

Indexed Annuities: Keep It Simple!

Opportunities in Annuity Sales

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Why Market Indexed Annuities?

- Hassle free – no underwriting
- Lots of money sitting on the sidelines
- Low interest rates everywhere
- Opportunity: 88% of agents don't present them
- Better commissions than on fixed annuity products

\$5.8 trillion sitting on the sidelines!

● Savings Accounts 0.42%

● Money Market 1.50%

● Small CD's 1.70%

**Earning an average weighted return of
0.89%**

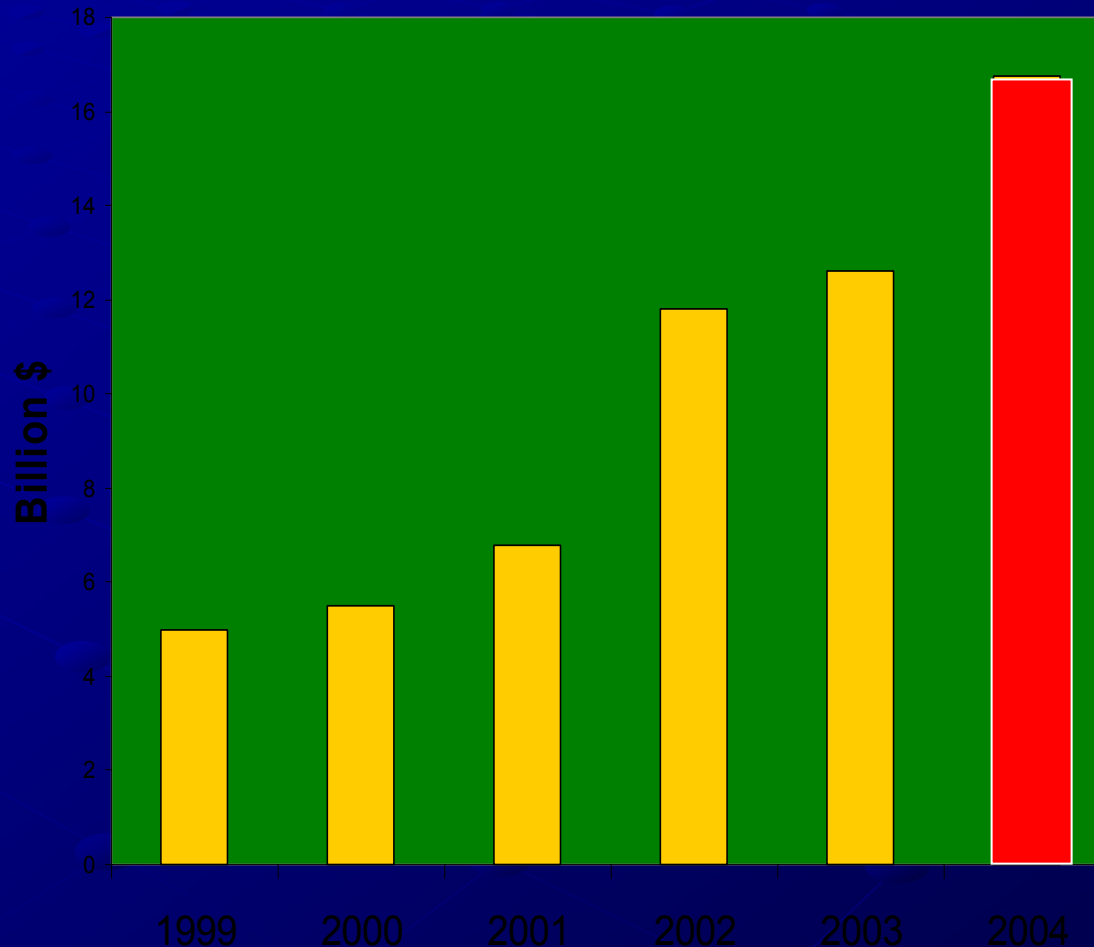
Jack Marrion, September 2004.

