



# 2026 DISTRIBUTION AND MARKETING CONFERENCE

*Agility in Action*

**Protection as an Asset Class: Rethinking  
Portfolio Allocation for Retirement  
Income**



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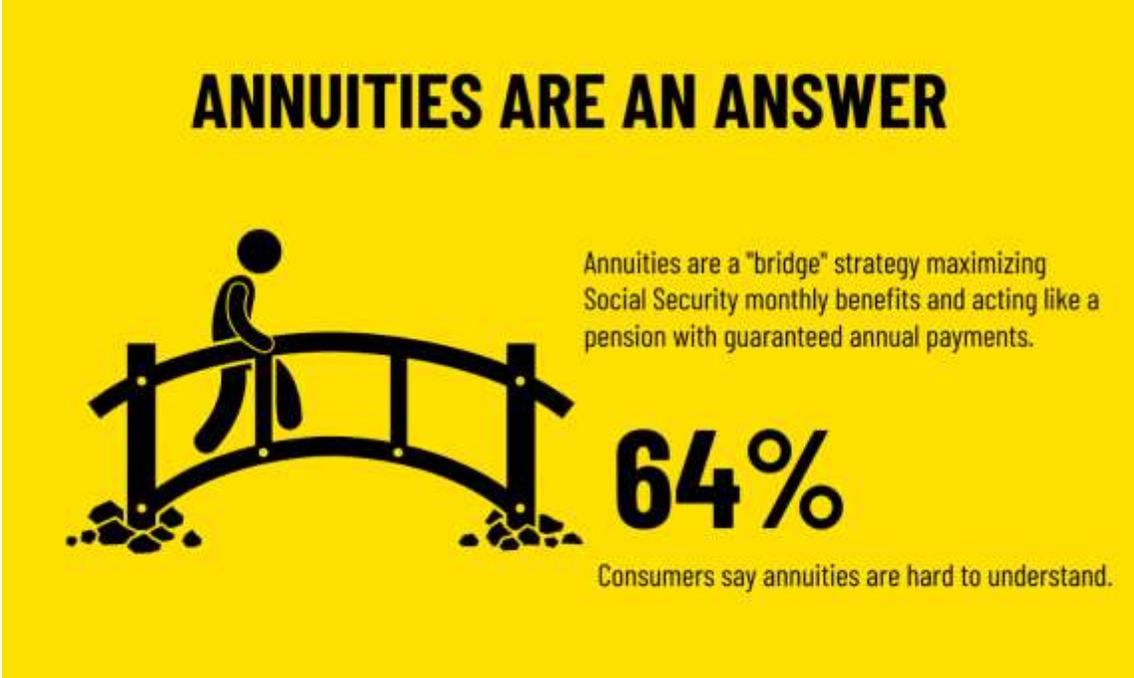
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Services

“Unlike older retired Baby Boomers, the majority of Peak 65’ers don’t have pensions, which used to help fill that gap left by Social Security. Our current retirement system is obsolete and it’s time for a new retirement security framework. We need to think about protection as an asset class.”

**Jason Fichtner, Ph.D.**  
*Executive Director, LIMRA Retirement Income Institute*

## New Social Security Framework and the Role of Protected Income & Protection as Asset Class

- The three-legged stool of retirement no longer holds:
  - Employer pensions
  - Personal savings
  - Social security
- Accumulation is the focus of the **CURRENT** framework.
- Protected income and Protection as an **Asset Class** is the focus of the **NEW** retirement security framework.



**ANNUITIES ARE AN ANSWER**

Annuities are a "bridge" strategy maximizing Social Security monthly benefits and acting like a pension with guaranteed annual payments.

**64%**

Consumers say annuities are hard to understand.

The graphic features a stylized black silhouette of a person walking across a curved bridge. The bridge is supported by two pillars, and there are small piles of rocks at the base of each pillar. The background is a solid yellow color.

## 11,200

- Demographic moment in history - 4.1 million+ Americans will turn 65 each year through 2027.
- Historic reversal...more Americans 65+ than children under age 15.



# Peak Boomers

52.5% of Peak Boomers have assets of \$250,000 or less

14.6% have assets of \$250,000 to \$500,000

23% have incomes of \$50,000 to \$100,000

**Social Security** was designed to replace 40% of income in retirement for the average worker. Today, it replaces approximately 37%.

For those over age 65:

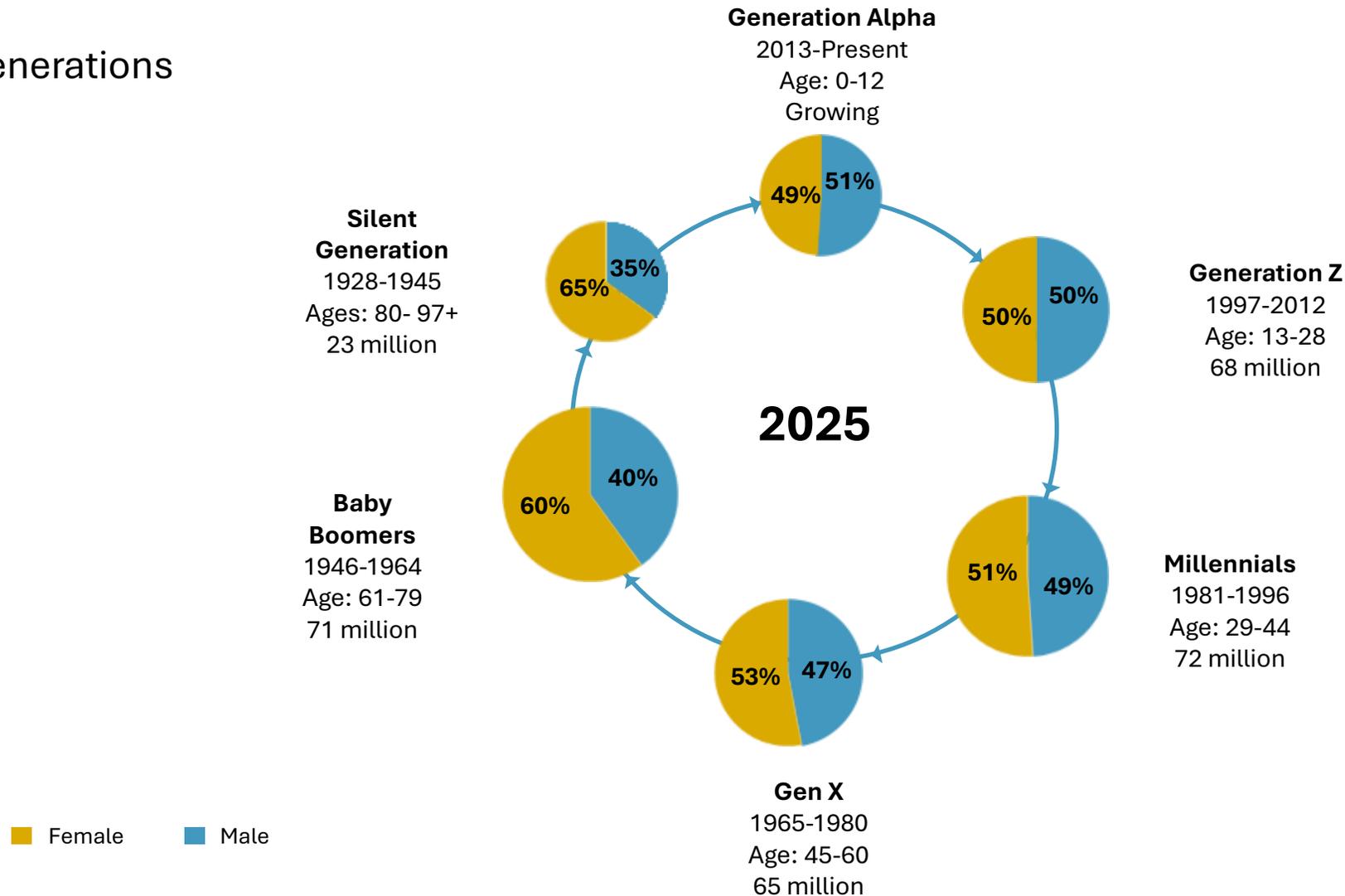
30% of income for people over 65.

