

Financial Intelligence

Produced Exclusively for Members of the
Senior Executives Association

Mike Miles



- Founder and Principal Advisor, Variplan, LLC
- Certified Financial Planner
- Registered Investment Advisor
- SEA Benefit Provider Since 1999
- Federal Times' "Money Matters" Columnist
- "Ask the Experts" Panelist at www.federaltimes.com

Advanced Decision Support Services

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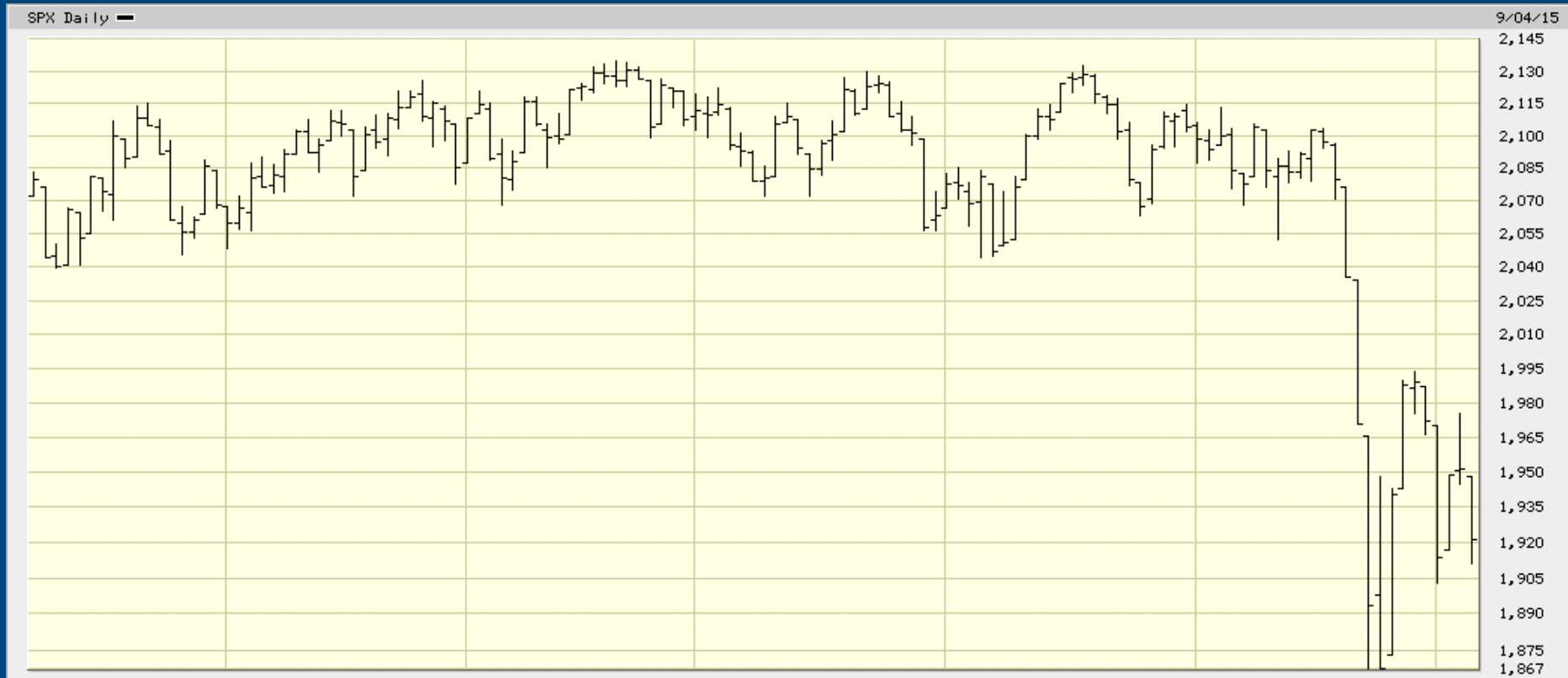
- \$49 Benchmark™ Portfolio Review – **Save \$250**
- Free Hour of Consulting / Analysis – **Save \$205**
 - \$250 Vantage Discount – **Save \$250**
- Email Questions to me at mmiles@variplan.com

