

complimentary
CoffeeCAST™

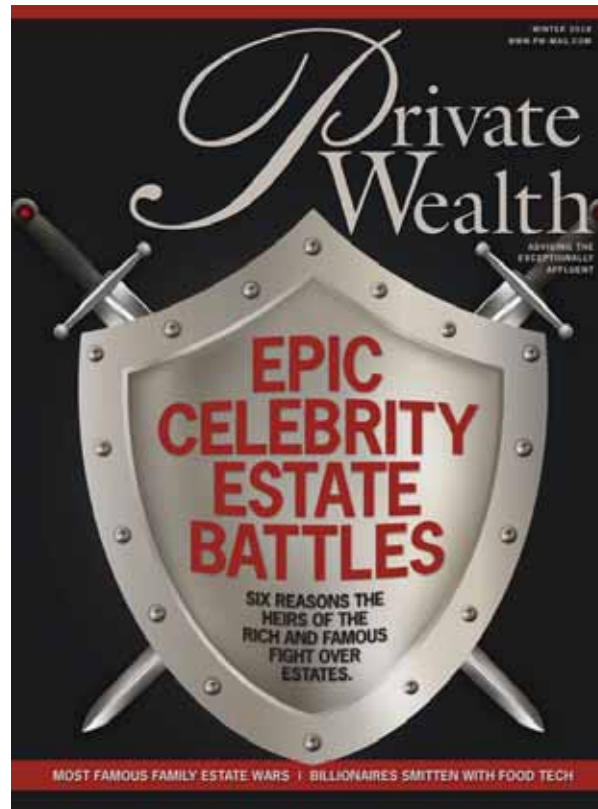
What Does **Fiduciary** Rule Mean for **Income Distribution?**



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About the Presenter

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The Fiduciary Rule's Impact on Income Distribution

The key to compliance?

Documenting why you chose a specific distribution strategy and the process you followed.



Foundations for Income Distribution Specialization

7 Key Components

Due Diligence

Branding & Marketing

Client Approach

Client Proposal System

Client Plan Presentation

Plan Implementation

On-going Tracking & Management

Why Is Income Distribution So Important?

ADVISOR



Opportunity

CAREER



Liability

Let's Look at Accumulation...

Scenario #1

Beginning Account Value: **\$132,637.54**

Average Annual Return: **8.27%**

Ending Account Value: **\$500,000**

The rate of return used in this projection is hypothetical and does not reflect the performance of any individual investment or group of investments. The returns reflect the reinvestment of interest annually. The returns also do not reflect the deduction of any taxes, investment, management, or brokerage fees, all of which will lower the stated returns. There is no guarantee that over the time period shown your account will achieve the projected return. Investing involves risk, including loss of principal. An investor's shares, when sold, may be worth more or less than the original purchase price. Past performance does not guarantee future results.

Year	Beginning of Year Value	Rate of Return	Account Balance
1955	\$132,637.54	31.50%	\$174,418.37
1956	\$174,418.37	6.60%	\$185,929.98
1957	\$185,929.98	-10.80%	\$165,849.54
1958	\$165,849.54	43.40%	\$237,828.24
1959	\$237,828.24	12.00%	\$266,367.63
1960	\$266,367.63	0.05%	\$266,500.81
1961	\$266,500.81	26.90%	\$338,189.53
1962	\$338,189.53	-8.70%	\$308,767.04
1963	\$308,767.04	22.80%	\$379,165.93
1964	\$379,165.93	16.50%	\$441,728.31
1965	\$441,728.31	12.50%	\$496,944.34
1966	\$496,944.34	-10.00%	\$447,249.91
1967	\$447,249.91	24.00%	\$554,589.89
1968	\$554,589.89	11.10%	\$616,149.36
1969	\$616,149.36	-8.50%	\$563,327.74
1970	\$563,327.74	4.00%	\$586,327.74
1971	\$586,327.74	14.30%	\$670,172.60
1972	\$670,172.60	19.00%	\$797,505.40
1973	\$797,505.40	-14.70%	\$680,272.10
1974	\$680,272.10	-26.50%	\$500,000.00

Let's Look at Accumulation...