50%+ of income for 42% of women and 37% of men.

90% of income for 15% of women and 12% of men.

# CHALLENGE...Not Just Today's Retirees

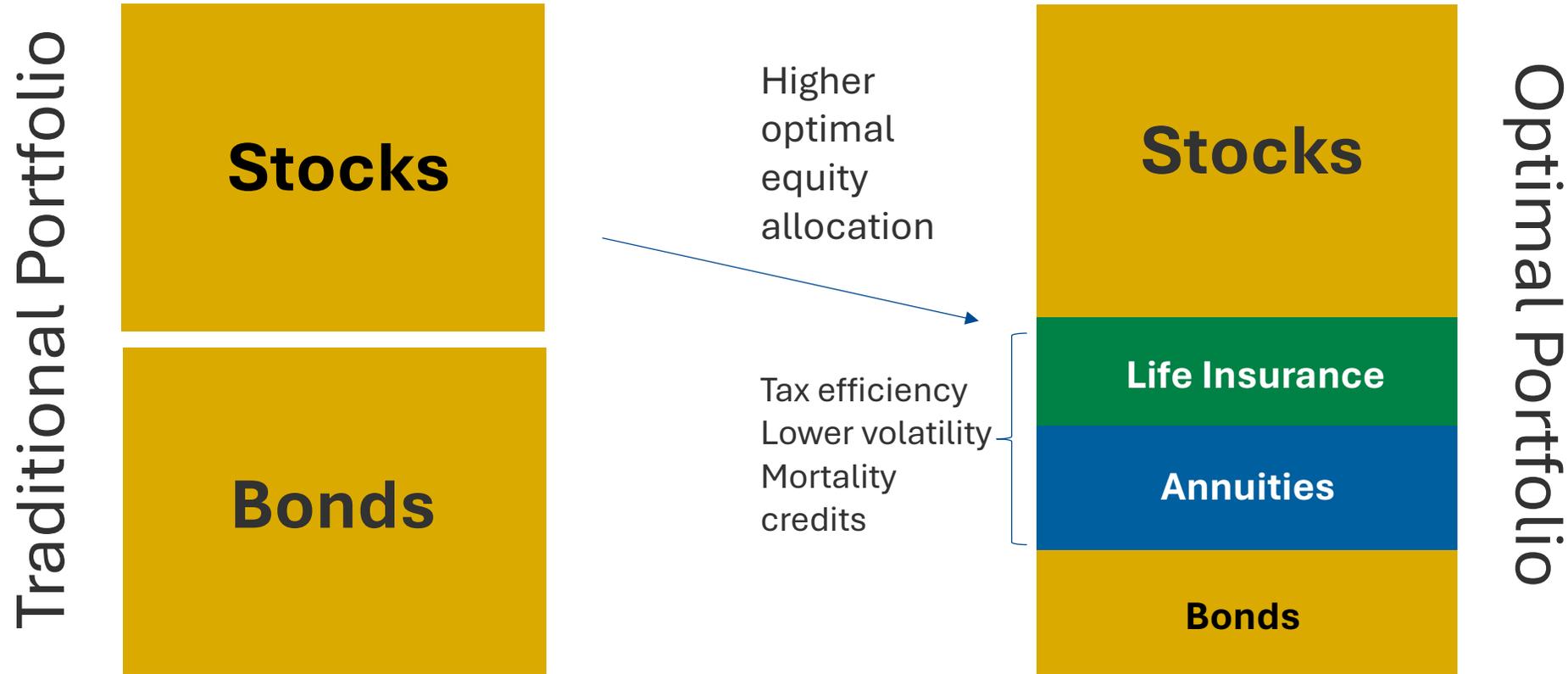
## 6 Generations



**Only 41% of  
Gen-Xers  
believe their  
savings will last  
a lifetime.**



# Integrated Wealth Management



# 4 Types of Investment Categories

## Taxable

### **Annual Taxed Gains:**

gains taxed annually (checking account, money market, CDs, bonds, dividends from stocks, REITs)

### **Basis Assets:**

gains taxed when asset is sold (stocks, **life insurance liquidated before death, annuities**)

## Tax-Sheltered

**Traditional (Tax Deferred):** deductible initial investment, tax-deferred growth, taxable upon withdrawal (401(k), 403(b) IRA)