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CHAMPION AGENCY
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Indexed Annuity sales have tripled in the last 3 years:

LIMRA, US Individual Annuities, 3rd Quarter, 2004.



2004 3rd
Quarter YTD:
\$17.3

Why Aren't More Agents Selling Indexed Annuities?

- Too complicated? 193 different products!
- Too many moving parts?
- Need to be registered to sell?
- Concept vs. rate sell?

Indexed Annuities are Fixed Annuities...with a TWIST!

- Deliver tax-deferred growth
- Minimum guaranteed interest values – can't lose money
- Free withdrawals available
- Offer lifetime income options

So here's the Twist:

**Indexed annuities are
fixed annuities that credit gains linked
to positive changes in a major market
index.**

Indexed vs Multi Year Guarantees

- **Locking clients into historically low rates**
- **Low commissions on MYGA's**

But...they're easy to explain!

Why Not Combine them?

- Alternative to a one-track product
- Higher commissions & more choices
- Indexed accounts climb with the market
- Opportunities to revisit

One Product – many options

- Fixed Account – 1 yr or multi-year
- One-year annual reset

Only ONE moving part in each indexed account

Clients are unsure about market conditions?



Diversify !

**\$\$\$'s in each
account**

Meets Multiple Needs

- Single premium or flex premium?
- Bonus?
- Short term or long term?
- Death benefit?
- Withdrawals?

One Size May Fit All

- Conservative to Aggressive
- Choice of Allocations
- Flexibility to Reallocate

**Appeals to both “savers” and
“investors”**

Keep It Simple!

- Choose companies you trust
- Learn the basics
- Use external resources
 - The Champion Annuity Center
 - Training
 - CE

In Conclusion...

- **Keep it simple**
- **Least effort – most gain!**
- **Take advantage of available resources**
- **Make more \$\$**

Basic Annuity Presentation

Gaining Financial Peace of Mind

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FINANCIAL SURVIVAL

Longer life expectancy requires...

- Preservation of principal
- More dollars
- A plan to combat inflation, “the retirees nightmare”
- Better tax planning

The only logical solution to all of the above is...PLAN NOW!

The Problem...

TAXATION

Every year, taxes can take at least a third of your client's earnings.
A large part of their interest, dividends, and capital gains just disappear.

- In 1984, a tax law change forced many people to include their Social Security as taxable income. If their income over the following levels...

| | Single Taxpayer | Married Taxpayer |
|----------------|--------------------|---------------------|
| Annual Income: | \$25,000 | \$32,000 |

50% of Their Social Security is Taxable!

- In 1993, a tax laws change again. Now, for those taxpayers whose taxable income exceeds the following amounts...

| | Single Taxpayer | Married Taxpayer |
|----------------|--------------------|---------------------|
| Annual Income: | \$34,000 | \$44,000 |

The Solution...

PROVIDES:

- The ability to accumulate funds at current interest rates
- The diversification and safety needed in the 1990s
- Special tax advantages; under current law
- Access to your savings if needed
- Guarantee of principal and interest
- Freedom from costs and delays of probate
- Privacy
- A provision to receive income for life
- Incontestability
- Protection from economic depression
- Protection from creditors

Does such a choice exist?

YES, It is a **TAX-DEFERRED ANNUITY**

An annuity is a contract between your client and an insurance company.

The insurance company guarantees:

- Their Principal
- A minimum interest rate
- Various income options

Unlike stocks, bonds, mutual funds, limited partnerships and municipals that can fluctuate daily and put your principal at risk, an annuity gives you a principal guarantee and a recession-proof interest guarantee.

With a tax rate-deferred annuity, your client is guaranteed:

- A return of their principal
- A minimum return on their principal

The next page compares a tax-deferred annuity to a CD, Money Market, Municipal Bond, Corporate Bond and an Equity Mutual Fund

Perhaps the ***most powerful*** tool of an annuity is the ***control*** that it gives your client ***over taxes***.

