Collier Legacy Planning llc

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• Butterfinger Dessert •

Summer is just around the corner!

Here is a no-bake recipe that's easy to put together and you let the freezer do the rest! —*contributed by Barb Schlaefer*

Filling:
2 cups milk
1 quart vanilla ice cream
2 (3.5-ounce) packages instant vanilla pudding

Crust:
1/2 cup butter
1-1/2 cups crushed Graham cracker crumbs
1/2 cup crushed Saltine crackers

Topping:
1 (8-ounce) container whipped topping
4 (2-ounce) Butterfinger bars, crushed
Reserved cracker crust mixture
(*Optional:* chocolate sauce, to drizzle on top)

1 • Combine milk, ice cream, and dry pudding mix in a large bowl. Place in refrigerator.

2 • Melt butter in saucepan; pour over cracker crumbs in a large bowl. Stir well. Reserve a rounded 1/2 cup of crust mixture for topping, and pour the rest into a 13-by-9 inch pan, patting into an even layer on bottom.

3 • Spread the milk, ice cream, pudding mixture over crust. Freeze 1 hour.

4 • Spread whipped topping over filling. Mix crushed Butterfinger bars with reserved crumb mixture. Sprinkle over top and return to freezer to set. (Garnish with chocolate sauce, if desired.) Serves 10 to 12.

Photo: Again Erick, Wikimedia Commons

Legacy Planner

Retirement • Income • Medicare

Summer 2022

Photo by Ray Loth

Do You Have "an Interest in Interest*"?

By Raymond Loth

in-ter-est **1.** The state of wanting to know or learn about something. **2.** Money paid regularly at a particular rate.

Interest rates are finally on the rise and are likely to continue that pattern for at least the near future. For savers, this is a good thing, especially after historically low rates for an extended period of time. Conversely, borrowing costs are also going up. Combined with inflation, geopolitical concerns, ongoing supply chain issues, high debt levels, de-globalization, etc., it's reasonable to expect economic tradeoffs for our long-awaited raise on savings. Of course, only time will tell just how this all plays out.

"At a time when returns on other assets might be lower than in the past, it pays to make the most of your cash."
—Jason Zweig, "Start Getting Fatter Gains on Your Cash', *Wall Street Journal*, 4/22/22

This combination of (1) increasing interest rates, and (2) economic uncertainty, underscore why many retirees and pre-retirees are taking a renewed interest in interest. While interest, or "money paid regularly at a particular rate," may not be particularly exciting, it can actually accomplish much for a retirement plan. (See Case Study on page 3.) Some people are interested in ***achieving interest* simply for the sake of growth**. Others are ***interested in facilitating actual income*** to cover living expenses. Let's discuss each of these separately.

"An Interest in Interest" FOR GROWTH

Fixed annuities generally have higher yields than other financial vehicles, including CDs. They have 2 basic options (See insert.) for fixed interest rates**: a Multi-Year Guarantee (MYG) or a traditional fixed account. Some prefer the guaranteed rate MYG, others prefer one that can adjust after the first year. One question that often comes up is that of timing: ***"If I open an account now, what if rates go up more in the future?"***. Again, the basic fixed annuity may go up with rates in the future. Here are some additional points that may help.

• • **There is an opportunity cost to waiting.** For example, if instead of putting $100,000 in a 3 year account at 3.35%, what if I decide to wait 1 year for an even higher rate? In order to earn the same $10,390, I'd need to find a 2 year account earning over 5%. Waiting has a cost, and it may not be worth it.

• • **Many also benefit by staggering timing on accounts, referred to as "laddering".** Laddering not only staggers your entry points to rates, but also gives you greater overall liquidity by having accounts coming due in different years!

"Do You Have 'an Interest in Interest'?" continues on the next page.*

We receive multiple emails each week on company offerings for fixed rates and **we will continue on the lookout for your best… "interest"**!