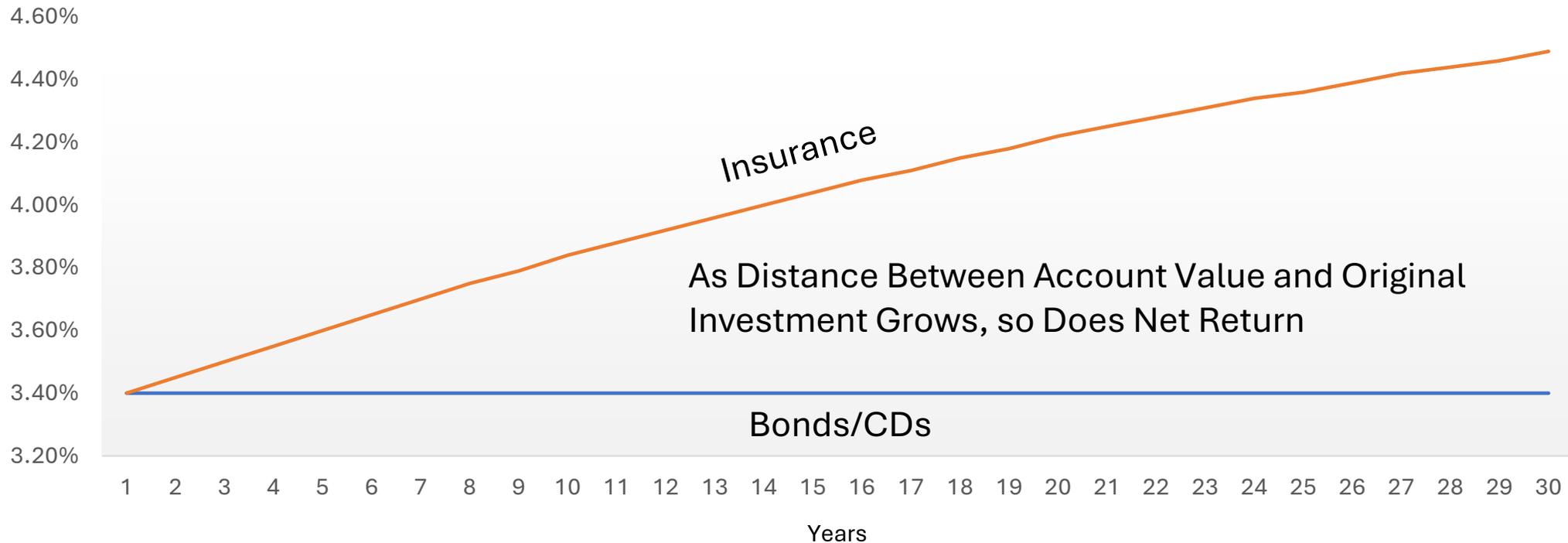
### **Roth (Tax Exempt):**

non-deductible initial investment, tax-deferred growth, tax-free upon withdrawal (Roth 401(k), Roth IRA, **LI held to death**)

# Value of Insurance as a Basis Asset

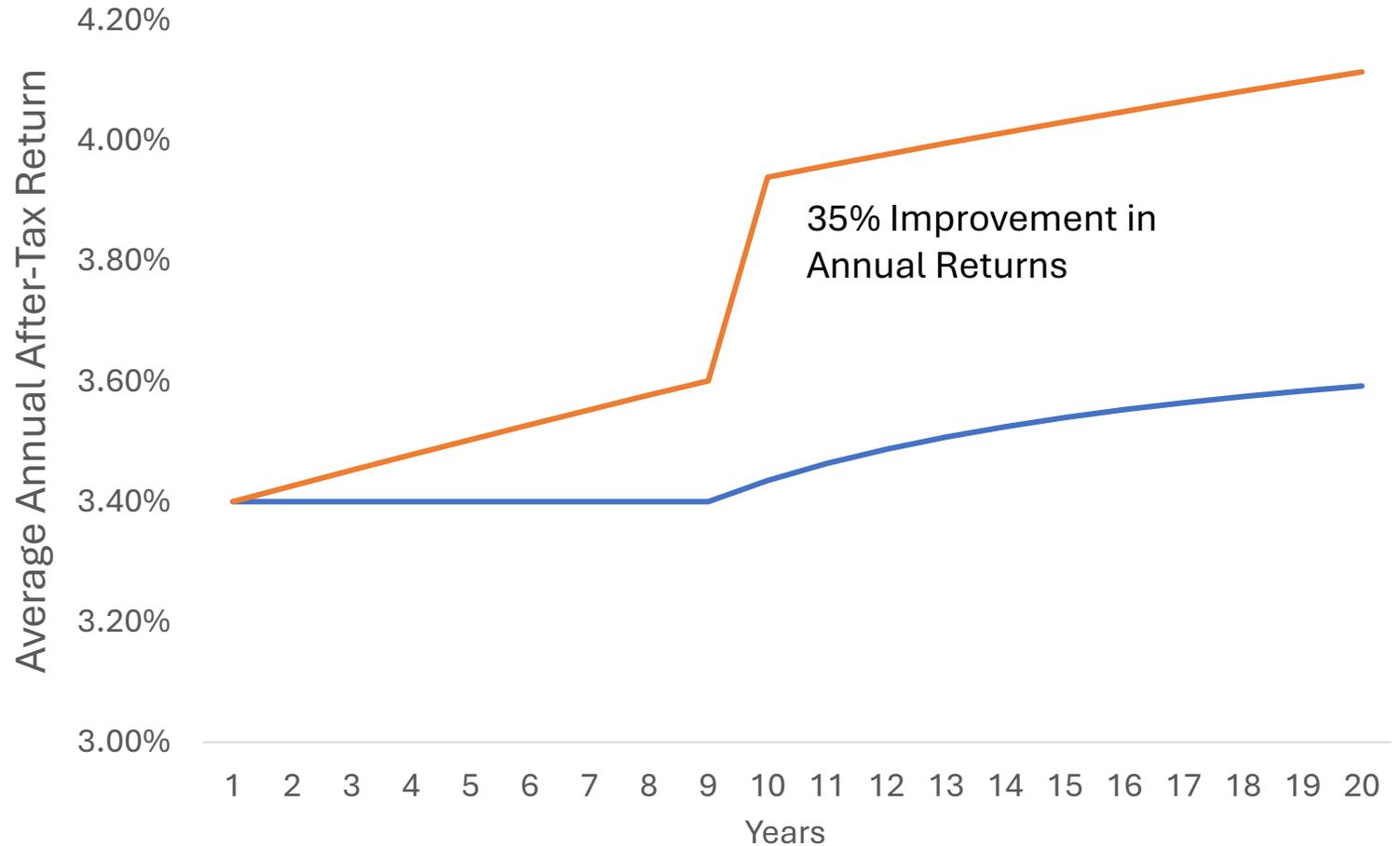
Time horizon increases marginal net return on insurance, but not annually taxable (5% gross return taxed at 32% when sold)

