



DOWNSIDE PROTECTION — A WINNING PLAY

How Advisors Can Help Clients Get “In the Zone”

| **CUNA MUTUAL GROUP**

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Wondering when a MEMBERS® Zone annuity might be in the best interest of your client? We've created a hypothetical scenario to illustrate which type of client and situation may be suited for the Zone.



The Client:

Mike is 59 and is married with three children, one still in college. After 30 years of working for a large manufacturer, he hopes to retire in three years.

Mike has a vested balance of \$400,000 in his 401(k), but market volatility is making him nervous. He's not a fan of bonds and wants to stay in the market, but what if there's a downturn in the next couple of years and his savings take a hit? Will he have to reduce his expenses in retirement? Or, maybe even worse, will he have to delay retirement?

The Strategy:

Mike's advisor showed him how the sequence of returns could affect his retirement income stream. While many portfolios may be able to sustain and recover from a big market hit while a client is accumulating assets, a down market early in retirement could be catastrophic. Left unprotected, Mike's savings might not last through his whole retirement. And, since Mike is healthy and active, longevity is another consideration. He may easily live 20+ years in retirement.

The Winning Play:

Mike's advisor paired an innovative idea with the power of Zone's risk control.

The advisor suggested that Mike contact his company's benefits department to see if his plan allowed for an **in-service distribution** of part of his 401(k). Once confirmed, this gave Mike \$200,000 to purchase a Zone annuity, which offers greater control of his money. Together, they set up a qualified plan with a conservative downside floor of 3% for the first year.

With this half of Mike's portfolio linked to market growth potential, yet protected from downside risk, he gained the confidence to assume greater risk with the remainder of his assets. He and his advisor worked together to set up a portfolio of dividend-paying stocks for the balance.

Thanks to Zone's flexibility, Mike plans to adjust his downside floor to 0% when he retires.

The Score:

At this stage in the game, Mike no longer worries about potentially delaying his retirement or running out of money. He's ready to retire at 62 and enjoy life.

In-service distributions may not be right for every client, and their limitations and costs should be considered along with the potential benefits.

However, if you have a client who could benefit from the downside protection and upside potential Zone can offer, contact the CUNA Mutual Annuity Solutions Desk at **877.345.GROW (4769), option 1** to learn more.





IMPORTANT DISCLOSURES

Annuities are long-term insurance products designed for retirement purposes. Many registered annuities, including the MEMBERS Zone Annuity, offer four main features: (1) a selection of investment options, (2) tax-deferred earnings accumulation, (3) guaranteed lifetime payout options, and (4) death benefit options. Before investing, clients should consider the annuity's investment objectives, risks, charges and expenses. The prospectus contains this and other information. Clients should read it carefully.

All guarantees are backed by the claims-paying ability of the issuer and do not extend to the performance of the underlying accounts which can fluctuate with changes in market conditions. Past performance is no guarantee of future results. All hypothetical examples are for illustrative purposes only and do not guarantee or predict actual performance.

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