Let's look at what happens when the rates of return are flipped.



Rate of Return	Rate of Return
31.50%	-26.50%
6.60%	-14.70%
-10.80%	19.00%
43.40%	14.30%
12.00%	4.00%
0.05%	-8.50%
26.90%	11.10%
-8.70%	24.00%
22.80%	-10.00%
16.50%	12.50%
12.50%	16.50%
-10.00%	22.80%
24.00%	-8.70%
11.10%	26.90%
-8.50%	0.05%
4.00%	12.00%
14.30%	43.40%
19.00%	-10.80%
-14.70%	6.60%
-26.50%	31.50%

Let's Look at Accumulation...

Scenario #2

Beginning Account Value: **\$132,637.54**

Average Annual Return: **8.27%**

Ending Account Value: **\$500,000**

The rate of return used in this projection is hypothetical and does not reflect the performance of any individual investment or group of investments. The returns reflect the reinvestment of interest annually. The returns also do not reflect the deduction of any taxes, investment, management, or brokerage fees, all of which will lower the stated returns. There is no guarantee that over the time period shown your account will achieve the projected return. Investing involves risk, including loss of principal. An investor's shares, when sold, may be worth more or less than the original purchase price. Past performance does not guarantee future results.

Year	Beginning of Year Value	Rate of Return	Account Balance
01	\$132,637.54	-26.50%	\$97,488.59
02	\$97,488.59	-14.70%	\$83,157.77
03	\$83,157.77	19.00%	\$98,957.74
04	\$98,957.74	14.30%	\$113,108.70
05	\$113,108.70	4.00%	\$117,633.06
06	\$117,633.06	-8.50%	\$107,634.24
07	\$107,634.24	11.10%	\$119,581.64
08	\$119,581.64	24.00%	\$148,281.24
09	\$148,281.24	-10.00%	\$133,453.11
10	\$133,453.11	12.50%	\$150,134.75
11	\$150,134.75	16.50%	\$174,906.99
12	\$174,906.99	22.80%	\$214,785.78
13	\$214,785.78	-8.70%	\$196,099.42
14	\$196,099.42	26.90%	\$248,850.16
15	\$248,850.16	0.05%	\$248,974.58
16	\$248,974.58	12.00%	\$278,851.53
17	\$278,851.53	43.40%	\$399,873.10
18	\$399,873.10	-10.80%	\$356,686.80
19	\$356,686.80	6.60%	\$380,228.13
20	\$380,228.13	31.50%	\$500,000.00

If your retirement nest egg were to earn **8.27%** annually, would you be comfortable withdrawing **6.0%** annually?



Let's Look at Distribution...

Scenario #1

Beginning Account Value: \$500,000

Distribution Amount: 6% Annually

Average Annual Return: 8.27%

Ending Account Value: \$725,599.77

*Indexed for inflation at 3%

The rate of return used in this projection is hypothetical and does not reflect the performance of any individual investment or group of investments. The returns reflect the distribution at the beginning of each period and the reinvestment of interest at the end of each period. The returns also do not reflect the deduction of any taxes, investment, management, or brokerage fees, all of which will lower the stated returns. There is no guarantee that over the time period shown your account will achieve the projected return. Investing involves risk, including loss of principal. An investor's shares, when sold, may be worth more or less than the original purchase price. Past performance does not guarantee future results.

