

PROFESSIONAL ANNUITY ANALYSIS



myannuitystore.com

AN OBJECTIVE CONTRACT REVIEW PREPARED FOR:

Lisa the Retiree

DATE:

7/1/2023

PREPARED BY:

My Annuity Store, Inc.

PART I: UNDERSTANDING YOUR CURRENT CONTRACTS

CURRENT CONTRACT INFORMATION

Objective for purchase: Accumulation with Income Later

Current objective: Income within a Year

The following is a summary of your current annuity contracts including insurance carrier, product type, current values, fees, death benefit and rider information.

Contract value information is based on the statements provided by the client.

Contract Overview

Company	ABC Insurance Carrier
Product Name	Best Product Ever
Annuity Type	Variable Annuity
Contract Number	A12348547
Contract Issue Date	12/30/2010
Owner(s) & Annuitant(s) - DOB	Lisa the Retiree- 2/1/1955
Beneficiary	N/A
Statement Date	12/31/2022
Qualified or Non-Qualified	Non-Qualified- (Non-IRA)
Surrender Charge Duration	9 Years
Surrender Charge Percent Schedule	9, 9, 9, 9, 8, 8, 8, 5, 2.5

Values

Contract Number	A12348547
Account Value	\$1,410,732.21
Surrender Value	N/A
Current Surrender Charge	\$1,410,732.21
Premiums Paid	\$1,000,000.00

Cumulative Withdrawal Amount	N/A
Compounded Annual Growth Rate Since Issue	2.91%
Death Benefit	\$1,410,732.21

Rider Information

Contract Number	A12348547
Enhanced Death Benefit	No
Rider Name	N/A
Death Benefit Type	N/A
Enhanced Death Benefit	N/A
Guaranteed Income Rider	Yes
Rider Name	Income Rider
Income Rider Type	Guaranteed Minimum Withdrawal Benefit- (GMWB)
Current Income Benefit Base	\$2,382,412.30
Current Annual Guaranteed Income	\$119,120.61
Is lifetime income currently turned on?	No
If income is not turned on, when would income start?	N/A

Income Rider Description: Lifetime withdrawal benefit that allows a percentage of the benefit base to be withdrawn each year for the life of the owner. At the time of the first withdrawal, the benefit base is the greatest of: - The greater of the account value or the highest daily value appreciated at a daily equivalent of 6% annually.

Charges and Fees

Contract Number	A12348547
Annual Contract Fee	N/A
Annual Mortality & Expense (M&E) Fee Percent	1.7%
Administrative Charge	0.15%
Distribution Charge	N/A
Annual Base Contract Fees Percent	N/A

Annual Base Contract Fees	N/A
Subaccount Net Expense Ratio	0.29% - 1.28%
Average Subaccount Expense	\$11,074.25
Death Benefit Rider Fee Percent	N/A
Annual Death Benefit Fee Amount	N/A
Income Rider Fee Percent	0.85%
Annual Income Rider Fee Amount	\$20,250.50
Total Fees & Expense (M&E, Admin, Subaccount, Riders)	N/A
Total Fees & Expense (As a Percent of Account Value)	N/A

Annuity Portfolio Value

Company	Contract Number	Account Value	Surrender Value
Prudential	A12348547	\$1,410,732.21	
Portfolio Total		\$1,410,732.21	\$0.00

PART II: SUMMARY

"Every financial and insurance product is both fantastic and horrible. It just depends on that particular client's situation". The Objective of this Annuity Audit is to evaluate your current annuity and explain your benefits in an easy to understand manner. We then look at your current situation to confirm that the annuity is the best product to accomplish your goals. The Audit is about making sure you make an informed decision based on facts.

A deferred variable annuity is a long-term investment designed to help you accumulate assets for retirement. It also offers a broad array of investment choices and asset classes, fixed accounts, death benefit choices and multiple methods to turn those assets into a stream of guaranteed income at some point in the future. (Guarantees are based on the claims-paying ability of the issuing company and do not apply to the investment performance or the safety of amounts held in the variable investment choices.) Variable annuities are not appropriate for everyone. There are fees and charges associated with owning an annuity. Variable annuities are subject to market risk, including potential loss of principal. Also, withdrawals of earnings will be subject to income tax and may be subject to a 10 percent federal income tax penalty if taken prior to age 59 1/2.

