

# Between the Beacons

## Charting Your Course to Retirement

### Alternative Retirement Strategies



**James D. Stillman**

**D**o you ever get the feeling that you might be missing out on a good thing, because no one has taken the time to explain alternative strategies? This can apply to investment strategies and health care strategies. Most folks we meet have the same old things in their retirement plans like stocks, bonds, mutual funds, REITS, variable annuities, CDs, etc. Frankly, very few people actually have a comprehensive plan that covers the key planning areas of income, investments, healthcare, legacy and tax planning like our Chart Your Course Retirement Plan does. And frankly, we think a lot of people are missing out. Fixed rates are low, the stock market can be volatile, and many folks are worried about the next crash. We're in a "bond bubble", and as interest rates rise, bond prices will fall. That brings a lot of concern for many people, and rightfully so. So, what's one to do?

This month I want to discuss the basics of one "alternative strategy" that's been quite successful over the years for our clients and many others across the nation. It's called a Fixed Indexed Annuity or FIA for short. Now I know many advisors, especially those that purely push investment strategies, have been bad mouthing annuities forever, so folks have been conditioned to hate annuities in general over the years. In my opinion, no investment or savings product should be classified as good or bad all of the time and advisors should not make blanket statements about any one product or strategy. All investments are both good, bad, and imperfect. It's always give and take or trade off and compromise. In other words, you simply have to use the right tool for each specific job or goal, because no one tool can do all jobs well.

Are annuities right for everyone? Absolutely not, but they can be the perfect solution in the right situation. The bottom line is this - annuities are a multi-trillion dollar business and have provided both security and guaranteed income for millions of people over time dating back to the Roman Empire. Facts are facts, it is what it is, and you can do your own search on the history of annuities if you don't believe me. How do you think the majority of pensions are funded? Yep, you guessed it, annuities. Anyone out there hate your pension? We like to call it "mailbox money". It's all

about reliable income in retirement. I've stressed this over and over as a retirement planner.

So, what is a Fixed Indexed Annuity? I'll keep it simple, and I'd encourage everyone to get in contact with me to learn more. An FIA is simply an annuity that guarantees that your principle is safe, but gives you the option to link to a market index (S&P, Dow, etc.) to potentially earn additional interest. If the index goes up, then you participate in the gains, the gains lock in, and the index baseline is reset. If the index goes down, then you might earn zero, but you won't go backwards. So, you're removing risk while preserving some potential for growth.

Some FIAs get an upfront bonus, some have guaranteed income benefits that roll up at 6% - 10% per year, and some even have long term care features. Fees are typically no more than 1%, but most don't even have fees unless you attach a rider for extra benefits. I can honestly tell you that over the past few years, we've had clients make double digit returns. Not bad for something that's safe. You do have to commit to a period of time with annuities. This is called a surrender period, during which you only have limited access to the funds (typically 10% of your balance each year without penalty). Knowing they have your money for a while is what allows the insurance company to give you such strong guarantees.

Overall, I think annuities can

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Thursday April 12th &  
Tuesday April 17th



Epic Chophouse  
Mooresville



6:30pm  
(doors open at 6:00pm)

REGISTRATION REQUIRED TO ATTEND  
Call 704-660-0340 or email  
kelly@jdswealthmanagement.com

be a great piece in a retirement portfolio. So, don't miss the boat! I have numerous studies that show the value of these products. All you have to do is ask, and I'll get the reports to you.

At JDS, everything we do is designed to take the worry out of your retirement. If you'd like to set up a visit to discuss your retirement and get your own **Chart Your Course Retirement Plan**, then give us a call.

And remember: **The purpose of the money dictates where you put it!**

Until Next Month,  
James D. Stillman



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