Year	Beginning of Year Value	Rate of Return	Withdrawal 6% First Year*	Earnings	Year End Value
01	\$500,000.00	31.50%	\$30,000.00	\$148,505.00	\$618,505.00
02	\$618,505.00	6.60%	\$30,900.00	\$38,751.90	\$625,901.00
03	\$625,901.00	-10.80%	\$31,827.00	(\$64,160.09)	\$529,914.81
04	\$529,914.81	43.40%	\$32,781.81	\$215,755.72	\$712,888.72
05	\$712,888.72	12.00%	\$33,765.26	\$81,494.81	\$760,618.27
06	\$760,618.27	0.05%	\$34,778.22	\$362.92	\$726,202.97
07	\$726,202.97	26.90%	\$35,821.57	\$185,712.60	\$876,094.00
08	\$876,094.00	-8.70%	\$36,896.22	(\$73,010.20)	\$766,187.58
09	\$766,187.58	22.80%	\$38,003.10	\$166,026.05	\$894,210.53
10	\$894,210.53	16.50%	\$39,143.20	\$141,086.12	\$996,153.45
11	\$996,153.45	12.50%	\$40,317.49	\$119,479.49	\$1,075,315.45
12	\$1,075,315.45	-10.00%	\$41,527.02	(\$103,378.84)	\$930,409.59
13	\$930,409.59	24.00%	\$42,722.83	\$213,032.83	\$1,100,669.59
14	\$1,100,669.59	11.10%	\$44,065.01	\$117,284.11	\$1,173,897.69
15	\$1,173,897.69	-8.50%	\$45,377.69	(\$95,924.20)	\$1,032,595.80
16	\$1,032,595.80	4.00%	\$46,739.02	\$39,434.26	\$1,025,291.04
17	\$1,025,291.04	14.30%	\$48,141.19	\$139,732.43	\$1,116,882.28
18	\$1,116,882.28	19.00%	\$49,585.43	\$202,786.40	\$1,270,083.25
19	\$1,270,083.25	-14.70%	\$51,072.99	(\$179,194.51)	\$1,039,815.75
20	\$1,039,815.75	-26.50%	\$52,605.18	(\$261,610.80)	\$725,599.77

What Happens When Return Rates Flip?

Rate of Return
31.50%
6.60%
-10.80%
43.40%
12.00%
0.05%
26.90%
-8.70%
22.80%
16.50%
12.50%
-10.00%
24.00%
11.10%
-8.50%
4.00%
14.30%
19.00%
-14.70%
-26.50%



Rate of Return
-26.50%
-14.70%
19.00%
14.30%
4.00%
-8.50%
11.10%
24.00%
-10.00%
12.50%
16.50%
22.80%
-8.70%
26.90%
0.05%
12.00%
43.40%
-10.80%
6.60%
31.50%

