

Planning Your Retirement Income Strategy



IncomeShield
fixed index annuity



AMERICAN EQUITY
INVESTMENT LIFE INSURANCE COMPANY®



Retirement is more than life after work. It's knowing that you will have the income you need whether you're planning a trip to the grocery store or Europe. A fixed index annuity can help provide that financial stability. As you map out your retirement, work with your insurance agent to see how benefits like principal protection, tax-deferral and guaranteed lifetime income can fit into your income strategy.

PLANNING YOUR 8,000+ DAY RETIREMENT

Life's early stages are shaped by conventional guidelines, like your education, family and career. Retirement is an unscripted quarter of life.

The average American turning 65-years old today is expected to live to 84-87. Daydreaming about day one of retirement is nice, but it can be daunting to imagine what day 6,000 looks like.

Breaking down your retirement strategy into smaller categories, like: lifestyle, longevity, and long-term can be a good start for planning your 8,000+ day retirement.



BIRTH TO
YOUNG ADULT

0-21

8,000 DAYS



YOUNG ADULT
TO MIDLIFE

21-45

8,000 DAYS



MIDLIFE TO
RETIREMENT AGE

45-65

8,000 DAYS



RETIREMENT

65-85

8,000 DAYS

// need
75%
– to –
85%
of current
monthly income
to maintain
lifestyle //

LIFESTYLE

Identifying and Maintaining

Transitioning from a retirement saving to a retirement income mindset can take some getting used to.

Financial benchmarks like the long-standing 4% rule are designed to help estimate stretching savings over a lifetime. The beauty of these rules is their simplicity. It can also be their shortfall.

If you applied the 4% rule to a portfolio of \$750,000, it could draw \$30,000 in income over 30 years. This assumes retiring at the conventional retirement age, relies on a large retirement portfolio, and does not account for portfolio performance.

The 4% Rule

- Withdrawal rate: **4%**
- Annual income: **\$30,000**
- Portfolio required: **\$750,000**

As you develop your income strategy, it may be helpful to focus less on a savings milestone and more on your estimated income needs.

Typically, retirees need 75% to 85% of their pre-retirement income to maintain their lifestyle throughout the golden years.* For most people, that cash flow comes from a variety of sources.

IncomeShield and Lifetime Income Benefit Rider

Insurance products like a fixed index annuity can offer a guaranteed lifelong income source. As part of a comprehensive strategy, the IncomeShield with Lifetime Income Benefit Rider may be able to help you do more with less.

For example, a 60-year old, with an initial premium of \$450,000, could draw over \$30,000 annually beginning at 65.

IncomeShield 10

Payout percent: **4.93%**
Annual income: **\$32,342**
Initial premium: **\$450,000**

*U.S. Social Security Administration. Retirement Benefits. 2020

LONGEVITY

Lifelong Income Strategy

The biggest differences between retirement today compared to previous generations is life expectancy. Americans are living longer lives and enjoying more active years in retirement. While this should be a positive, it does come with risk — longevity risk.

More than **70%** of today’s consumers say that guaranteed lifetime income is “highly valuable” to their retirement strategy.* While it may be obvious why lifetime income is important, understanding how to generate a lifelong income stream is not.

Different fixed index annuities and income riders provide different benefits with different costs. As an example, here are potential lifetime income monthly payments for a contract owner who purchases an IncomeShield fixed index annuity with Lifetime Income Benefit Rider at 60 and draws single income at 65. One of the lifetime income options is available without an annual fee, and lifetime income payments may begin after 30 days. By choosing a rider with the annual fee, the contract owner is able to receive a higher income account value rate.

“70%
believe lifetime income
is important to
retirement strategy.**”**

	INCOMESHIELD 10 WITH LIBR	INCOMESHIELD 10 WITH NO-FEE LIBR
Premium	\$100,000	\$100,000
Premium bonus	7.00%	7.00%
Income account value rate	7.25% Simple	4% Compound
Accumulation period	7 Years	15 Years ¹
Surrender charge schedule	10 Years	10 Years
Annual rider fee ²	1.10%	NA
Lifetime income payout factor	4.93%	4.48%
Monthly Lifetime Income Payment ³	\$598.94	\$486.01

*Greenwald & Associates and CANNEX. “The Sixth Annual Guaranteed Lifetime Income Study.” 2020

// expect to spend over
\$135,000
 in retirement healthcare expenses. //

LONG-TERM Expecting the unexpected

Healthcare costs can pose a significant burden for a long-term income strategy. Individually, the average retiree today is expected to spend between \$150,000 (women) and \$135,000 (men) in retirement.*

Those figures can be intimidating. However, income strategy measures taken early on can help offset some of the financial burden associated with long-term planning.

