Find out
How Much You May Really Need
to Retire with Confidence

CRIS FINANCIAL
INVESTMENTS • RETIREMENT • SAFE MONEY ALTERNATIVES

1300023

What's Your Number?

At J.D. Mellberg Financial, one of our flagship products is our "hybrid" index annuity. It is the result of studying clients cases, discovering the insurance products that might bring them the best returns in retirement. The "hybrid" index annuity has proven to answer the concerns of a large number of our clients, and has been incorporated into another strategy—the IRA Total Return Plan™—to potentially maximize gains for clients who want to build retirement funds based on their IRA, 401(k), or other qualified accounts.

> "A flagship...is the lead ship in a fleet of vessels, typically ***the first, largest, fastest, most heavily armed, or best known.*** [1] (Emphasis added.)"

We have seen that this can be an incredibly useful type of policy that has helped a lot of people. Because of that, **we're offering you this opportunity to do your own figuring, to see if it might be a vehicle for your retirement income planning.**

As you use the worksheets provided and study the examples shown afterward, consider how much harder your money could be working for you than it may be doing now. To see exactly how a "hybrid" index annuity could address your particular situation, call us to arrange to meet with one of our insurance-licensed agents, all of whom are highly trained retirement income planners.

This could be your chance of a lifetime!

Before we explain what we want to do for you, you should know where you stand.

The following worksheets are designed to help you in two ways.

1. To help you gather all your financial information into one place so that you can really start to **look at the big picture**.
2. **To give you a jump start** on the application process if you decide you want to pursue purchasing a "hybrid" index annuity.

1 http://en.wikipedia.org/wiki/Flagship

Financial Worksheet—Monthly Cash Flow

Monthly Income	**Current**	**Expected in Retirement**
Salary	$	$
Social security	$	$
Stock, bonds, commodities	$	$
Pension(s)	$	$
Annuities	$	$
Savings	$	$
401(k) or IRA (any qualified account)	$	$
Other		
Total Monthly Income	**$**	**$**
Monthly expenses		
Housing	$	$
Housing insurance	$	$
Transportation (car)	$	$
Transportation insurance	$	$
Utilities	$	$
Gasoline	$	$
Food	$	$
Clothing	$	$
Entertainment	$	$
Donations	$	$
Medical (office calls, prescriptions, etc.)	$	$
Health insurance/ Medicare supplements	$	$
Life insurance	$	$
Gifts (birthdays, weddings, anniversaries, etc.)	$	$
Hobbies	$	$
Other		
Total Monthly Expenses	**$**	**$**

Some things aren't purchased or paid every month, but you should plan for those expenses and set aside funds for them each month so that you aren't hit with "unexpected" bills. Costs that you forget to include in your planning can throw off your budget and siphon funds that you would have liked to have used elsewhere.

Periodic Expenses	**Current**	**Expected in Retirement**
Property tax (annual)	$	$
Travel	$	$
Holidays	$	$
Emergency medical	$	$
Car repairs	$	$
Home/landscape upkeep	$	$
Appliance repair/replacement	$	$
Handymen, contractors, etc.	$	$
Other	$	$
Total, then divide by 12	**$**	$
Add Total Monthly Expenses	**$**	$
Grand Total Monthly Expenses	**$**	$

One more thing…. Inflation

The average rate of inflation is 3.37% per year.[2] Of course some years it is higher, and some years it's lower. If you factor in 3.37% per year for every year of retirement, you should be covering the ups and downs of actual inflation as it may occur. As most people live into their 80s and beyond, you should plan for 20 to 30 years of retirement.

For the next worksheet, start with the grand total you got on the previous page for the "Expected in Retirement" column.

Use this example to get started. We'll assume that your projected monthly expenses in retirement in the previous calculation came to $6,000.

A	B	C
Year of Retirement	**Amount**	**Multiply by 1.03337 to show amount after 1 year of inflation**
1	Start with Grand Total from "Expected in Retirement," above. $6000	$6202
2	For all of the following computations, use the amount from column C in previous row to start here. $6202	$6411
3	$6411	$6627
4	$6627	$6850

Now it's your turn.

