

Financial Intelligence

Produced Exclusively for Members of the
Senior Executives Association

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Advanced Decision Support Services

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- Concerned
- Conflict-Free
- Cost-Effective & Affordable

SEA Member Benefits

- \$49 Benchmark™ Portfolio Review – **Save \$200**
- Free Hour of Consulting / Analysis – **Save \$195**
 - \$250 Vantage Discount – **Save \$250**
- Email Questions to me at mmiles@variplan.com

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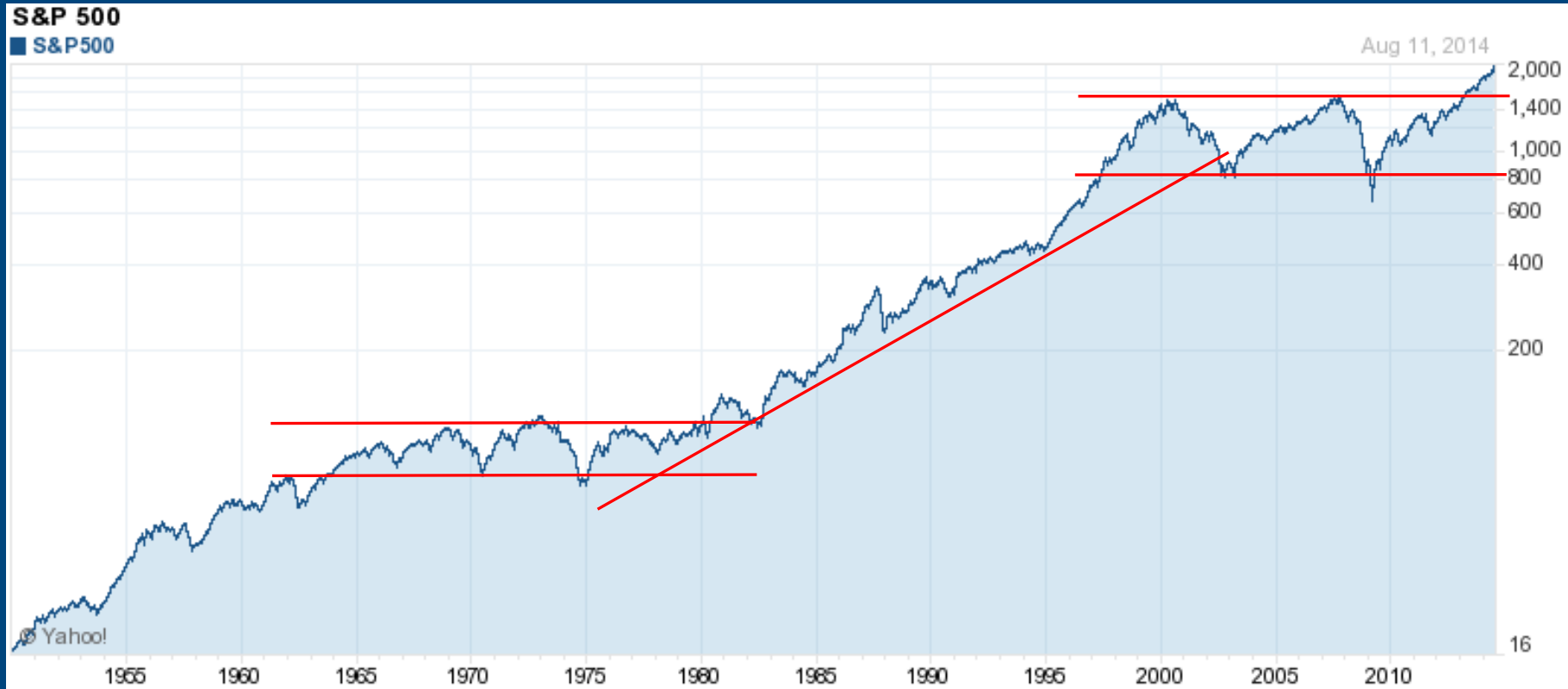
1. Market Review
2. Tactical Recommendations
3. Annuities – The Pros and Cons
5. Questions & Answers

