A New Reality Requires an ‘Old’ Approach

By: Laura Hahn

Sure, we may all long for the fixed annuity rates of the past. But rates are relative, aren’t they? I bet real estate agents deal everyday with someone selling his home who wants more for it than the current market warrants. Banks have many clients who want higher CD rates, too, and we all want lower gas prices. It has become our new reality.

In dealing with today’s reality, we also see a shift in the mindset of those in retirement or rapidly approaching retirement whereby they are more concerned about return of their principal than return on their principal. These same folks are finding fewer available investment options that will generate a decent return on their cash and avoid excessive risk.

If we put all of our clients in one room and asked for a show of hands on who believes tax rates will likely go down over the next several years would any hands go up? Highly unlikely. How about if we ask the same room of clients how secure they feel about their Social Security benefits? Would we hear moans and groans? Probably.

And the hits just keep coming. Throughout 2012 the first baby boomers are celebrating their 66th birthdays—the same year after the equity markets saw 1930s volatility. How nervous are they or should they be?

Simply put, with all of the new issues and concerns our clients are facing we can’t expect to be able to approach them the same way we always have. Things have changed and so must we.

With all this change where’s the opportunity? Let’s look for solutions one issue at a time with a simple Q&A:

**Q**: What product do you have available to you today that can offer your client’s return of their principal?
**A**: Fixed annuities

**Q**: What product allows a client to put cash into it, protects their principal, participates in the market and provides protection from excessive market risk?
**A**: Fixed indexed annuities

**Q**: What product provides tax deferral until retirement age or older when your clients are typically in a lower tax bracket?
**A**: Fixed annuities

**Q**: What product provides the capacity for lifetime income that can also provide automatic increases to keep pace with inflation?
**A**: Fixed annuities

**Q**: What product provides benefits above and beyond the current interest rates?
**A**: Fixed annuities

**Q**: If the majority of working Americans still want to retire someday yet with fewer employer-sponsored pension plans available, what is one retirement vehicle available to them?
**A**: Fixed annuities
**Q:** What product can provide your clients with the option to use income they don’t need to pay for long-term care insurance, increasing health costs or to purchase life insurance to leave even a bigger legacy to their heirs?

**A:** You got it...fixed annuities.

I say the opportunity is clear. The new reality, *in reality,* has opened the door wider for fixed annuities to walk through.

Don’t miss the opportunity. Rates are relative. Your clients have real concerns about their future. Study after study indicates Americans fear outliving their income now more than death. Health-care costs will continue to rise, yet Americans are living longer. Social Security benefits remain in jeopardy, and employer-sponsored pension plans are a thing of the past. Taxes continue to rise. Your clients continue to need your help solving their retirement fears in a new reality they never expected to be in. *Carpe Diem!***