Figure the inflation that could occur for the number of years you plan to be in retirement. (We've allowed space for 30 years.)

The number in the final column of the inflation table is the estimated amount of money you will need to live the lifestyle you want.

2 No author listed. (Accessed Jan 4, 2013). Historical inflation rates: 1914 – 2012. US Inflation Calculator. .http://www.usinflationcalculator.com/inflation/historical-inflation-rates/

A	B	C
	Amount	**Multiply by 1.04 to show amount after 1 year of inflation**
1	$	$
2	$	$
3	$	$
4	$	$
5	$	$
6	$	$
7	$	$
8	$	$
9	$	$
10	$	$
11	$	$
12	$	$
13	$	$
14	$	$
15	$	$
16	$	$
17	$	$
18	$	$
19	$	$
20	$	$
21	$	$
22	$	$
23	$	$
24	$	$
25	$	$
26	$	$
27	$	$
28	$	$
29	$	$
30	$	$

How a “Hybrid” Index Annuity Works

The first thing you have to know about this strategy is that it is highly individualized. EVERY “hybrid” index annuity policy we recommend is tailored to the situation of EACH client. We take into consideration:

- Your age
- Marital status
- Your basic health (because it influences the products we consider using)
- Amount of money you want to employ
- Investments, other annuities, insurance, etc. that you already have
- What you want your money to do for you
- Your retirement concerns
- Your retirement goals
- Your plans for bequeathing money when you die

Our business is based on *helping people,*
not selling insurance products that are not suited to your needs.

What we’re going to show you now is the overview. Remember that these are just the basics. If you were to decide to buy a “hybrid” index annuity, we would look at hundreds of available products to figure out which one/ones might give you the best benefits you need for the premium you want to pay.

A “hybrid” index annuity is a blend of three other types of annuities. (Well, actually all four other types, in a way.) It takes the positive aspects of the other annuities and puts all of those to work for you. So first I’ll explain what the annuity types are.

Immediate Annuity

An immediate annuity guarantees* you income for life. You decide when to “turn on the income stream.” That affects how much you get in a given year (based on life expectancy averages.) So if you buy this annuity and start your income right away, you get that amount for the rest of your life. If you wait until later to start the stream the payments will be higher, and will still last as long as you live. Even if your contract balance goes to zero.

The downside of an immediate annuity is that you lose control of your money. Once you buy the policy there is no exit strategy. We didn't like that part, so we found other strategies.

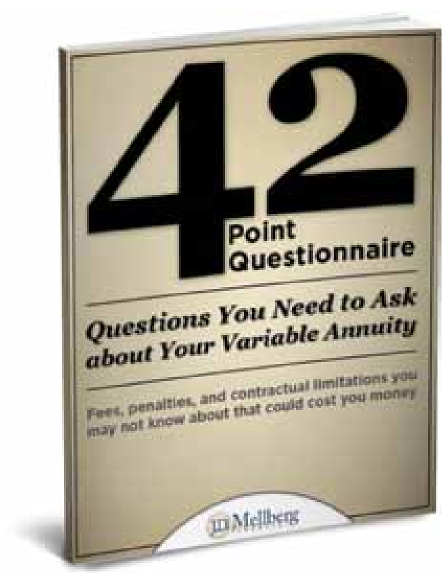
Fixed Annuity

This one is designed to promote slow, steady growth. It's the same principal as buying a treasury bond or a CD, only the returns are better these days. The keywords here, though, are *slow* and *steady*. Because a fixed annuity is meant to be in the hands of the insurance company for a long time, they can't afford to pay *high* returns, but they do offer *steady* increases. So while the growth isn't huge (for instance 2% for shorter terms and up to 4% for longer terms), you can't lose your principal or your returns. This money is not subject to the volatility of the stock market, bond market, commodities, etc.

The parts we aren't so crazy about are the relatively low percentages and the fact that all interest withdrawals are taxed. So we use the growth aspect and found a way to increase the return. (We'll talk about that soon.)

