



## Collier Legacy Planning llc

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# Legacy Planner

Retirement • Income • Medicare

### Winter 2024

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Green Lake, WI; photo by Ray Loth

## • Cinnamon Sugar Apple Cake •

This simple Cinnamon Sugar Apple Cake is light and fluffy, loaded with fresh apples, and topped with a crunchy cinnamon sugar layer! —*Barb Schlaefer*

### Ingredients

#### Batter:

- 1-1/2 c. brown sugar
- 1/3 c. oil
- 1 egg
- 1 c. buttermilk (or 1 c. regular milk with 1 tbsp. white vinegar)
- 1 tsp. vanilla
- 1 tsp. baking soda
- 2-1/2 c. flour
- 2-1/2 c. chopped Honeycrisp apples (or any kind)

#### Cinnamon Sugar Topping:

- 1/2 c. sugar
- 1 tsp. cinnamon
- 1 tbsp. butter, melted

### Instructions

- 1 Preheat oven to 325 degrees. Mix or whisk all ingredients but apples in the order given, stirring until just combined. Fold in the chopped apples.
- 2 Pour batter into a buttered 9 x 13 pan.
- 3 Combine the topping ingredients and sprinkle/spread it evenly over the batter.
- 4 Bake for 45 minutes. Test with a toothpick, if needed. Serve with whipped cream, if you want.



Photo by Nicole Bratt, Wikimedia Commons

## Retire by Thermostat, not Thermometer: Now's the Time!

By Raymond Loth

Have you ever headed south for a warm winter vacation, never to even put on your bathing suit or get in the pool because it was so cold? What if instead YOU COULD SET THE TEMPERATURE? How different things would be!!

- A **thermometer** reports the temperature; you have no control.
- A **thermostat** allows you to set the temperature!

**Many people retire by thermometer.** They see their financial future as subject to the uncontrollable, unpredictable results of economic, financial market, geopolitical, tax, etc. cycles. They hope for the best, but essentially accept whatever happens. They do not have, nor feel in control.

**Others choose to retire by thermostat.** They set the temperature by taking control of certain aspects of their financial future, establishing a measure of financial certainty.

**How would you like to have the ability to control and pre-determine certain financial aspects of your retirement?**

CURRENT HIGH INTEREST RATES MAKE NOW AN EXCELLENT TIME to set your thermostat!\* We have seen an extraordinary rise in interest rates over the past 2 years.

*"The Fed held its benchmark federal-funds rate steady at a 22-year high...probably marked the end of the most aggressive cycle of rises in four decades."*— "Fed Starts the Pivot Toward Lowering Rates," by Nick Timraos, *Wall Street Journal*, 12/14/23

Fixed annuities enable you to take advantage of this current high interest rate environment. Significantly, they also give you the ability to lock in and extend these benefits for many years to come.

**Here are 3 planning strategies to help set your retirement thermostat:**

• **Basic fixed growth:** Fixed annuities can **guarantee** interest rates for up to 10 years (see ad on pg. 2). This can provide attractive income for current retirees, or compounding growth for the future. The goal of decent income from fixed interest is once again attainable.

• **Indexed growth:** Fixed Indexed Annuities (FIA) offer S&P linked growth potential. The caps and participation rates for growth potential *are determined in part by the interest rate environment when the account is opened.* Various strategies currently allow for upper single-digit, and even well into

*"Retire by Thermostat, not..." continues on the next page.*

“Retire by Thermostat, not...” continued...

double-digit growth potential. These rates are the best we’ve seen in well over 15 years. In addition to principal protection, each year’s credited growth also becomes protected from future market loss.

“Year to date, FIA sales increased by 25%” (through Sept. ’23) — InsuranceNewsNet Magazine, 12/2023

• **Guaranteed Lifetime Income Riders:** Retirement requires reliable income. With increasing lifespans, many people are concerned about running out of income during later years. Notice how recent decades have put us as an individual (versus the employer) in charge of your own future retirement income, and how the industry is responding—

“Defined benefit pension plans...are going the way of the dodo.... In 1980, nearly 40% of private employers offered pension plans to employees. Today the percentage has fallen to less than 15%.” —Diane Boyle, senior VP for government relations at NAIFA 12/2023

“...the world’s fourth-largest asset manager, is launching a 401(k) investment product that lets savers convert their retirement nest eggs into a steady income for life via an annuity...” —“Fidelity and State Street Push to Make 401(k) Offerings More Like Pensions,” by Anne Tergensen, Wall Street Journal, 4/20/23

Annuities with income riders allow you, as an individual, to set your own income thermostat... and guarantee that income for life! These are very powerful planning tools. (Please see “Case Study” on page 3.) They do often include fees, and for various reasons, may not be appropriate for everyone. Current interest rates have improved these options and guarantees, making now an excellent time to review and strengthen retirement plans.

