2026 **Advanced Sales Forum**

Rooted in Knowledge — Aligned for Growth

Mistakes and Opportunities With Lifetime Income for Retirees

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Mistakes and Opportunities With Lifetime Income for Retirees

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Steve Parrish, JD, RICP®, ChFC®, CLU®, AEP®

Professor of Practice and Scholar in Residence

The American College of Financial Services

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A Quick Note

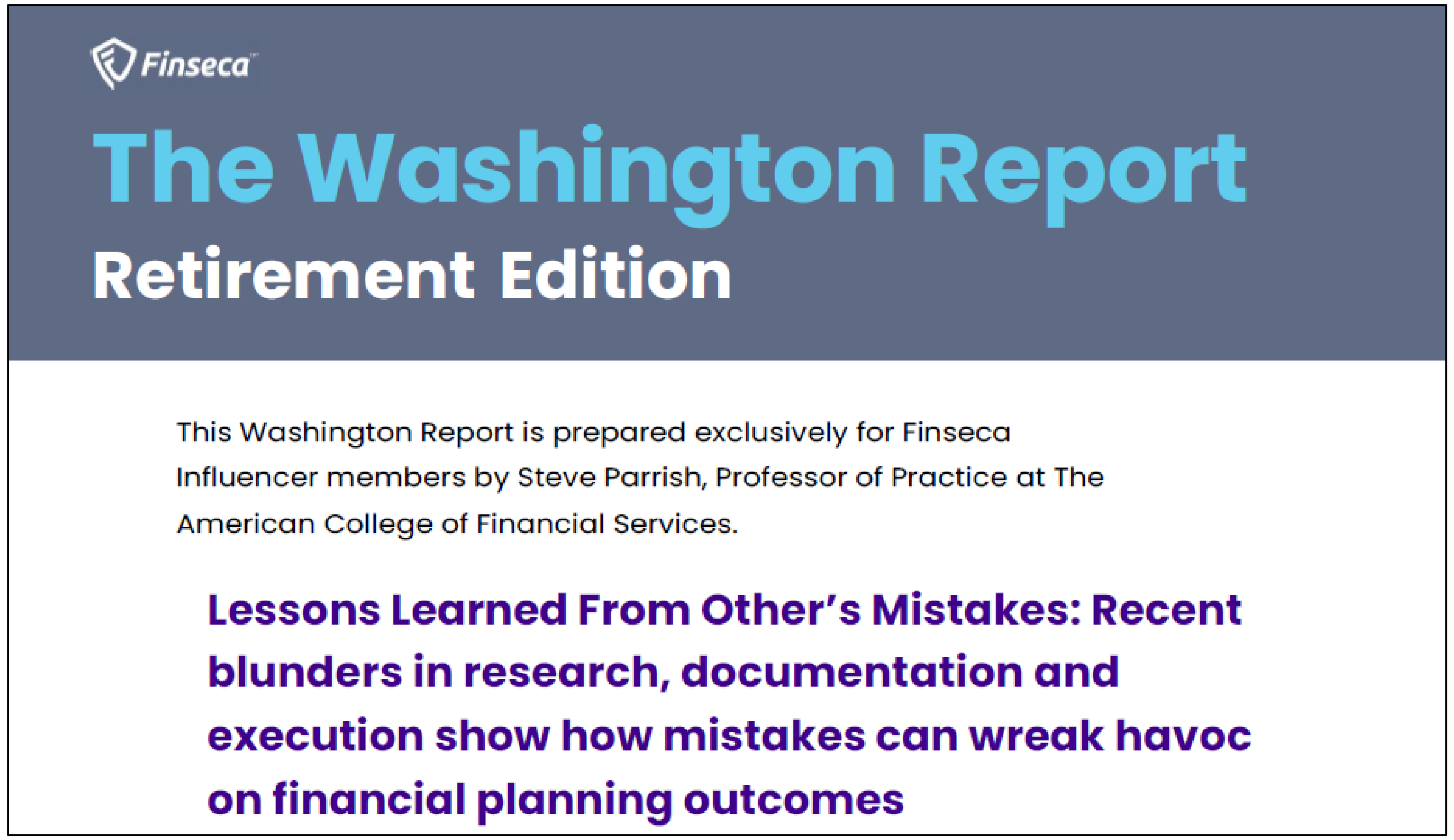
The ideas in this presentation are for consideration and discussion among financial services professionals. The speaker is not engaged in the practice of law, and any concepts presented or discussed should not be taken as specific legal or tax advice.

All research and slide creation was either done without A.I. or independently corroborated by the presenter

MISTAKES: First, do no harm (primum non nocere)

- Mistakes in planning
- Mistakes in documenting
- Mistakes in execution

- Tougher to fix in retirement:
  - ❑ Fixed income
  - ❑ Decumulating
  - ❑ Retirement mentality


Finseca

The Washington Report

Retirement Edition

This Washington Report is prepared exclusively for Finseca Influencer members by Steve Parrish, Professor of Practice at The American College of Financial Services.

Lessons Learned From Other's Mistakes: Recent blunders in research, documentation and execution show how mistakes can wreak havoc on financial planning outcomes

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Mistakes in Research

"That Time 730,000 People Got Misleading Roth Conversion Advice." (2025)

A.I. Washing: DOJ and SEC cases against CEO of an AI startup for allegedly misleading investors about his former company's product capabilities with "AI-enhanced" financial tools" (2025)

76-year-old loses $1.6 million savings to AI investment scam

NBC NEWS April 15, 2026

Rethinking65
For Advisors Managing Wealth for Life's Second Half

Money

When the Biggest Risk Isn't the Market

For retirement clients, behavioral missteps often do more damage than bear markets. Advisors can rewire the conversations.

By **Charles Champagne** | June 10, 2026

"It comes back to two things: reliable income and not losing what they spent a lifetime building."

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Mistakes in Documentation

Rethinking65
For Advisors Managing Wealth for Life's Second Half

A Planning Oversight Costs a Family Business $1 Million

A recent appeals-court case highlights the importance of not just good planning but also proper execution.

By **Steve Parrish** | July 18, 2023

(Connelly v. United States, 602 U.S. ___ (2024))

Blended Family Faces $2 Million Oversight

The innocent failure to follow the rules of a pretty vanilla estate-planning technique led to outsized consequences for this family.