Contents

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

How to Submit Your Questions

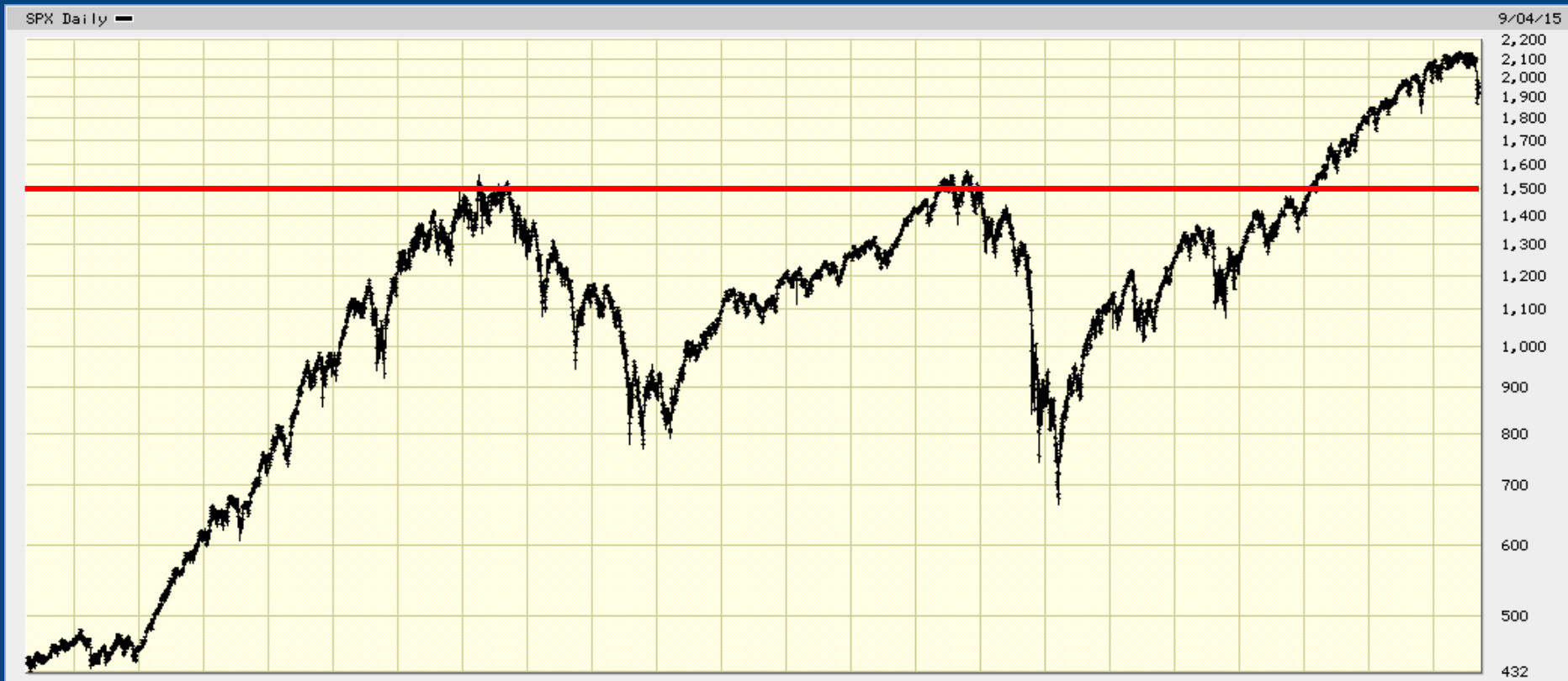
Market Review – Stocks (6 months)



Market Review – Stocks (5 Years)