Distribution

Scenario #2

Beginning Account Value: \$500,000

Average Annual Return: 8.27%

Ending Account Value: \$0 in year 14

*Indexed for inflation at 3%

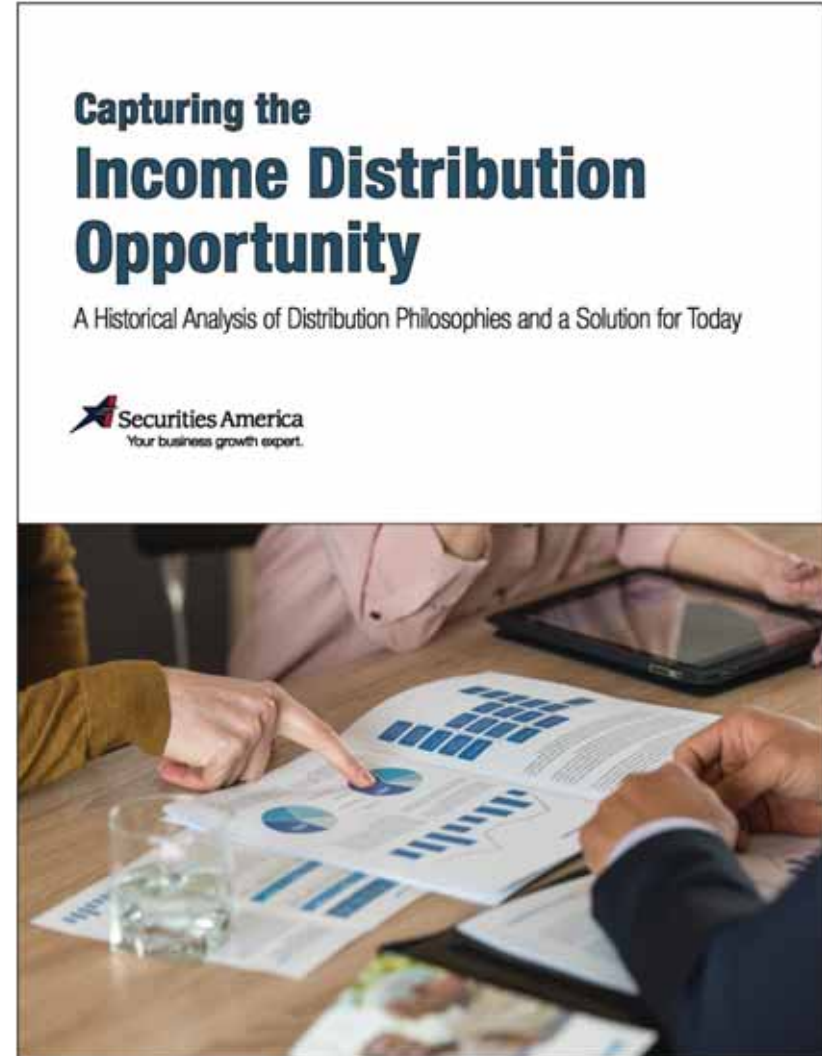
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Year	Beginning of Year Value	Rate of Return	Withdrawal 6% First Year*	Earnings	Year End Value
01	\$500,000.00	-26.50%	\$30,000.00	(\$124,550.00)	\$345,450.00
02	\$345,450.00	-14.70%	\$30,900.00	(\$46,238.85)	\$268,311.15
03	\$268,311.15	19.00%	\$31,827.00	\$44,931.99	\$281,416.14
04	\$281,416.14	14.30%	\$32,781.81	\$35,554.71	\$284,189.04
05	\$284,189.04	4.00%	\$33,765.26	\$10,016.94	\$260,440.72
06	\$260,440.72	-8.50%	\$34,778.22	(\$19,181.31)	\$206,481.19
07	\$206,481.19	11.10%	\$35,821.57	\$18,943.22	\$189,602.84
08	\$189,602.84	24.00%	\$36,896.22	\$36,649.59	\$189,356.21
09	\$189,356.21	-10.00%	\$38,003.10	(\$15,135.31)	\$136,217.80
10	\$136,217.80	12.50%	\$39,143.20	\$12,134.33	\$109,208.93
11	\$109,208.93	16.50%	\$40,317.49	\$11,367.08	\$80,258.52
12	\$80,258.52	22.80%	\$41,527.02	\$8,830.79	\$47,562.29
13	\$47,562.29	-8.70%	\$42,722.83	(\$416.68)	\$4,372.78
14	\$4,372.78	26.90%	\$4,372.78	\$0	\$0
15		0.05%			
16		12.00%			
17		43.40%			
18		-10.80%			
19		6.60%			
20		31.50%			

Due Diligence

Capturing the Income Distribution Opportunity:

