

"Who should have an LIBR?"

By Paul J. Cross, Author, Annuity National Brokerage Co.

Available with some annuities, lifetime income benefit riders (LIBRs) are a special feature that compound and grow with substantially high guaranteed rates for 10 or 20 years -- until the owner elects the income stream, which can be turned on anytime after the first year.

Who should have a LIBR? Everyone should have at least one LIBR. Why? It's a sure way to have high guaranteed growth rates with zero risk that you can convert into an income stream, guaranteed for life, with any remaining cash accumulation going directly to your designated beneficiary or beneficiaries.

The annuity with a LIBR guarantees an income stream for life, even in the event you outlive your cash accumulation value.

Just prior to the announcement of the LIBR, the Wharton Financial University and economists around the globe had just concluded that income annuities can provide an income for life for a cost as much as 40 percent less than a traditional stock, bond, and cash mix. The LIBR provides for enhanced growth with increased income for life.

The LIBR provides much more flexibility than an income annuity. With an LIBR, you can start and stop the income. You could stop the income and cash out the remaining cash surrender value.

Why is an income guaranteed for life so important?

The ups and downs on Wall Street and the Fed's reaction to economical pressures with lower interest rates rob retirees of investment income and interest income. The negative responses to Wall Street and the Fed cause people to go bust during a period of dependence on income from IRAs, 401(k)s, TSAs invested in Wall Street or in the bank, where they thought they were safe. A hard earned lesson: We cannot rely on Wall Street and we can no longer bank on the banking system.

Longer-evity requires longer streams of income. Are you prepared to live to age 100? The 100-plus age group is the fastest growing on the planet, says Dr. Eric Plasker, author of *The 100 Year Lifestyle*. In fact, 85,000 people in the U.S. are older than age 100, and none of them planned to get there.

University documented studies reveal the probability of longevity. A healthy couple, aged 65, years has a 50 percent chance of living beyond age 92 and a 25 percent chance of living beyond age 97. Note the wording: not to age 97 but beyond age 97.

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How can we prepare to live to age 100 and very possibly even longer? Dr. Plasker's core suggestions boil down to just this one shocker of an idea: Starting right now, live as though you will be alive past 100 years of age. That means eat right, exercise right, think right, and, throughout every part of our existences, live right.

To Dr. Plasker's core suggestions, I would like to add just one more thought: Starting right now financially prepare to live beyond age 100. That means planning now for income that will continue for as long as you live, even beyond age 100. It is financial stability that will enable you to live out Dr. Plasker's core suggestions.

Here is how one 79 year old managed to increase her income with guarantees to 100-plus.

Mary Jane, age 79, was very stressed and was dependent upon interest income. Her Bank

interest rate dropped to 2 percent, requiring her to tap into the principal sum, thereby depleting her account to the point where it will go bust in a few years.

With \$105,000 in the bank, Mary Jane decided to withdraw and hold \$5,000 of needed money to supplement her retirement income. Mary Jane then transferred the \$100,000 into a 10 percent premium bonus annuity with an 8 percent LIBR that will increase her income account value 18.8 percent in one year, at which time it will provide Mary Jane a guaranteed income of \$8,316 for life, even beyond age 100.

Dr. Plasker estimates that the number of people age 100-plus will soar from 85,000 to over four million in a few years, and will continue to grow as the baby boomers age.

One thing is certain: Financial stability will enable us to live a more meaningful lifestyle, while permitting us to eat right, exercise right, think right, and, throughout every part of our existences, live right.

Many of us are going to live to age 100, so let's get on with it and look forward to the celebration.

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