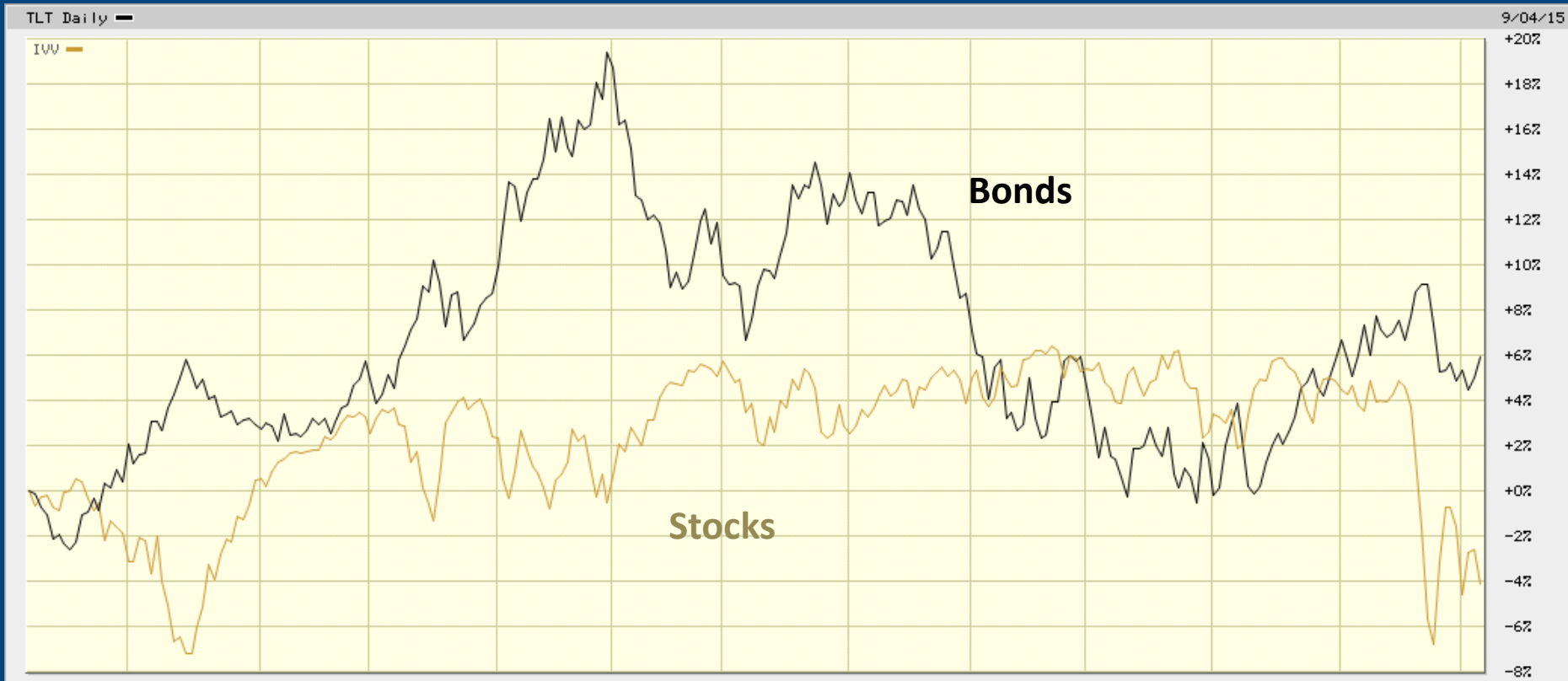
Market Review – Stocks (20 Years)



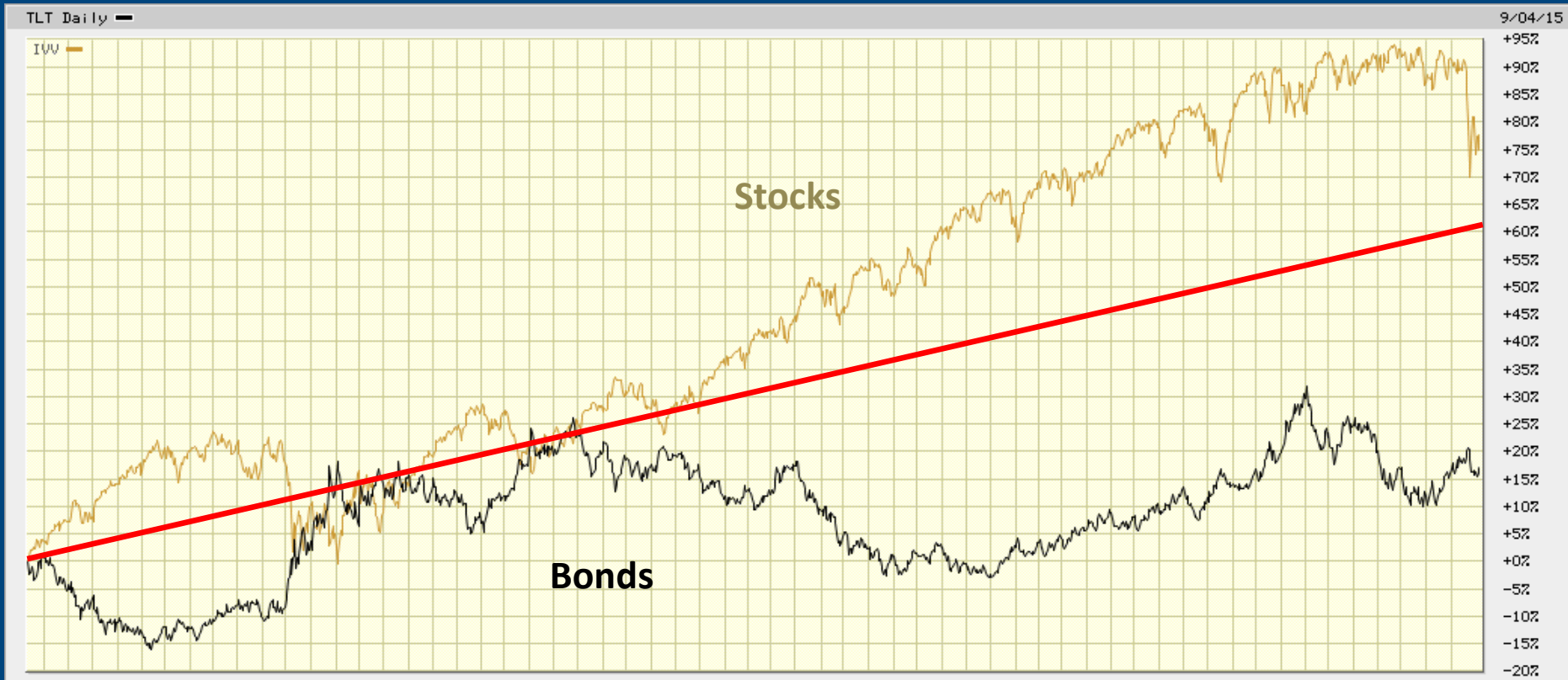
Market Review - Interest Rates (20 Years)



