

Achieve income throughout retirement with a variable annuity with guaranteed lifetime withdrawal benefits



There's more to retirement planning than accumulating wealth. It's just as important to create a strategy to support income. A variable annuity with an optional Guaranteed Lifetime Withdrawal Benefit (GLWB) rider can give you guaranteed income to help cover your expenses in retirement, regardless of how the market performs.

Manage risks to your retirement

Today, many Americans have greater responsibility for funding their own retirement. So it's more important than ever to understand and manage your risks, including:

- **Longevity Risk** — Will you outlive your money?
- **Inflation Risk** — How will you invest your savings to keep pace with inflation?
- **Withdrawal Risk** — Will your portfolio be able to sustain your lifestyle throughout retirement?
- **Market Risk** — How will you account for the timing of investment gains and losses?

After a lifetime of saving and investing, you need to distribute your wealth prudently to cover your retirement expenses. Many variable annuities are designed to help address these key risks to your future and help you convert your invested assets into a stream of income. With a variable annuity, you can reposition your money for guaranteed income plus a growth opportunity — to help provide an income as long as you (and potentially your spouse) live.

A variable annuity is generally a long-term contract with an insurance company designed specifically for retirement income. An optional GLWB rider is available for an additional fee to help ensure that you have the income when you need it.

How annuities can help you meet retirement challenges

- **Longevity** — Annuities can provide a lifetime income stream for one person or for a couple, no matter how long they live.
- **Inflation** — A variable annuity gives you the option to invest in equities, fixed income and sometimes other asset classes through professionally managed investment options (called subaccounts). A multiple-asset-class portfolio can give you a better chance of outperforming inflation.
- **Taxes** — Because annuities offer tax-deferred treatment of earnings, they can potentially accumulate faster than similar, non-tax-advantaged investments.¹
- **Early losses** — Variable annuities can offer optional guarantees, for an additional cost, to help provide a steady income stream for life, regardless of how your annuity's investments perform.

Variable annuity considerations

- The contract value fluctuates with the markets.
- Insurance costs and the additional rider costs and fund expenses reduce performance.
- Contracts usually carry surrender charges, which are applied if you terminate your contract or make large withdrawals before a specified time period.
- For contracts with GLWB riders, withdrawals that exceed annual withdrawal limits defined in those riders will negatively affect the withdrawal benefit as well as reduce the annuity contract value and death benefit.

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How does a variable annuity with a Guaranteed Lifetime Withdrawal Benefit rider work?

Depending on your needs, a Merrill Edge Financial Solutions Advisor™ may suggest including a variable annuity with a GLWB² rider to supplement other sources of retirement income such as Social Security, pension benefits or your personal savings.

Purchasing a GLWB rider

Offered for an additional fee, the GLWB rider provides guaranteed income in retirement through a “withdrawal benefit” that is protected regardless of how the market performs.²

You’ll need to decide if you want to have this guaranteed withdrawal for the rest of just your life or if you want to add a spouse’s life to the rider, to guarantee payments throughout his or her lifetime as well.

Choosing and potentially growing your investments

You’ll need to fund the annuity and choose how you want to invest your money in the annuity’s subaccounts. A Merrill Edge Financial Solutions Advisor™ can help you choose subaccounts that most closely align with your investment objectives, risk tolerance and time horizon. Keep in mind that if you choose a GLWB rider you will likely be required to invest in a predetermined asset allocation strategy or be limited to only specific subaccounts.

If your needs change, most variable annuities allow you to change your underlying subaccounts without incurring any fees for transferring among the subaccounts. Depending on your contract, you may also be able to make additional contributions to the variable annuity after your initial investment.

