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Your Guide to

Idle Assets

Your current savings account, money market or CD may not be the most efficient way to achieve your goals in retirement.

Holding on to idle assets is a lot like owning a set of fine china passed down through generations. Using the set every day seems impractical, but you never seem to find the right occasion to bring it out. And so, the chinaware most likely sits in a cabinet collecting dust, adding minimal value to your life.

We invite you to reevaluate your idle assets that are "collecting dust" and explore tools that could optimize your money. Within this brochure, we've outlined solutions that can provide similar protection features and more fully prepare you for retirement, no matter your future goals.

What are idle assets?

Idle assets are products within your investment portfolio that are primarily used to protect your money from risk. They may be appropriate solutions when building up an emergency fund or your short-term protection savings.

But because these assets will never experience downside risk tied to the market, they deliver particularly low rates of return each year — if any at all. And since the average inflation rate in 2020 was 1.4%,[1] you actually risk depreciating your account value the longer you keep your money in these assets.

Examples of idle assets:

- **CD**
- **Money market account**
- **A savings account**

If inflation outpaces the interest you earn on your idle assets, it may feel like you're losing money.

Let's say your $1,000 savings account delivers 0.09% interest year-over-year, in line with the national average. In one year, your savings account would only earn $0.90, totaling $1000.90.[2]

In **30 years,** your account would only earn **$27.**

Align your retirement goals with solutions that can optimize your money

There are several vehicles that could optimize the money you've placed in idle assets, but it's important that you select the solution that best aligns to your future goals. Read through three common retirement goals and discover how a specific type of product can help you reach these objectives.

Goal #1 | Maintain your income stream throughout retirement

Today, people are living longer — there's a 50% chance that at least one partner in a 65-year-old couple will live to age 92.[3] That's why it's important to ensure your retirement savings last 30 – 40 years.

If you're keeping your money in idle assets, you may not be financially prepared for living longer than anticipated and risk running out of income in retirement.

Solution: An annuity

If your goal is to maintain your savings and stretch your retirement income for a longer period, an annuity might be the right solution for you. This retirement income strategy can guarantee a fixed amount of interest, provide a guaranteed return of premium and even offer growth opportunities. A bond portfolio or low-risk managed account could also help you meet this goal.

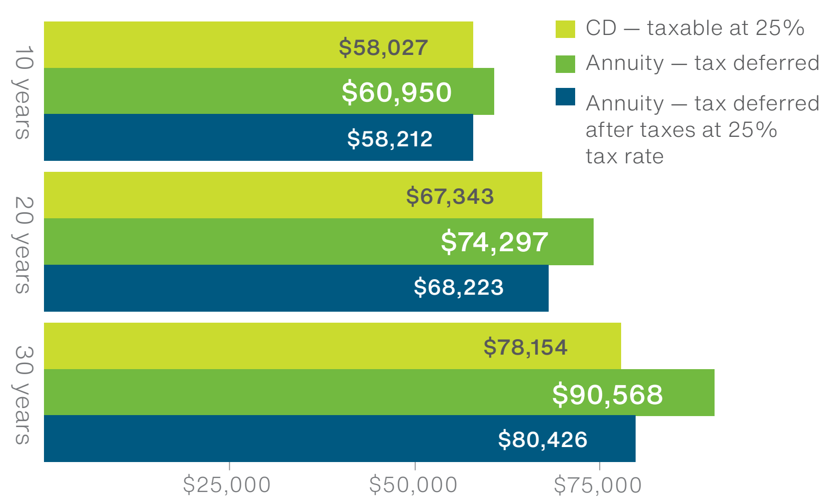
Advantages of an annuity:

- Tax-deferred
- Provides withdrawal options
- Offers possible money back guarantees
- Avoids probate
- Delivers retirement income options
- Backed by insurance company

Comparing annuity growth rates to a CD

Annuities grow faster than CDs

$50,000 premium with compound interest



Performance is not guaranteed. This hypothetical example assumes an annual rate of 2%, a constant yield, no additional premium payments and no withdrawals. This illustration is intended to reflect the advantage of tax deferral during the accumulation phase. This example is for illustrative purposes only and does not reflect the performance of any particular product and does not take into account the differences in risk, maturity and credit quality when comparing identical tax-deferred and taxable yields.