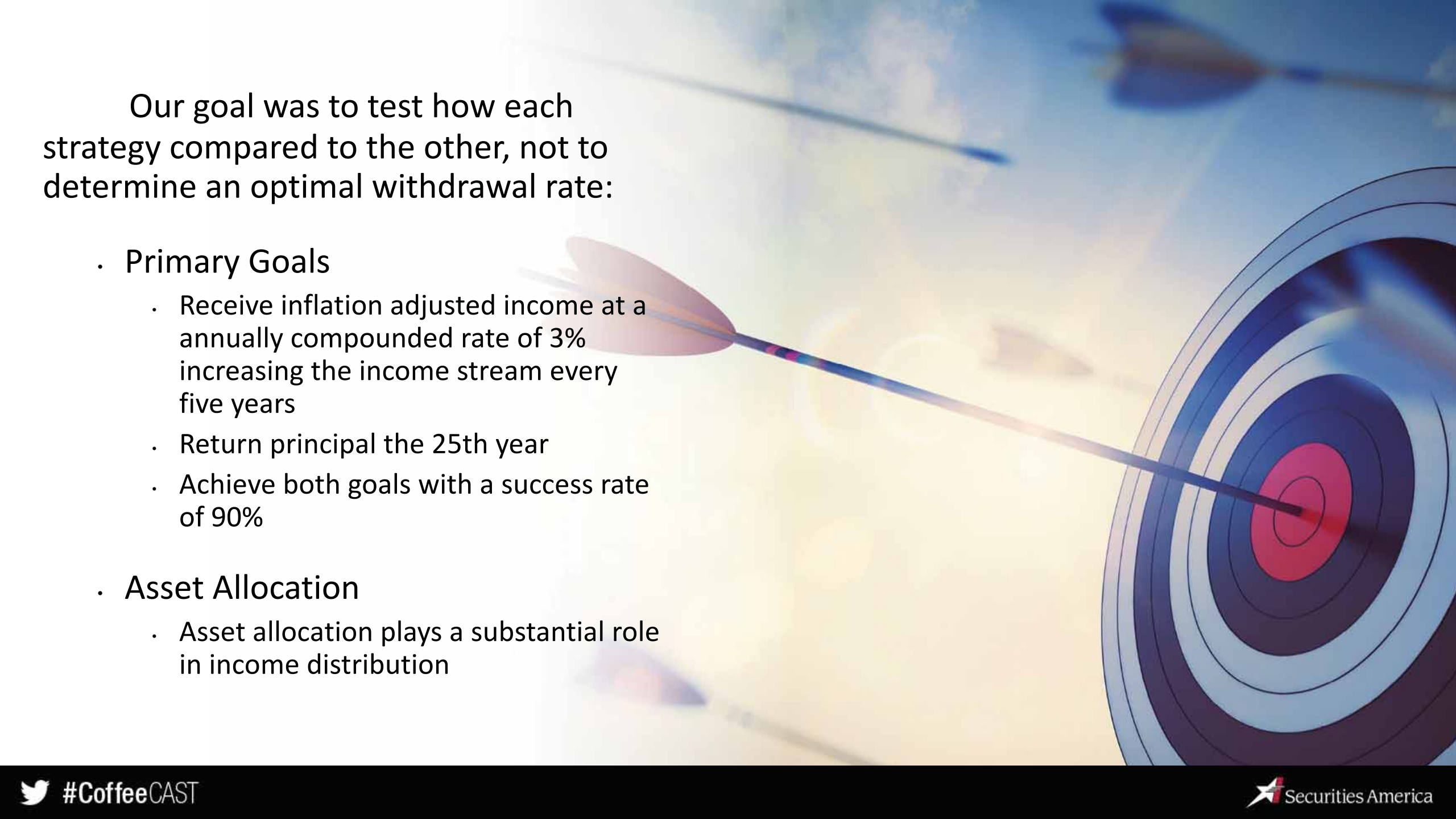
A historical analysis of distribution philosophies and a solution for today



The historical success rate of three strategies were examined:

- Systematic Withdrawal
- Annuity with Guaranteed Minimum Withdrawal Benefit
- Time-segmented Model





Our goal was to test how each strategy compared to the other, not to determine an optimal withdrawal rate:

