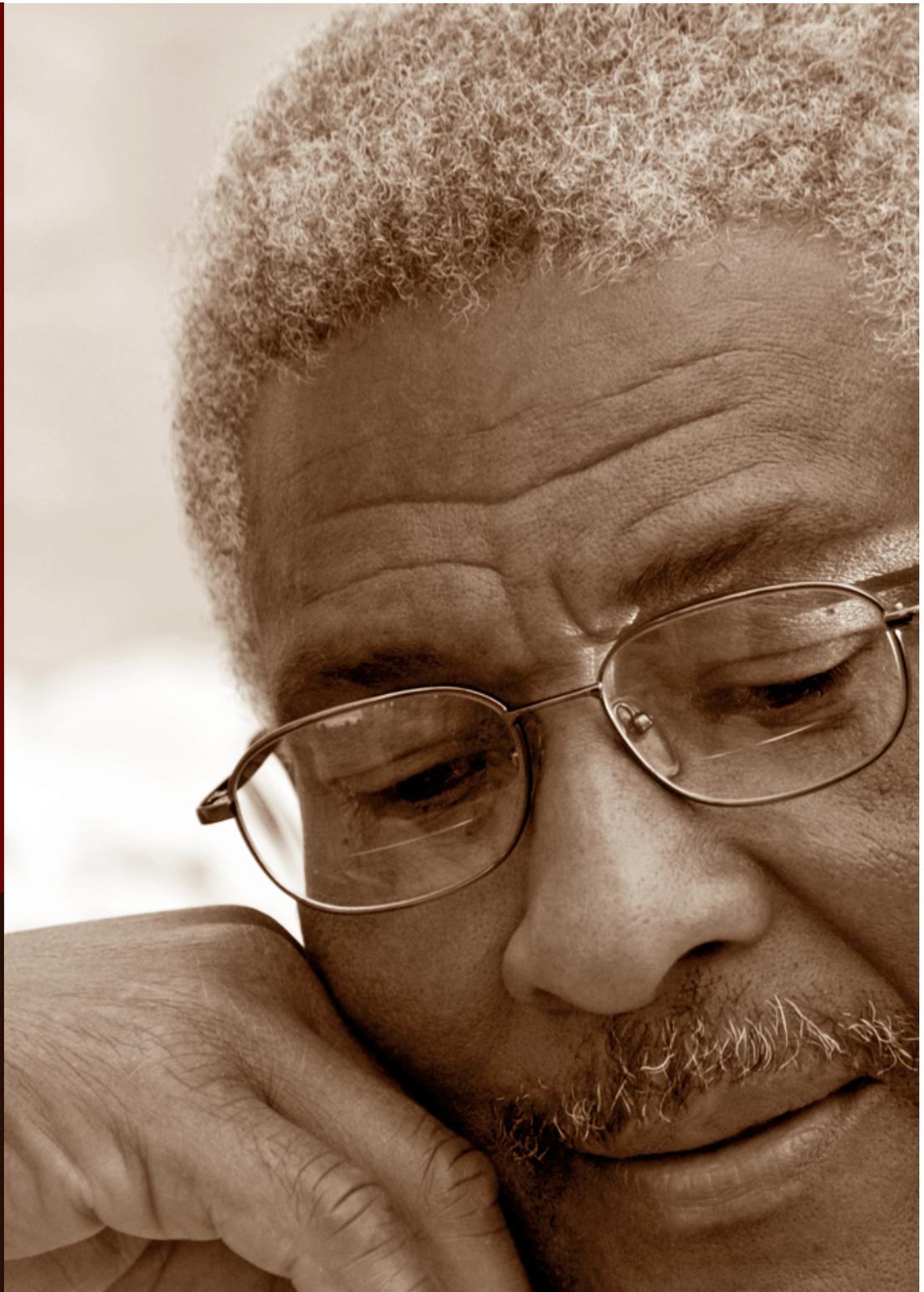
- Can income be made more certain?
- Can income have built-in tax advantages?
- Can it be safe, yet grow over time?

These are key questions that may be on the minds of savers looking to both protect their money, and create income.