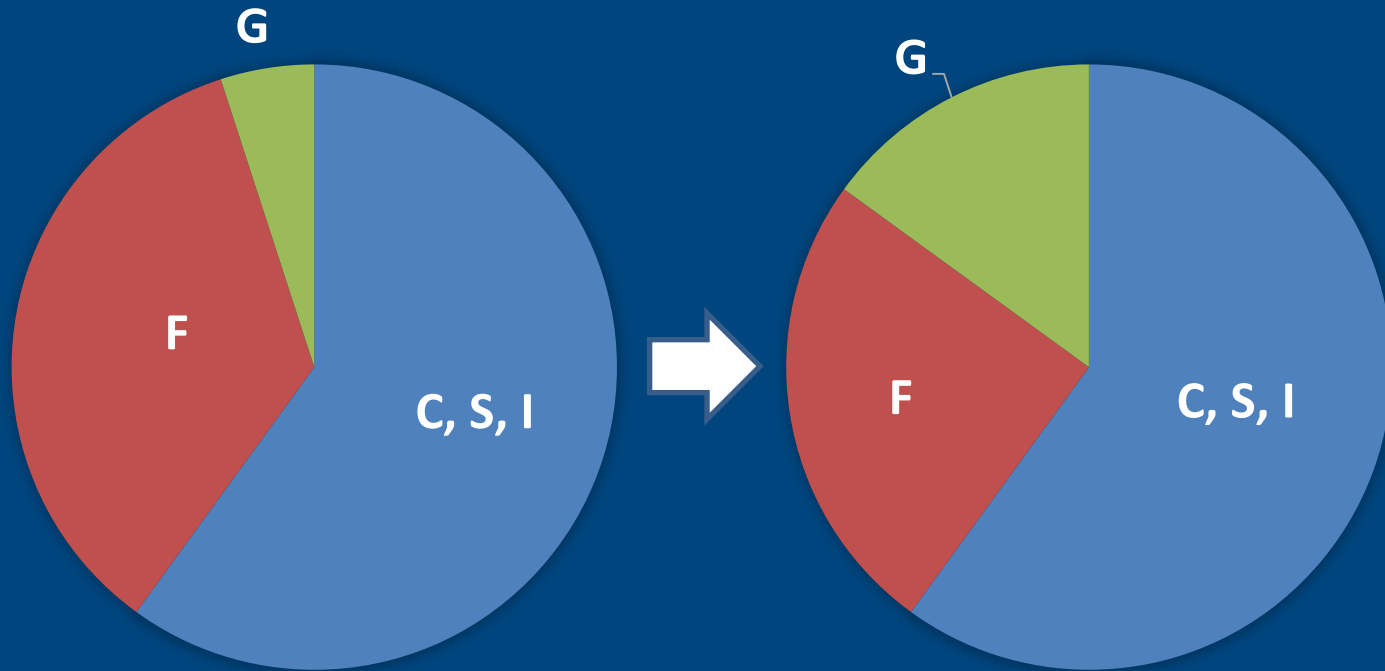
Market Review – Stocks vs. Bonds (1 Year)