How to Submit Your Questions

Market Review - Stocks



Market Review - Stocks



Market Review - Interest Rates

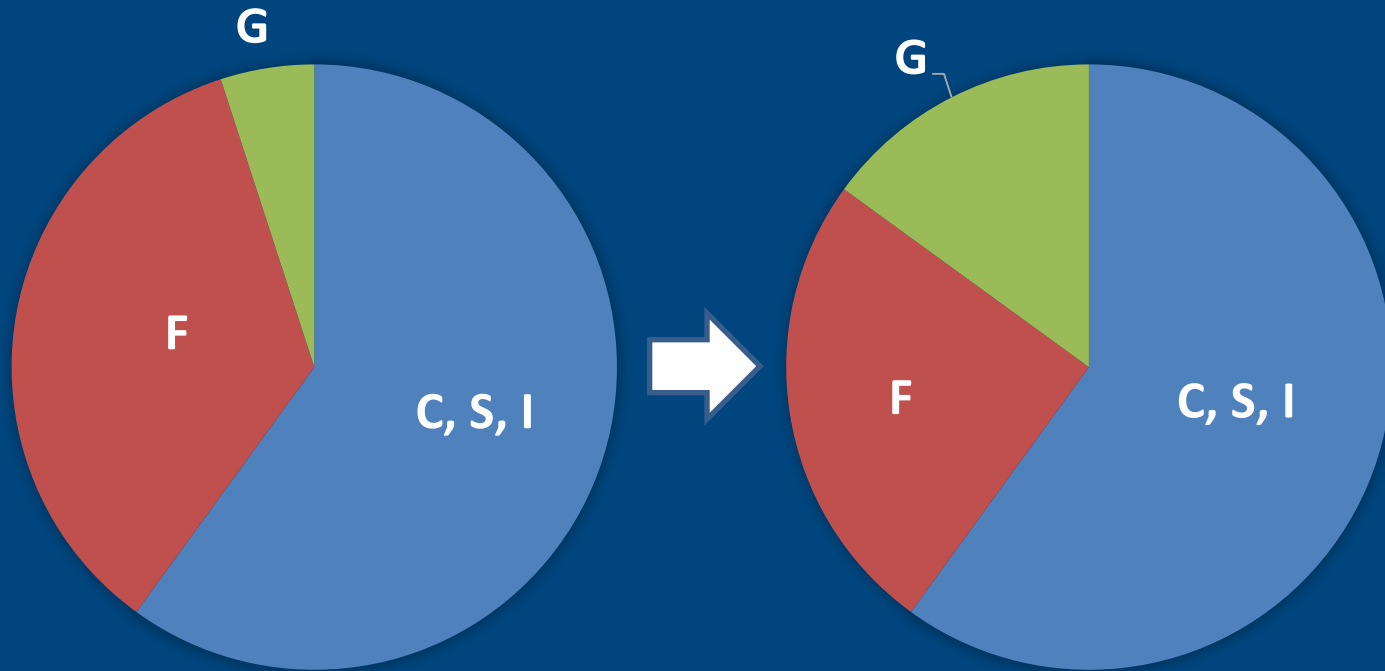


Market Review – Stocks vs. Bonds

iShares 20 Year Treasury Bond E

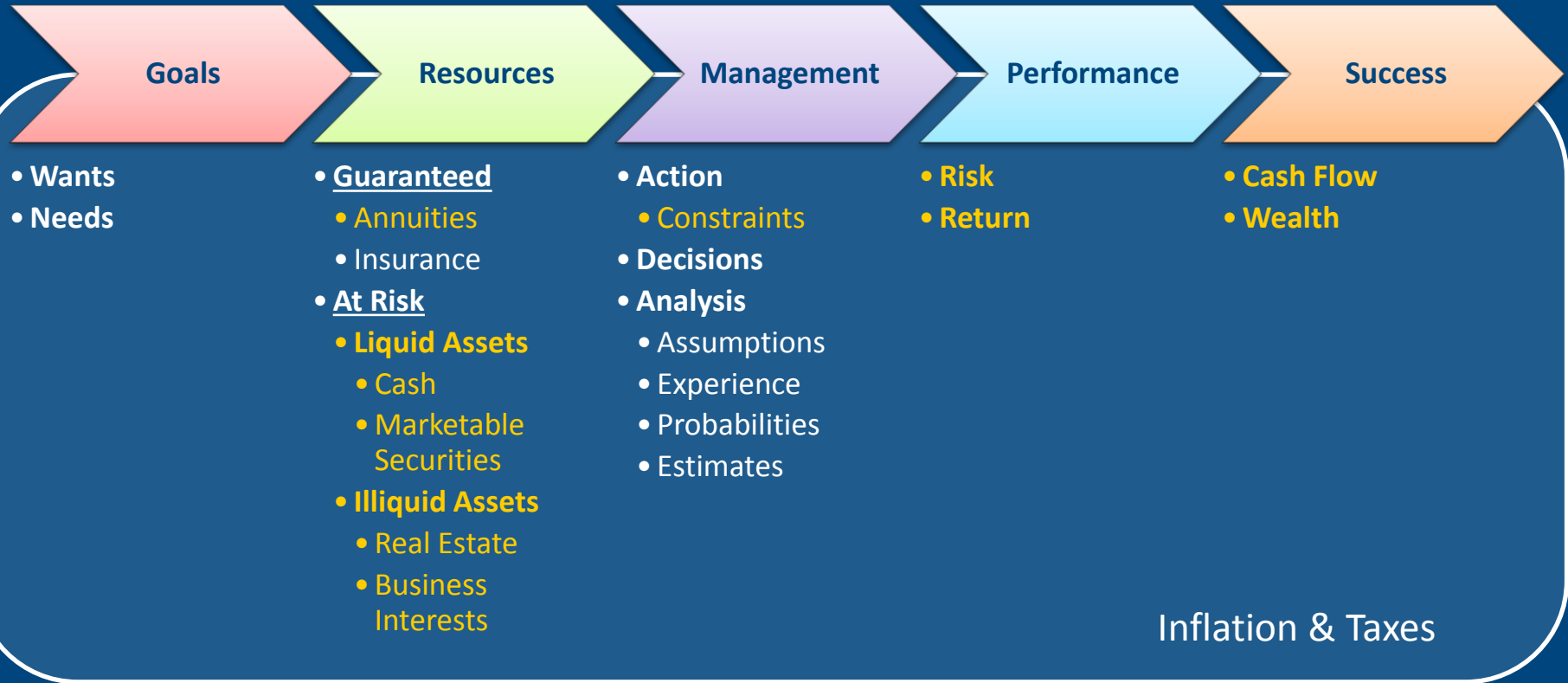


Tactical Recommendation



Understanding Annuities – The Pros and Cons

Financial Planning and Management



Insurance Contract

Premium Payment



Guaranteed Income

Types of Annuity Contracts

	Immediate	Deferred
Fixed		
Variable		

Should be the Benchmark Against Which
the Alternatives are Compared

Income Guarantees

Single Life

Joint Life

Options

Payment Amount

Age

Sex

Health

Income Guarantees

Interest Rate Index

Example

Age = 60

Sex = Male

Health = Average

Premium = \$100,000

Income Guarantees = Single Life

Interest Rate Index = 2.00%



\$454 / Month

Payout Rate or Ratio

Guaranteed Annual Payment

Premium Amount

Payout Rate or Ratio

$$\frac{\$454 \times 12 = \$5,448 / \text{Year}}{\$100,000} = 5.448\%$$

Payout Rate or Ratio

5.448%



Rate of Return!