Here's How...

With an annuity, the income tax on interest earnings is deferred until your client chooses to access the cash.

By deferring the tax, an immediate decrease in Federal and State income taxes; AND with no current taxation, they earn

- Interest on their principal
- Interest on their interest
- Interest on the money they would have paid in taxes

How Safe is an Annuity?

- Annuities date back to the Roman Empire!
- Consider that state lotto funds are paid through annuity accounts!
- Schools, hospitals, and churches don't have social security; they use annuity accounts (403-b) as their retirement vehicles.
- High-salaried athletes receive a portion of their pay through annuity accounts.

***THE MONEY YOU INVEST IN AN ANNUITY
is 100% GUARANTEED!***

ANNUITIES RECEIVE SPECIAL TAX TREATMENT

Section 72 of the Internal Revenue Code says:

You are eligible to take advantage of preferential tax treatment. Defer taxes on interest each year on:

- State taxes and
- Federal taxes

The interest earned on taxes which are being deferred does not effect Social Security.

Therefore, money grows faster because they earn:

- **Interest on principal**
- **Interest on interest**
- **Interest on the money normally used to pay taxes**

EXPERIENCE THE MAGIC OF COMPOUNDING!

Choosing a tax-deferred annuity means your client is exercising their right to choose when to pay income taxes on interest income. However, withdrawals taken before age 59 1/2 will be subject to a 10% penalty in addition to ordinary income taxes.

ACCESS TO THEIR SAVINGS

They Can Have:

- Access to all money if owner goes into a nursing home
- Options of annuitization (bonus interest available)
- Automatic withdrawals of earned interest available immediately and monthly!
- Immediate access to a percentage of the funds without a penalty (10% per year, if not used accumulate to 40%, 50% or 100%)

Key Benefits Privacy

- No 1099's
- Interest earnings not reported on Federal or State Income Tax returns until withdrawn
- Fewer people in the community will have knowledge of their account

In addition,

An annuity can provide a guaranteed lifetime income you can never out-live!

That means a client can receive a guaranteed monthly check each month, whether interest rates go up or down and **NO MATTER** what the economy is doing.

Wouldn't that be
PEACE OF MIND?

NO PROBATE

This is a very important concern of many people. Since funds pass directly to a named beneficiary upon death, there are:

- No Delays
- No Publicity
- No Legal Fees
- No Court Costs

INCONTESTABILITY

Upon death, family members are often known to fight over the deceased person's assets by contesting the will. As a result there is a delay in passing on the assets to one's family members and tremendous attorney fees. However, with an annuity, the funds pass immediately and directly to the named beneficiary upon death and eliminate any incontestability.

ECONOMIC DEPRESSION PROTECTION

Remember what happened to people who had money in the bank during the Great Depression? ***THEY LOST IT!***

Do you know what happened to the people who had their funds in an annuity account? ***THEY KEPT IT! AND, THEIR FUNDS GREW!***

In fact during the Great Depression, the assets of insurance companies actually grew. They continued to employ people and they paid their claims! A popular story is about Babe Ruth - He put his funds into annuities before the Stock Crash of 1929, and he kept his funds!

Annuities have a lifetime minimum guarantee! (3, or 4%)

CREDITOR PROTECTION

With an annuity, New Mexico State Statute says:
“No one can garnish, levy or attach your funds while in an Annuity, nor through judicial process.”

ROCK SOLID PROTECTION!

Does your current investments or savings plan have this kind of protection?

THE CHOICE

Sacrifice a large portion of your clients' savings to high taxes, probate costs, low returns, market risk, creditor seizure,

OR

Leave as much as they can for themselves and their loved ones.

Champion Agency's Strengths

- Annuities
- Estate and Business Planning
- Life Insurance
- Disability Insurance
- Long Term Care
- Impaired Risks

Thank you!

We appreciate your business.