The "what ifs" of retirement

Whether retirement is years down the road or you are soon to retire, it is important to put together a retirement plan that addresses the "what if's" in life. Working closely with a financial professional will help answer these questions and more, providing a strategy that makes sense and offers peace of mind.

Here are three of the most common "what-if" questions and how fixed indexed annuities can help provide answers.

This material is provided by Athene Annuity and Life Company (61689) headquartered in West Des Moines, Iowa, which issues annuities in 49 states (excluding NY) and D.C.

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1

What if the market takes another downturn?

It's hard to forget the "Great Recession" that took place between 2007 and 2009. During that time, we experienced dramatic market declines – declines we hadn't seen since the Great Depression of the 1930's. Unemployment rates reached double digits. Mass layoffs forced many to tap into retirement savings early, often paying a penalty. Many who returned to the job market did so at reduced wages.

After a recession the market recovers, but it does take time. Younger workers still have time to take advantage of a market recovery but what if you are nearing or just entering retirement and the value of your hard earned nest egg plummets? Older workers nearing retirement are typically more risk averse than their younger counterparts and may not have the time or the appetite to take advantage of a recovering market. Many nearing retirement will find themselves in a situation where they will either have to work longer, save more, or adjust their standard of living.

Why might a fixed indexed annuity be a good option?

The closer retirement gets, the more people tend to look for lower risk savings alternatives. Fixed indexed annuities may be a smart option for clients nearing retirement age. They offer protection from loss due to market downturns, combined with the potential to earn interest credits based in part on the performance of an external market index.

2

What if I outlive my assets?

The good news is that today, we have longer life expectancies than ever before. These additional years of retirement can be both a blessing and a burden. Even if you have carefully planned your retirement, the risk of outliving your assets continues to increase the longer you live.

Increasing life expectancy contributes to a retirement "income gap" – the difference between guaranteed income from sources like Social Security and traditional pensions, and the total amount of income required to maintain your standard of living after you retire. Many people will want to delay retirement and work longer, but research has consistently found that a large number of retirees leave the workforce earlier than planned. The financial consequences of an unplanned early retirement can be heavy.[1]

Longer retirements can create other issues as well, causing assets to be depleted faster than expected. Inflation makes assets worth less over time. Living longer, unfortunately, also does not always equate to living better. A person could have additional unforeseen health care costs either for themselves or for aging family members that they did not consider when envisioning a long and happy retirement.

Why might a fixed indexed annuity be a good option?

Fixed indexed annuities can provide a guaranteed income stream you cannot outlive. Some fixed indexed annuities also adjust the income payouts in order to keep up with rising inflation. With careful planning, income from annuities can be used to manage longevity-related expenses.

3

What if I am unable to care for myself?

As people continue to live longer, their physical health can often worsen as they age. Chronic health conditions (heart disease, stroke, cognitive impairments etc.) may affect a person's ability to care for themselves forcing them to rely on others to provide their care.

One's savings, assets and insurance can quickly become consumed by expenses for in-home nursing care, assisted living facilities, or nursing home confinement. These expenses, as well as ongoing medical care (doctor visits, tests, prescription drugs, hospital fees, etc.) could indisputably affect a person's standard of living.