Your ABC contract is a variable annuity. This variable annuity offers a variety of investment subaccounts. Over time subaccounts have the potential to produce a higher return than a fixed or fixed index annuity. Along with the potential of higher returns, variable annuities can lose value due to market downturns. Variable annuities are also subject to "fee drag" which suppress gains in good markets and exacerbates losses in bad markets. You are currently paying approximately 3.49% in fees each year. What this means is best described in an example. If this variable annuity returns 8% over the next 12 months. In actuality, you would receive 4.51% (8% - 3.49%). If the subaccounts you were invested in (similar to Mutual Funds) returns 1%, you would in essence lose 2.49%. This is what we mean when we say "fee drag". You purchased the contract on 12/30/2010. From that date until 12/31/2022, you averaged a 2.91% growth annually.

You also have both an Income Rider with this contract. Your Income Rider is called a GMWB. Your GMWB Benefit Base grows by 6% each year, regardless of how the underlying investments perform. This benefit base is not your account value. It is similar to a shadow account that can only be used for income. You cannot take out a lump sum with the benefit base. Only the account value can be withdrawn in a lump sum method. All these benefits sound great. However, that is what some of your fees are going towards. Therefore, what needs to be decided is do you plan on utilizing the benefit base?

Annuities are long-term investments designed for retirement planning. A fixed annuity is a contract between your client and an insurance company, under which the insurer agrees to make periodic payments to your client. There may be a surrender charge imposed during the first several years the client owns the fixed annuity contract. Withdrawals prior to age 59 ½ may result in a 10 percent federal tax penalty, in addition to any ordinary income tax. The guarantee of the annuity is backed by the claims-paying ability of the issuing insurance company. Although it is possible to have guaranteed income for life with a fixed annuity, there is no assurance that this income will keep up with inflation. Optional riders may increase the internal cost of the product.

Variable annuities are securities under federal law and may be considered securities under state law. Securities offered through First Palladium, LLC, Member FINRA. First Palladium is a subsidiary of Ash Brokerage. Contract information was supplied by a third party and has been verified to the best of our ability.

PART III: NEXT STEPS

Your objective for these funds has changed. Originally, the goal was accumulation with the idea of converting to guaranteed income sometime in the future. That goal has now changed to being guaranteed income sometime within the next 12 months. For that reason, it would be very appropriate to explore the different options for generating guaranteed income within the next 12 months. We will look at 3 options for starting guaranteed income in 2023. There will be many factors that come into play when calculating guaranteed income. Therefore, there will be a range of annual guaranteed income and not a set number. We will look at the 3 main options specifically for you. They are moving the funds to a Single Premium Immediate Annuity (SPIA). Moving the funds to a Fixed Indexed Annuity (FIA). The third option would be to leave the funds within the Prudential Variable Annuity and activate the GMWB Income Rider. We will look at each separately.

*With the SPIA, we are using the calculations for \$1,410,732.21. That is the surrender value if you transfer the funds to another annuity. The SPIA, today, would generate approximately between **\$96,700 to \$97,700** per year.*

*With the FIA, we are also using the calculations for \$1,410,732.21 for the same reasons as above. The FIA, today, would generate approximately between **\$98,400 to \$99,400** annually.*

*If you were to leave the funds within the ABC VA and activated the Income Rider, you would be calculating the income from \$2,382,412.30. That is the benefit of having the Income Rider for several years. That amount would generate, today, approximately **\$119,000** per year.*

If you were only looking at guaranteed income, the Prudential VA would seem to be the choice. There are other factors that should also come into play. For example, the financial strength of the companies.

You have a very important decision to make, and the goal was to give you tools to make that informed decision easier.

The next step would be to discuss possible paths forward with your financial advisor for the funds that are currently in the ABC Variable Annuity.

I acknowledge that I have been presented with this entire document and have reviewed and understand the recommendations outlined above.

Annuitant/Owner Signature: _____

Date: _____