Variable Annuity

As stand-alone products, we're not proponents of variable annuities for retirement income purposes. They do offer higher potential returns, but in a much more volatile setting; they are directly linked to stock market indices. Not only that, but the gains from these products are taxed as capital gains, so you pay more to collect your earnings.



And speaking of paying, variable annuities are noted for having a lot of fees attached. Some fees are pretty straightforward and show clearly on statements, and some are harder to decipher. It's really important to know what fees are attached to any policies you may hold. Some people have discovered that they are paying 4% or more in annual fees. (We have a 42-point questionnaire that can help you see what some of those fees might be. Please let us know if you want one of those.) So variable annuities have the potential to be quite expensive to own.

Also, the gains on these annuities, while much higher than those in a fixed annuity, can be lost if the stock market takes a dip. For that reason, we don't feel like variable annuities are really suitable for retirement income planning.

What we do like about variable annuities is the higher return. So we found a way to lock that in by using the next type of annuity.

Index Annuity

For about the last 20 years, insurance companies have been offering a product that blends the income stream of an immediate annuity with some of the growth from a variable annuity. They call it an *index annuity*. *Index* because it is connected to the stock market indices, but in a way that puts all the liability for loss on the company instead of the client.

The basic structure here is that the insurance company guarantees your principal to be secure. Then they take your money and invest it in the market. If the market index drops, you don't lose anything. If it gains, you get *part* of the increase. And herein lies the price you pay to have this kind of annuity: the company usually puts a cap on your earnings. Different products have different caps—usually between 4% and 10%. So if you have a 10% cap and the market gains 4%, you get the full 4%. But if it gains 12%, you only get 10%. The key here is to find the highest cap you can, or find a product that has no cap. (Be aware that a policy with no cap may have other limitations.)

"Hybrid" Index Annuity

This is where we put all our research together and came up with what we feel is often one of the best strategies for retirees. We have taken the index annuity one step further, combining components of the other annuities as follows:

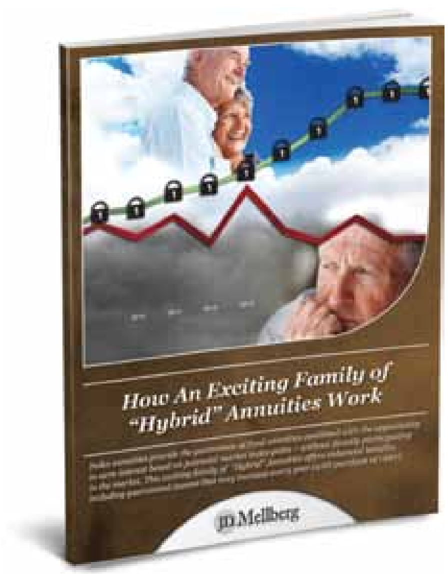
1. **Immediate: Cash flow and guaranteed* income.**
2. **Fixed: Slow, steady growth.***
3. **Index (which is a combination of fixed and variable): The opportunity to increase growth* based on potential market index gains (without directly participating in the market.)**

The difference in our offering is that ours is not what you would typically call "a product." We use a lot of different companies, and we know all their products. So we take your information—your goals, your demographics, etc.—and find the combination of insurance company policies that have the best chance of getting you where you want to be. Then we recommend a mix of products we feel will be most suitable to your unique situation.

3. Loans and withdrawals will reduce the policy value and death benefit. Loans and withdrawals can only be made if the policy has been in force long enough to accumulate sufficient value. Other limitations may apply. See policy language for complete terms and conditions.

Fees are usually from 0.4% to 1% per year. They are the lowest of annuity fees, and are only take out of your earnings—never your principal.

If you're interested in learning more about "hybrid" index annuities, you can order our report. It will tell you how you may have:



- **GUARANTEED* Income For LIFE**
- **Control of your money**

  (you can withdraw from the account)[3]
- **NO RISK to principal**

  (your assets are not tied to the volatility of the stockmarket)
- **Potentially increasing income for life****
- **Guaranteed money to pay for professional care for qualifying health conditions****
- **Guaranteed money for your heirs and loved ones****

Best of all...