By **Steve Parrish** | June 10, 2025

(Estate of Griffin v. Commissioner T.C. 2025)

Besaw v. Commissioner (T.C. Summary Opinion 2025-7). Lost charitable deduction because of how documented, not because of donative intent

"Yes to Text Messages, No to Video; What Counts as a Will" WSJ, 2024. A video will, despite "testamentary intent" fails

Selzer v. Dunn, (12th Circuit, 2014). $2 million dollar life insurance policy fails to be used for cross purchase obligation because buy-sell agreement was never signed

Mistakes in Execution

PCA v. Langdon, (--- F.4th ----, 2026). Failed retirement plan beneficiary change – ERISA beats state law.

Suit over $25M term life policy conversion. Did insurer receive conversion documents? (Drummond, U.S. N. AL District Court, 2026)

Pascucci v. Commissioner, (2d Cir., 2025). A claimed theft loss deduction for the amount of the decline in value of sixteen variable life insurance policies following the exposure of Bernie Madoff's Ponzi scheme.

Rowland v. Commissioner (T.C. Memo 2025-76). Extra tax bill of $1.5 million because of untimely portability election

Sanders v. Commissioner (160 TC No. 16 , 2023). Taxpayer's online petition was logged just 11 seconds past the midnight deadline. The filing was not timely, and the petition was denied.

IRA Mistakes

ED SLOTT AND COMPANY, LLC
America's IRA Experts

5 COMMON IRA MISTAKES AND PROPER CORRECTIVE ACTION...IF AVAILABLE!

Wednesday, February 28, 2024

By Andy Ives, CFP®, AIF®
IRA Analyst
Follow Us on X: @theslottreport

Year after year, many of the same IRA errors happen again and again. Based on the volume of times these mistakes occur, it seems appropriate to create a short list of repeat offenders...and offer some advice on how to properly move forward. In no particular order, here is a handful of common IRA mistakes, along with the proper corrective measures.

1. Rolled over a required minimum distribution (RMD)
2. Contributed to a Roth IRA for a child with no earned income
3. Took two IRA distributions with the intent to roll them both over
4. Non-spouse beneficiary tried to do a 60-day rollover with inherited IRA dollars
5. Taxes withheld on Roth conversion when under age 59½

Example: Susan, age 50, converts $50,000 of her IRA into a Roth IRA, withholding 20% for taxes ($10,000).
A 10% ($1,000) penalty applies to the tax withholding as a premature withdrawal!

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Curing/Mitigating Mistakes

PLR 201430020, **PLR** 201430027, **PLR** 201821008, **PLR** 201839005, **PLR** 202519010, and **PLR** 202621003: *Various versions of spouse as qualified or IRA plan intended beneficiary*

PLR 202551017. Unlike Rowland (above), allowed an extension for *applying use of the DSUE* because upon finding the mistake they filed PLR request quickly

PLR 202624001. *No IRA beneficiary*. *Divide among 3 heirs using ghost life expectancy for RMD.*

PLR 202547005. Ruled that the division and modification of a trust will not jeopardize the trust's GST tax exemption

NOTE: ***PLR****s vary in cost from $3,500 to $43,000*

Steve Leimberg's Employee Benefits and Retirement Planning Email Newsletter - Archive Message #885

Date:	16-Apr-26
From:	Steve Leimberg's Employee Benefits and Retirement Planning Newsletter
Subject:	Denise Appleby: When IRA Records Are Missing - Reconstructing RMDs Using Reasonable Estimates Without Compromising Compliance

- Beneficiaries often fail to take RMDs for a range of reasons.
- Financial professionals are often asked to help.
- When records needed to calculate the RMD are incomplete or unavailable, a *reasonable* and *well-supported* estimation approach that can withstand IRS scrutiny may be necessary.

Consumer's "Job" in Retirement Planning

- Pre-retirement: advice, investments, risk
- At retirement: *the big three* - Employer, Social Security and Medicare benefits
- In retirement: income, expenses, and risks

Why Lifetime Income?