Annuity Rate of Return

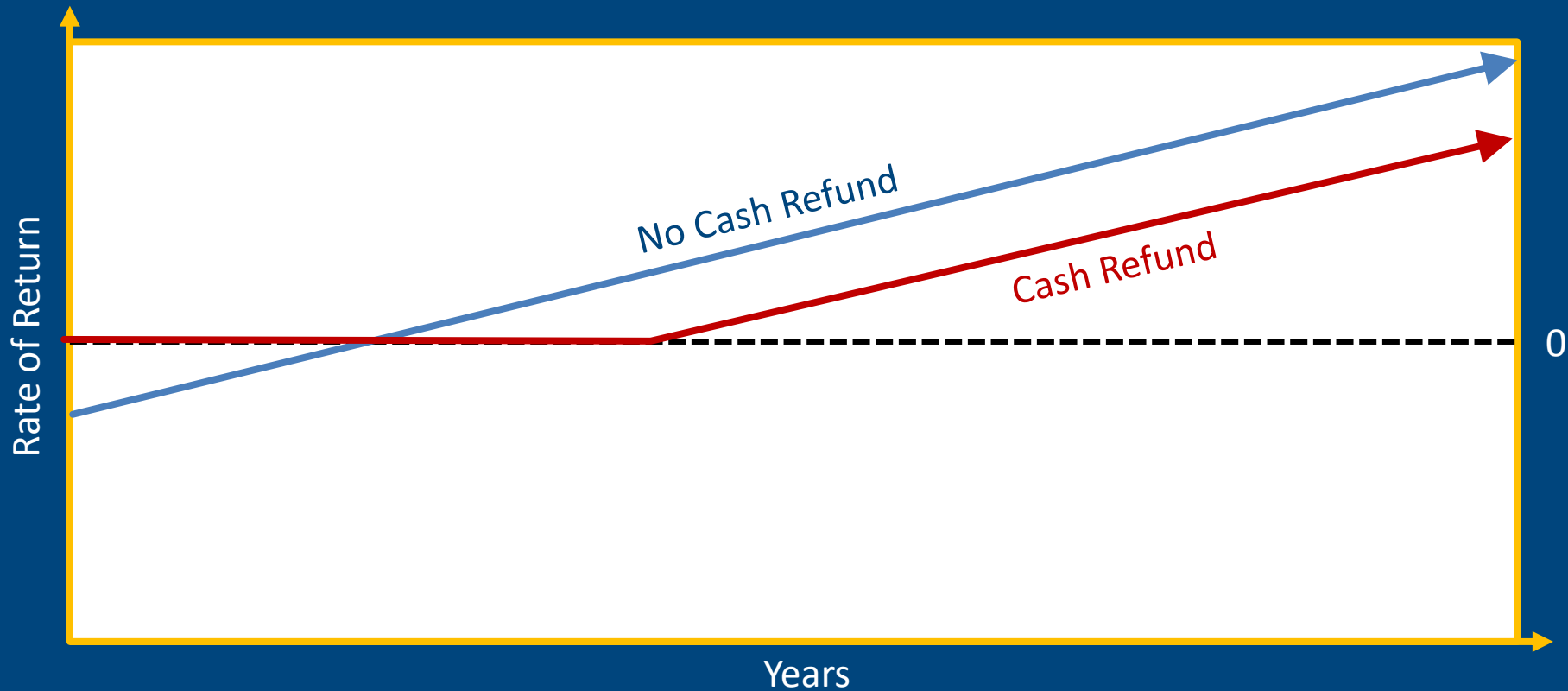
Payout Period	Age at Death	Recovered	Rate of Return
10 Years	70	\$54,480	-11.45%
20 Years	80	\$108,960	0.92%
30 Years	90	\$163,440	3.82%
40 Years	100	\$217,920	4.85%