Many Fixed Annuities enable you to retire “by thermostat.” They can give you the ability to determine the income you want, to establish guaranteed principal protection, achieve growth potential, and guarantee lifetime income. **With time-tested strategies like these working for you, you may also feel better able to focus on and enjoy your real retirement goals: family time, travel, hobbies, volunteering, etc.**

Please reach out to us at (920) 233-0033 for a no fee, no obligation review of your important retirement planning objectives. —Raymond Loth

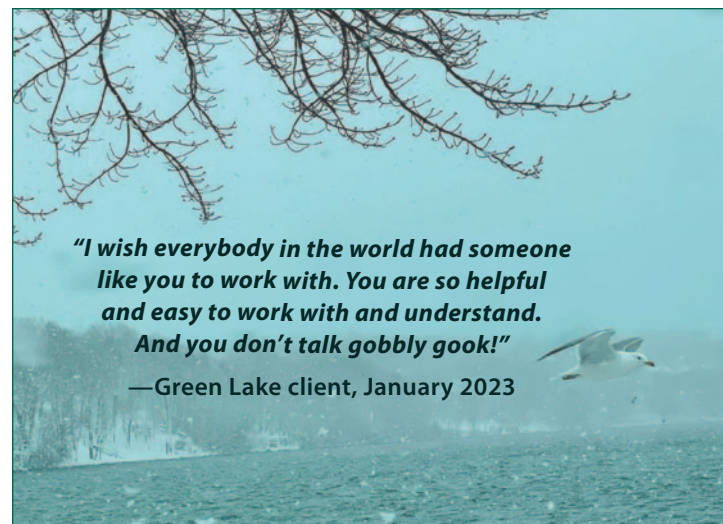
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Annuities are long term financial products designed for retirement income and may not be suitable for everyone. They involve fees, expenses, and limitations, including surrender charges for early withdrawals. Some include optional riders and benefits that may come at additional cost. Annuity guarantees are backed by the financial strength and claims-paying ability of the issuing company. Annuity

product and feature availability may vary by state. The rates provided are hypothetical only and should not be considered when making a financial decision.

I am a licensed insurance professional. I am not affiliated with the Social Security Administration or any government agency. The information provided should not be considered as an offer of any product. You can use a variety of funding vehicles to plan for your retirement. You should consult with your financial professional to help you determine what is most suitable for your needs.

The example shown is for illustrative purposes only and is not guaranteed. It should not be construed as advice designed to meet the needs of an individual situation. Please seek the guidance of a professional regarding your specific financial needs. Consult with your tax advisor or attorney regarding specific tax or legal advice.



“I wish everybody in the world had someone like you to work with. You are so helpful and easy to work with and understand. And you don’t talk gobbly gook!”  
—Green Lake client, January 2023

Geneva Lake, WI; photo by Ray Loth

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**Certainty Select®**

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**Contact me today for more information:**

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\*Additional guaranteed periods available. Rates are based on the company’s 11/16/2023 declared interest rate for the Single Premium Deferred Annuity (Certainty Select Annuity). The initial rate guarantee period is 3, 5, 6, 8, or 10 years, which you choose. Initial rate subject to change. Surrender charges are in effect for partial withdrawals in excess of the Free Withdrawal Amount or a full surrender before the end of the Guarantee Period. Surrender charges are a percentage of the Accumulation Value, and decline annually: 10, 10, 9, 9, 8, 8, 7, 7, 6, 5%. The Surrender Charge Period matches the Guarantee Period. Surrender Charges may vary by state. Product features may vary by state. IRAs/qualified plans are already tax-deferred; consider other annuity features. EquiTrust Life Insurance Company cannot give legal, tax or accounting advice. Your personal tax advisor can provide important information with respect to the purchase of this annuity contract and its taxation. Contract Form Series ET-MYG-2000(06-09) or ICC13-ET-MYG-2000(07-13). Group Certificates issued on Form Series ET-MYG-2000C(06-09). EquiTrust does not offer investment advice to any individual and this material should not be construed as investment advice. Products underwritten, issued and distributed by EquiTrust Life Insurance Company, West Des Moines, IA, 1045-CTY-EM-EXT-01-24. Collier Legacy Planning promotes EquiTrust products, but is not an affiliate company.