Section

01



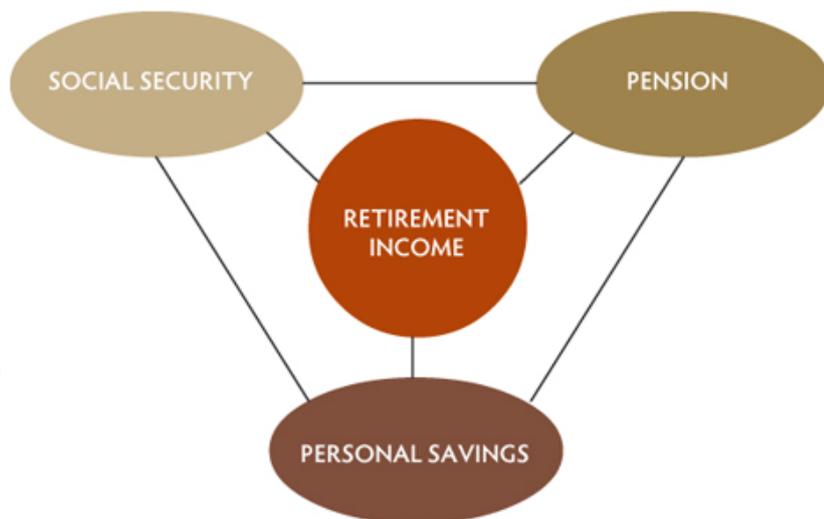
Retirement Security.
Planning for Retirement is Essential.

Things have Changed.

Yesterday's security isn't so certain.

The Three-Legged Stool

For decades, retirement security could be thought of as a three-legged stool. People could take comfort in the fact that Social Security, combined with company pensions and personal savings, would provide a solid standard of living in retirement.



But how things change.

Company Pensions

In recent decades, company pensions have virtually vanished and been replaced by 401(k) plans.

How many people do you know today who have a pension income that's guaranteed by their employer?

Personal Savings

And what about savings?

In the 1970s and 1980s savings were in the 7 - 10% range. In the decades since, personal savings have declined. In 2005, the savings rate even went into negative territory for the first time since 1933. Savings rates have improved somewhat since 2005.

Source: U.S. Bureau of Economic Analysis publication: Alternative Measures of Personal Savings, February 2007



Social Security?

Well, according to a report from the U.S. Treasury, Social Security is heading toward a \$13 Trillion deficit.

The report says that best solutions for closing the deficit are higher taxes, or reduced benefits. Or, for some, maybe no benefits at all.

Issue Brief No. 1: Social Security Reform: The Nature of the Problem, 2007



The truth is each passing day puts the burden for creating retirement security more and more on our shoulders.

Planning for retirement, therefore, has become an issue that is not just personal, it's essential. It's essential, especially when you consider how long retirement could last.

The Lottery of Long Life

If you knew you had a 25% chance, or a 50% chance of winning a lottery, you'd probably feel that these are amazingly good odds.

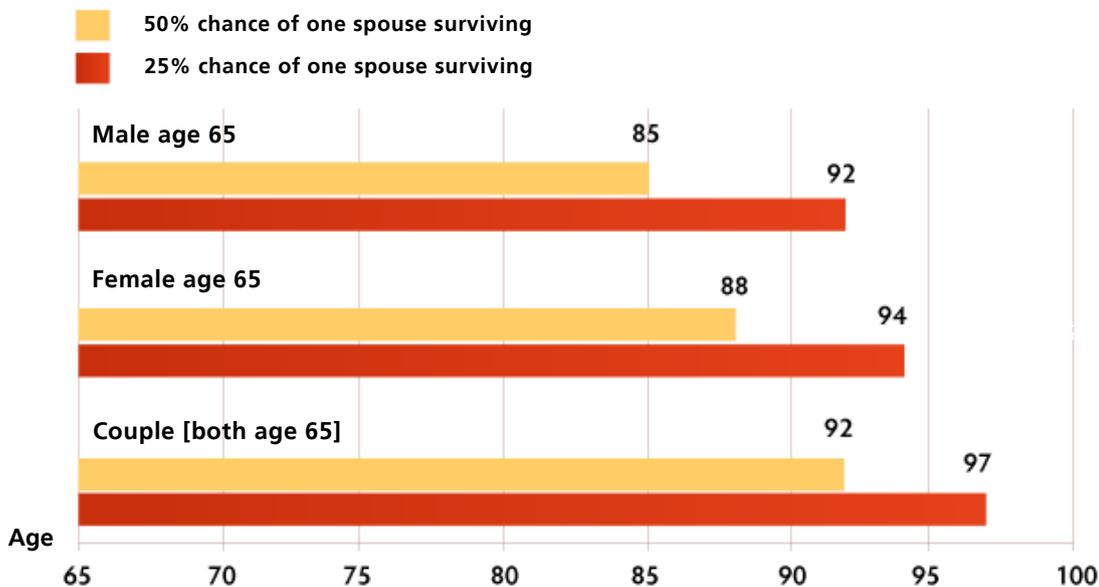
The truth is, though, you may have already won the lottery of long life.