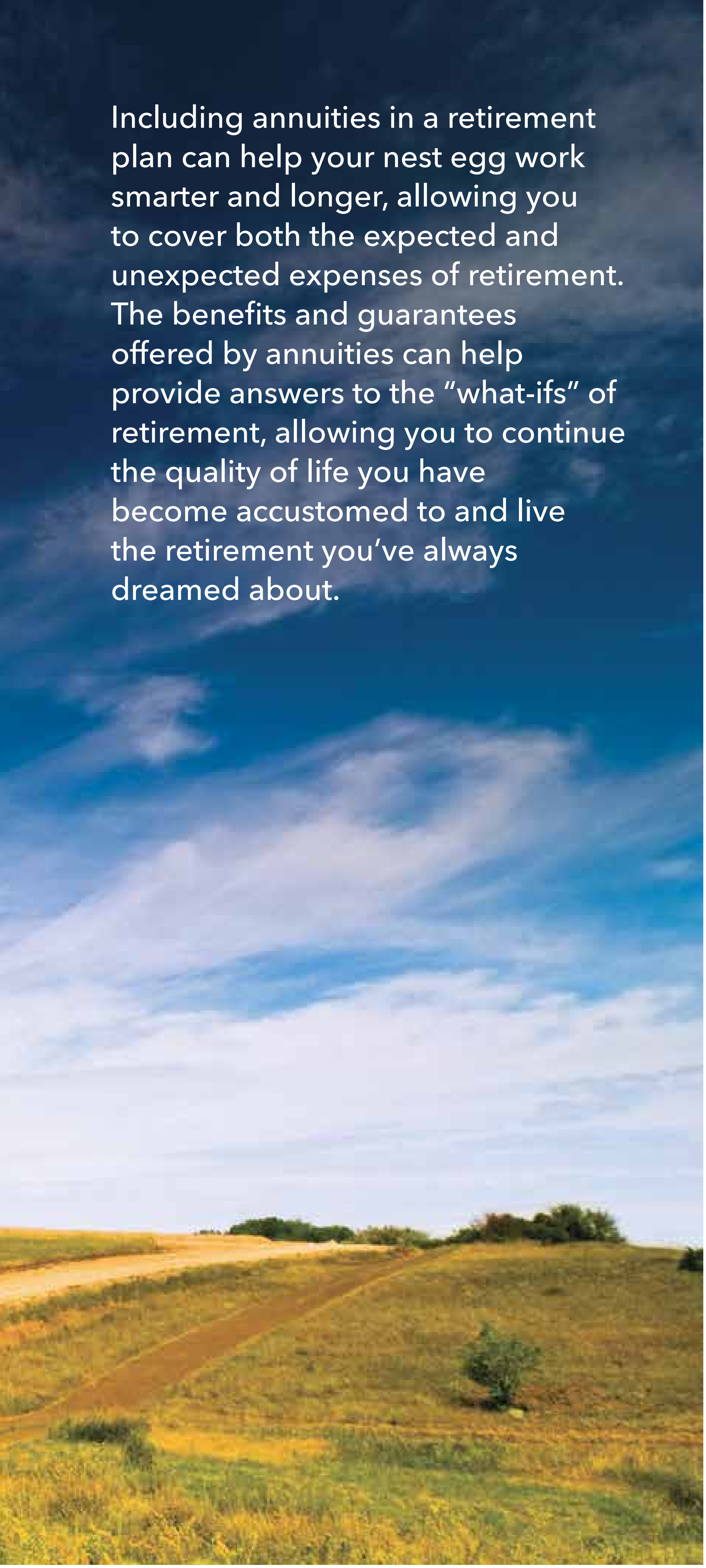
According to a recent study, approximately 70% of people turning age 65 will need to pay for health-care related services at some point in their lives, which includes living in an assisted living facility and/or a nursing home. The annual average costs for an assisted living facility is roughly $40,000 per year, with annual nursing home costs reaching $80,000 or more per year.[2] Additional out-of-pocket costs may include laundry, housekeeping, meals, and more.

Although many of these expenses can be covered by Medicare and Medicaid, each program has specific rules regarding coverage and eligibility. For example, Medicaid requires you to fall below certain financial thresholds, determined by your state, in order to be eligible for benefits.[2] While some medically underwritten insurance products can provide supplemental benefits to help pay for health-care related costs, it can be expensive and difficult to obtain these products.

Why might a fixed indexed annuity be a good option?

Fixed indexed annuities are not medically underwritten; therefore, those with current medical conditions are able to purchase a contract. Annuity income payments can be used to offset health care costs, and annuity contracts often include confinement and terminal illness benefits and/or waivers.

This benefit is NOT long-term care insurance nor is it a substitute for such coverage.



Including annuities in a retirement plan can help your nest egg work smarter and longer, allowing you to cover both the expected and unexpected expenses of retirement. The benefits and guarantees offered by annuities can help provide answers to the "what-ifs" of retirement, allowing you to continue the quality of life you have become accustomed to and live the retirement you've always dreamed about.

[1] Lisa Greenwald, Craig Copeland and Jack Derhei, "The 2017 Retirement Confidence Survey: Many Workers Lack Retirement Confidence and Feel Stressed About Retirement Preparations", ebri.org, Employee Benefit Research Institute, March 21, 2017 - no. 431, page 20, https://www.ebri.org/pdf/surveys/rcs/2017/IB.431.Mar17.RCS17..21Mar17.pdf.

[2] U.S. Department of Health and Human Services, "Find your path forward". LongTermCare.gov, Last modified 2/21/17. https://longtermcare.acl.gov/index.html

Guarantees provided by annuities are subject to the financial strength of the issuing insurance company. Guaranteed lifetime income is available through annuitization or the purchase of an optional income rider for
a charge.

Fixed indexed annuities are not stock market investments and do not directly participate in any stock or equity investments. Market Indices may not include dividends paid on the underlying stocks, and therefore may not reflect the total return of the underlying stocks; neither an Index nor any market-indexed annuity is comparable to a direct investment in the equity markets. Clients who purchase indexed annuities are not directly investing in a stock market index.

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