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ANNUITY OPPORTUNITIES

A MONTHLY RESOURCE FOR NEW AND EXISTING ANNUITY OWNERS

SEPTEMBER 2006

Might You Live to 100?

Live to 100. Sounds great. But what are the downsides? “How can there be downsides?” you may ask. After all, you’d have more time to golf, go fishing, and spend with the grandkids. Well, the risk may be that if you hadn’t planned to live that long you could end up running out of money.

So how long of a retirement should you plan for?

According to the IRS, a 70-year old person is expected to live for 17 more years to age 87. However, this is an average. Half of the 70-year olds will live longer, and half will not. Therefore, a 70-year old individual who is basing his or her retirement plan and spending habits on living to 87 is rolling the dice. Furthermore, when you consider that there are more than 70,000 U.S. centenarians who represent the fastest-growing segment of our population, there is reason to take notice.

However, planning too conservatively could be detrimental as well. After all, you don’t want to cut your standard of living down to the point that you’ll be miserable. And of course, you always have the option to make adjustments in your spending as time goes on.

All of this comes down to two simple facts; you can control how long your money will last, but you only have a limited ability to predict how long you will live. So what can you do to reduce the risk of running out of money too soon?

A fixed immediate annuity offers an income that will continue for a lifetime, no matter how

long you live, and it will help you plan for t1 (6)5

Tread Carefully when Comparing Bonus Rates

Rebates, longer-term financing, and other temptations are often used by automakers to get you to buy or lease a new car. Along a similar line, fixed annuity companies frequently have incentives to reward you for investing. One of the most widely used is the “bonus rate.” But if you aren’t careful, you might not get what you bargained for.

The bonus rate is generally given during the first year or few years that you own the fixed annuity and can significantly enhance the initial return. Furthermore, the bonus increases the annuity’s principal on which future interest will be credited. Therefore, a bonus could possibly boost the overall yield over the contract’s term.

However, the company may be offering this reward because you are expected to keep the contract for up to 10 years. If you remove your investment before that time is up, you may be hit with surrender charges that could more than wipe out the bonus you had received. Additionally, some annuities with high bonuses may not have features that might be valuable to you, such as waiver of surrender charges for terminal illness, or nursing home confinement.

The return on your investment is certainly important, and a bonus can be a valuable addition. But don't overlook the financial safety of the annuity company, the other benefits that annuities can offer, and how well the advisor proposing the investment understands your complete financial situation.

For a free list of fixed annuities along with current rates and bonuses, write the amount of your intended investment on the enclosed coupon and drop it in the mail.

Note: Bonus annuities often have higher fees and charges than annuities that do not offer a bonus. Furthermore, the surrender period is usually longer, leading to higher surrender charges.

How to Possibly Cover Those Fixed Expenses

Even the best experts can't predict how certain investments will perform or the income that you'll see from them.

Nevertheless, you might need a set amount of money each month to pay non-discretionary expenses like mortgage payments, auto loans, and life insurance premiums. Frequently these monthly outlays are fixed for a number of years.

To pay these predictable expenses, you may want to consider a fixed, immediate annuity to provide a steady stream of income for your lifetime, your spouse's lifetime, or the duration of the loan. And if you don't like paying taxes, you may like the idea that part of that regular check from an immediate annuity is a tax-free return of your investment.

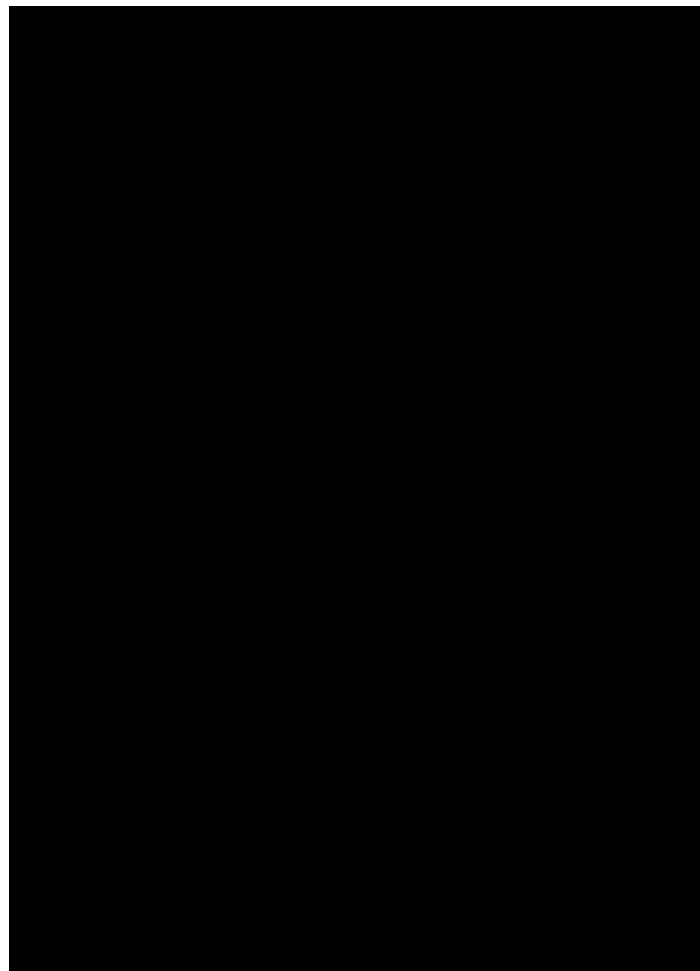
But what about expenses that you will always have and most likely will go up each year, such as real estate taxes, auto insurance, or homeowner's premiums? Some immediate annuities offer several options to meet your future needs too, including an inflation protection rider that will let your income rise annually.

Ability to make payments based on claims-paying ability of Annuity Company. Not government backed or FDIC insured.

Exact provisions of inflation rider may vary among annuity companies and may not be available on many annuities. Additional riders are subject to additional fees and charges.

For a free illustration of how a fixed, immediate annuity can provide that money you need to meet your monthly obligations, check off and return the enclosed coupon. Please include the amount of your monthly payments, the time remaining on the loan, and your age. ♦

As federal and state tax rules are subject to frequent changes, you should consult with a qualified tax advisor prior to making any investment purchase decisions.



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