For example, consider a healthy, married couple age 65.

There's a 50% chance of one spouse living beyond age 92.

And, a 25% chance of one spouse living beyond age 97.

What are the implications for your income needs in retirement, when retirement may last so long?

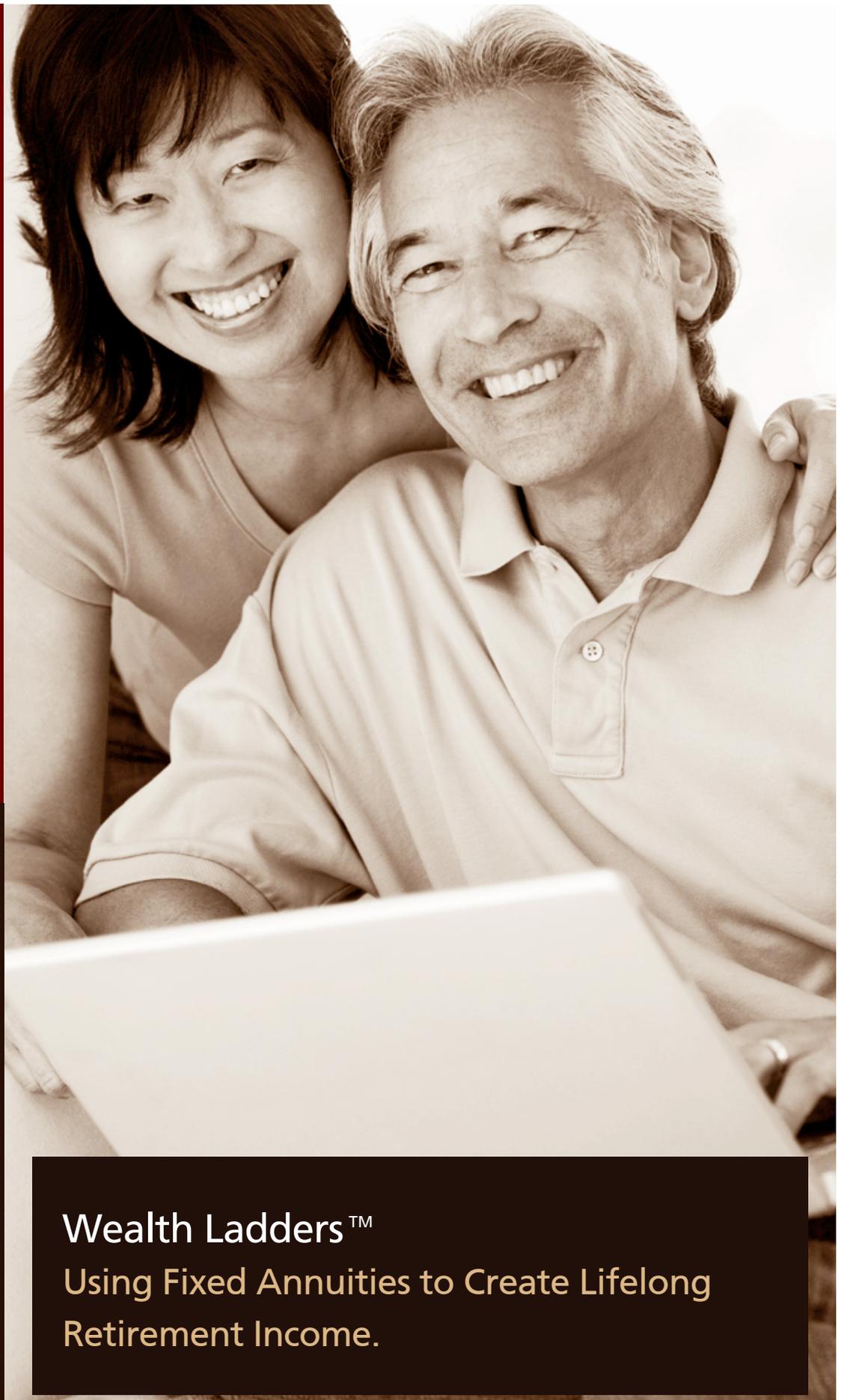


Source: Society of Actuaries 2000 Annuity Mortality Tables

No wonder retirees often ask, "How long will my money last?"

Section

02



Wealth Ladders™

Using Fixed Annuities to Create Lifelong
Retirement Income.

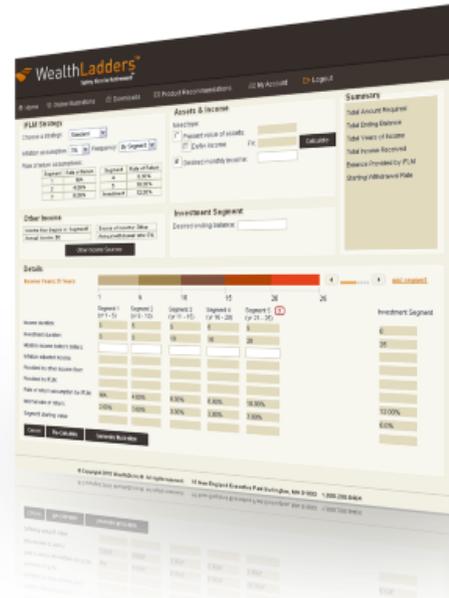


Increasingly, annuities are seen as a way to help reduce the risk of uncertain retirement income. Several annuities that are strategically combined, or laddered, may provide several important benefits, including long-term, tax deferred growth potential, and lifetime guaranteed income.

