



Hank Progar, MBA

# Safe Money News and Facts You Should Know!

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## Hank's Thoughts – Can You Afford the Risk?

As part of my business, I read and analyze a lot of financial information. In this uncertain 'New Normal' with lots of red flags and flashing yellow lights, I've shared a lot of negative facts and similarities to previous market down turns.

If you have followed my weekly e-newsletters, you're aware that I don't sugar coat the COVID-19 collateral damage. I don't enjoy sharing negative facts or throwing water on your parade, but I consider myself a realist who is biased towards safe growth.

My mission is to inform you of risks you may not be aware of and offer solutions to mitigate these risks so you are better off in the long run.

Don't let the current stock market rally fool you, even though the S&P is only about 15% negative at this time.

My Dad had an annuity, only it was called a pension in his day. He was never stressed out when the stock market was volatile or even crashed.

Because it was managed by the investment division of a life insurance company, he had peace of mind that he and my Mom would have adequate predictable income for as long as they lived. Since his income was guaranteed, they could design a fun stress-free lifestyle during retirement.

He also had another annuity called Social Security, which also had guaranteed growth relating to his income during working years.

Since most of us do not have a company pension, I want to focus on a private pension which can help you achieve your goals in our day.

## Life-long Income Vehicles



Certain types of annuities can be a great way for some people to enjoy a steady stream of consistent, life-long income.

This income, when combined with Social Security retirement benefits and perhaps an employer-provided pension can provide a solid foundation upon which a secure and enjoyable retirement can be built.

Many annuities can provide you with the ability to start income immediately or defer the start of income to a future date.

This deferral period could be one year, five years or just about any number of years that you might choose, depending on the terms of the specific annuity.

Someone might choose to delay the start of their annuity because they do not have a current need for that income.

A person who plans on continuing to work for a few more years might obtain an annuity today, but not start the income from that annuity until the day they retire or perhaps even later.

A second reason to delay the income start date is that as with Social Security, the longer you delay the beginning of income payments from the annuity, the greater the amount those income payments will be.

Some people don't need any more income but will purchase a fixed indexed annuity that looks more

*(Continued on page 2)*

# More Interesting Facts *you* Should Know!

## Life-long Income Vehicles (Con't from page 1)

like their market account, but with a guarantee they will not lose any of their money when the market is losing money.

They have access to their money for discretionary expenses like home repair, hobbies, travel and other fun things.

Because this type of annuity provides protection against market loss, it is often selected by those who are more risk-averse who are looking for an alternative to the volatile stock market... yet take advantage of market growth.

The term, or time-period that must pass before a person can withdraw the balance without paying a penalty or early surrender charge can vary widely from one annuity to another. The amount of any such penalty can also vary widely, depending on if the balance is withdrawn prior to the end of the annuity's term.

Why would someone choose an annuity with a longer term, or time-period before they can withdraw the balance without paying a penalty? One answer might involve the relationship that typically exists between time and reward.

With many financial instruments, including fixed indexed annuities, a link often exists between the amount of potential *reward* (in terms of how much interest might be credited), and length of *time* a particular instrument might require that you commit your money.



It is important to keep this time / reward relationship in mind when you are considering any annuity, because this relationship may provide a way to increase the potential reward received without necessarily increasing the volatility, or the amount of risk of investment loss that your money is exposed to.

However, there can be an offsetting disadvantage... in exchange for this greater potential reward, often there will also be a requirement to extend the length of time for which you must commit your money.

We should expect that an annuity with six-year term will provide less of a potential reward, or less of some other benefit than an annuity that is similar, but with an eight-year term, ten-year term or longer term.

Regardless of the contract term, most annuities do offer early withdrawal provisions that can, with restrictions, provide a degree of liquidity (or access to the annuity's cash value).

For example, many annuities allow a withdrawal of ten percent each year without any penalties. This can mean that if you have \$180,000 in an annuity, you could, in many cases, withdraw \$18,000, again without any penalties.

Withdrawals in excess of the contract's specific penalty-free percentage may be subject to withdrawal charges and market value adjustments.

It is also important to understand that taxable amounts (or earnings from the principal) withdrawn prior to age 59 1/2 may be subject to a ten percent IRS penalty in as well as ordinary income tax.

