Protect your retirement savings without giving up growth potential

Inflation. Interest rates. Economic downturns. These are all unknowns that at times can leave you feeling somewhat uncertain about the long-term security of your retirement plan. We all want to feel confident that our savings will be able to generate enough income to fund a retirement that could last for 30 years or longer.[1]

The good news is that a more secure retirement can be within your grasp. And it starts with a comprehensive plan — one that incorporates both asset management and insurance-based solutions that can generate protected income. Your Merrill advisor can help guide you; working together to simplify the complex and adjust your plan as your circumstances and life change.

One possible solution you may want to explore is allocating a portion of your retirement portfolio to a fixed or fixed indexed annuity — an investment that provides both income guarantees and valuable downside protection against potential market losses.

Even if the stock market declines, annuities can provide full or partial principal protection — while still delivering tax-deferred earnings growth and a guaranteed tax-advantaged benefit for your beneficiaries.

Fixed annuities

Ensure a guaranteed rate of return for a set period of time*

Beyond your employer's retirement plan and IRA contribution limits, **fixed annuities** offer another tax-deferred way to save for retirement. Not only do they offer a guaranteed fixed rate of return for a specified time period (generally between 3-7 years), they provide 100% principal protection — often with lower fees than other annuities.

How do fixed annuities work?

1. DECIDE HOW MUCH

You can invest a single lump sum, typically up to $1,000,000, or contribute smaller amounts over time

2. CHOOSE HOW LONG

Your money will grow tax deferred at a set interest rate during this period

3. ESTABLISH A SYSTEMATIC WITHDRAWAL

Allow the asset to compound or distribute the interest to cover a portion of your desired retirement lifestyle

Providing downside protection

Volatility in the market can bring added complexity to your retirement planning. Many investors worry about the security of their retirement portfolio — and ultimately their ability to generate enough income to last throughout a possible 30+ year retirement. Allocating a portion of your retirement portfolio to certain types of annuities can provide valuable downside protection against potential market losses.

Fixed annuities

- Offer a guaranteed fixed rate of return for a specified period of time
- Provide 100% principal protection

Fixed indexed annuities (FIAs)

- Offer a market-like growth (capped on the upside) by linking your investment to a particular market index (such as the S&P 500)
- Provide 100% principal protection

Even if the market experiences a major downturn, these annuities can offer downside protection with limited or no market risk to your investment principal — while still delivering:

- Growth potential
- Tax-advantaged earnings
- Guaranteed death benefits
- A range of investment choices linked to different market indexes
- Optional living benefits (FIAs only)

Along with interest guarantees, fixed annuities offer features and flexibility specifically designed to help you achieve your retirement goals, including:

- Tax-deferred compounding investment growth
- An additional source of guaranteed retirement income (to augment your Social Security and pension)
- Early access to a portion of your contract value if you need it
- A death benefit that is the greater of the market value or original contribution less withdrawals

Fixed indexed annuities

Gain some upside potential without risking principal*

Looking for the same principal protection that Fixed annuities provide but with the potential for growth, and if desired, a stream of lifetime income?[2] **Fixed indexed annuities (FIAs)** offer market-like growth (capped on the upside) by linking your investment to a particular index such as the S&P 500®, while still providing 100% principal protection.

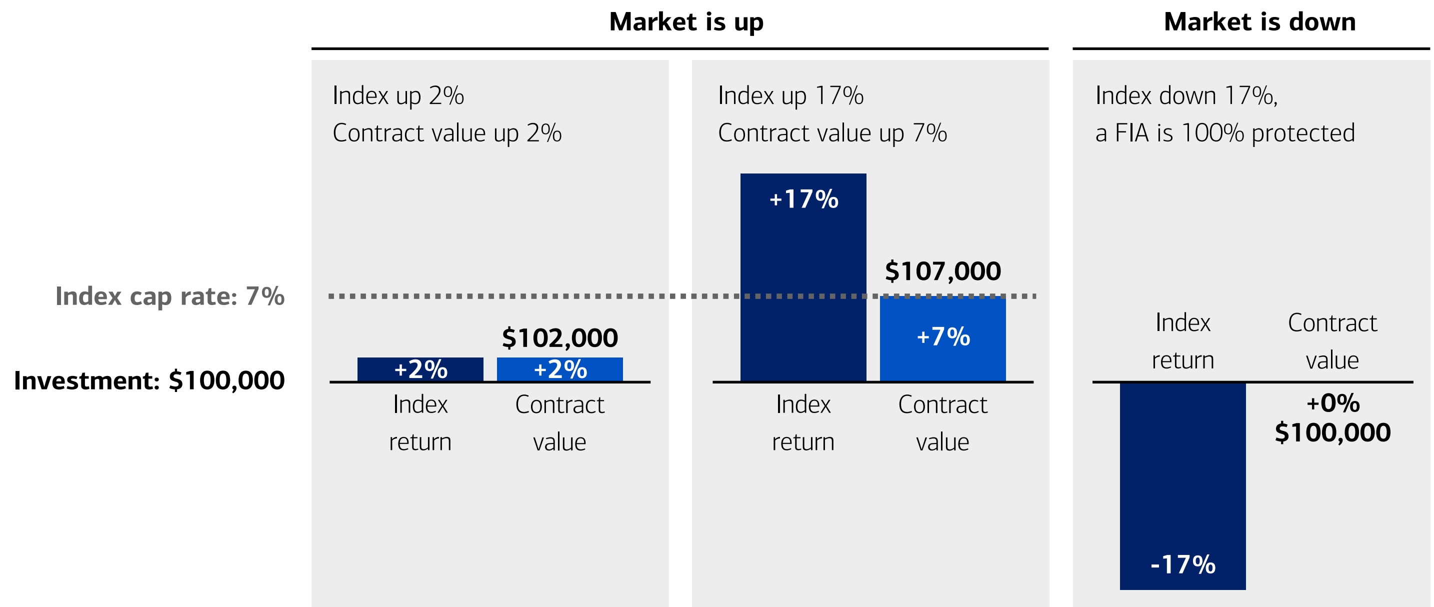
How do fixed indexed annuities work?

When you buy a FIA, some of your premiums are allocated to an index-linked strategy. At the end of each index period (typically 1-5 years), you receive credits based on the performance of the index you selected. The upside potential is typically capped for each index period, and these cap rates are set in advance.

Fixed indexed annuities (continued)

Some upside with 100% downside protection

How a hypothetical $100,000 FIA with a 7% cap would perform under different market conditions:



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

Additionally:

1

When held in a nonqualified account, FIAs provide an additional tax-deferred opportunity to save an unlimited amount for retirement.

2

You can elect for a portion of your FIA to be invested in a fixed account where the principal is invested in U.S. Treasury Bonds.

3

While many annuities carry surrender charges that decrease over time, most allow for up to a 10% penalty-free withdrawal.

Benefits for your beneficiary

Most annuities have provisions that will pay your named beneficiary the larger of either the remaining contract value (or predetermined income payments) or the total purchase payments adjusted for any withdrawals should you pass away. And this benefit passes to your heirs outside of your estate — eliminating potential probate costs and delays.

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.

* Refer to the example shown in the chart on page 3.

[1] Chief Investment Office, Portfolio Analytics calculations based on Society of Actuaries, 2012 Individual Annuity Mortality Tables, Basic.

[2] Optional lifetime income riders are available at an additional cost.

All annuity contract and rider guarantees, including optional benefits and any fixed or index-linked investment option 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.

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. For variable indexed annuities, 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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