Wealth Ladders is an approach for custom-tailoring a laddered Annuity strategy for a portion of your assets, to help strengthen your retirement security.

It's a flexible solution that can help individuals who wish to avoid subjecting all of their savings to market risk.

And, it's a retirement income strategy that may offer high appeal to people who are looking for predictable income they can't outlive.



While Wealth Ladders is truly flexible, one popular design works like this.



A portion of your retirement savings is allocated to four separate annuities, called SEGMENTS.

- the Immediate Income Annuity Segment
- the Accumulation Annuity Segment
- the Longevity Annuity Segment, and
- the Time-Capsule Annuity Segment.

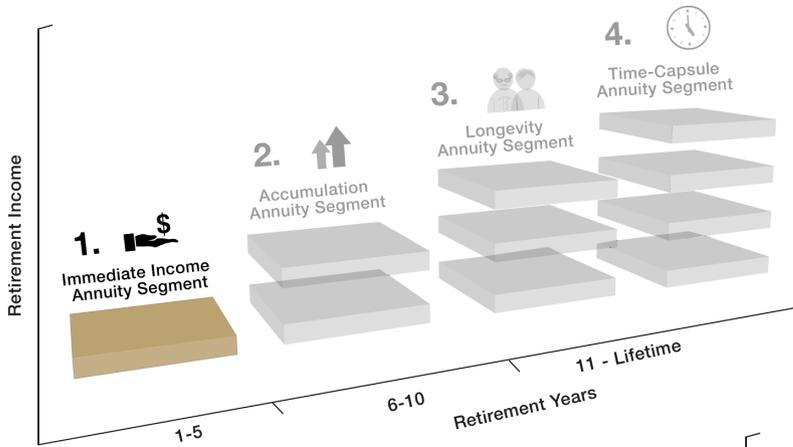
Each of the segments is funded by one or more fixed or fixed indexed annuity contracts.

Wealth Ladders™

Using Fixed or Fixed Indexed Annuities to Create Lifelong Retirement Income.