Goal #2 | Pay for long-term care expenses without dipping into your savings

Long-term care and other health care costs are on the rise. Did you know that more than half (52%) of people turning 65 will need long-term care at some point in their lives?[4] And, a 65-year-old couple can expect to pay over $600,000 in total out-of-pocket care costs.[5] Relying on your idle assets to cover these expenses could be risky.

Solution: A hybrid long-term care solution

If your goal is to protect your savings in case you experience a future long-term illness or health emergency, a hybrid long-term care solution may be ideal for you. A hybrid solution combines the benefits of a life insurance policy or annuity contract with an added long-term care benefit to address two financial needs in one:

- Death benefit coverage and cash value potential if long-term care is not needed
- Long-term care if you develop an unexpected illness

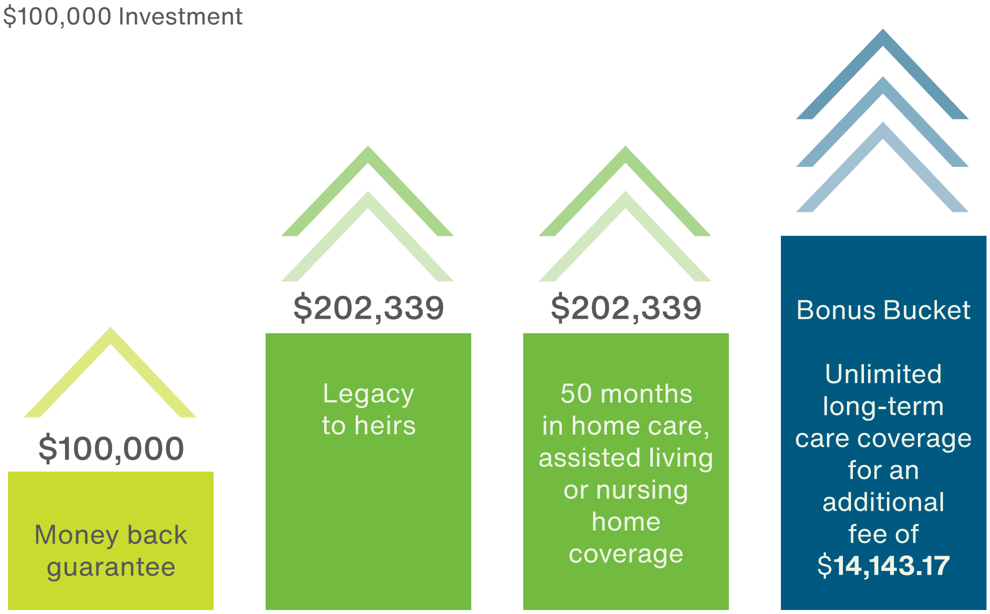
These hybrid strategies protect assets and family resources, provide more flexibility and offer greater benefits than a stand-alone long-term care insurance policy.

Advantages of each:

Hybrid life insurance solution	Hybrid annuity solution
• Provides death benefit protection if the long-term care or chronic illness rider isn't used	• Ideal for aging clients desiring joint options
• Delivers premiums that will not increase	• Provides additional tax advantages for Pension Protection Act qualified contracts
• Available with fully underwritten and simplified issue policies	• Involves minimal underwriting — some contracts are automatic issue

Hypothetical example of a hybrid long-term care solution

$100,000 Investment



$100,000 Premium | Joint Coverage

Age 60 | 50 months coverage

Goal #3 | Maximize your legacy for future generations

Providing a financial legacy to your loved ones after your death is a great way to care for them for years to come. But if you're planning on using your idle assets to pass along your legacy, consider this: any interest you earn on the CD before it's matured is taxable income.[6]

