# Help secure your retirement with protected lifetime income through annuities

As retirement nears, you'll want to start thinking about how to best convert your savings into a stream of lifetime income that can support the retirement lifestyle you envision. Along with other sources of predictable income such as Social Security and pensions, an annuity can provide that extra income.

**Annuities are long-term investments designed for retirement and can be an efficient way to convert retirement assets into income — generating more income per investment dollar; income that's guaranteed for life.***

## Five income strategies to consider

**1**

### Add guarantees to solve for income needs

Income annuities can help solve for an investor's goal to receive maximum lifetime income — beginning either immediately *(Single Premium Immediate Annuities)* or on a future date selected by you at purchase *(Deferred Income Annuities)*. In exchange for this maximum monthly income stream guaranteed by the insurance company, you will have limited to no liquidity, but it can help free up other portfolio assets to pursue growth.

**2**

### Keep some growth potential with a slightly lower lifetime income stream

A *Fixed Indexed Annuity* with an optional living benefit rider (available for an additional cost) lets you retain some liquidity and control over your investment. In exchange, your guaranteed lifetime income is typically lower than what an income annuity offers. But you have the potential to grow both your assets and income level tied to the gains of a selected market index such as the S&P 500.

**3**

### Maximize growth potential in exchange for lower lifetime income

You can opt to retain even more liquidity, asset control and growth potential using a *Variable Annuity* with an optional living benefit rider (available for an additional cost). While the lifetime income will be lower than with other annuities, you have the opportunity for upside potential and increased income through professionally managed investment options (also called subaccounts).

* Based on the claims paying ability of the issuing insurance company.

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See page 3 for Important Information.

## 4

### Use your IRA to generate guaranteed lifetime income for you AND your spouse[1]

IRAs can be powerful retirement savings tools, but designed to generate income for an individual — not a couple. By allocating some of your IRA assets into an annuity with an optional living benefit rider (available for an additional cost), you can:

- Generate predictable, guaranteed income in retirement that will last both your lives
- Protect your beneficiaries with a death benefit that ensures they receive the larger of your initial investment (less any withdrawals) or the current account value

## 5

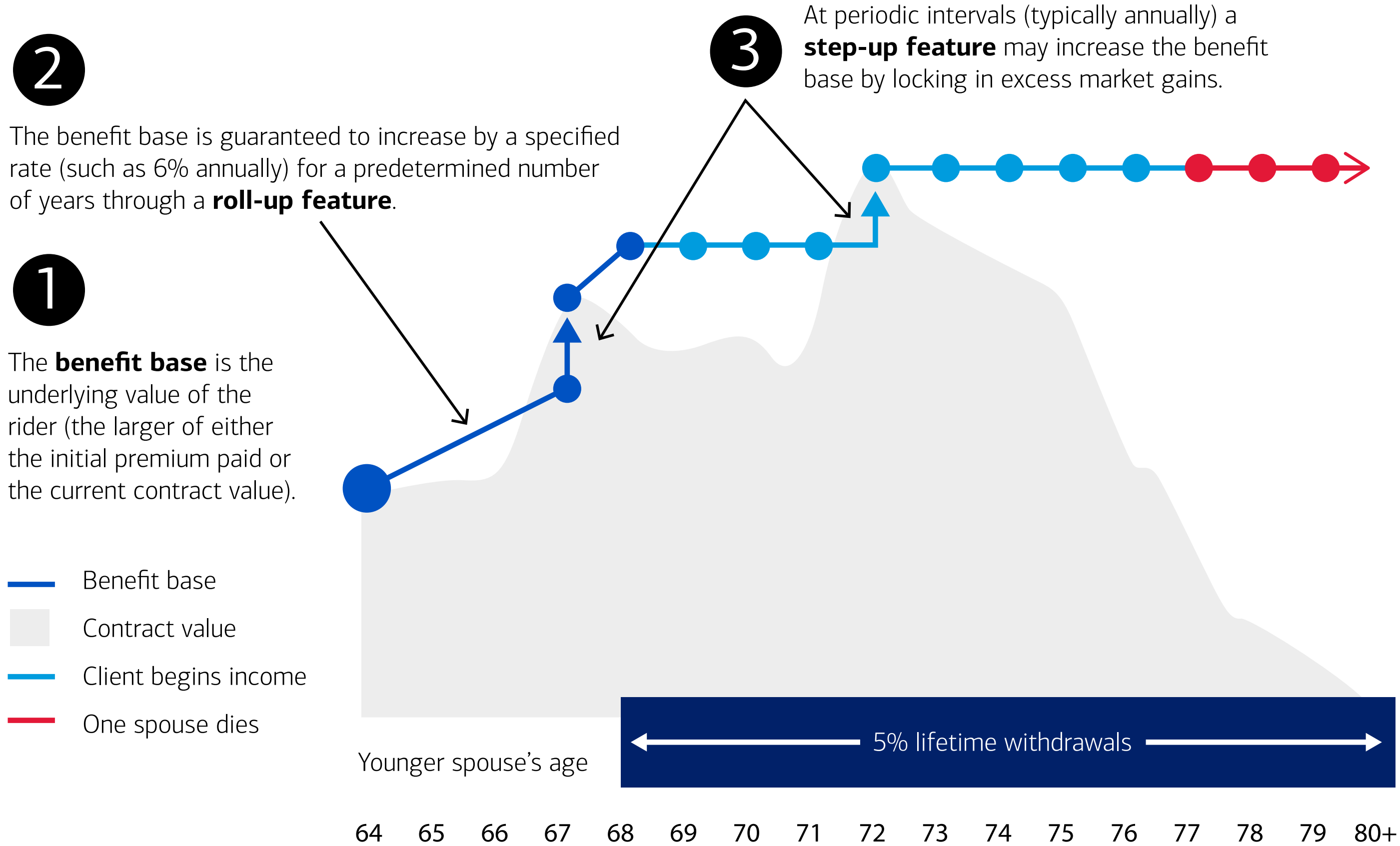
### Tax efficiently transfer wealth across generations