BEHAVIORAL

- ✓ Freedom to spend
- ✓ Mental Accounting
- ✓ Ease
- ✓ Safety

FINANCIAL

- ✓ Longevity risk
- ✓ Liquidity
- ✓ Remaining portfolio
- ✓ Sequence of return

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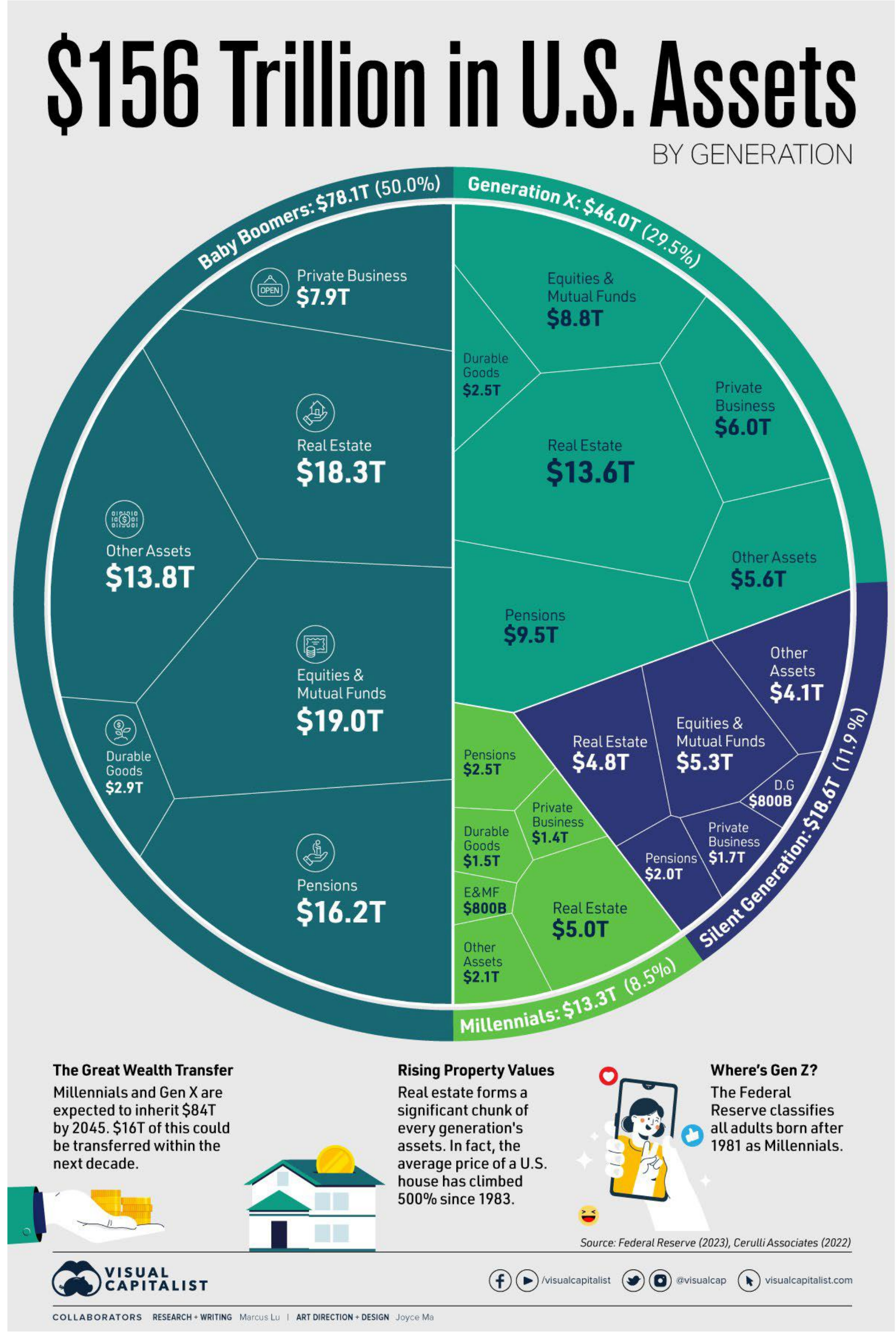
Gen-X: the "Risk Sandwich" Generation

<u>Systemic Risks</u>

- Market volatility + negative sequence risk
- Higher interest rate and inflation uncertainty
- Longevity + healthcare and LTC cost pressure
- Employment shocks in late career (age discrimination, AI skills, caregiving interruptions).
- Social Security + Medicare government benefits risk

<u>Personal Balance Sheet Risks</u>

- "Sandwich generation" cashflow
- Reliance on DC plans and self-directed investing



With thanks to **Jason J. Fichtner**, PhD
Executive Director
LIMRA Retirement Income Institute

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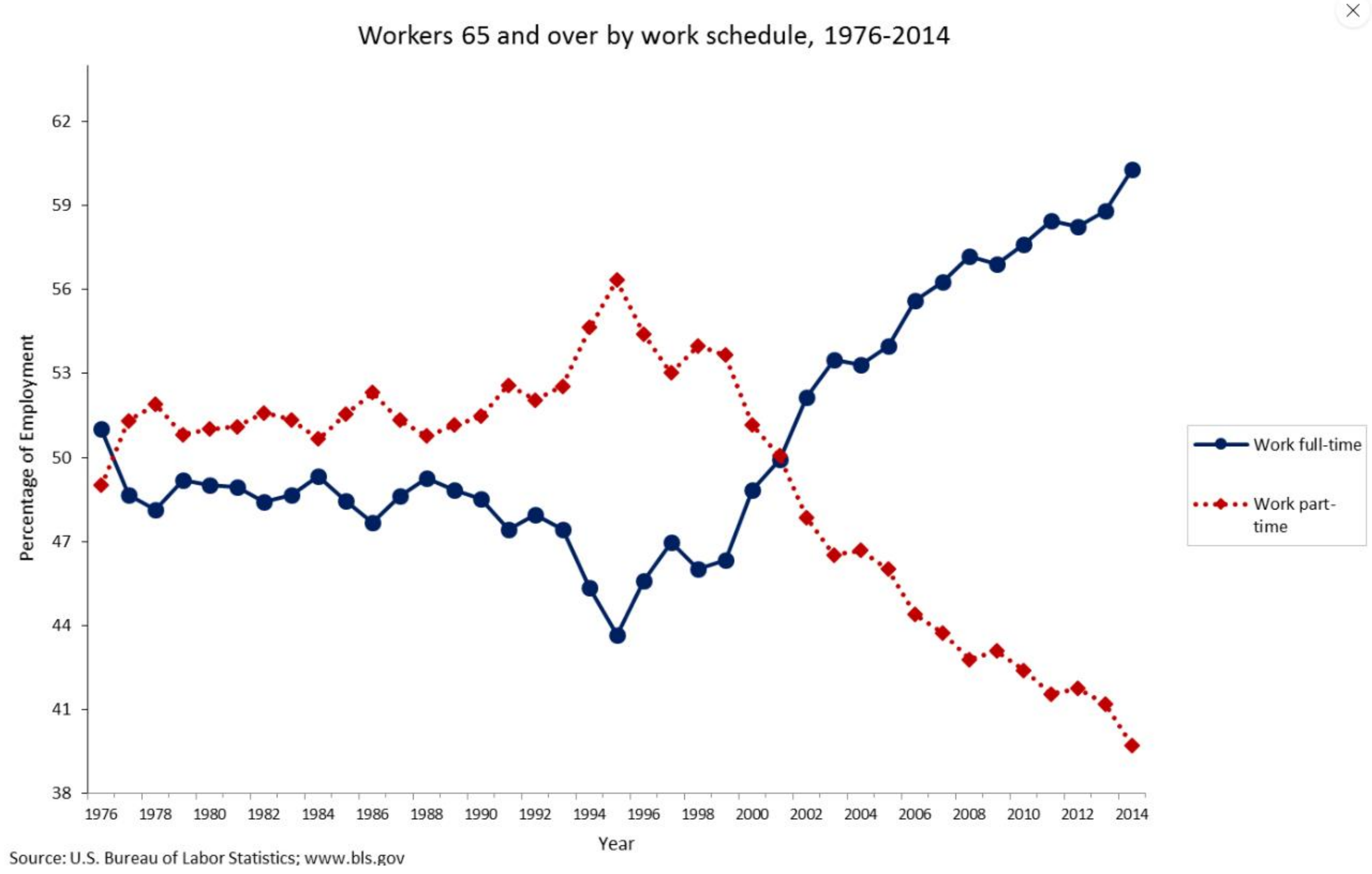
Lifetime Income Sources

- Continued employment
- Social Security maximization
- Pensions and In-plan annuities
- Commercial annuities
- Tenure Option in Reverse Mortgages
- “<u>OTHERS</u>”: rents, stock dividends, bond, TIPs & MYGA ladders, cash values, etc.