WealthLadders™

Safety First in Retirement

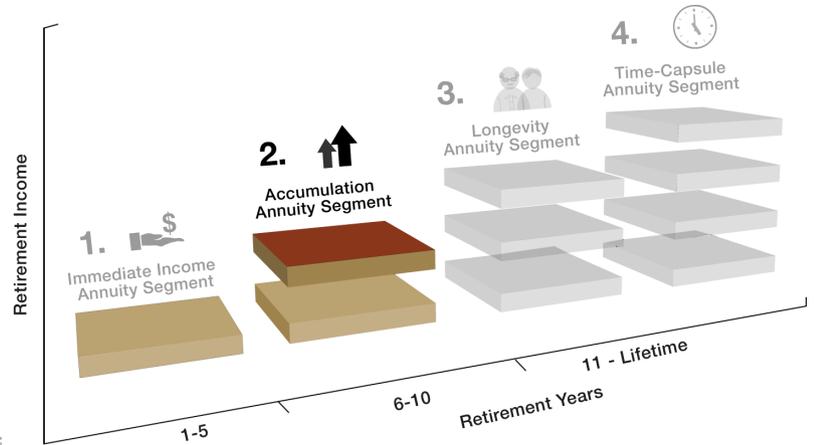


The Immediate Income Annuity segment provides guaranteed income for a period of five years.

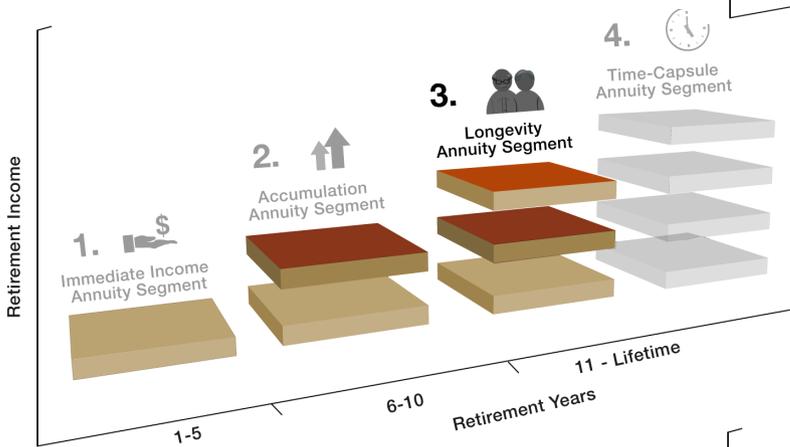
While income is being provided by the Immediate Income Annuity segment, other segments have the opportunity to accumulate on a tax deferred basis.

Beginning in year six, the premium in the Accumulation Annuity Segment provides guaranteed income for years six through ten.

While this income is being provided, the Longevity Annuity Segment and Time-Capsule Annuity segments continue the opportunity to accumulate on a tax deferred basis.

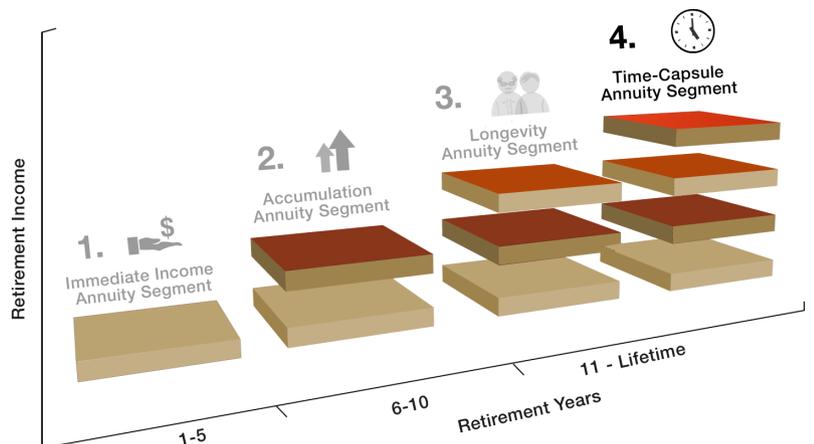


Beginning in year eleven, the Longevity Annuity Segment provides income that is guaranteed to continue for life.



Now, the Time-Capsule Segment has a special role. It remains in place to serve as a buffer to provide income or emergency cash when and if needed.

Or, it could serve as the source of a death benefit for your loved ones.