"An Interest in Interest" FOR DEPENDABLE INCOME

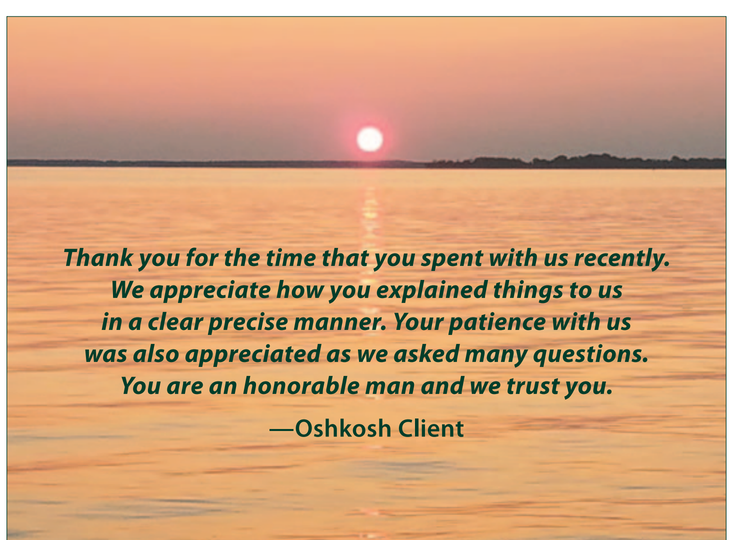
Retirees wisely recognize the need to create **truly dependable income for basic living expenses.** Truly dependable income is the sort that you do not need to second guess, or reduce, during times of market volatility like the first half of 2022, 2020, late 2018, etc. Interest in real income planning strategies will likely continue to increase, not only due to the interest rate environment itself, but also as retirees and pre-retirees **seek to turn "retirement UNknowns" into "retirement KNOWNS"**.

"When bear markets occur, retirees have to take money out of a portfolio that is shrinking. That is especially dangerous early in retirement" —Anne Tergesen, *Wall Street Journal*, 4/20/22

Mainstream planning has recently called into question the reliability of their (non-guaranteed) 4% starting annual withdrawal rate for retirees. We are actually seeing positive trends in available rates for the type of planning we do and hope this will continue. **We work with companies that GUARANTEE lifetime withdrawal rates^ (relative to original principal) of 5, 6, 7, and even over 9% for persons opening accounts and starting income in their 60s**—variations are dependent on age, deferral time, etc.

We use a variety of methods for income planning, and the specifics on just how we approach it varies greatly based on factors including: immediate or deferred income, lifetime or period certain, level or increasing, married or single, health, etc. The common denominator however is that the planning that we do adds not only certainty, but also real financial value to your overall retirement picture.

"Income annuities generate more income per dollar of capital invested than any other income-generating asset class, are non-correlated with equity and bond markets, and perfectly hedge longevity risk—a powerful combination of features to address a significant set of challenges." —Financial Research Corp., "Income Annuities Improve Portfolio Outcomes in Retirement", 10/21/10



Whatever your interest is, interest is worth the interest. Interestingly, Albert Einstein called compound interest "the eighth wonder of the world". He then said that "he who understands it, earns it". Of course, you don't have to be an Einstein to understand, or to "take an interest in, interest".
—Raymond Loth

All photos: Raymond Loth

* This is not intended to offer specific advice or details on any particular asset type. While we do work with certain financial institutions, this is not intended to represent any specific company or account terms which are available only in company specific and approved materials. We also do not represent or claim to offer advice on securities.

Annuities are long term financial products designed for retirement income and may not be suitable for everyone. They may 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. Some examples shown are hypothetical only and there is no guarantee of individual results, your decisions should be made in light of your own financial situation.

** There are other "Fixed annuity" options called "Fixed INDEXED annuities" (FIAs) which credit interest based in part on the movement of an index, instead of at a fixed rate. This article isn't intended to discuss or explain the operation of FIAs.

^ We will examine this subject more thoroughly in a future newsletter.

"You have a duty to not agree with your clients if they seem to be off track….to give more boring advice about diversification, to get their expectations in line….I'd like to thank you advisors for what you do. You are promoters of stability and concern for the future…"
—Robert J. Schiller, economist, author, 2013 Nobel Laureate for economic sciences
(during a live webinar 4-20-22 with select advisors, when asked in closing what advice he has for advisors)

Case Study

Safe, Simple Growth. . . with Access

Mr. and Mrs. W came to me about 10 years ago seeking some options for safe growth on savings. They were skeptical of anything outside the local bank, but desired more growth.