Workers over age 65 are increasingly likely to be employed full-time rather than part-time.

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Annuities: the logical lifetime income solution

Why Annuity Distrust?

- ✓ 1990s–2000s commission stigma
- ✓ Not through employer
- ✓ Complex products
- ✓ Liquidity fears
- ✓ Control mindset

Why They're Needed Anyway

- ✓ More likely to retire with a 401(k) than a Pension
- ✓ Longevity risk is hard to self-insure efficiently
- ✓ Volatility + behavioral mistakes = impaired income

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What About Inflation? *Do commercial annuities make sense?*

- It's a reverse engineered solution to fill retirement gap, and only applicable once retired
- Niche uses, e.g. non-life contingent SPIA for Social Security bridge, multigeneration SPIAs (*cash flow predictability vs. spending power*)
- Tax drag avoidance trumps tail end inflation: §72 holistic approach: deferral then annuitization

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Tax gain pays for possible inflation tail

$100,000 age 45; 5% ROR
22/12% T.B.; Annuitize @ 65

- **Invest, then Annuitize**: $<u>1,075/month</u>, with *83.31%* exclusion ratio. ($*1,053 after tax*)
- **Tax Deferred Annuity**: $<u>1,325/month</u>, with *31.45%* exclusion ratio *($1,216 after tax*)

Holistic Annuity Solution = $250 more per month gross ($163 net) **available to combat inflation at tail end**

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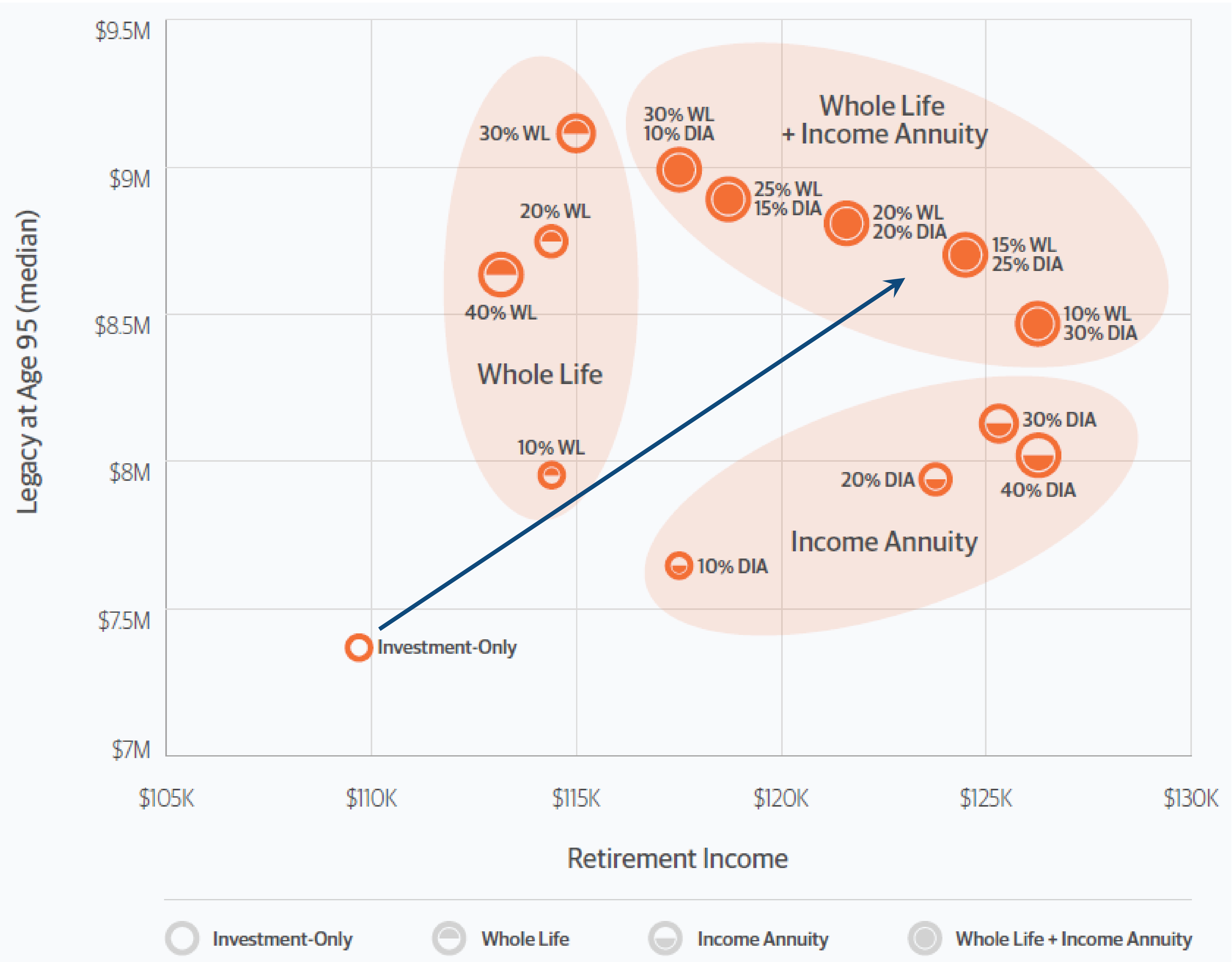
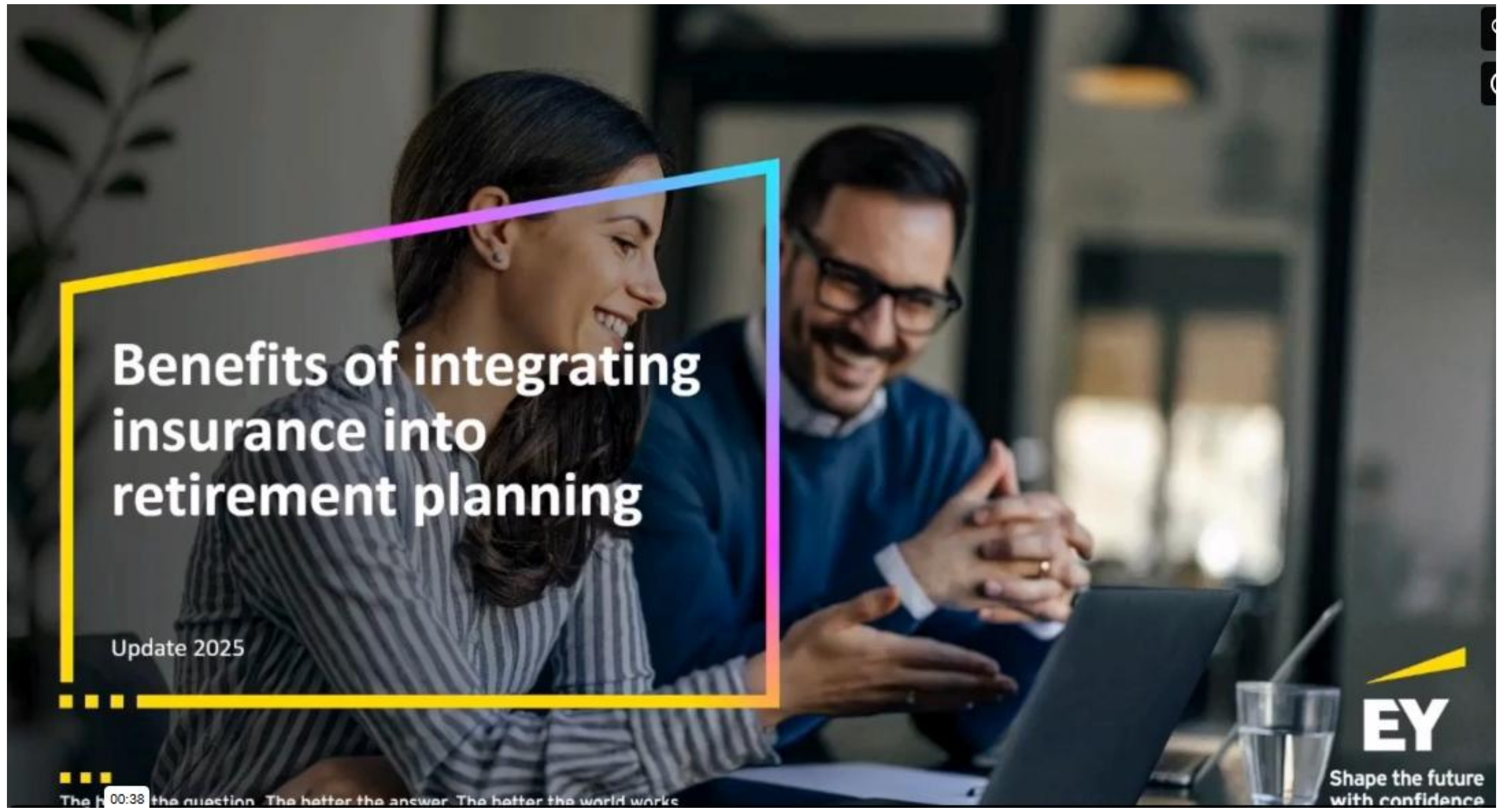
- Need to balance lifetime income with *legacy* planning

