

Succession Planning: Step 3 Secure your Financial Independence

Personal Pension Plan

Why should I consider a Personal Pension Plan?

More and more individuals are retiring without a safety net of guaranteed income for life. With longer life expectancies we see this as a major obstacle to a relaxed and worry free retirement. A Personal Pension Plan will put you in control of your financial future, providing a guaranteed income stream for life.

Highlights:

- Guaranteed income for life. (Single or Joint lives)
- Principal of investment can be accessed if needed, however, this will impact income stream.
- Principal continues to participate in investment performance while generating income.
- Election to access guaranteed income stream is not irrevocable.
- Investment balance may be available to a beneficiary upon your death, depending on investment performance and withdrawals.
- Lifetime income is guaranteed and is not dependent on investment performance.
- Asset is owned by you, not subject to corporate creditors.

Potential Risks:

- Liquidity - contractual guarantee of income imposes a penalty on any income withdrawals exceeding 10% per annum for 10 years.
- Investment Risk - guarantees pertain to income, investment performance is not guaranteed.
- Opportunity Risk - alternative investments with less focus on income and more focus on growth may provide higher rates of return.
- Credit Risk - contractual income guarantees are backed by issuing company.

SAGE *Solutions*

Strategy Results:

Guaranteed Income of \$106,500 per year starting at age 65. Assuming \$1,000,000 investment at age 55.

Age 65 - \$106,500 per year

Age 62 - \$80,068 per year

Age 67 - \$122,336 per year

Age 70 - \$150,614 per year

Plus the *potential* for higher income depending on investment performance.

Age 65 - \$207,873 per year *

* Assumes you made an investment on January 1, 1990 and held for 10 years earning a return equivalent to the S&P500 stock index. \$1,000,000 investment in the S&P500 on January 2, 1990 was worth \$4,157,470 on December 31, 1999.

**Age 65 - \$37, 948 per year **
\$106,500 per year guarantee would apply**

** Assumes you made an investment on January 1, 2000 and held for 10 years earning a return equivalent to the S&P500 stock index. A \$1,000,000 investment in the S&P500 on January 3, 2000 was worth \$758,959 on December 31, 2009.

Please note the other steps in our Seven Step Process:

Step One – Identify Objectives

Step Two – Quantify Personal and Business Financial Resources

Step Three – Secure your Financial Independence

Step Four – Maximize and Protect Business Value

Step Five – Prepare Next Generation Owners

Step Six – Prepare for Ownership Transition

Step Seven – Personal Wealth and Estate Planning