- **A fighting chance against inflation!****

Will you have the money you need to live the lifestyle you desire in retirement?

If your totals on the worksheets are not quite what you had hoped they would be, perhaps you would like to see what our "hybrid" index annuity could do for your retirement funding.

Remember, retirement income planning concentrates on principal ***preservation.*** It can work something like a pension, holding your funds in security. This is different than trying to achieve high-yielding growth; it's about ***protecting*** the money you need to live on.

Very often our clients choose to purchase riders** that enhance the benefits of their "hybrid" index annuities. Some of the options are:

- ☑ Increasing income over time (increases with the CPI)
- ☑ Up to double income for healthcare to help pay for qualifying health conditions.
- ☑ Continued benefits for a surviving spouse
- ☑ Leaving money to family members or nonprofit organizations

We'll show you some examples—not the worst you could do over the span of your retirement, and not the best.
These are realistic expectations of what this type of annuity could do for you.

In this scenario, "Gary":

- Is 60 years old.
- Wants to start receiving income immediately.
- Needs $1500 per month ($18,000 per year) to supplement his other sources of income.

First, think about how these funds would have depleted just due to inflation if Gary had left his money in a savings account and just pulled money as he needed it. Using the same inflation calculation that we provided for you, if Gary lives in retirement for 30 years, we determined **that he could need $1,081,173.68 to equal the buying power his $400,000 has now**.

The "hybrid" index annuity tailored to Gary's situation figures a factor of 5% inflation per year. You can see how normally his money would run out after 20 years. But with this strategy, his income will start at $1500 per month and continue to increase annualy throughout his life, even if he lives to be 100 years old!

Table 1: Gary’s “Hybrid” Index Annuity

Year	Age	Income Account Value	Guaranteed Income for Life	Balance
Issue		$400,000		$400,000
1	60		$18,000	$397,280
2	61		$18,900	$393,515
3	62		$19,845	$388,617
4	63		$20,837	$382,491
5	64		$21,879	$375,036
6	65		$22,973	$366,146
7	66		$24,122	$355,705
8	67		$25,328	$343,592
9	68		$26,594	$329,678
10	69		$27,924	$313,824
11	70		$29,320	$295,884
12	71		$30,786	$275,702
13	72		$32,325	$253,112
14	73		$33,942	$227,937
15	74		$35,639	$199,990
16	75		$37,421	$169,072
17	76		$39,292	$134,972
18	77		$41,256	$97,464
19	78		$43,319	$56,311
20	79		$45,485	$11,258
21	80		$47,759	$0
22	81		$50,147	$0
23	82		$52,655	$0
24	83		$55,287	$0
25	84		$58,052	$0
26	85		$60,954	$0
27	86		$64,002	$0
28	87		$67,202	$0
29	88		$70,562	$0
30	89		$74,090	$0
31	90		$77,795	$0
32	91		$81,685	$0
33	92		$85,769	$0
34	93		$90,057	$0
35	94		$94,560	$0
36	95		$99,288	$0
37	96		$104,253	$0
38	97		$109,465	$0
39	98		$114,939	$0
40	99		$120,686	$0
41	100		$126,720	$0

In another scenario, “Bert”:

- Is 60 years old.
- Is thinking of retiring at age 66.
- May wait until he’s 70 to retire.
- Wants to keep his options open.

Bert decided on a little different strategy.

He already has a financial cushion with the “hybrid” index annuity. But since he has added another rider** to his strategy that adjusts for inflation (gauged by CPI—consumer price index), he has the capability to stand on even firmer ground. This rider guarantees* that his annual income will go up if the CPI does, but not go down if the CPI falls.

Here’s how it works: The account value accumulates each year. If the funds are left untouched, the pool of money for your guaranteed income for life continues to grow, since there is more money funding the contract and nothing going out.

The year in which the income stream is turned on is the year in which the CPI income rider kicks in. Most of them are time limited, so we’ll assume Bert’s is set for 10 years. The longer he waits to turn on his income stream, the more money he will receive—kind of like waiting to start drawing social security.