Placing assets inside a properly structured trust is a common strategy for tax-efficient wealth transfer. But by purchasing an annuity inside the trust, you can realize additional benefits including:

- Tax-deferred accumulation
- An ability to regulate trust income as needed
- Adjust asset allocation without triggering a taxable event

### How do variable annuity income guarantee riders typically work?

Optional income guarantee riders are designed to help protect your income payouts, withdrawals or account values against the effects of inflation, investment losses and/or unexpected longevity. There are several different rider types which your Merrill advisor can help explain.




This example is for illustrative purposes and does not represent an actual investment.

To learn more about how we can help you pursue your retirement goals or to explore if an annuity may fit your particular needs, talk with your Merrill advisor.

[1] Although annuities do not provide additional tax deferral when held in an IRA account, the protected income they provide can be used to cover two lives.

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Trusts should be drafted by an attorney familiar with such matters in order to take into account income and estate tax laws. Failure to do so could result in adverse treatment of trust proceeds.

**Important Information About Annuities:**

All annuity contract and rider guarantees, including optional benefits and any fixed subaccount crediting rates or annuity payout rates are backed by the claims-paying ability of the issuing insurance company. They are not backed by Merrill or its affiliates, nor does Merrill or its affiliates make any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Variable annuities are long-term investments designed to help meet retirement needs. A variable annuity is a contractual agreement where a client makes payments to an insurance company, which, in turn, agrees to pay out an income stream or a lump sum amount at a later date. Variable annuities typically offer (1) tax-deferred treatment of earnings; (2) a death benefit; and (3) annuity payout options that can provide guaranteed income for life. Variable annuity contract values will fluctuate and are subject to market risk including the possible loss of principal. There are contract limitations, fees and charges associated with variable annuities which include, but are not limited to mortality and expense risk charges, sales and surrender charges, administrative fees, charges for optional benefits as well as charges for the underlying investment options. Early withdrawals may be subject to surrender charges, and taxed as ordinary income, and in addition, if taken prior to age 59½ an additional 10% federal tax may apply. Withdrawals reduce annuity contract benefit, values and optional guarantees in an amount that may be more than the actual withdrawal. Past performance should not be a representation of future performance.

It is possible to lose money in a variable annuity purchased with an optional protection rider. Variable annuities have holding periods, limitations, withdrawal charges, exclusions, termination provisions, and terms for keeping them in force. Optional riders may be irrevocable and expire without use.

A Guaranteed Lifetime Withdrawal Benefit (GLWB) is an optional benefit rider that provides an income stream in the form of annual withdrawals of a specified minimum percentage for life, regardless of market performance. A GLWB typically must be elected at issue if the owner(s)/annuitant(s) are within the age specifications as set forth in the contract rider and prospectus. GLWB riders require an additional charge (could be applied to the contract value or benefit base) and may be irrevocable once elected. Withdrawals that exceed the annual withdrawal limit may have a negative impact on the future benefits of the GLWB rider. Typically any portion of the annual withdrawal limit not withdrawn during a contract year may not be carried over to the next contract year. Clients may be required to allocate assets only within specified investment options as set forth in the GLWB rider and prospectus, reducing both the range and number of allocation options available when a GLWB is elected. Income taxes may apply to annuity distributions to the extent of gain. Carriers typically reserve the right to increase the charges associated with a rider, subject to a defined maximum rider charge that is stated at the time of purchase. In addition, carriers typically reserve the right to reject or limit additional premiums after contract issue. Read your contract carefully to determine what changes the insurance company may make to these features.

The monthly income stream may not be enough to fully fund your expenses in retirement.

An indexed annuity offers allocation options called index-linked strategies. Index-linked strategies offer clients some level of downside protection combined with upside potential linked to the price return (excludes dividends) of an index, such as the S&P 500®. The level of downside protection differs between fixed indexed and variable indexed annuities. The upside potential is typically capped for each index period and these cap rates are declared in advance by the insurance company. Generally, fixed indexed annuities will offer clients more downside protection and less upside potential than variable indexed annuities. Indexed annuities are not a direct investment in the stock market.

Indexed annuities are not a direct investment in the stock market. They provide the potential for interest to be credited based in part on the performance of the specified index, with limited downside protection. Your principal is only at risk on market losses that exceed the downside buffer. Index annuities may not be suitable or appropriate for all clients.

Owners could see a substantial loss during an index period if the index declines more than the level of downside protection. If an owner does see a substantial loss during an index period, the owner may not be able to participate fully in a subsequent market recovery due to the capped upside potential in subsequent index periods.

Some fixed indexed annuities offer optional living benefits for an additional cost that guarantee a minimum level of income to you regardless of the performance of the annuity.

The living benefit base value is a different value than the annuity contract cash surrender value. The living benefit base that provides income can only be accessed through the income stream and generally is not available for a lump sum withdrawal. If you purchase these benefits there may be some restrictions, age limitations and limits on the amount that can be withdrawn each year.

It is important to note that indexed annuity contracts commonly allow the insurance company to change the participation rate, cap rate, and/or spread rate on a periodic — such as annual — basis. Such changes could adversely affect your return. No single index crediting method will provide the highest interest credit in all market scenarios. The guaranteed minimum cap rate/maximum spread rate are established when the annuity is purchased and disclosed in the annuity contract. Read your contract carefully to determine what changes the insurance company may make to these features.



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