

Liquidity In Immediate Annuities Does Exist!



YES! Immediate Annuities Can Have Liquidity! Here Is How It Would Work For Male Age 67

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I recently met with a sales director from a major carrier. Like many carriers today, the conversation was largely based on income riders since their core fixed products are far from competitive. After exhausting all arguments for an FIA rider over a SPIA for maximum immediate lifetime income, the topic switched to liquidity in the products. Now, aside from interest or systematic withdrawals we rarely receive questions or requests for emergency withdrawals. A common belief is that immediate annuities are not liquid at all and once the contract is issued there is zero cash value. A great thing about SPIAs is that many carriers offer them, adding a bunch of different product features to the overall mix. Income planning has driven these designs over decades. Now, there is a SPIA for nearly all lifetime income needs.

Here is how the most liquid SPIA in our product grid would work.

All the below figures are **GUARANTEED From Day One!**

Male age 67 | \$1,000,000 | A+ Carrier | NO FEES

Income starting in 1 month = \$4,750.64 (\$57,008 Annually)

- Surrender end of 1 year = \$895,843 Death Benefit = \$942,992
Income Received \$57,008
- Surrender end of 2 years = \$850,545 Death Benefit = \$885,985
Income Received \$114,015
- Surrender end of 3 years = \$804,108 Death Benefit = \$828,977
Income Received \$171,023
- Surrender end of 4 years = \$756,350 Death Benefit = \$771,969
Income Received \$228,031

- Surrender end of 5 years = \$707,812 Death Benefit = \$714,962
Income Received \$285,038
- Surrender end of 6 years = \$657,954 Death Benefit = \$657,954
Income Received \$342,046
- Surrender end of 10 Years = \$429,923 Death Benefit = \$429,923
Income Received \$570,077
- Surrender end of 15 Years = \$144,885 Death Benefit = \$144,885
Income Received \$855,115
- Surrender end of 17 Years = \$30,869 Death Benefit = \$30,869
Income Received \$969,131 No survivor benefit left after 17.54 years
- Income after 20 years = \$1,140,160
- Income after 25 years = \$1,425,200

Liquidity, just one of the many misunderstood features of the immediate annuity. What other insurance product can guarantee this liquidity and the ability to withdrawal 5.7% annually for life without the fear of it running out? Now here is an amazing fact, we can get that same 67 male \$71,000 (7.1%) annually with the same death benefit minus the liquidity feature. So, when comparing to a liquid SPIA or even an FIA income rider, is the liquidity worth getting 2.00% **less** income per year!

With the outlook of a quickly rising or hyper-inflating interest rate environment not likely; risk averse individuals truly appreciate the peace of mind the immediate annuity offers. Maximum income and maximum guarantees!

Jeff Affronti

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