Annuity Rate of Return w/ Cash Refund

Payment amount falls to \$426 / Month

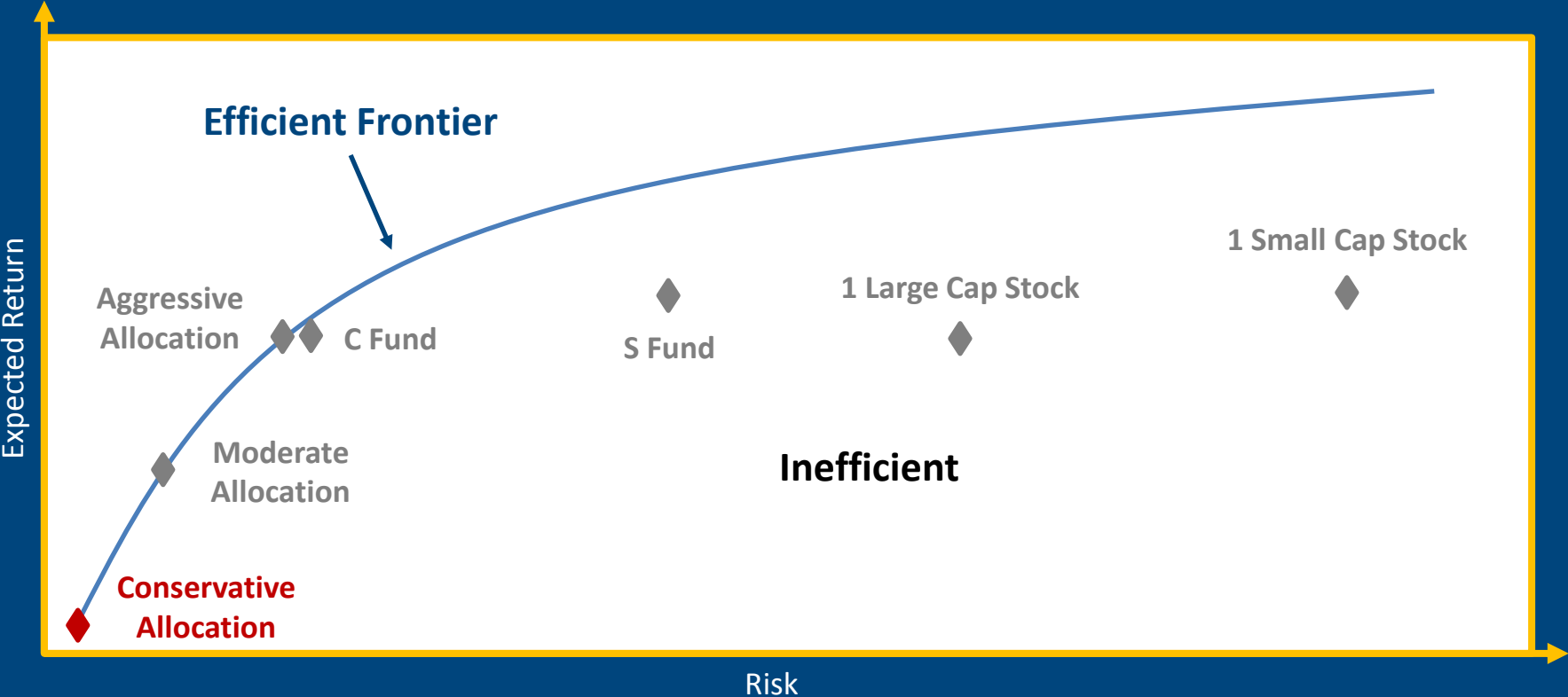
Payout Period	Age at Death	Recovered	Rate of Return
10 Years	70	\$100,000	0.00%
20 Years	80	\$108,960	0.23%
30 Years	90	\$163,440	3.27%
40 Years	100	\$217,920	4.37%