Market Review – Stocks vs. Bonds (5 Years)

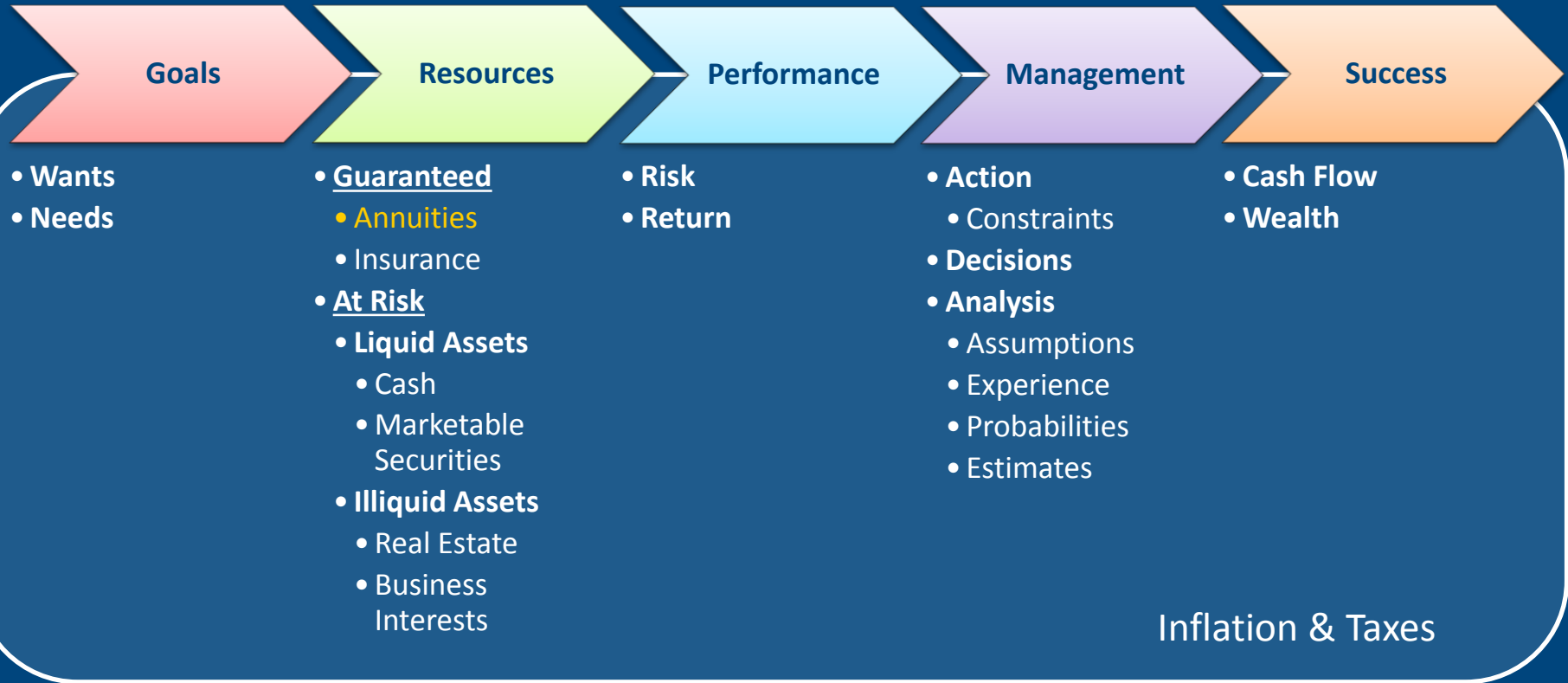


Tactical Recommendation



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 – Life Only