Time Horizon and Annual Marginal Net Return



# Total Net Return & Differential Taxation

- 32% Ordinary Income Age 55-64
- 25% Age 65-74
- 5% Gross Return



— Taxable Bond — Annuity

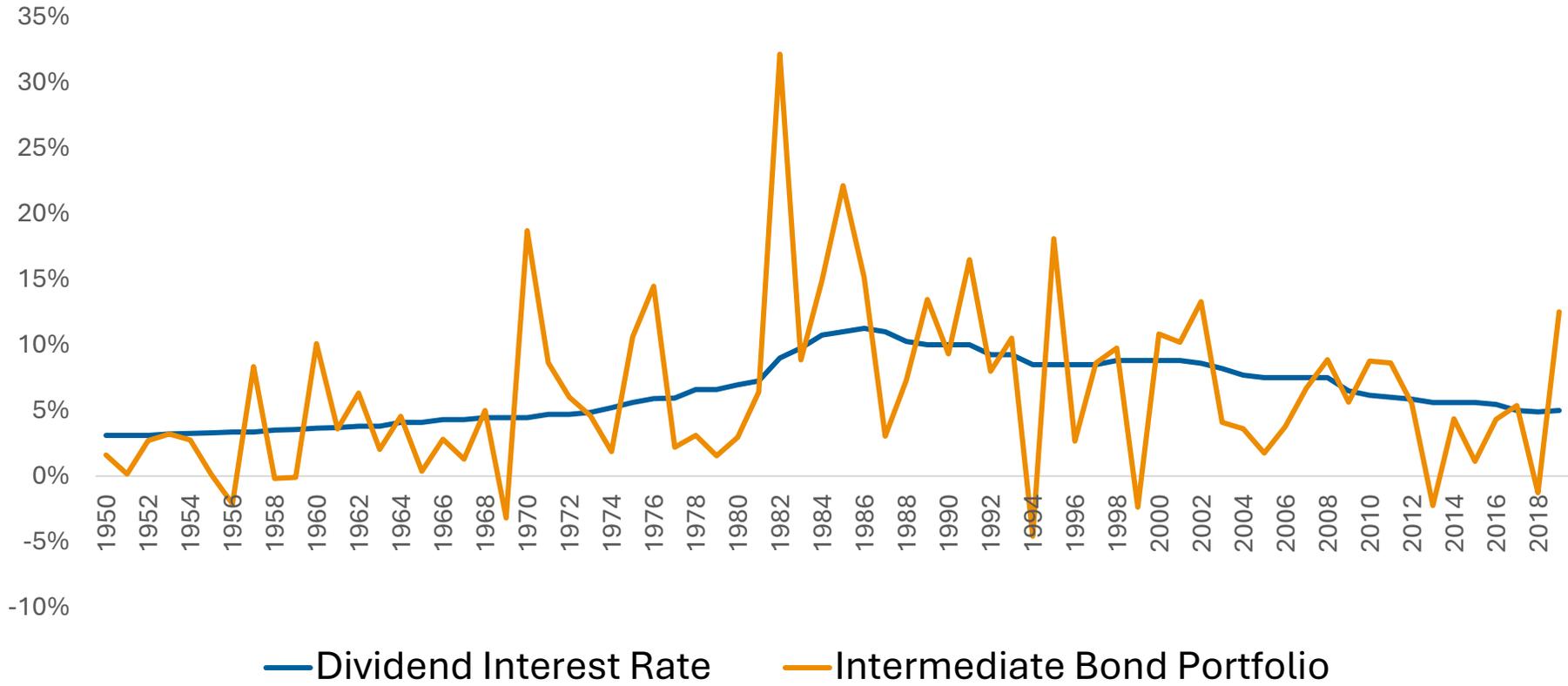


# Funding Inflexible Spending with Bonds

## The Birthday Cake Problem



# Dividend Interest Rate Volatility is Smoothed Over Time

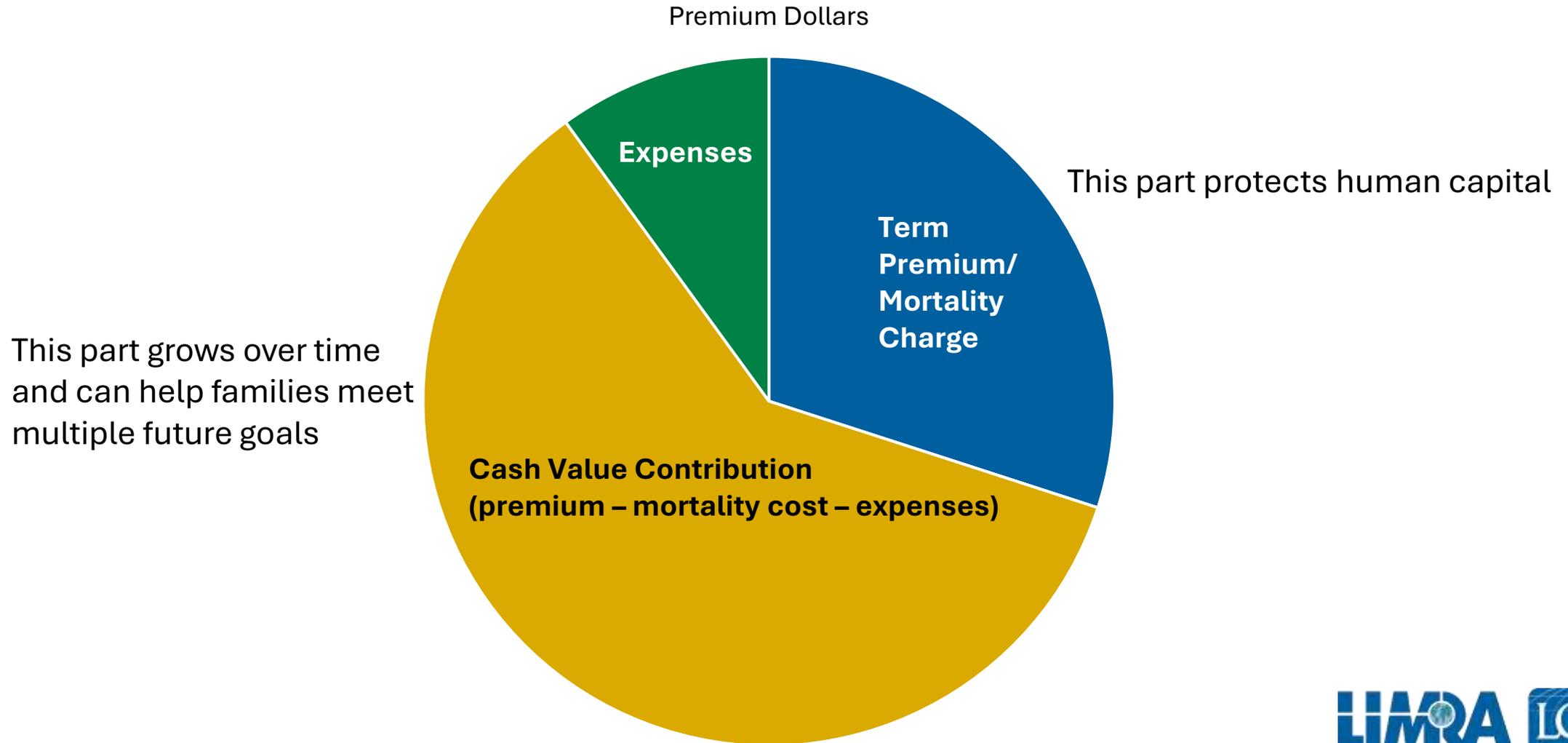


Source: Michael Finke, 2020



# Cash Value in Permanent Life and Net Return

Hypothetical policy payment



# Funding Inflexible Retirement Expenses

## Age 60 Example

- \$200,000 today in CDs