“Relationships are the key to retirement. The best predictor of longevity, health, and happiness in later life is the quality of your relationships. That is the finding of the Harvard Study of Adult Development, which has followed families for decades.”

—“Retirement Advice...” by Veronica Dagher and Anne Tergesen, Wall Street Journal 7/5/23

## Case Study

### A Case for (Early) Replacement... and Guaranteed Lifetime Income\*

In a recent review with one of our clients, they expressed an interest in available options based on the current interest rate environment.

We focused on a Fixed Indexed Annuity that they had progressively funded with \$525,000 after multiple 401(k) rollovers. This principal protected account had done well. Despite the financial uncertainty during the 2020 pandemic, 2022 market volatility, and approximately \$150,000 of withdrawals they had earned over \$70,000—along with peace of mind.

Our discussion confirmed that all was continuing well with their current finances. We then shifted to considering options for adding income in future years. This would be helpful if expenses increased, but also if one spouse were to die, thereby reducing Social Security. The couple had already been thinking about this.

Since the current annuity was still in its surrender charge period, we explained that there would be a penalty for early withdrawal on some of the funds. They felt this was worth it given the higher rates now available.

The couple decided to accept an early withdrawal penalty of approx. \$15,000 and rollover \$365,000 from the account to a newer annuity with a Guaranteed Lifetime Income Rider. The initial bonus put the starting new account value at \$401,500. This left them over \$66,000 in the older account, in addition to other assets. This flexible new account guarantees lifetime income for the wife of over \$3,600/mo. (\$43,200/yr.), if started after 6 yrs. This could also be doubled to over \$7,200/mo. (\$86,400/yr.) if she were to need long term care type of assistance. These clients were happy to update their retirement planning based on their circumstances and current economic conditions.—Raymond Loth

\* Please see footnote with cover article on page 2.

^ The examples shown are hypothetical only. Income payment amount results may vary. Information and estimates are only intended to demonstrate concepts available and are incomplete and subject to company specific information. Some figures, while retaining accuracy, have been adjusted for purposes of confidentiality. The example shown is for illustrative purposes only and is not guaranteed. It should not be construed as advice designed to meet the needs of an individual situation. Please seek the guidance of a professional regarding your specific financial needs. Consult with your tax advisor or attorney regarding specific tax or legal advice.

Yinan Chen, Wikimedia Commons



## Ask the Professional...

“I have an older annuity. Can I take advantage of the recent rise in interest rates with a new account?”

There may be potential pros and cons to replacing an older annuity\* with a newer one.\*\* However, regulators and insurance companies look with caution on such exchanges so as to evaluate if they are truly potentially beneficial for the consumer.

Depending on how many years you have on your original contract, you may still have penalties, or early surrender charges on your annuity. Transferring funds to a new annuity may also mean that you have less liquidity or penalty-free access to your money. These concerns however, may be reduced if a new account offers growth potential that exceeds the older account. Some new accounts also have initial bonuses which may help offset penalties. Many people also have access to other funds for unexpected expenses. Much depends on the specifics of your circumstances as well as your personal feelings and objectives.

**With fixed growth accounts**, if you can guarantee 5.25 to 6.00% interest for 3 to 10 years, that may mean earning an extra 2 to 3% each year on a new account. This can add up over time, and potentially compensate for any early withdrawal penalties from your older account. Of course, no one knows what rates will be offered in the future—they could be higher, or lower.

**With indexed linked accounts**, future growth is based on the performance of an index, like the S&P. As an example, an older account may have an annual growth cap of 4.25% and a new account may offer a cap of 9.25%. So, there may be a case for considering the new account given its higher long term growth potential.

In conclusion, I believe that many if not most financial decisions should be based on (1) the financial component, and (2) what lets you sleep at night. As individuals, we all have different circumstances and feelings about even similar matters. Our goal is for you to continue to be happy with whatever planning we have done together...so you can sleep well. —Raymond Loth

\* Please see footnote for cover article on page 2.

\*\* While the focus of this article is replacing an annuity with an annuity, the principles under discussion may also apply when considering using other funds for transfer to a new annuity.