**Example – Case 3: Alternative Annuity**

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A 55-year old male suffered a serious injury to his dominate arm. The case settled for $1,500,000. Using $700,000 of the net settlement proceeds, the claimant purchased a Fixed Index Annuity (FIA). The policy provided a tax-deferred lifetime income stream of $46,610 per year after a 5-year deferral. Client also had the option of periodic annual withdrawals, up to 10% per year, before starting the lifetime income. The table below shows the flexibility created by using a Fixed Indexed Annuity (FIA). Payment amounts increase over time.

A home healthcare rider will double the lifetime payments, for up to 5 years, should the claimant not be able to perform any two of the six common activities of daily living.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Years to Defer | Attained Age on Income Phase Start Date | Benefit Base | Lifetime Withdrawal Rate (%) | Guaranteed Min. Lifetime Income Amount  (single payout) | Home Health- care Doubler Amount  (single payout) |
| 0 | 55 | $756,000 | 40% | $30,240 | $60,480 |
| 1 | 56 | $805,140 | 4.1% | $33,011 | $66,022 |
| 2 | 57 | $857,474 | 4.2% | $36,014 | $72,028 |
| 3 | 58 | $913,210 | 4.3% | $39,268 | $78,536 |
| 4 | 59 | $972,569 | 4.4% | $42,793 | $85,586 |
| 5 | 60 | $1,035,786 | 4.5% | $46,610 | $93,220 |
| 6 | 61 | $1,103,112 | 4.6% | $50,743 | $101,486 |
| 7 | 62 | $1,174,814 | 4.7% | $55,216 | $110,432 |
| 8 | 63 | $1,251,177 | 4.8% | $60,056 | $120,112 |
| 9 | 64 | $1,332,503 | 4.9% | $65,293 | $130,586 |
| 10 | 65 | $1,419,116 | 5.0% | $70,956 | $141,912 |