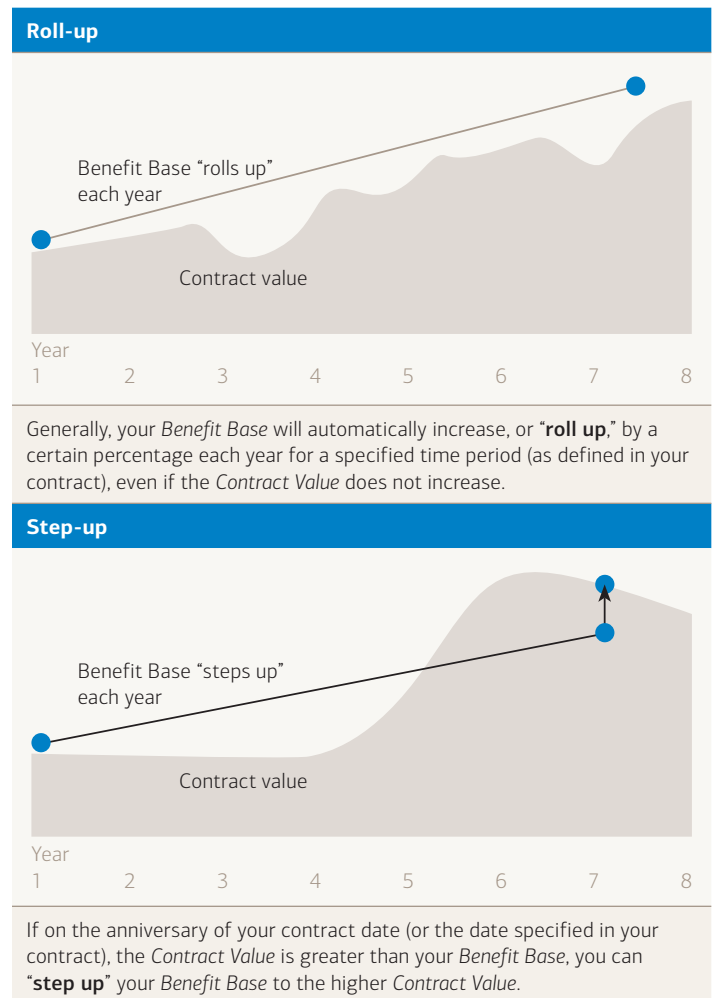
Another key benefit of a variable annuity is that any earnings, or gains, in the subaccounts grow tax-deferred until they are withdrawn. Because variable annuities offer this tax-deferred treatment of earnings, they can potentially accumulate faster than similar, non-tax-advantaged investments. This tax-advantaged treatment is not offered to variable annuities that are owned by a non-natural person, such as a corporation or certain trusts.

Determining your future income payments

As noted earlier, the GLWB can provide guaranteed income that lasts a lifetime through a “withdrawal benefit.” The Benefit Base will determine the amount of your future guaranteed income payments. While the Contract Value is the actual value of the investments in your annuity’s subaccounts, the Benefit Base is the figure your future guaranteed income payments will be based on. Typically, the Benefit Base initially equals the contributions made to the annuity.*

The following examples demonstrate the two situations in which your Benefit Base can increase during the accumulation phase.