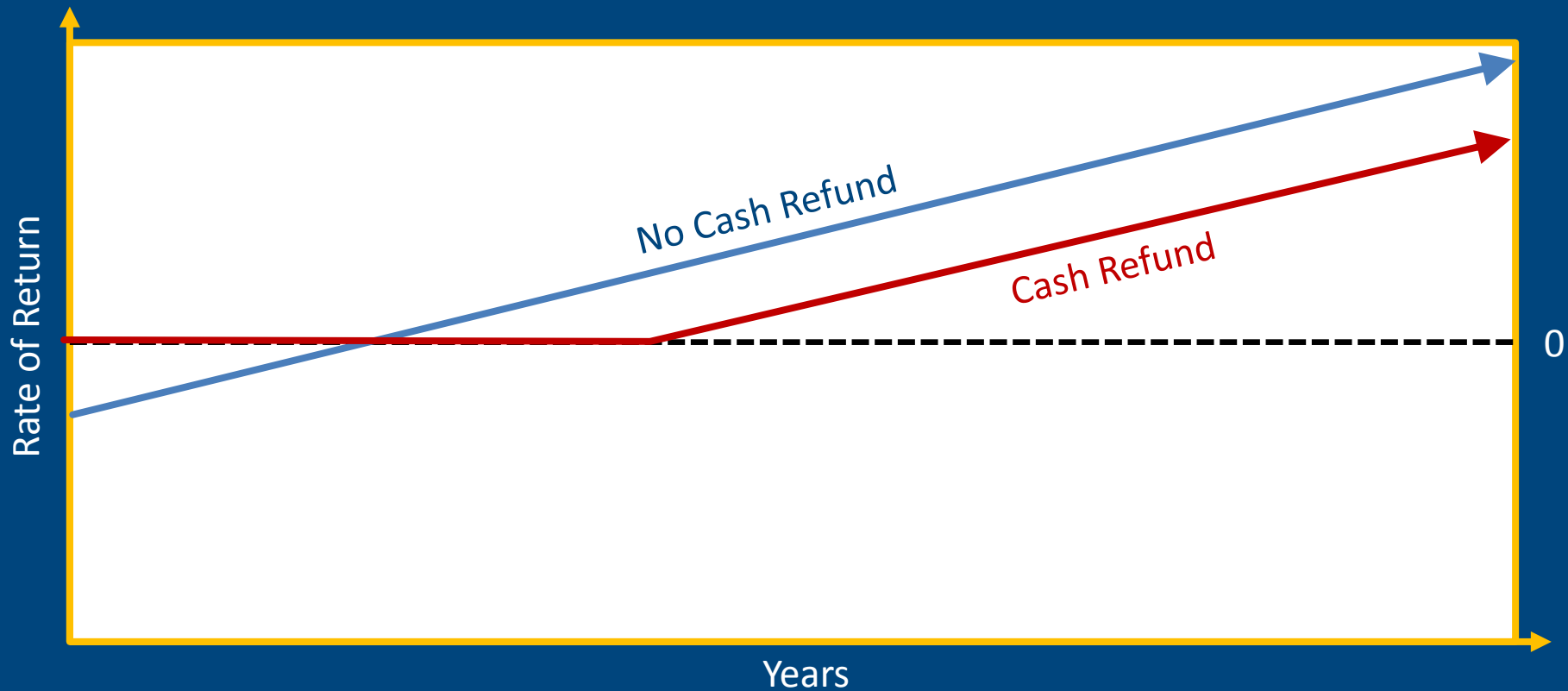
Payout Period	Age at Death	Recovered	Rate of Return
10 Years	70	\$54,480	-11.45%
20 Years	80	\$108,960	0.92%
30 Years	90	\$163,440	3.82%
40 Years	100	\$217,920	4.85%