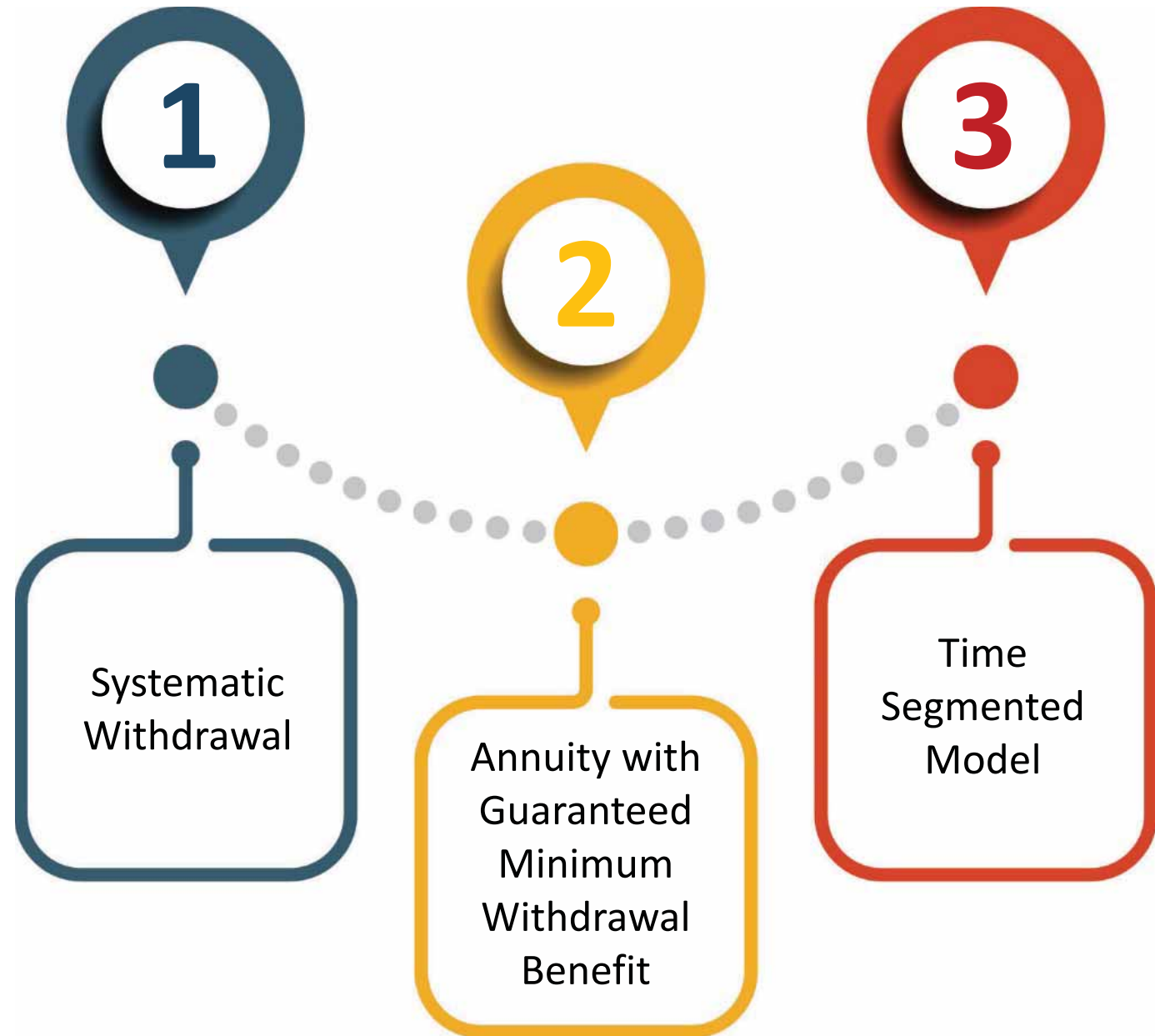
- Primary Goals

- Receive inflation adjusted income at a annually compounded rate of 3% increasing the income stream every five years
- Return principal the 25th year
- Achieve both goals with a success rate of 90%

- Asset Allocation

- Asset allocation plays a substantial role in income distribution

The structure and framework of three strategies were examined.



Portfolio Rate Comparison		
Variable Annuity with GMWB	Time-Segmented Allocation	Systematic Withdrawal
3.0% Withdrawal Rate	5.45% Withdrawal Rate	4.8% Withdrawal Rate
Emotional Benefits		
Strong	Moderate	Weak

This hypothetical illustration does not represent the performance of an actual investment and should not be considered a guarantee of future performance.