Cash Refund Option

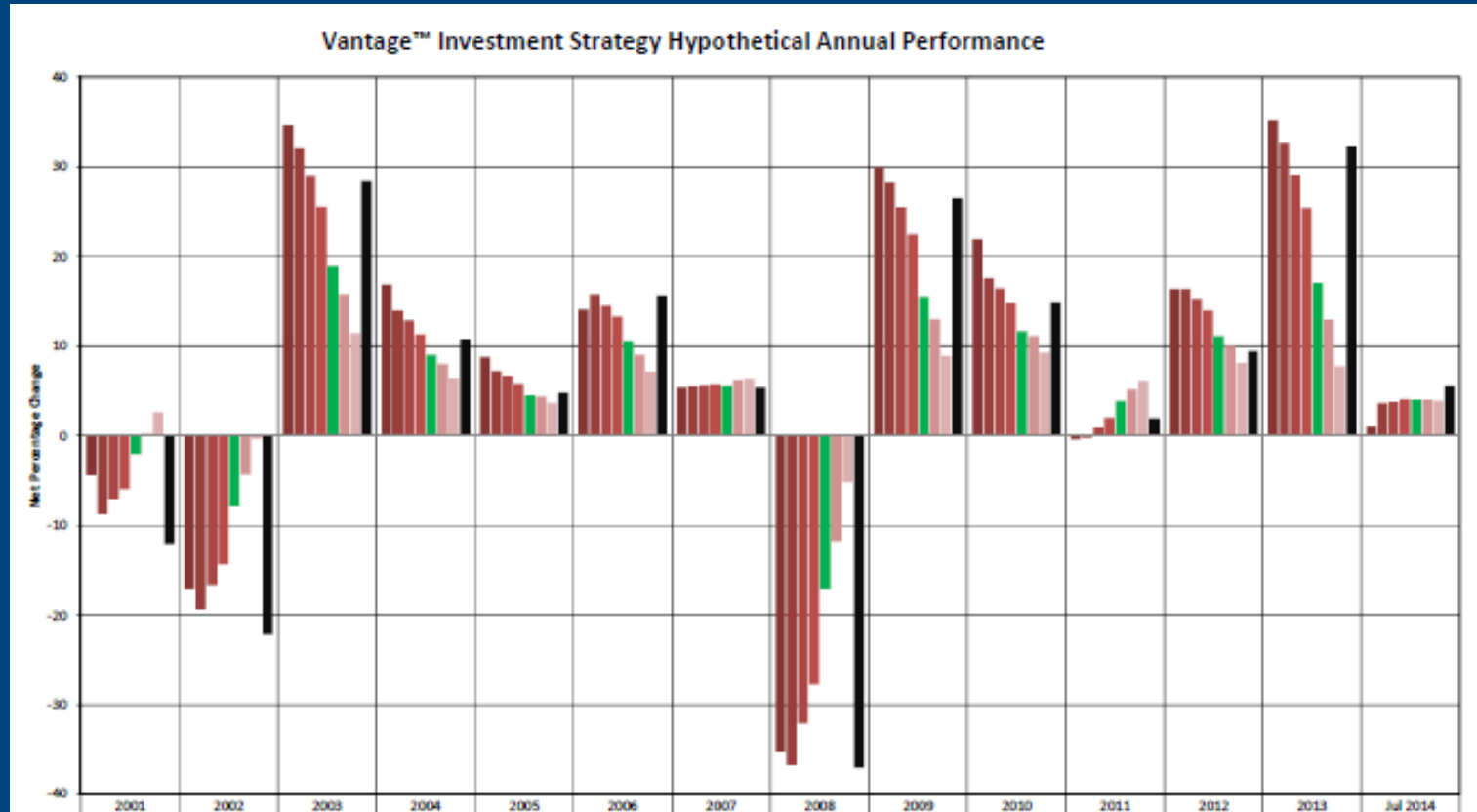


The Riskier Alternative

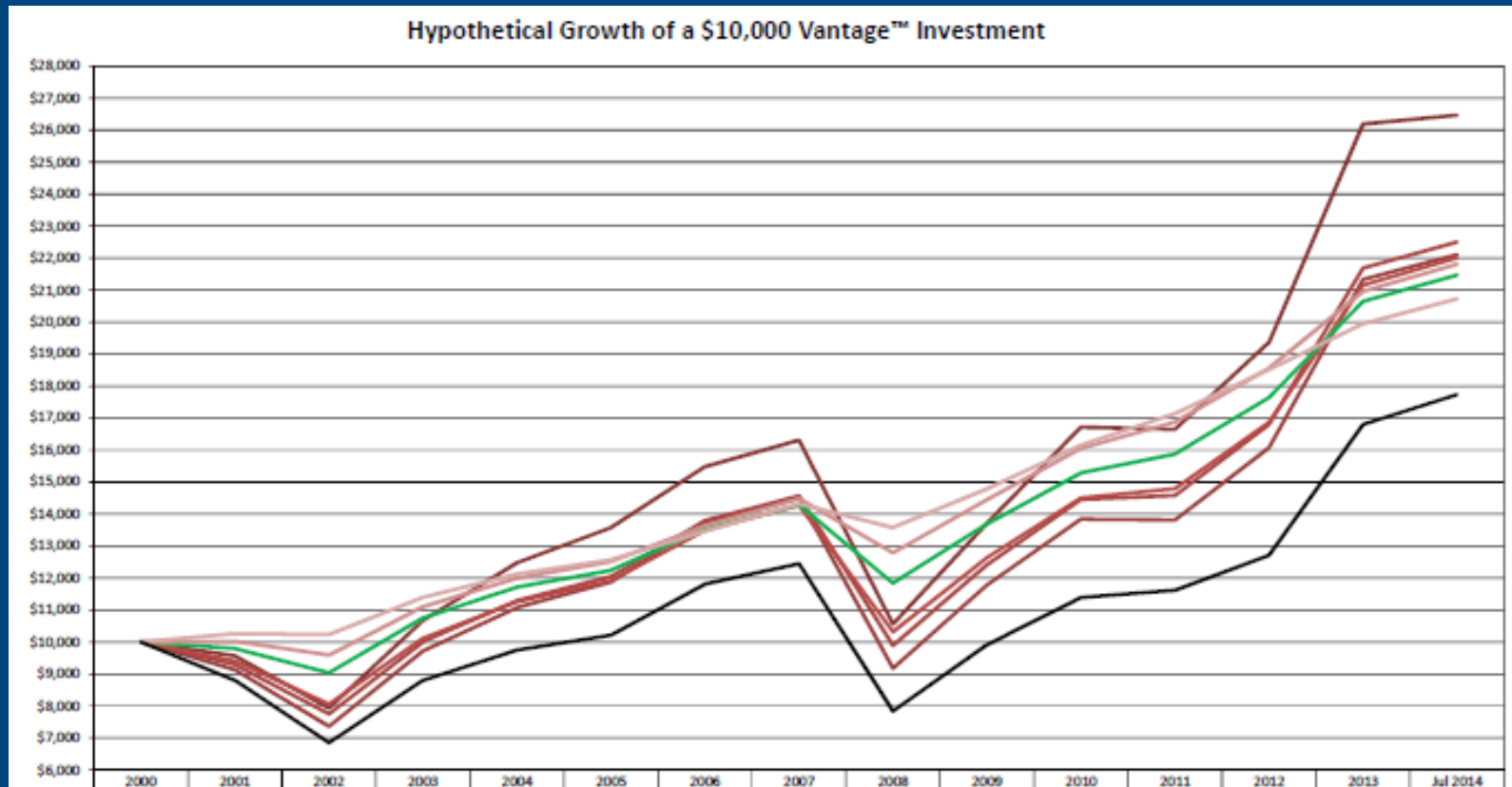
Risk-Efficient Portfolios



Risk-Efficient Portfolios



Risk-Efficient Portfolios

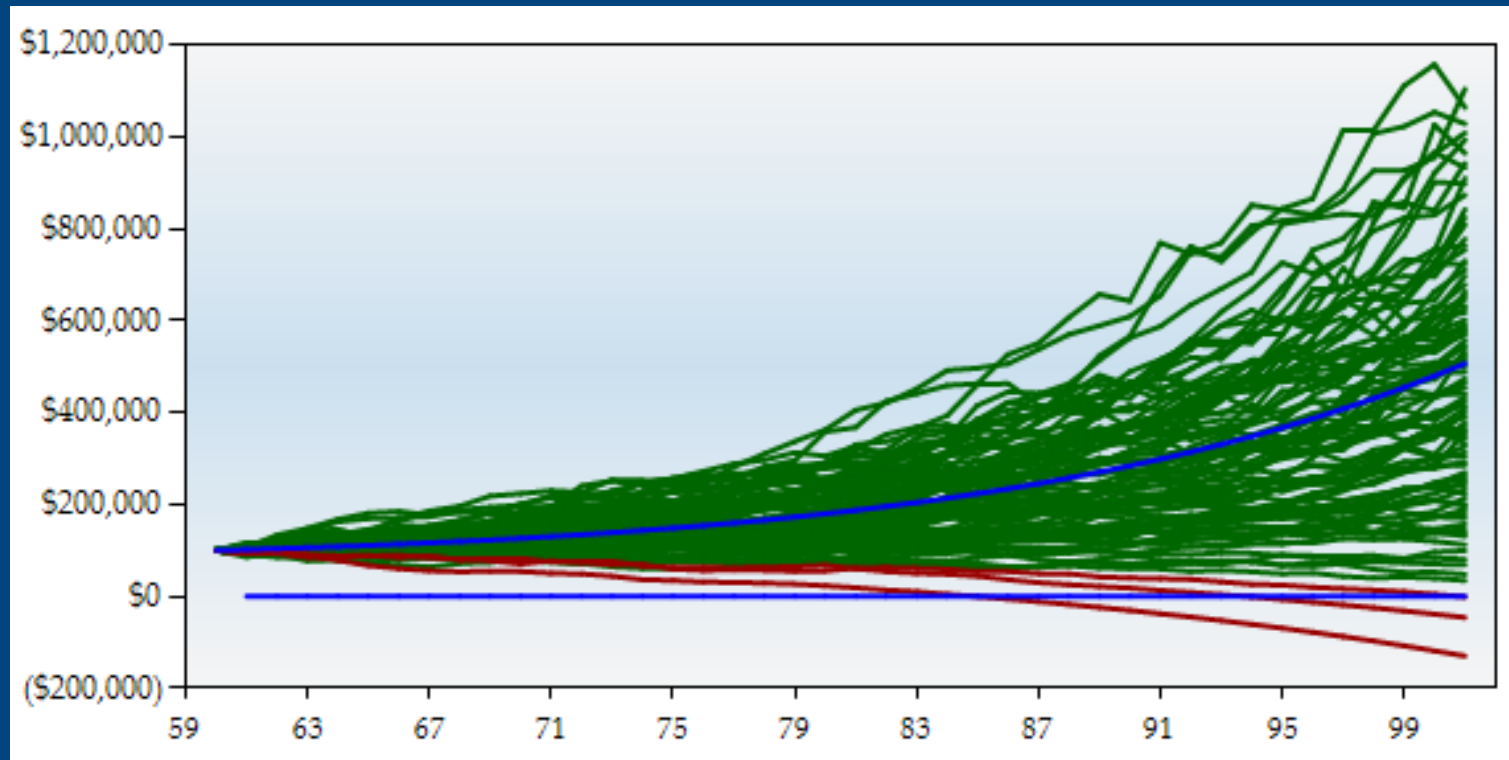


Invest and Withdraw

\$100,000, \$5,448 / year, BT, 30/60/10 Allocation

Payout Period	Age at Death	Confidence	EEV
10 Years	70	100%	\$129,000
20 Years	80	100%	\$187,000
30 Years	90	99%	\$299,000
40 Years	100	97%	\$507,000

Simulation Results – 40 Years



Probabilities – 40 Years

Percentile	Ending Value	ROR
0	\$3,015,983	10.26%
10	\$1,104,051	8.21%
20	\$873,334	8.35%
30	\$696,756	7.77%
40	\$584,777	7.14%
50	\$507,297	6.67%
60	\$408,990	7.07%
70	\$325,777	6.58%
80	\$232,605	6.67%
90	\$137,214	6.64%
100	-\$129,693	6.29%

Immediate Fixed Annuity Pros

- Income Security
- Professional Management

Immediate Fixed Annuity Cons

- Loss of Control of Principal
- Potentially Lower Income
- Inflation Risk
- Reduced Estate Value

Consider an Immediate Fixed Annuity When...

- You're Concerned About Control
- You're Concerned About Management
- Interest Rates Are High

Questions / Comments / Suggestions



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Advanced Retirement Planning and Management

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