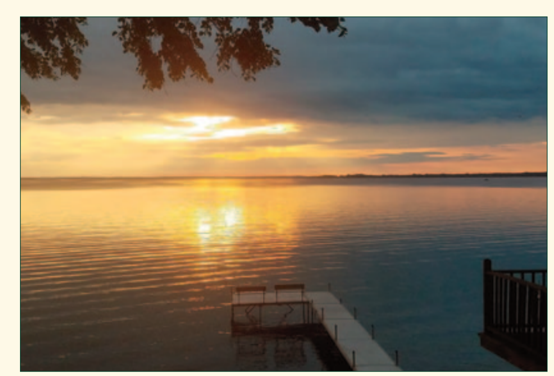
Over the next one and a half years they opened two accounts through me for $100,000 each. They had a minimum of $34,000 penalty free access after the first year, which they never needed. After 2 years, these accounts had an option for full withdrawal or to continue at a higher rate guarantee. They continued the accounts and took advantage of the 2% rate stepping up to 3.45%. After about 6-1/2 years they had safely earned $46,800. They know interest rates had been better in years past, but were still very glad to be safely experiencing real growth.

In a subsequent annual meeting, I explained that the accounts had now lowered the rate after the original 5 years was done because the money was 100% available. We then discussed options for renewal** with a higher fixed rate. Since they didn't have real plans for the money, they used the full $246,800 to open a new 5-year MYG (Multi-Year Guarantee) account that guaranteed 3.75%.

We are about 3-1/2 years into the 5 years and here is where they stand:

• Rate	**3.75%**
• Premium	**$246,800 *(orig. $200,000)***
• Curr. Account Value	**$280,066**
• Cash Out Surr. Value (early)	**$275,844**
• Penalty Free wd available	**$70,286**

These clients are very content and happy with this simple fixed rate. They feel they've done much better than they would have at the bank over the years, and are also glad not to have to worry about market losses and volatility.



* Please see footnote * in main article on page 2. Some examples shown are hypothetical only and there is no guarantee of individual results. Your decisions should be made in light of your own financial situation.

** Replacements to a new policy include a new schedule of early surrender penalties and may not be suitable for everyone.

Ask the Professional…

Do increasing interest rates also benefit INDEXED annuities?

Yes they do. Fixed Indexed annuities (FIAs) are built on the same financial foundation as traditional fixed annuities and Multi-Year Guarantees (MYG).

Although FIAs are primarily used to seek index-linked (like the S&P) growth credits, a vital part of this process involves a mechanism dependent on fixed interest rates. So, the higher the interest rate environment is, the better positioned FIAs are to achieve market linked growth. This is due to the greater fixed yields producing a larger "options budget" for the respective index. You might think of it as a man who soon earns more at his 9-to-5 job now having extra to invest in his rental properties, where his earnings can multiply if they do well. So higher interest rates, mean FIAs have more to work with to pursue index linked growth.

There is another aspect of rising interest rates that may prove to be of value for FIAs. Likely, the ultimate objective of raising interest rates and the desired result to the economy is for eventual reduction in market volatility and a resumption of more stable growth. These factors impact indices that FIAs are linked to. Of course, we don't know when that will change, but we can say it will be good for FIAs when it does.

Our objective and comments are not to suggest endeavoring to time or anticipate the extent of possible changes. In fact, one of the primary benefits of FIAs is that many feel like you can have your cake and eat it too as respects growth potential, yet principal protection if volatility is persistent. However, when a rising interest rate environment eventually leads to steady growth in indices like the S&P, then yes, FIAs are ready to participate in some of that growth. Of course, FIAs have principal protection for times of negative growth. Another feature of these types of accounts is that the market linked growth that you are credited on your annual statements also becomes protected from loss due to future volatility. **That is a win, win, win for you.**

So, rising interest rates may represent increased benefits for FIAs. For these and other reasons, many retirees and pre-retirees use them as part of their financial strategy to provide real confidence in retirement.

Please see footnote in main article on page 2.