- 40% combined state and federal marginal tax bracket between 60 & 65
- Retire at 65

### Choice 1

- Buy a 5-year CD at 5%
- At 65, invest in bonds that provide income with a 90% chance of success\*

### Choice 2

- Buy a 5-year CD at 5%
- At 65, buy an income annuity

### Choice 3

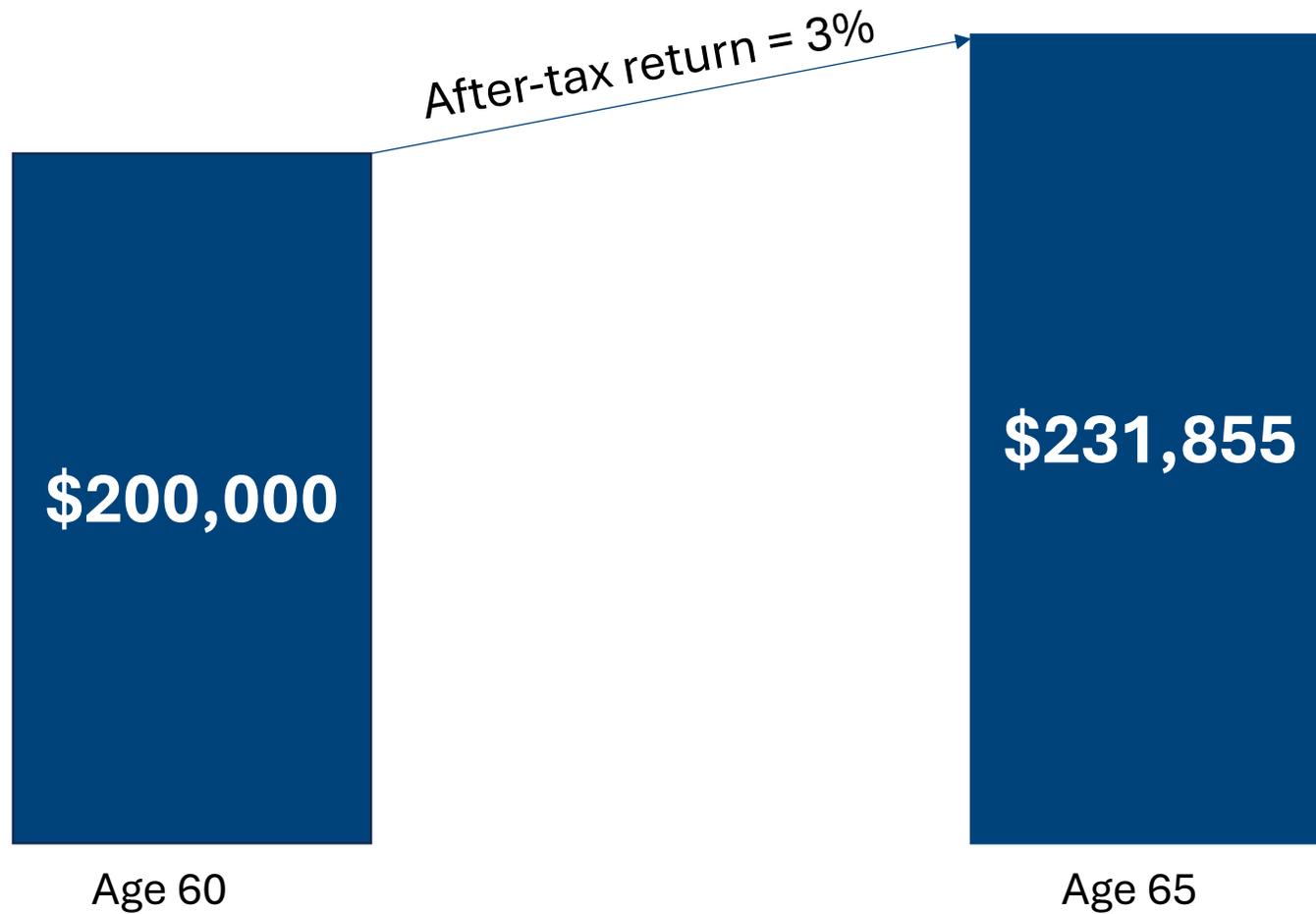
- Buy an annuity with a roll-up on income base and a guaranteed lifetime withdrawal benefit (GLWB)

\* Probability of not outliving savings according to Society of Actuaries annuity mortality table

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# Five Year CD with Bonds at Retirement