Post-retirement Balancing for Income and Legacy





Outcome vs. Investment-Only:

- **11%** higher retirement income
- **19%** higher legacy

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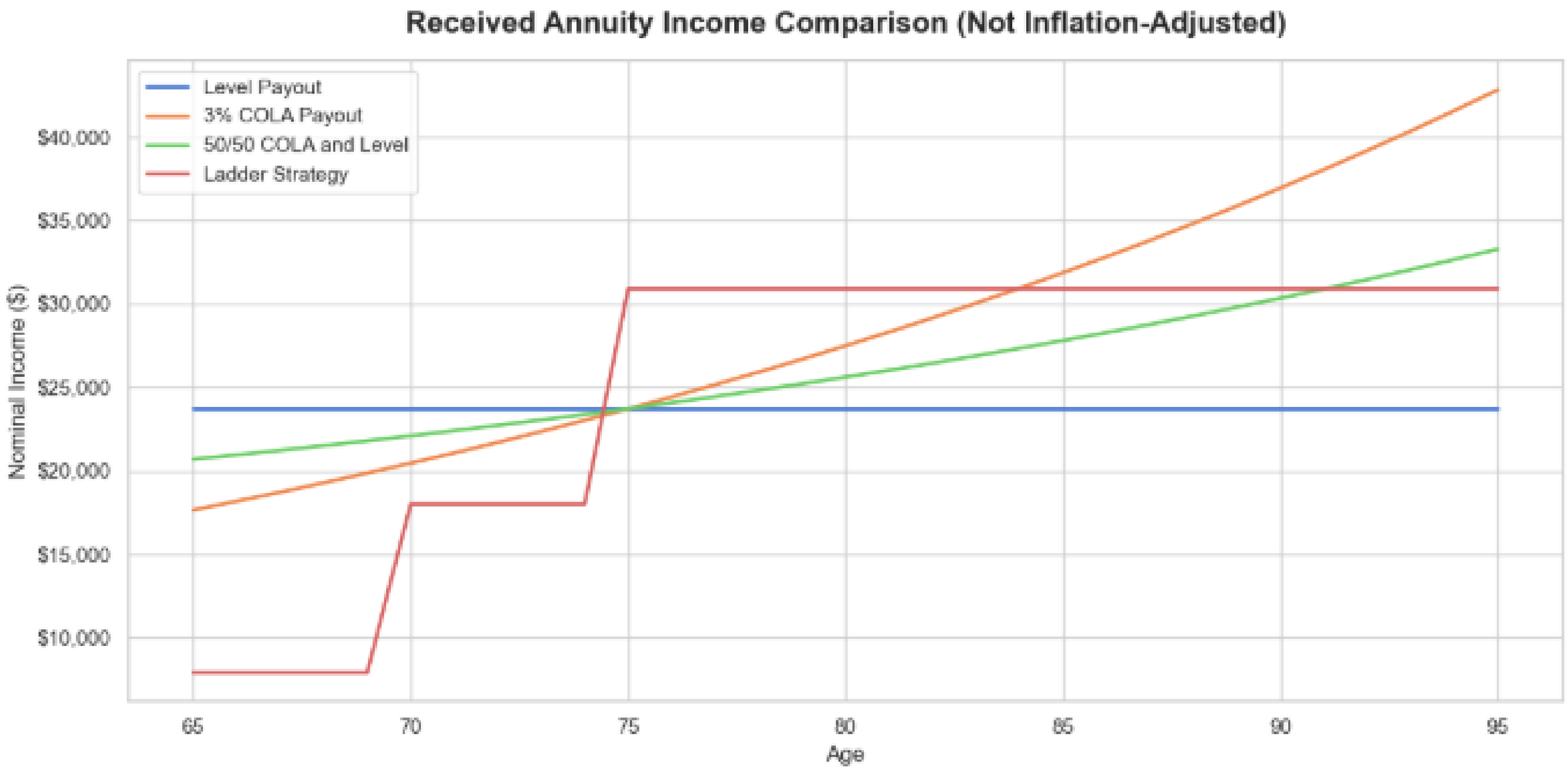
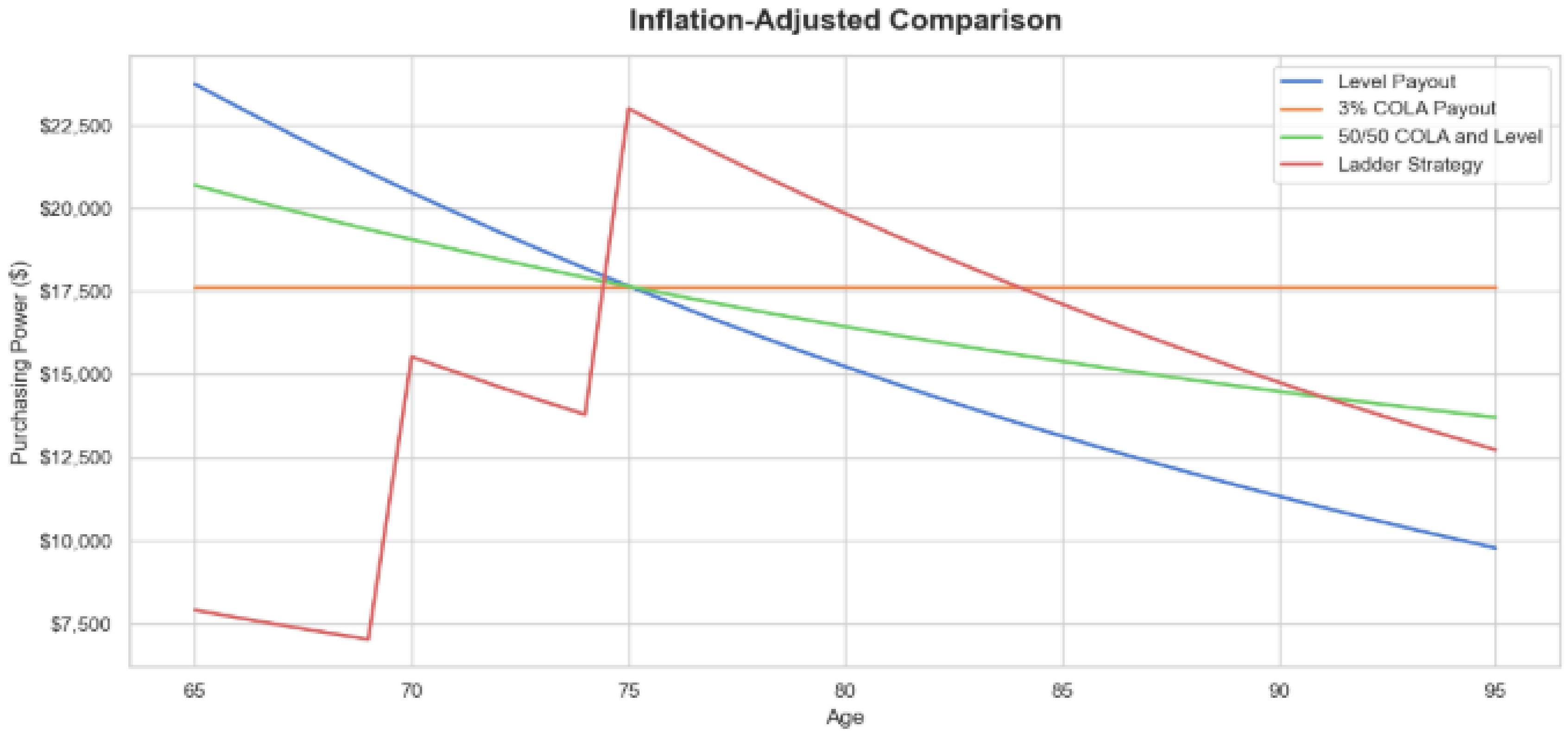
Current Solutions

- Inflation-adjusted SPIA
- COLA annuities
- SPIA ladders
- Guaranteed Lifetime Withdrawal Benefits (GLWB)





What About Inflation? *Do commercial annuities make sense?*

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- ❑ Niche uses, e.g. non-life contingent SPIA for Social Security bridge, multigeneration SPIAs
- ❑ Tax drag avoidance trumps tail end inflation: §72 holistic approach of deferral, then exclusion ratio
- ❑ Need to balance lifetime income with *legacy* planning
- ❑ Something new: ***The In-Plan annuity trend***

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Research

1.

RETIREMENT INCOME INSTITUTE

Alliance for Lifetime Income by LIMRA

RETIREMENT CHALLENGES FACING GEN-X IN THE PEAK 65® ERA

JASON J. FICHTNER, PhD AND SUZANNE NORMAN

CONCLUSION

The Peak 65® Era has revealed a fragile retirement foundation for Gen-X. Without greater financial literacy, protected income adoption, and policy modernization, this “Forgotten Generation” is entering retirement less secure than any generation before them. But PRIP 2025 data also show hope: when Gen-Xers receive advice and access to income tools like annuities, their confidence and security rise dramatically.