Because many annuities allow a penalty free withdrawal percentage each year, it may be possible to withdraw a large percentage of the annuity prior to the end of the contract term, without paying any surrender charges. However, many people have no intention of doing this. Instead, they are attracted to an annuity because of its ability to provide a steady stream of consistent, life-long income.

***Contact me for more information.***

# This news is all about you...

## Monthly Quiz

- 1 - What is the only Major League Baseball team to never make it to the World Series?
- 2 - Introduced by Edward Jenner in 1796, what was the first successful vaccine to be developed?
- 3 - Which marine animal is the only known natural predator of the great white shark?

*(Answers found on page 4)*

## Thoughts of the Month

*"The secret of success in life is for a man to be ready for his opportunity when it comes." - Benjamin Disraeli*

*"The foundation of confidence in virtually every field is preparation." - Brian Tracy*

*"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." - Merlin Olsen*

## Did You Know?

- ▶ Moisture (not air) causes super glue to dry
- ▶ Americans spend \$10 million a day on potato chips
- ▶ Artificial Christmas trees have outsold real ones every year since 1991

## Leadership in Times of Crisis

Focused and determined leaders can guide companies and their families – no matter the environment or crisis.

The COVID-19 crisis has upended the entire globe in a way that none of us have ever experienced. Although many business leaders are rightfully worried about staying in business and family leaders are rightfully worried about when and if they will work again.

As the world seemingly shut down in a matter of hours in early March, uncertainty took center stage – and still is. People are desperate for answers and looking for structure.

In times of crisis and uncertainty, people need predictability, consistency, and accountability. Stress is a natural part of life. However, when faced with an event or thought that overwhelms our ability to cope, it can result in a negative response that can have both mental and physical consequences.

Leaders can instill a sense of hope and purpose in their employees and family members counting on them by simply providing support and structure. Most important is to help manage the mental state of others.

Successful leaders will focus on the following activities during this time:

- **Set expectations** – Communicating in a timely manner will clear up any confusion and give people clarity about expectations.
- **Be Decisive** – This crisis has made timely decision-making imperative to help people stay on track. In the absence of information, fear sets in.
- **Be Consistent** – Don't keep people guessing. Be consistent in your messaging and behavior to provide reassurance that things will be OK in a changing world.
- **Display emotional intelligence** – Knowing and understanding what people need is key to helping them overcome a stressful situation.

Not everyone is born with emotional intelligence. Just start by checking in and seeing how they are feeling.

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**Helping You Think About Your Money ... And Make Smart Choices To Protect Your Hard Earned Assets.**



### **Facing the Enemies Within - By Jim Rhon**

We are not born with courage, but neither are we born with fear. Maybe some of our fears are brought on by our own experiences, by what someone has told you, by what you have read in the papers. Some fears are valid, like walking alone in a bad part of town at two o'clock in the morning. But once you learn to avoid that situation, you won't need to live in fear of it.

Fears, even the most basic ones, can destroy our ambitions. Fear can destroy fortunes. Fear can destroy relationships. Fear, if left unchecked, can destroy our lives. Fear is one of the many enemies lurking inside us.

Five of the other enemies we face from within are:

1. **Indifference** – Ho-hum drifting
2. **Indecision** – Thief of opportunity and enterprise
3. **Doubt** – Will empty both your bank account and heart
4. **Worry** – Will drain your energy and kill your vision
5. **Over-caution** – Timidity will conquer you if you let it

### **Answers to Quiz**

- 1 - Seattle Mariners
- 2 - Smallpox Vaccine
- 3 - Orca (killer whale)

### **Thank You for Your Referrals**

There's no question I have the BEST customers on the entire planet.

I want to thank those who have enough confidence in me to recommend my services to help their family and friends. If you can just introduce one client per year to become part of our inner circle, it would help everybody immensely.

Although we focus on protecting and optimizing your retirement cash flow, I want to give a special THANK YOU to those who have recommended me to help your family and friends with their Medicare options.

There are 10,000 Baby Boomers turning 65 every day who are more confused about Medicare than their retirement plan. Because of its importance in your overall retirement picture, I want to help them cut through the smoke and make the right choices to protect the nest egg they have already earned!

***I'm happy to assist you or anyone in your circle of family and friends with education and getting enrolled in the financial or Medicare plan that's optimum for them. Just have them call me.***

***Thank you soooo much!***

**Disclosure** - Information provided in this article does not constitute legal, taxation, or investment advice. Please check with a qualified tax advisor when making financial decisions.

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