Annuity Rate of Return w/ Cash Refund

Payment amount falls to \$426 / Month

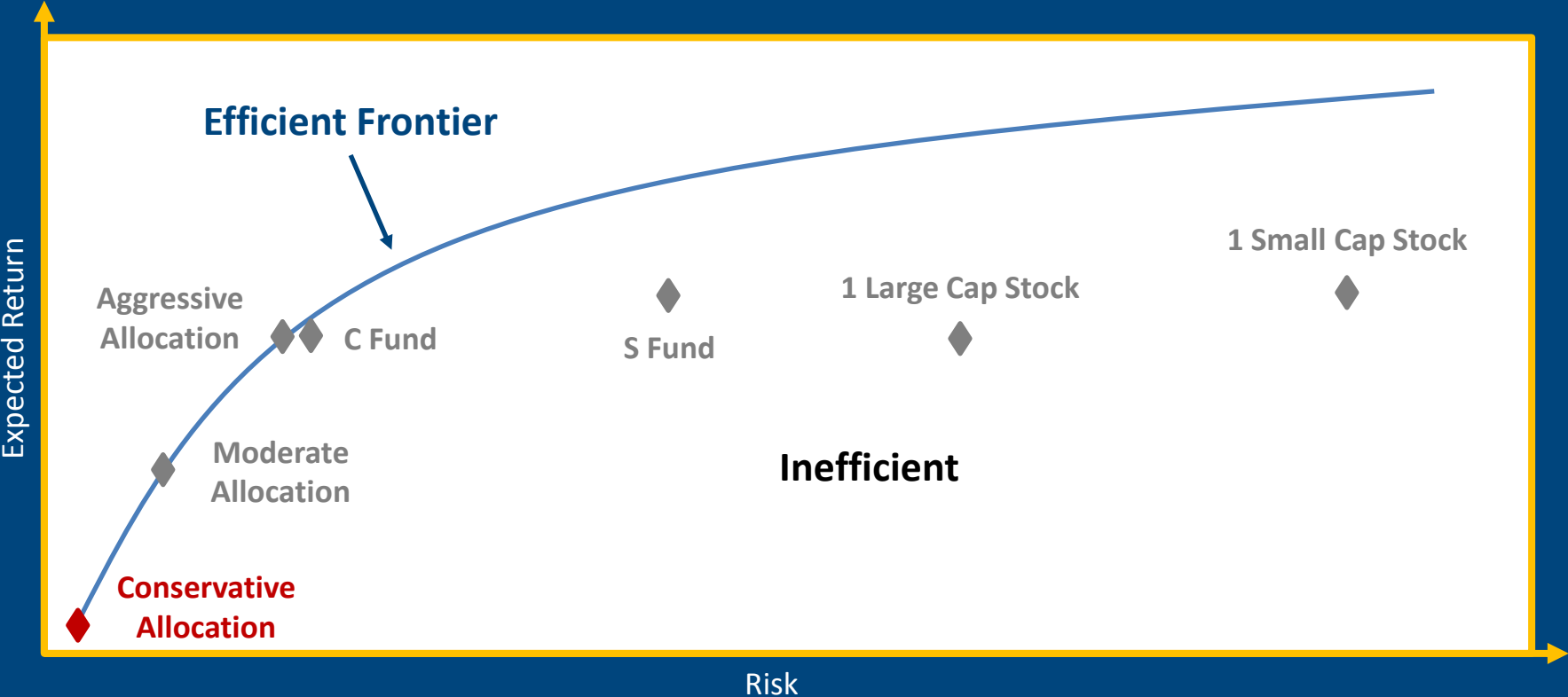
Payout Period	Age at Death	Recovered	Rate of Return
10 Years	70	\$100,000	0.00%
20 Years	80	\$108,960	0.23%
30 Years	90	\$163,440	3.27%
40 Years	100	\$217,920	4.37%