2.

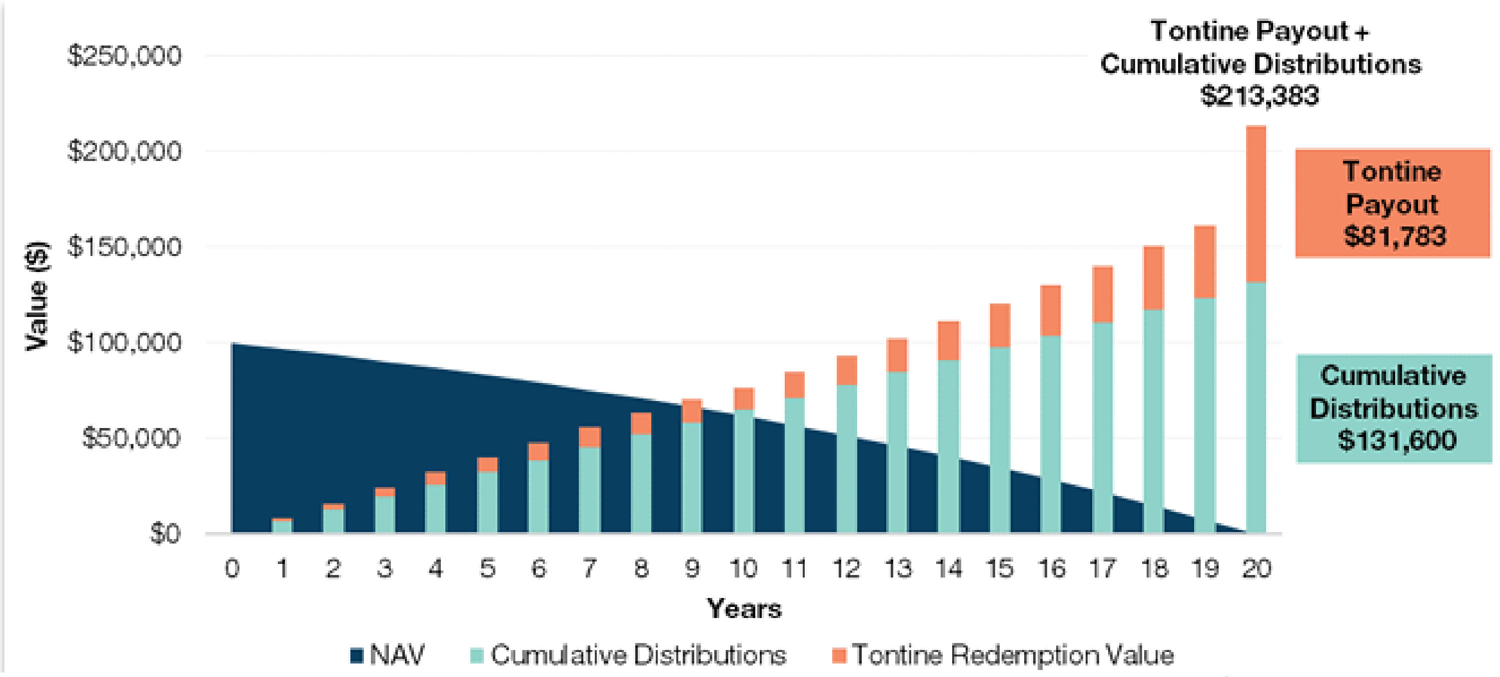
GUARDIAN CAPITAL

Modern Accumulation Tontines for Retirement Decumulation

By: Moshe A. Milevsky and Adam Murl[1]

More Canadians are getting older and retiring, while their portfolios are now being asked to work harder and for longer. Canadians need new financial products for decumulation, to help increase the longevity of their nest egg. In this whitepaper, we introduce and modernize the Tontine structure.

GUARDPATH™ MANAGED DECUMULATION – HYBRID TONTINE SERIES: THE EXPERIENCE



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Research

3.

OPTIMIZING RETIREMENT FINANCIAL STRATEGIES:
INTEGRATING ANNUITIES, DEFINED CONTRIBUTION PLANS,
AND LONG-TERM CARE COSTS

Vanya Horneff
Raimond Maurer
Olivia S. Mitchell
Julius Odenbreit

Working Paper 34460
http://www.nber.org/papers/w34460

NATIONAL BUREAU OF ECONOMIC RESEARCH
1050 Massachusetts Avenue
Cambridge, MA 02138
November 2025

ABSTRACT

Nursing home costs in the United States now exceed $100,000 per year, and government assistance programs such as Medicaid help out only when retirees are largely destitute. Moreover, health shocks driving the need for such care can arise suddenly in old age, are frequently permanent in nature, and can be associated with declining mental and physical abilities. These facts raise the important question of how households can best prepare to finance this final phase of life. Building on past research, we determine how retirees should manage payouts from defined contribution plans to balance trade-offs between consumption and health care cost shocks, using both retirement plan assets and annuitization. Our analysis explicitly integrates the role of taxes, required minimum distributions, bequest motives, and the possibility of retiree insolvency. We conclude that payout annuities, especially deferred and variable annuities, can be quite valuable for retirees, even when they face health shocks in later life.

4.