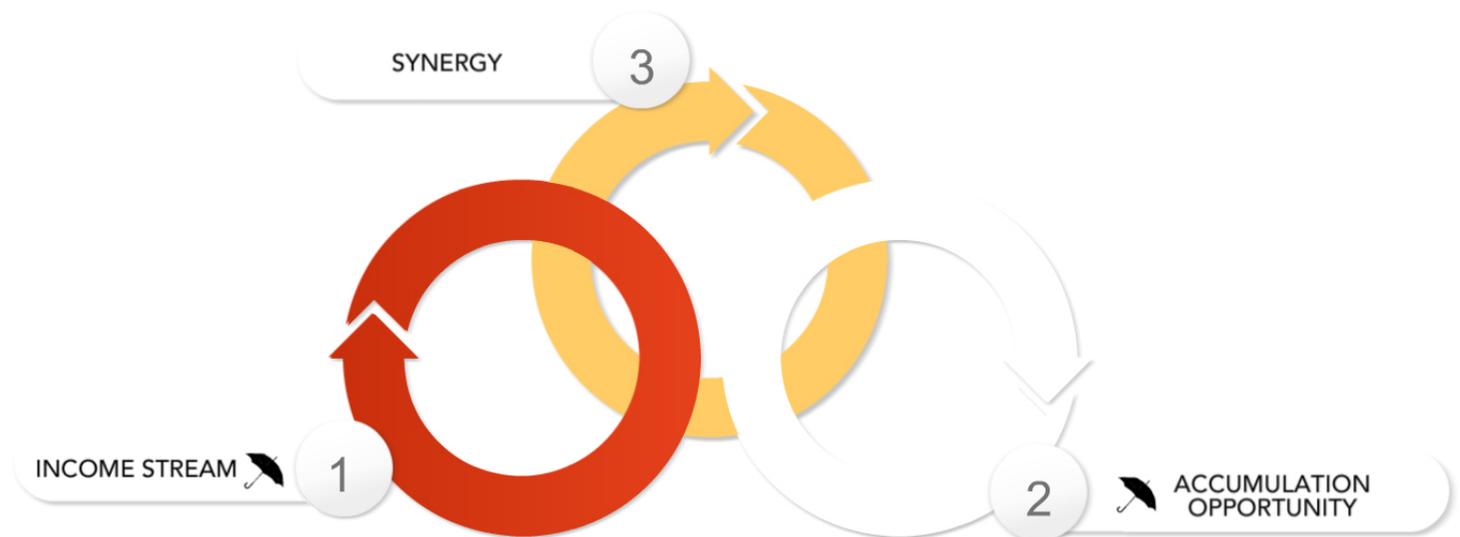
The Wealth Ladders strategy may offer significant benefits including :

- guaranteed retirement income
- guarantees to principal
- tax-deferral
- defined levels of liquidity, and,
- competitive rates of interest.

At its core, Wealth Ladders is a retirement savings strategy that utilizes two economic principles. The first is that time is a critical factor in higher accumulation of interest; more time can mean more compounded interest.

Tax Advantages

The second is that by strategically combining fixed or fixed indexed annuities designed to provide income streams, with others intended to accumulate savings dollars, a greater amount of retirement income may be created over time. Fixed and fixed indexed annuities, typically used to fund the Accumulation, Longevity and Time-Capsule Annuity segments, can accumulate with income taxes deferred until money is actually withdrawn.



And, there are tax benefits.

And, *depending* upon the tax status of your retirement savings, immediate income annuities, used to provide income from the Immediate Income Annuity Segment, may offer an exclusion ratio that can lower income taxes. Also, if the other annuities are annuitized instead of used to take guaranteed income withdrawals, those could also have the benefit of an exclusion ratio.

Section

03



What Type of Retirement Income is Right for You?

Is Wealth Ladders™ Right for You?

Your Insurance Professional Will Assist You.

What's most important is that you look carefully at the type of retirement income that is best for you. You should also be sure that you understand the types of annuities that may be recommended to you, their associated costs, and their early withdrawal charges. Your insurance professional is required to provide you detailed disclosure information on each fixed or fixed indexed annuity contract recommended.

Determining the type and amount of retirement income that best suits your needs is the essential first step in building a retirement that is financially secure.



Important Disclosures

Insurance agents who utilize Wealth Ladders strategies are independent business owners. They are not agents of, and are not affiliated with, Wealth2k, Inc.