Examples of a Benefit Base roll-up and step-up



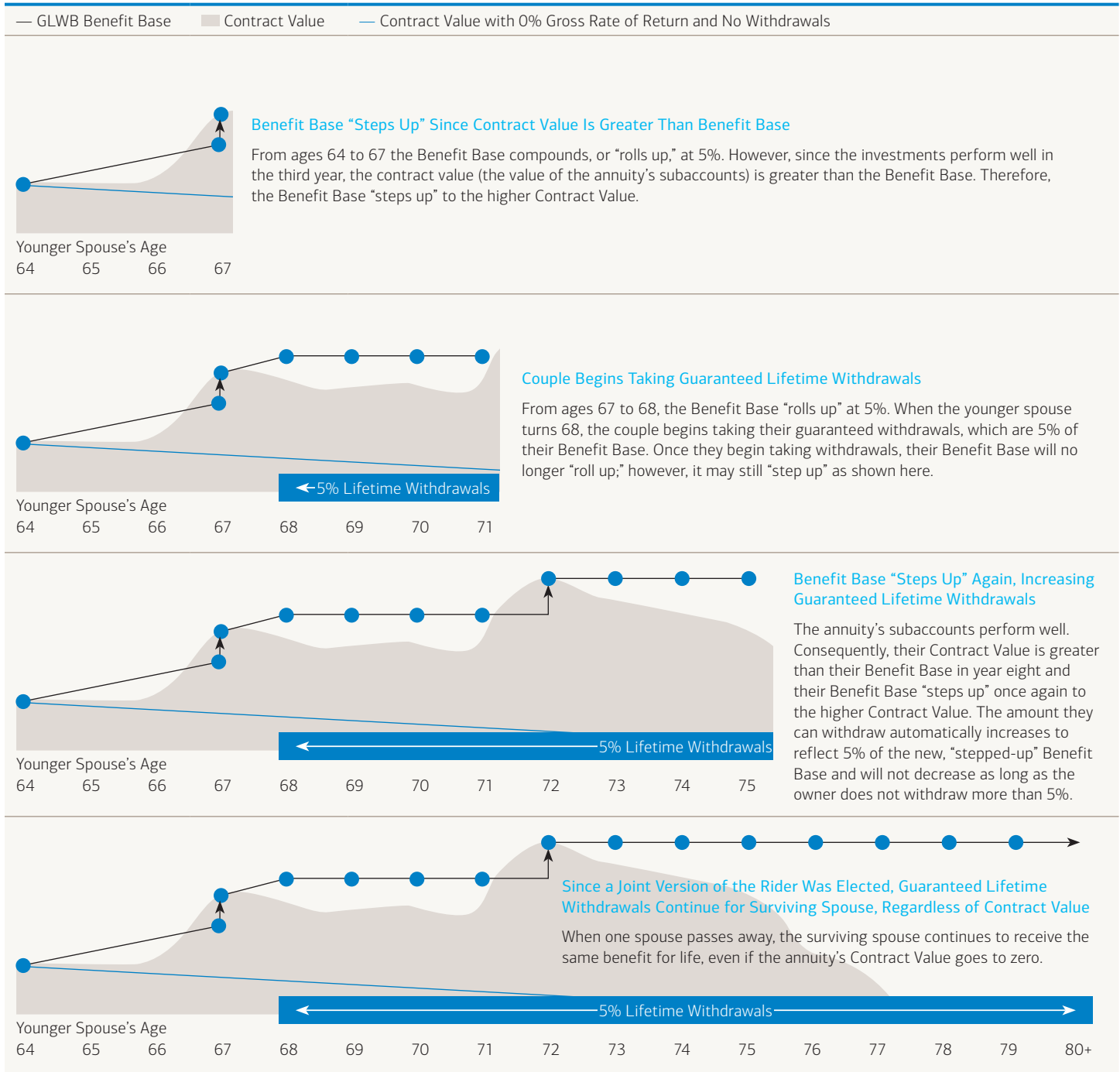
Taking withdrawals

With a GLWB, you can withdraw up to a specific amount each year for the rest of your life, no matter how the investments in your subaccounts perform. The amount you are able to withdraw is based on your Benefit Base and age or the age of the younger of the two individuals if you purchased the rider on two lives (i.e., yours and your spouse’s). Although your earnings have grown tax-deferred throughout the accumulation phase, you will need to pay income taxes on the portion of the withdrawals stemming from gains experienced by the investments in your subaccounts.

* The Benefit Base may accumulate at a minimum rate of return for a specified period of time or only until the first withdrawal, if sooner. You may also have the option to “step up” the Benefit Base to the Contract Value after a specified waiting period (typically one year). Step-ups could also be automatic under some GLWBs, usually at the annuity’s anniversary. If you step up the Benefit Base, new terms and conditions, as well as new charges in effect at the time of the step-up, may be applied to the GLWB rider.

Hypothetical example – Guaranteed Lifetime Withdrawal Benefit for two lives

Here's another way to understand how a GLWB works: A hypothetical married couple approaching retirement, ages 66 and 64, meet with a Merrill Edge Financial Solutions Advisor™ and discover that their expected sources of income are not enough to cover their estimated expenses in retirement. Their Financial Solutions Advisor suggests that they purchase a variable annuity, with a GLWB rider offering a 5% withdrawal rate at age 68. The couple pays an additional fee for this rider with a “roll-up” provision that allows the Benefit Base to compound at 5% a year until the earlier of 10 years or the first withdrawal. The rider also guarantees a Benefit Base “step-up” to the current Contract Value annually, on each contract anniversary. Since the couple is purchasing the rider on both their lives, the amount they are able to withdraw is based on the younger spouse's age.



This hypothetical scenario above is for illustrative purposes only and is not meant to represent the performance of any specific annuity. If this were an actual example, various costs would be factored into the gross return, including annual insurance charges of the annuity, annual contract charges, any applicable distribution charges, investment management fees of the variable subaccounts, the cost for any optional features and any other applicable fees. Please read the prospectus carefully for descriptions of the underlying costs.