40% combined state/federal marginal tax rate

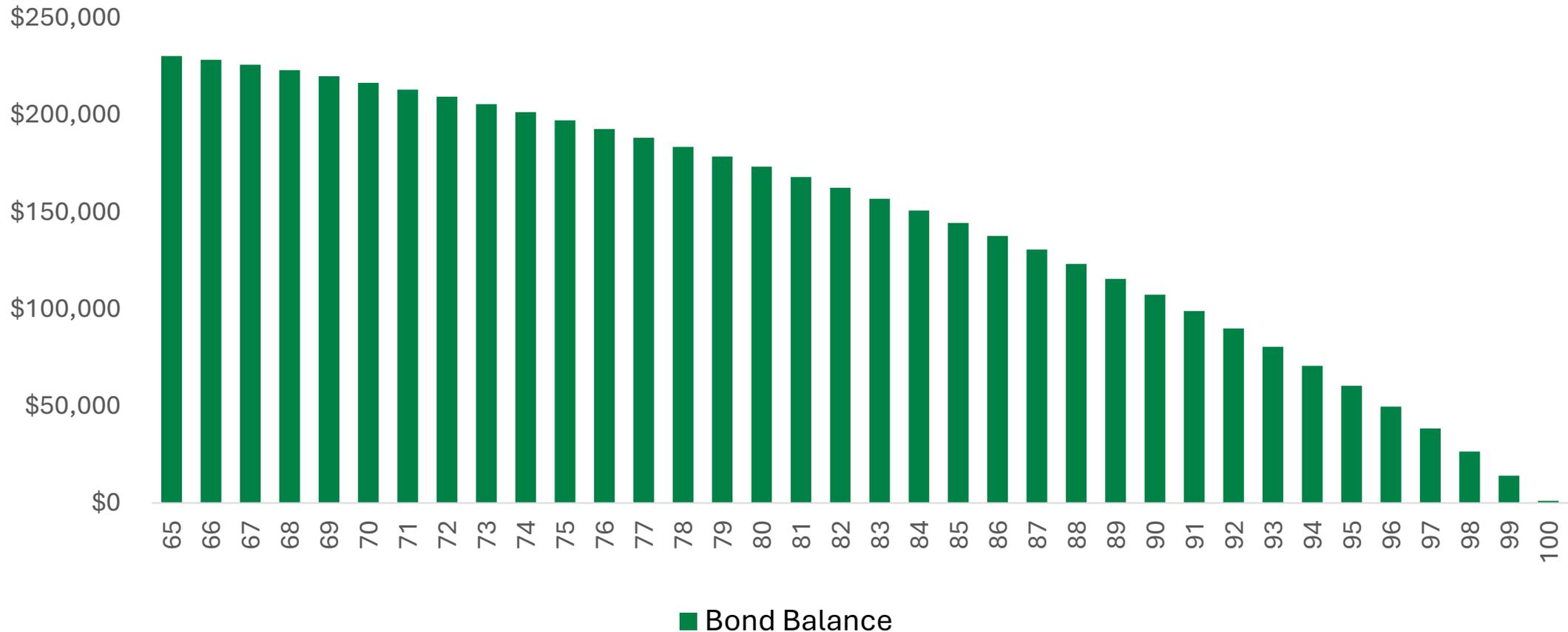


Source: Michael Finke, 2024

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# Treasury Bond Ladder August 28, 2024, Rates

\$231,855 @ 65 can produce \$12,003 of income



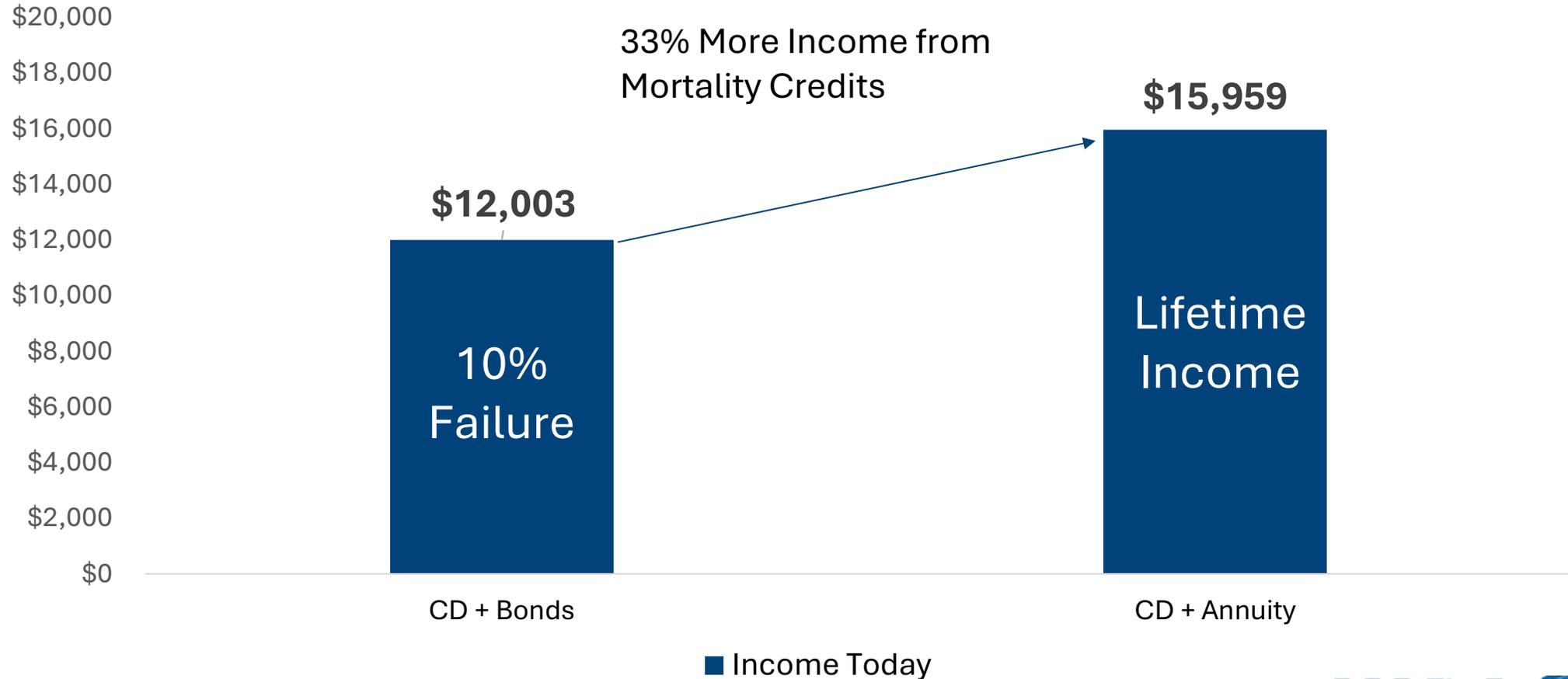
Source: St. Louis Fed data 2024

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# The Retiree's Choice to Fund Safe Income