Neither Wealth2k, Inc. nor your insurance agent gives legal, tax or accounting advice. The information contained herein is based on our understanding of current laws as they relate to annuities. These laws are subject to change in the future. Please consult your personal legal or tax advisor for any needed legal, tax or accounting advice.

Wealth2k, Inc. does not recommend or endorse any specific annuity contracts. The presentation is of a general nature and is only intended to explain how various types of immediate, traditional fixed and fixed indexed annuities may be used to provide a combination of retirement income and cash accumulation. This presentation is not intended to explain the costs, benefits, and features of these annuities, or how any of these annuities work.

Fixed and fixed indexed annuities are designed to meet long term needs for retirement income. They provide guarantees against the loss of principal and credited interest, and the reassurance of a death benefit for beneficiaries.

Withdrawals of all or part of the value from your deferred annuities before the end of the surrender charge period of the contracts may result in surrender charges and/or other contract penalties. This could result in the loss of all or part of the fixed or indexed interest credited to the annuities as well as the loss of all or part of any bonus, and a partial loss of principal (the premium you used to purchase the annuity). Withdrawals are subject to ordinary income tax and, if taken before age 59½, a 10% federal tax penalty.

Annuity contracts have costs, fees, surrender charges, and other penalties for early withdrawal. Be certain that you understand these costs. Licensed insurance agents are required to provide detailed disclosure of costs associated with the purchase of annuity contracts. Bonus annuities may include higher surrender charges, longer surrender charge periods, lower caps, higher spreads, or other restrictions that are not included in similar annuities that don't offer a bonus feature.

Lifetime income benefits from a fixed indexed annuity or traditional fixed annuity may be provided under the terms of a guaranteed minimum withdrawal benefit (GMWB). This benefit may be included at no additional charge as part of the annuity contract, or may be added to the contract by a rider. Such riders may have an additional cost. You should ask your insurance agent for a detailed explanation of the cost of any such rider, and of the terms and conditions under which such riders provide income benefits. You may be required to own your annuity for a deferral period of several years before you can begin income withdrawals under a GMWB. This deferral period (if any) will be determined by the terms and conditions of the fixed or fixed index annuity contract and/or rider. Annuities offering guaranteed minimum withdrawal benefits may provide separate and distinct accounting for accumulation value and income withdrawal value. If the contract is surrendered, either before or after income withdrawals begin, you will not receive the income withdrawal value provided by the GMWB; instead, you will receive the cash surrender value of the contract. Accumulation values may be lower, and some contracts, under certain conditions, may provide continuing guaranteed lifetime withdrawal benefits after the accumulation value is depleted, but offer no cash surrender value.

Wealth Ladders is a system designed to help insurance agents explain in general terms the benefits of fixed annuities in the context of providing guaranteed retirement income. The Wealth Ladders Brochure produced by Wealth2k, Inc. is not intended to represent the results of any specific annuity contract, and does not constitute an annuity contract or a contract or guarantee of any kind.

Important Disclosures

[continued]

Tax deferred annuity contracts may offer a short term interest rate guarantee that is higher than the contractual minimum interest rate guarantee. You may not rely on this brochure for any indication of guaranteed accumulation values, bonuses, income, or interest rates. You may rely only on the guarantees described in the annuity contracts and illustrations provided by the company or companies issuing such annuities.

Annuities are long term vehicles designed for retirement income planning purposes. They offer guarantees to principal, tax deferral of any interest earned, the ability to receive a stream of income you can't outlive, as well as a death benefit for your beneficiaries.

Bonus annuities may include higher surrender charges, longer surrender periods, lower caps, or other restrictions that are not included in similar annuities that don't offer a premium (or "purchase payment") bonus. If the contract you purchase involves a bonus feature, please review the terms and conditions of the bonus carefully to ensure you understand how to receive the maximum value under the contract.

Any transaction that involves a recommendation about funds held in a security product can be conducted only by individuals currently affiliated with a properly registered broker/dealer. If your financial professional does not hold the appropriate registration, please consult with your own broker/dealer representative for guidance on your securities holdings.

This material is intended to explain the annuity laddering concept using a number of fixed annuities for a portion of your assets. It may also be possible to accomplish this concept utilizing a single annuity and partial annuitizations and withdrawals. Please discuss with your financial professional to determine which strategy better fits your needs and objectives.



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