What questions should you ask?

There are several features of the GLWB you should review when considering a variable annuity with guaranteed lifetime withdrawal benefits:

- Does the withdrawal benefit have a “step-up” provision? If so, how does it work?
- Does the withdrawal benefit have a “roll-up” provision? If so, how does it work?
- What are the allocation restrictions for my investments?
- If I withdraw more than the benefit allows, what is the impact?
- What are the fees and charges? Can they change? If so, under what circumstances?

In addition, since variable annuity guarantees, including optional GLWB benefits, are based on the claims-paying ability of the issuing insurance company, you should ask about the insurance company’s financial condition, ratings and how it manages risk.

How are annuities taxed?

Any earnings accumulate on a tax-deferred basis unless the annuity is owned by a non-natural person, such as a corporation or certain trusts. All withdrawals are subject to ordinary income tax to the extent of any gain. A 10% additional federal tax may apply to withdrawals taken prior to the contract owner turning 59½. In addition to taxes, the insurance company may impose additional charges if withdrawals exceed the guidelines specified in the contract or GLWB rider.

Questions?



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Variable annuities are long-term investments designed to help meet retirement needs. Like most investments, variable annuities include certain fees and expenses, such as administrative fees, sales charges, and mortality risk expense charges. The return and principal value of variable annuities are subject to market fluctuations, investment risk and possible loss of principal so that, when redeemed, variable annuities may be worth more or less than the original amount invested. Optional guaranteed benefits typically require investment restrictions and may be irrevocable once elected. Please refer to the prospectus for additional information. Asset allocation does not ensure a profit or protect against loss.

Variable annuities are sold by prospectus only. A Financial Solutions Advisor can provide you with more information, including a current prospectus. Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses provide this and other important information. You should read the prospectuses carefully before investing or sending money.

All annuity contract and rider guarantees, including optional benefits and any fixed subaccount crediting rates or annuity payout rates, are backed by the claims-paying ability of the issuing insurance company. They are not backed by Merrill Lynch or its affiliates, nor do Merrill Lynch or its affiliates make any representations or guarantees regarding the claims-paying ability of the issuing insurance company.

Neither Merrill Edge nor any of its affiliates or Financial Solutions Advisors provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

¹ Withdrawals are taxable as ordinary income to the extent of gain, and if made prior to age 59½, may also be subject to a 10% additional federal tax. Early surrender charges may also apply. Please refer to your contract’s prospectus for detailed information about how withdrawals can affect your annuity’s death benefit and/or your living benefit as well as your retirement account.

² A Guaranteed Lifetime Withdrawal Benefit (GLWB) is an optional living benefit rider that provides an income stream in the form of annual withdrawals of a specified minimum percentage for life, regardless of market performance. A GLWB typically must be elected at issue if the owner(s)/annuitant(s) are within the age specifications as set forth in the contract rider and prospectus. GLWB riders require an additional charge (could be applied to the contract value or benefit base) and may be irrevocable once elected. Withdrawals that exceed the annual withdrawal limit may have a negative impact on the benefits of the GLWB rider. Typically any portion of the annual withdrawal limit not withdrawn during a contract year may not be carried over to the next contract year. Clients may be required to allocate assets only within specified investment options as set forth in the GLWB rider and prospectus, reducing both the range and number of allocation options available when a GLWB is elected, including limiting access to more aggressive investment options or required allocation to stable value options. Income taxes may apply to annuity distributions to the extent of gain. Carriers typically reserve the right to increase the charges associated with a living benefit, subject to a defined maximum rider charge that is stated at the time of purchase. In addition, carriers typically reserve the right to reject or limit additional premiums after contract issue. Read your contract and prospectus carefully to determine what changes the insurance company may make to these features.

Typically the GLWB Base equals contributions made under the contract. The GLWB Base may accumulate at a minimum rate of growth of 5 – 7% for a specified period or until the first withdrawal, if sooner. Clients may also have the option to “step-up” the GLWB Base to the contract value after a specified waiting period (typically one year). The step-ups could also be automatic in some designs (typically on each contract anniversary). If the step-up occurs, terms, conditions and charges in effect at the time of the step-up may apply. Withdrawals that exceed the annual withdrawal limit may incur applicable surrender charges, negatively affect the GLWB Base, and reduce the contract value and death benefit.