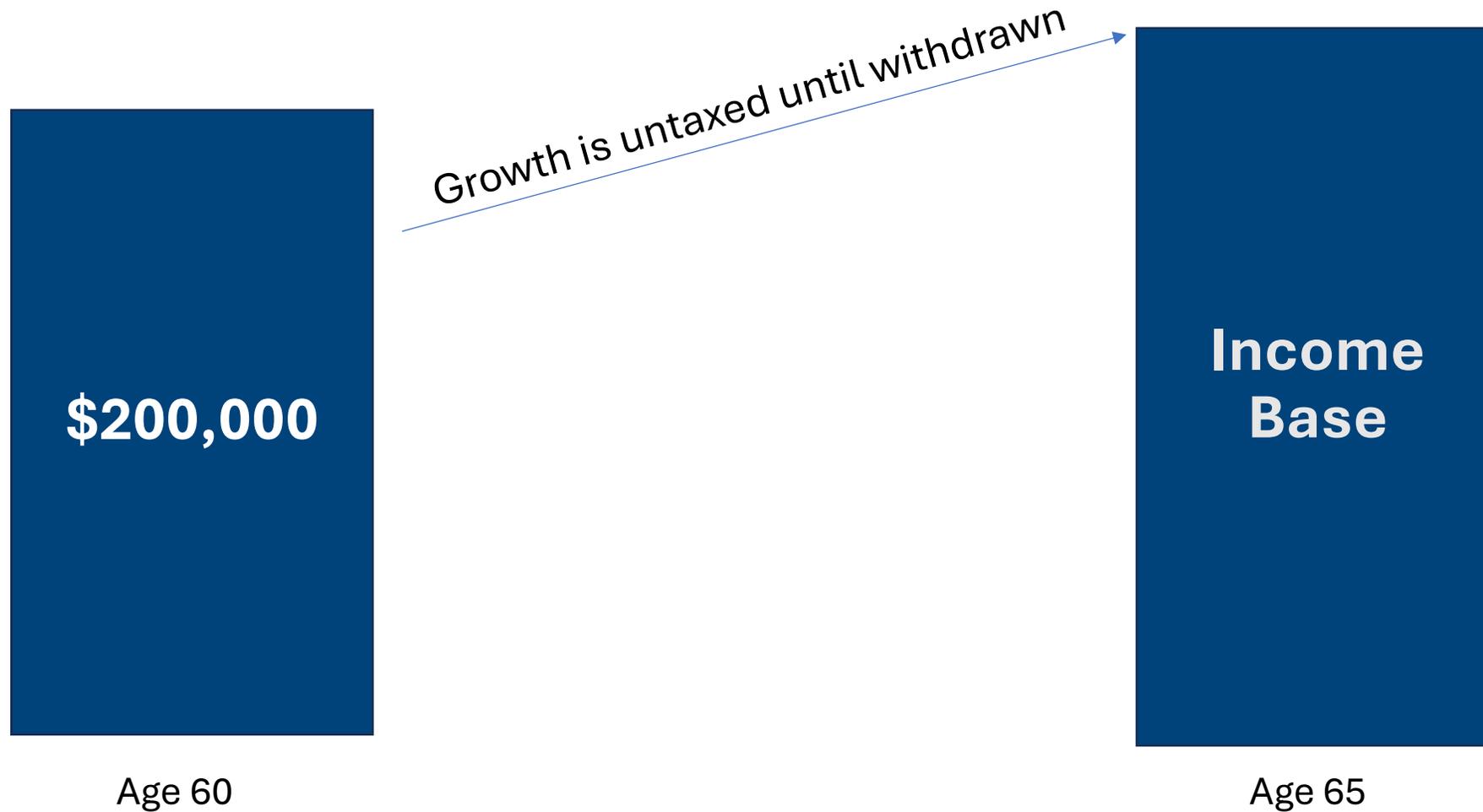
Invest in 5-year CD and buy bonds at 65 or purchase an income annuity with 10-year period certain



Source: Finke, 2024. Annuity Quotes for \$231,855 premium on October 4, 2024  
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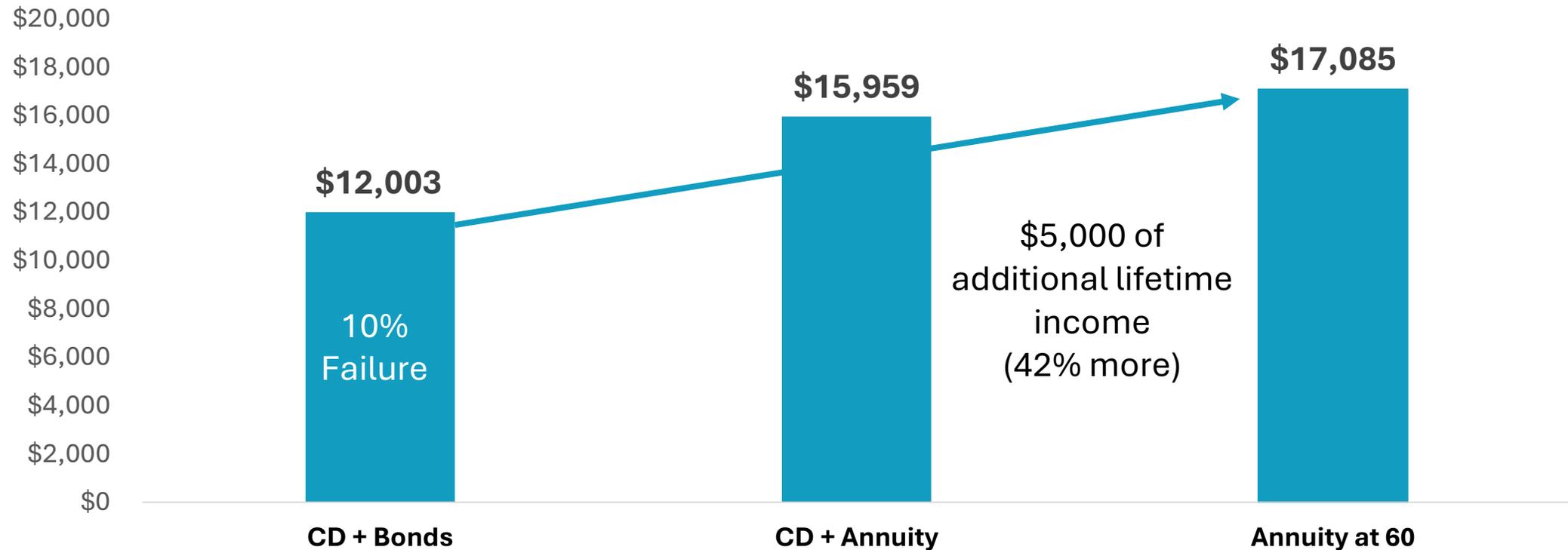


