

Using Fixed Income Streams in Retirement

Functions addressed in this document:

- What are Guaranteed Withdrawal Benefits?
- How do I enter different payout options on a Guaranteed Withdrawal Benefit?
- What are the different types of annuity income options that can be entered in NaviPlan?
- How do I purchase a future annuity with existing assets?

What are Guaranteed Withdrawal Benefits?

Guaranteed Withdrawal Benefits (GWBs) offer your client the peace of mind knowing that their money is safe from market downturns before and during retirement. GWBs are unique in that they work as both an investment and an insurance policy. GWBs provide guaranteed income each year during retirement, as well as the potential for investment gains that could increase their benefits over time.

How do I enter different payout options for a Guaranteed Withdrawal Benefit?

In NaviPlan, you are able to show several different payout options depending on your client's Guaranteed Withdrawal Benefit contract agreement.

By default, NaviPlan assumes that all GWBs have a 5% maximum lifetime payout amount, with the possibility to increase depending on the market value of its holdings during retirement. If, during the course of retirement, the maximum lifetime withdrawal percentage is less than the rate of return on the GWB, you can select the **Reset Feature** option in the **Guaranteed Withdrawal Benefits Details** dialog box.

If selected, the **Reset Feature** option will multiply the new market value by the maximum lifetime withdrawal and apply that as the new annual income amount, beginning with the year entered as the **Reset Eligibility Year**. NaviPlan automatically re-calculates this value every year, however this can be changed so that it occurs every 2, 3, 4 or even 5 years from the **Reset Frequency** menu.

Contract Information

Contract Date	Max. Lifetime Withdrawal (%)	Min. Age for Guarantee	Reset Feature	Reset Eligibility Year	Reset Frequency (in years)
Dec 31 2018	5.00%	65	<input checked="" type="checkbox"/>	2019	1

Withdrawal Information

Withdrawal Start Date	Withdrawal Amount (as % of Maximum)	Current Benefit Base	Benefit Base Growth Rate
Ret. (1st) <input type="button" value="▼"/>	4 100.00%	\$0	0.00%

4 December 31, 2021 is the earliest possible **Withdrawal Start Date**. The earliest withdrawals can begin is the first anniversary of the **Contract Date** on or after the date the oldest owner reaches the **Min. Age for Guarantee**. The keyword **Ret. (1st)** sets the **Withdrawal Start Date** at July 1, 2019.

Guaranteed Withdrawal Benefit

To model a guaranteed lifetime payout amount that will not increase with the market value of the GWB, deselect the **Reset Feature** option in the **Guaranteed Withdrawal Benefits Details** dialog box. NaviPlan will then calculate the payout amount based on the values entered in the **Current Benefit Base**, **Max. Lifetime Withdrawal (%)**, and **Benefit Base Growth Rate** fields.

What types of income options can be entered for annuities in NaviPlan?

In NaviPlan you have the ability to enter in both term certain annuities, as well as life income annuities. By default, NaviPlan assumes that all annuities are life income annuities and payout until the death of the annuitant. Annuity types can be changed by selecting either **Term Certain** or **Life Income** from the **Income Option** menu in the **Annuity Details** dialog box.

Term Certain

If the **Income Option** is set to **Term Certain**, a **Number of Years** field will appear. Here you can enter in a set time frame in years for the annuity to payout. If the annuitant were to die before the term is complete, NaviPlan assumes the annuity payout will end. In order to have the annuity carry over the surviving spouse for the remainder of the term the annuitant must be set to **Joint** from within the **Annuitant** menu.

Existing Annuity Details

Description *	Account Type	Owner	Annuitant	Income Option
New annuity	Non-Registered	1 Joint	David	Term Certain

1 Prescribed taxation is assumed for non-registered life and term annuities.

Payout Options

Payment	Start Date	% Taxable	Payment Frequency	Number of Years	Final Payment Date
	Dec 31 2018	100.00%	Annual	10	
Benefit Payment	Index	Index			
Amount	Payments	Rate			
\$25,000	<input type="checkbox"/>	0.00%			

Existing Annuity Details

Life Income

If the **Income Option** is set to **Life Income**, NaviPlan assumes the annuity will payout for the remainder of annuitant's lifetime or for the guaranteed period, whichever is longer. If there is a guaranteed period on the annuity it can be entered in the **Guaranteed Number of Years** field. In order to have the annuity payout to the surviving spouse, the annuitant will need to be changed to **Joint** from within the **Annuitant** menu. If **Joint** is selected, a **Survivor Payments** section will appear under **Payout Options**. Here you can enter adjustments to survivorship payments depending on the contract details of the annuity.

Existing Annuity Details

Description *	Account Type	Owner	Annuitant	Income Option
New annuity	Non-Registered	1 Joint	David	Life Income

1 Prescribed taxation is assumed for non-registered life and term annuities.

Payout Options

Payment	Start Date	% Taxable	Payment Frequency	Guaranteed Number of Years	Guaranteed Period End Date
	Dec 31 2018	100.00%	Annual	10	Dec 1 2027
Benefit Payment	Index	Index			
Amount	Payments	Rate			
\$25,000	<input type="checkbox"/>	0.00%			

Existing Annuity Details

How do I purchase a future annuity with existing assets?

To enter the details on funding the annuity purchase, on the **Annuities** page ([Enter Financial Data - Net Worth - Annuities](#)) click  next to the appropriate future annuity purchase.

By default, NaviPlan is set to **Autofund** the annuity. When this option is selected, NaviPlan will withdraw the designated **Transfer Amount** from any accounts entered on the **Accounts** page ([Enter Financial Data - Net Worth - Accounts](#)) that are allocated to retirement. The order in which accounts are used is determined alphabetically based on the description of each account. When **Autofund** is selected, non-registered accounts are used to purchase non-registered annuities, registered accounts are used for registered annuities, and TFSAs are used for TFSA annuities.

In order to manually select which accounts are used to fund the annuity, deselect the **Autofund** option in the **Future Annuity Details** dialog box. If deselected, an **Asset Transfers** tab will appear next to **Payout Options**. Any retirement accounts entered on the **Accounts** page ([Enter Financial Data - Net Worth - Accounts](#)) are available from the **Choose Source Account** menu. Select a source account, and then enter a **Transfer Amount** as either a dollar amount or a percentage of the account's total funds.

Future Annuity Details

Description *	Account Type	Owner	Annuitant	Income Option
New annuity	Non-Registered	Joint	David	Term Certain
Transfer Amount	Transfer Date	AIR		
<input type="checkbox"/> Autofund	Ret. (1st)	0.00%		

ⓘ Prescribed taxation is assumed for non-registered life and term annuities.

Payout Options **Asset Transfers**

Transfers

Use the Choose Source Account list above to select an account, and then click **Add Transfer Strategy** to create a new strategy.

Choose Source  **Add Transfer Strategy**

- Choose Source Account ...**
- RRSP (David)
- TFSA (Susan)
- NR (Joint/Non-Reg.)

Add Future Annuity  

Future Annuity