Solution: Life insurance

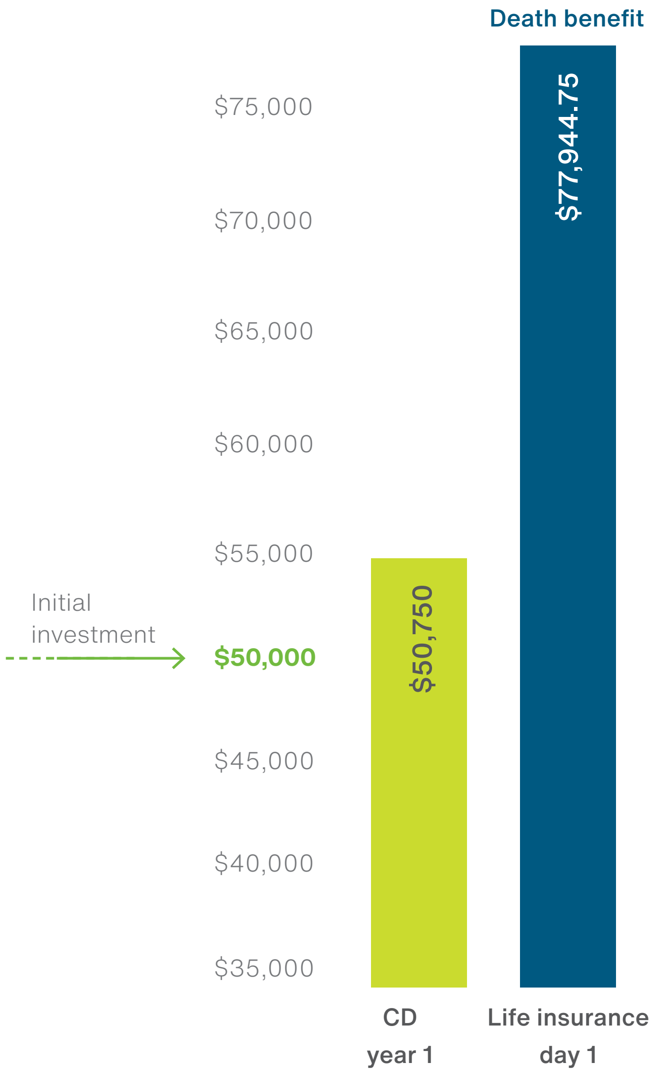
If your goal is to pass along assets as an inheritance to your family when you are no longer here, a life insurance policy may be the right fit for you. That's because a life insurance policy can help protect your money and offers tax-efficient ways to maximize it.

Advantages of a life insurance policy:

- Avoids probate
- Provides a death benefit for your estate
- Is tax-efficient
- Delivers options for cash value
- Offers possible money back guarantees

Comparing the death benefit amount of a life insurance policy versus a CD

Hypothetical example



It would take 39.7 years* for the CD to reach the death benefit value of the life insurance policy on day one! Therefore, your money immediately leaves a larger legacy for your beneficiaries.

*CD at 1.5% (25% tax bracket)

Charting a clear path forward

Rethinking the money you have in idle assets could lead you to a more optimized retirement strategy — just like finding new ways to use your fine china can add more value to your life. Once you've recognized the importance of placing your money elsewhere, review your options and evaluate how they can better meet your retirement goals.

Your financial professional can guide you through your current portfolio, identify coverage gaps, and recommend a solid solution to help you reach your retirement goals.

Work with your financial professional to **determine a clear path that's right for you.**

[1] https://www.usinflationcalculator.com/inflation/current-inflation-rates/

[2] https://www.thebalance.com/how-does-inflation-affect-bank-accounts-315771

[3] The Annuity 2012 Mortality Tables. ©2017 Morningstar.

[4] Melissa Favreault and Judith Dey, "Long-Term Services and Supports for Older Americans: Risks and Financing Research Brief," Office of the Assistant Secretary for Planning and Evaluation, US Department of Health and Human Services, Washington, D.C. July 1, 2015, https://aspe.hhs.gov/basicreport/long-term-services-and-supports-older-americansrisks-and-financing-research-brief.

[5] HealthView Services: 2019 Retirement Health Care Costs Data Brief.

[6] https://finance.zacks.com/pay-income-tax-cd-investments-3840.html

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