# Buy a Deferred Annuity at 60 with a GLWB



# Buy an Annuity with a Roll Up

Investment Only vs. Investment + Annuity vs. Deferred Annuity

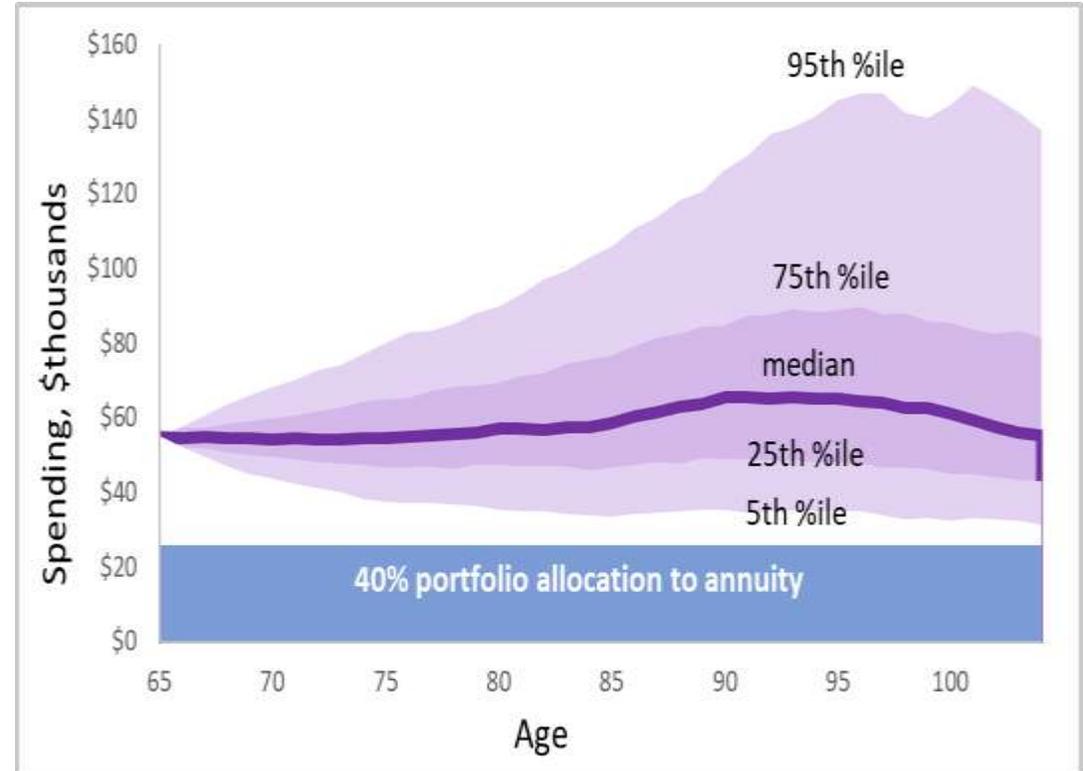
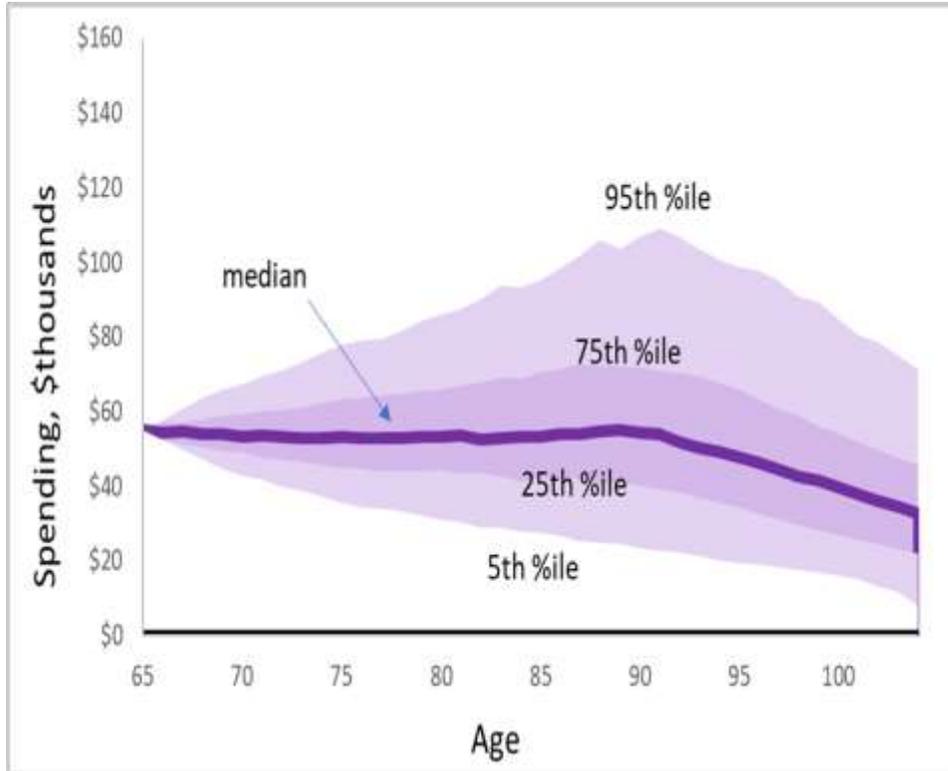


Source: Finke, 2024. Annuity income from GLWB based on average from top 4 quotes on October 4, 2024  
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# Transferring Longevity Risk Affects Income Paths

Increased spending at every age at every percentile

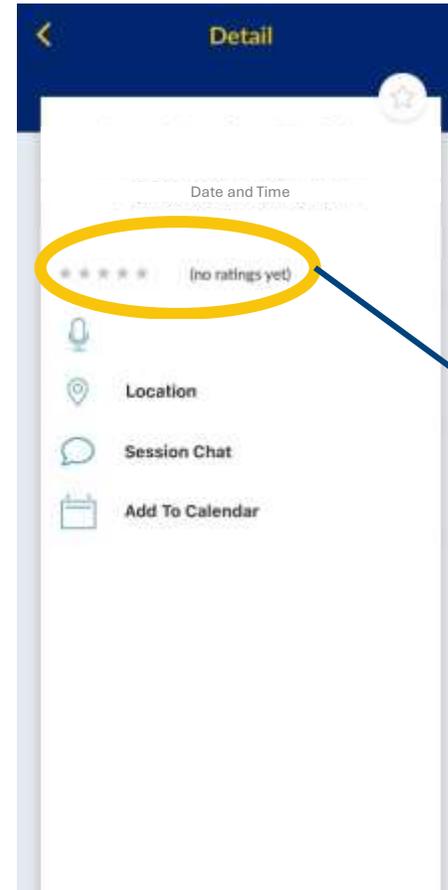


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## Agenda Option



# Thank You



*Navigate With Confidence*