Cash Refund Option



The Riskier Alternative

Risk-Efficient Portfolios



Moderately Conservative Investment Strategy

Variplan “Income” Allocation

20.0% C Fund

7.5% S Fund

2.5% I Fund

10.0% G Fund

60.0% F Fund

Moderately Conservative Investment Strategy

Variplan “Income” Allocation

Expected 12-Month Return = 7.9%

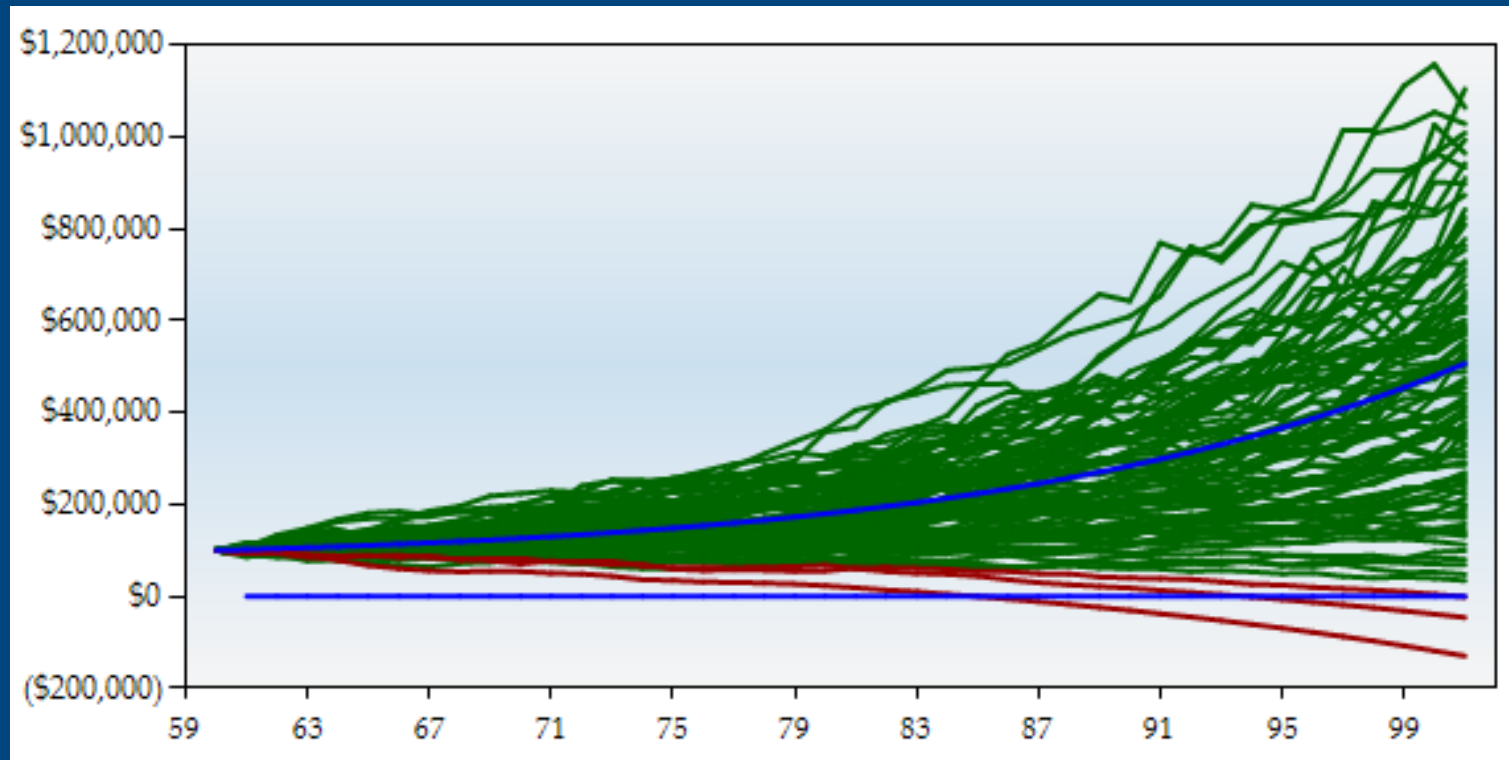
Standard Deviation = 7.2%

Moderately Conservative Investment Strategy

Variplan “Income” Allocation

<u>Probability %</u>	<u>Return %</u>
97.5	22
84.0	15
50.0	8
16.0	1
2.5	-6

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%

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

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

Variplan Article Database



The image shows a screenshot of the Variplan website's navigation menu. The background is dark blue with a large, faint 'VP' logo. On the left, the Variplan logo is displayed in white, consisting of a stylized 'VP' above the word 'VARIPLAN' and the tagline 'Advanced Retirement Planning and Management' below it. To the right of the logo is a vertical list of navigation items, each preceded by a small yellow square icon. The items are: 'WHO WE ARE', 'WHAT WE DO', 'HOW WE DO IT', 'OUR CLIENTS', 'CONTACT US', and 'ARCHIVE'. The 'ARCHIVE' item is circled in red. In the bottom right corner of the navigation area, there is a yellow box containing the text 'CLIENT RESOURCES'. At the bottom of the page, there are two columns of logos and text. The left column features the CFP® logo, the text 'CERTIFIED FINANCIAL PLANNER', and a paragraph of text: 'Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and CFP® in the U.S.'. The right column features the PALADIN logo, the text 'SERVICES', and five stars with the text 'AIAA OCB' below them.

VP
VARIPLAN
Advanced Retirement Planning and Management

- WHO WE ARE
- WHAT WE DO
- HOW WE DO IT
- OUR CLIENTS
- CONTACT US
- ARCHIVE

CLIENT RESOURCES

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PALADIN
SERVICES
★★★★★ AIAA OCB

Next Month:

Life Insurance
October 13 @ 12:00

Questions / Comments / Suggestions



V A R I P L A N

Advanced Retirement Planning and Management

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