90% historic success rate of providing 25 years of inflation-adjusted income and return of principal

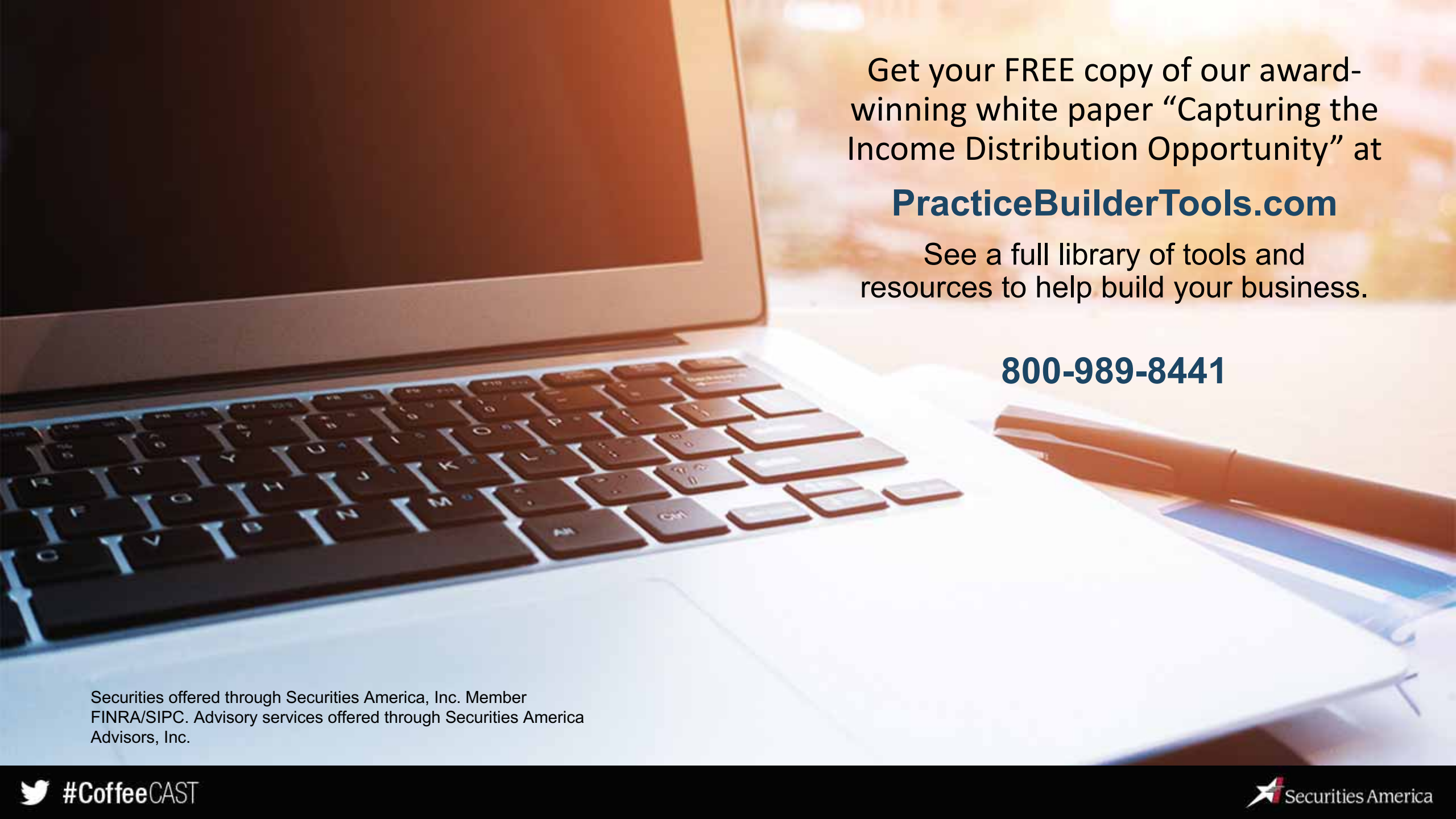
Time-Segmented Distribution



The Future of Income Distribution

As an income distribution fiduciary, you'll need to:

- Focus on more than the numbers
- Coach clients through changes and setbacks
- Show them why they need to stick to your plan
- Document all your processes and recommendations



Get your FREE copy of our award-winning white paper “Capturing the Income Distribution Opportunity” at

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