

Defined Benefit Annuity

PATENT PENDING



Building Towards a **Secure Retirement** with **Defined Benefit Annuity**

CASE STUDY

GBU  Life®

CASE STUDY

John Smith is planning his retirement. Concerned about the stability of social security and the lack of traditional pension plans, he has decided to explore options to create a more stable and secure retirement income. This case study illustrates how he utilized GBU Life's Defined Benefit Annuity to create a personal pension plan and achieve his retirement goals.



BACKGROUND

- John Smith: 37 years old, software engineer
- Retirement Goal: To retire at age 65 with a guaranteed income to cover his living expenses

THE CHALLENGE

John was concerned about the future of social security and lacked access to a traditional pension plan. He wanted a reliable source of income during retirement without exposing his savings to high risks. His objectives were:

1. **Establish a personal pension plan** to create a guaranteed retirement income stream.
2. **Invest in a safer option with growth potential** to help secure hard-earned retirement savings.
3. **Monitor and adjust contributions** to ensure a comfortable income level during retirement.

THE SOLUTION

After consulting with his financial advisor, John decided that the Defined Benefit Annuity, driven by the Future Flex Fixed Index Annuity, would best fit his needs. Using the Defined Benefit Annuity's online tool, John inputted some basic information:

- Age: 37
- Target Retirement Age: 65
- Initial Deposit: \$10,000
- Target Retirement Income: \$50,000 annually
- Assumed Credited Interest Rate: 7%

Based on the above information, the system suggested a **monthly contribution of \$630.82** to help him achieve his target retirement income.

This is the amount that John will contribute to get started. However, John will receive an annual report comparing the assumed rate of 7% to the actual rate earned during the prior year. This report, in combination with the online tool, will allow him to adjust his contributions based on each year's actual performance.

Actual year-one interest rate: 10%

Based on the first year's high performance, he had two options:

1. Decrease contributions to \$594.72 while staying on track to meet his target retirement income.
2. Maintain contributions at the same amount to potentially increase his projected retirement income.

John chose to reduce his monthly contributions.

RESULTS

Using the annual report and online tool, John was able to reduce his contributions without compromising his retirement goal and use the money saved for other expenses. Over the years, John was able to readjust his monthly contributions as interest rates fluctuated and stayed on track, retiring by 65 and meeting his income goal of \$50,000.

Actual year-one interest rate: 4%

Based on the first year's low performance, he had two options:

1. Increase his monthly contributions to \$667 to stay on track to meet his target retirement income.
2. Maintain the same amount and potentially decrease his projected retirement income or increase his retirement age.

John chose to increase his contributions to offset the lower performance of year one.

RESULTS

John was able to offset poor-performing years by increasing his contributions temporarily. Once interest rates increased, he was able to readjust his monthly contributions closer to his original estimate. While years with a lower-than-expected interest rate would typically have potentially delayed retirement, John was able to proactively make adjustments to ensure he would retire on time and meet his income goals.

CONCLUSION

John's journey with the Defined Benefit Annuity demonstrates how a well-structured retirement plan can provide increased security and happiness. In example one, a high-performing first year allowed him to lower his monthly contributions. In example two, the online tool helped him adjust his contributions after a lower-performing year. In both examples, John achieved his retirement goals, helping to ensure a stable income so he can enjoy retirement more and worry less.





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This case study is an example and is for illustrative purposes only. Your individual circumstances, initial premium payment, features, and options selected at the time of application determine the payout amount you will receive. Your selection of options and features may reduce your payout amount.

Information and projections generated by the tool are hypothetical. Calculations do not reflect actual investment results and/or present or future guarantees. Estimates provided by the tool are not binding and may be subject to additional considerations, including taxes.

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