Under the provisions of the rider, his annual income could increase with inflation for up to 10 years, then level off. If he starts the income stream at 66, the benefits are substantial. If he starts the income stream at 70, the income could be even higher.

Bert also added a long-term care rider that guarantees* he can receive DOUBLE the amount of his prescribed annual income if he needs healthcare for qualifying medical conditions. Depending on the policy a person chooses, this healthcare can include anything from in-home assistance to nursing home residence. No matter what Bert and his wife face in the aging process, they may have greater confidence that they can afford the help they need.

The table on the next page shows the increase in Bert’s guaranteed* income, plus the benefit of the long-term care rider,** which doubles his income if he needs healthcare assistance.

Table 2: Bert's "Hybrid" Index Annuity with Riders

Year	Age	Income Account Value (7%)	Payout Percentage	Guaranteed Annual Income for Life	Long-term Care Benefit**
Issue	60	$436,151	5.00%	$21,808	$43,615
1	61	$466,682	5.00%	$23,334	$46,668
2	62	$499,350	5.00%	$24,967	$49,935
3	63	$534,304	5.00%	$26,715	$53,430
4	64	$571,705	5.00%	$28,585	$57,171
5	65	$611,725	5.50%	$33,645	$67,290
6	**66**	**$654,545**	**5.50%**	**$36,000**	**$72,000**
7	67	$700,364	5.50%	$38,520	$77,040
8	68	$749,389	5.50%	$41,216	$82,433
9	69	$801,846	5.50%	$44,102	$88,203
10	**70**	**$857,976**	**6.00%**	**$51,479**	**$102,957**
11	71	$918,034	6.00%	$55,082	$110,164
12	72	$982,296	6.00%	$58,938	$117,876
13	73	$1,051,057	6.00%	$63,063	$126,127
14	74	$1,124,631	6.00%	$67,478	$134,956
15	75	$1,203,355	6.50%	$78,218	$156,436
16	76	$1,287,590	6.50%	$83,693	$167,387
17	77	$1,377,721	6.50%	$89,552	$179,104
18	78	$1,474,162	6.50%	$95,821	$191,641
19	79	$1,577,353	6.50%	$102,528	$205,056
20	80	$1,687,768	7.00%	$118,144	$236,287

Remember, these are just two situations. Your income plan would be tailored to your specific situation and goals. In any case, a policy with riders like these would definitely have the capability of helping you face retirement with more confidence, knowing that:

- You cannot outlive your money.
- You can have a hedge against inflation and an opportunity to increase your monthly income.
- You can get extra money for healthcare if you need it.
- Your loved ones can be provided for when you're gone.

Looking at the options—continuing with what you have or moving into a strategy that has the capability to maximize your money—doesn't it make sense to do a full evaluation of your prospects for the future?

One of our insurance-licensed agents, all of whom are highly trained retirement income planners, would be happy to meet with you to discuss your individual situation in detail. We offer this service at absolutely no cost. And there is no obligation on your part to buy any product or continue doing business with us.

Our focus is on helping people. We don't see ourselves as people who just sell insurance products. Rather, we are people who help others understand the realities of what they are facing in retirement, and assist them in engaging strategies that can allow them to feel more confident about their future.

Let us help you take steps toward living a happier, more confident retirement.

Call today and set up your individualized strategy session.

It's a valuable offer—absolutely free to you, with no obligation.

Appointments are limited, so don't delay!

We're looking forward to helping you plan your future.

855-260-0575

Additional Notes

** Annuities are contracts between you and an insurance company. Annuity product guarantees rely on the financial strength and claims-paying ability of the issuing insurer.*

***Annuity riders may be available for an additional annual premium that may provide additional benefits and income guarantees.*

All scenarios are representative of our interactions with real clients. Any information that might identify them has been changed.

This article is meant to provide general information on issues that many people consider in making the decision as to whether or not they should buy annuities; and if they do decide to buy, which types of annuities and which annuity benefits and additional riders will best suit their goals and needs. This information is not designed to be a recommendation to buy any specific financial product or service.

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