JOURNAL of PENSION BENEFITS
ISSUES IN ADMINISTRATION, DESIGN, FUNDING, AND COMPLIANCE
Volume 33 • Number 1 • Autumn 2025

The Fiduciary Risk of Not Adding Annuities to 401(k) Plans

BY TAMIKO TOLAND AND MICHAEL FINKE

The perceived risk of adding annuities to 4
plans is high, but the question comes up w
ing to give participants the option of lifetim

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401(k) annuityHUB

401(k) Lifetime Income Solutions Map

DCIIA Defined Contribution Institutional Investment Association

While Saving

TARGET DATE

- AllianceBernstein — Lifetime Income Strategy
- AllianceBernstein — Secure Income Portfolio (Variable)*
- AllianceBernstein — Secure Income Portfolio (Fixed)*
- BlackRock — LifePath Paycheck
- Fidelity — Freedom Lifetime
- Great Gray Trust Company — IndexSelect Income Series
- Great Gray Trust Company — IndexSelect Income & Growth Series
- Great Gray Trust Company — American Funds Income CIT Series
- Income America — 5forLife Target Date Series*
- J.P.Morgan Asset Management — Lifetime Retirement Income Fund
- J.P.Morgan Asset Management — SmartRetirement Lifetime Income
- Lincoln Financial — Pathbuilder Income*
- Lincoln Financial — Pathbuilder Income Powered by YouPath
- nuveen — Lifecycle Income Series (Active)
- nuveen — Lifecycle Income Series (Index)
- Principal / Vitera — LifeTime Income Builder Index TD Series
- Putnam Investments — Retirement Advantage CIT
- State Street / Vitera — GTC Retirement Income Builder TD Series
- State Street — IncomeWise
- T.RowePrice — IncomeSelect by Transamerica
- Vanguard — Target Retirement Lifetime Income Trusts

MANAGED ACCOUNT

Annuity available in managed account

- AllianceBernstein — Secure Income Portfolio (Variable)*
- AllianceBernstein — Secure Income Portfolio (Fixed)*
- Allianz — Lifetime Income+*
- Income America — 5forLife Balanced Fund*
- Lincoln Financial — Pathbuilder Income Powered by YouPath
- Pacific Life — Income Horizon
- TIAA — Secure Income Account

Program that integrates annuity

- Franklin Templeton — Personal Retirement Path+*

STANDALONE (ONLY)

- corebridge financial — IncomEdge Control
- Principal — Pension Builder

At Retirement

ANNUITY PLATFORM

- Blueprint Income
- Dietrich — Annuity
- Fidelity — Guaranteed Income Direct
- Gallagher — PensionBuilder
- Hueler Companies — Income Solutions

ANNUITY

- MetLife
- Pacific Life
- Prudential
- Western & Southern Life

MANAGED PAYOUT + ANNUITY

- T.RowePrice — Managed Lifetime Income

■ While Saving — embedded in the savings-phase lineup

■ At Retirement — accessed when drawing down savings

* Also offered as a standalone option on the investment menu

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Updated as of 2026-06-26

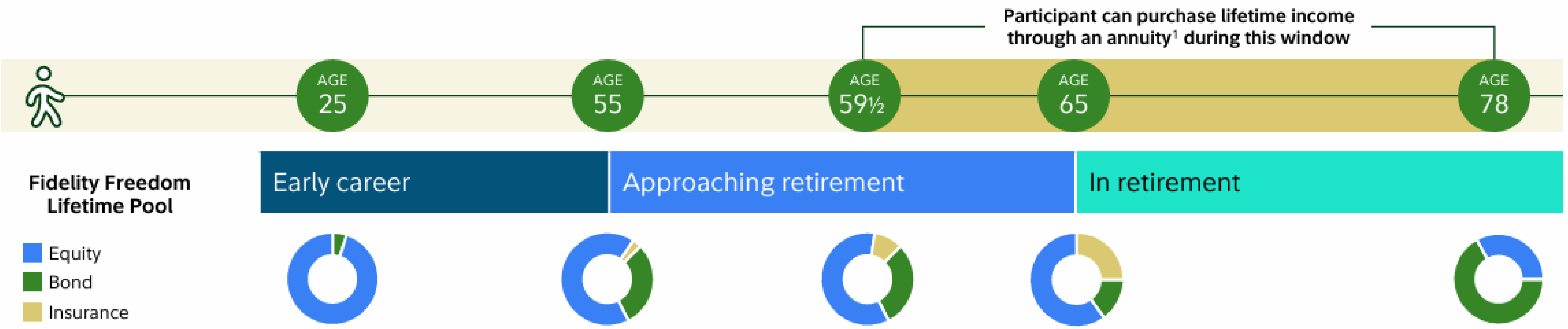
In-plan annuities post-SECURE – evolution or revolution?

Example: Acme Inc. 401k defaults to a TDF with allocations to a growing annuity "sleeve" beginning at age 55

1. The sleeve is a DIA starting @65 (with equivalents for other retirement dates).
2. Liquid (at a discount) until retiree hits the "on button" to annuitize
3. Annuity credits are locked-in (future rates can change)
4. When income begins, it is part of the 401(k)

How's It Different than commercial annuity?

- The "halo affect" of being in employer plan
- Liquidity until employee is ready to turn it on
- Ease of keeping it in the plan, no agents, etc.
- "Holistic" versus a change at retirement
- Avoids some of the rollover issues
- Possible pricing advantage (CIT, scale, less adverse selection, distribution)



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In-plan annuities post-SECURE – evolution or revolution?

POTENTIAL

- ✓ SECURE Act lowers liability to employer
- ✓ Industry "big players" have entered
- ✓ Consumer awareness of "the retirement crisis"
- ✓ Attractive to companies with cancelled DB plans, and expensive Cash Balance Plans
- ✓ Commoditization similar to 401(K)?
- ✓ Adds credibility for retail market

CHALLENGES

- ✓ Will the pricing benefit or harm the consumer?
- ✓ The handoff between fund and insurance managers is TBD
- ✓ Risk of 1099R mistakes
- ✓ Still some liability risk for plan sponsors
- ✓ CITs not available (yet) for 403(b) market
- ✓ Will the "annuity stigma" persist?

MORNINGSTAR May 26, 2026

Target-Date Funds with Annuities: Smart Innovation or Added Risk?

Why these strategies are gaining ground, and how to evaluate them.

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Reframing and Planning for Lifetime Income

REFRAME "LIFETIME INCOME"

- Words: "personal pension" "DIY DB" or "protected paycheck"
- Lead with the problem not the product
- Discuss partial allocation
- Clarify tradeoffs

PLANNING FRAMEWORK

Step 1: Separate essential vs. discretionary expenses.
Step 2: Map essential expenses to reliable income sources (Social Security, pension, in-plan or retail *lifetime protected income*).
Step 3: Invest the "upside" bucket for growth/inflation and discretionary goals.

Thank You

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