For example, let's look at portfolio with a \$100,000 initial premium on IncomeShield 10 with Lifetime Income Benefit Rider and Wellbeing Benefit options. If the contract owner becomes unable to perform two of the six activities of daily living, they can increase their income payment by as much as 200 percent.⁴

LIFETIME INCOME BENEFIT RIDER WITH WELLBEING BENEFIT	INCOME SOON	INCOME LATER
Premium	\$100,000	\$100,000
Premium bonus	7.00%	7.00%
Income account value rate	7.25% Simple	6% Compound
Accumulation period	7 Years	15 Years ¹
Annual rider fee ²	1.20%	1.20%
Income drawn	Year Four	Year Eight
Monthly income payment ³	\$512.41	\$687.80
Wellbeing enhanced payment (200%) ⁵	\$1,024.81	\$1,375.60

*Source: Fidelity Investments. "Healthcare price check: A couple retiring today needs \$285,000 as medical expenses in retirement remain relatively steady." 2019 News release

The American Equity IncomeShield fixed index annuity series delivers a combination of the guarantees that help fund millions of Americans' retirements. Additionally, the series features innovative options to suit individual retirement income needs for life.



American Equity

Commitment to Values

Service

Our contract owners are why we are here, and we do our best to provide service, second to none, every day.

Integrity

Our values of honesty, fairness and truthfulness have been central to our past success and will continue to be for generations to come.

Excellence

Our dedication to going above and beyond in every facet of our business has established us as a top-tier fixed index annuity provider.

Safety

Our products provide Sleep Insurance[®] for contract owners that can trust their principal is protected and their income is guaranteed for life.

For additional resources and blogs, visit www.american-equity.com



American Equity Investment Life Insurance Company[®]
6000 Westown Pkwy, West Des Moines, IA 50266

www.american-equity.com • Call us at 888-221-1234

¹ Initial Income Account Value (IAV) rate guarantee period is 10 years. For years 11-15 the IAV rate will never be lower than the minimum guaranteed IAV rate of 3%.

² Rider fee is calculated based on the income account value and deducted from the contract value on each contract anniversary as long as the rider is attached to the contract.

³ Assumes no withdrawals are taken from the contract prior to income payments beginning. Excess Withdrawals taken in addition to monthly lifetime income payments will reduce future income payment amounts.

⁴ The wellbeing benefit can only be activated one time after a two year waiting period. Contract owner must be unable to perform two of six ADLs and requires annual certification by a qualified physician. See disclosure and Sales Brochure for additional details.

⁵ The current enhanced income payment factor is 200% for single life payout or 150% for joint life payout.

This is not a comprehensive overview of all the relevant features and benefits of the IncomeShield fixed index annuity. This brochure presents specific examples of how the LIBR works. Please read the sales brochure and disclosure for complete details and limitations.

American Equity Investment Life Insurance Company[®] does not offer legal, investment, or tax advice. Each client has specific needs which should be discussed with a qualified legal or tax advisor. Annuity Contract and Riders issued under from series ICC17 BASE-IDX, ICC17 BASE-IDX-B, ICC17 IDX-10-7, ICC17 IDX-11-10, ICC20 R-LIBR-FCP, ICC20 R-LIBR-FSP, ICC20 R-LIBR-W-FCP, ICC20 R-LIBR-W-FSP, and state variations thereof. Availability may vary by state. Guarantees are based on the financial strength and claims paying ability of American Equity and are not guaranteed by any bank or insured by the FDIC.

LIBR available for issue ages 50+. Surrender charges may apply to excess withdrawals that, in addition to LIB payment, exceed 10% annual free withdrawal available under the contract. Clients may be subject to a 10% federal penalty if withdrawals are made before age 59 1/2.

Lifetime Income available through [Optional] Lifetime Income Benefit Rider.

Income Account Value is only used to calculate Lifetime Income. It is not part of the underlying Contract Value, or available in a lump sum.

Provisions of the Lifetime Income Benefit Rider, such as Income Account Value Accumulation Rates, may change prior to issue.