Contract Term Laddering for Retirement

Susan
age 57, Single

Susan plans to retire in five years. She wants to start receiving Social Security at age 67 for a higher income benefit but needs to cover her income gap from ages 62 to 67.

The Challenge

She has cash savings, CDs, and a 401k to draw from prior to receiving social security, but she's concerned about maintaining safety of principal and keeping up with inflation.

The Plan

Her financial professional suggests a laddering strategy using five SteadyPace™ annuity contracts to provide income for the first five years of retirement. This approach ensures principal protection, can help combat inflation and guarantees growth at 5.50%1 interest (compounding), preserving her 401k in the early stages of retirement and extending her overall retirement savings and income.

SteadyPace™

A reliable source of guaranteed income, perfect for those planning for retirement

- Fixed rates up to 5.50% APY[1]
- Principal protection
- Tax deferred growth
- 3-10 year terms
- Withdraw up to 10% annually with no penalty[2]

1 Annual Percentage Yield (APY) rates subject to change. Current rates as of 10/9/2024 for a 5-10 year term. Please visit gainbridge.io/steadypace for current rates, product disclosures, and other important information. Annuities issued by Gainbridge Life Insurance Company, Zionsville, Indiana. Products and/or features may not be available in all states. All guarantees based on the financial strength and claims paying ability of the issuing insurance company.

2 You may take up to 10% free withdrawal amount in any contract year without paying a surrender charge or market value adjustment. Withdrawals prior to age 59 ½ may result in an early withdrawal IRS tax penalty. Refer to the product summary for full details as withdrawals will reduce your contract value and future earned interest.

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Susan's Plan

	Year 1 Age 57	Year 2 Age 58	Year 3 Age 59	Year 4 Age 60	Year 5 Age 61	Year 6 Age 62	Year 7 Age 63	Year 8 Age 64	Year 9 Age 65	Year 10 Age 66
5-year	$20,000					$26, 139.20				
6-year	$20,000						$27,576.86			
7-year	$20,000							$29,093.58		
8-year	$20,000								$30,693.73	
9-year	$20,000									$32,381.89
Initial Investment	$100,000				Total Income	$26,139.20	$53,716.06	$82,809.64	$113,503.37	$145,885.26

Social Security Income Begins

By laddering five SteadyPace contracts earning 5.50% APY each, Susan was able to protect her principal while countering the effects of inflation and protecting her future buying power. This also reduced the amount withdrawn from her 401k in the early years of retirement, allowing that account to continue to grow and remain invested more aggressively – resulting in better long-term growth and protecting against longevity risk.

Total Average Annual Return is factored by adding the average annual return for each contract and dividing by the total number of contracts. This method accounts for the average annual return for each contract term since a withdrawal will be made annually starting at the end of year five. This method shows the power of compounding interest vs. simple interest.

6.139		
6.314		
6.495		
6.683		
6.878		
32.509	32.509/5	6.5018

6.5%*

Total Avg. Annual Return

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