



# VISTA

Valuable Income Strategies for Transitioning Assets

Creating Your  
Retirement  
Income  
Strategy

**Protective**   
Life Insurance Company  
*Doing the right thing is smart business.®*

# Will you have the retirement you've always pictured?

**You've waited your entire life for this – the moment you can look beyond the horizon and settle into retirement. Now that you're here, what will it look like?**

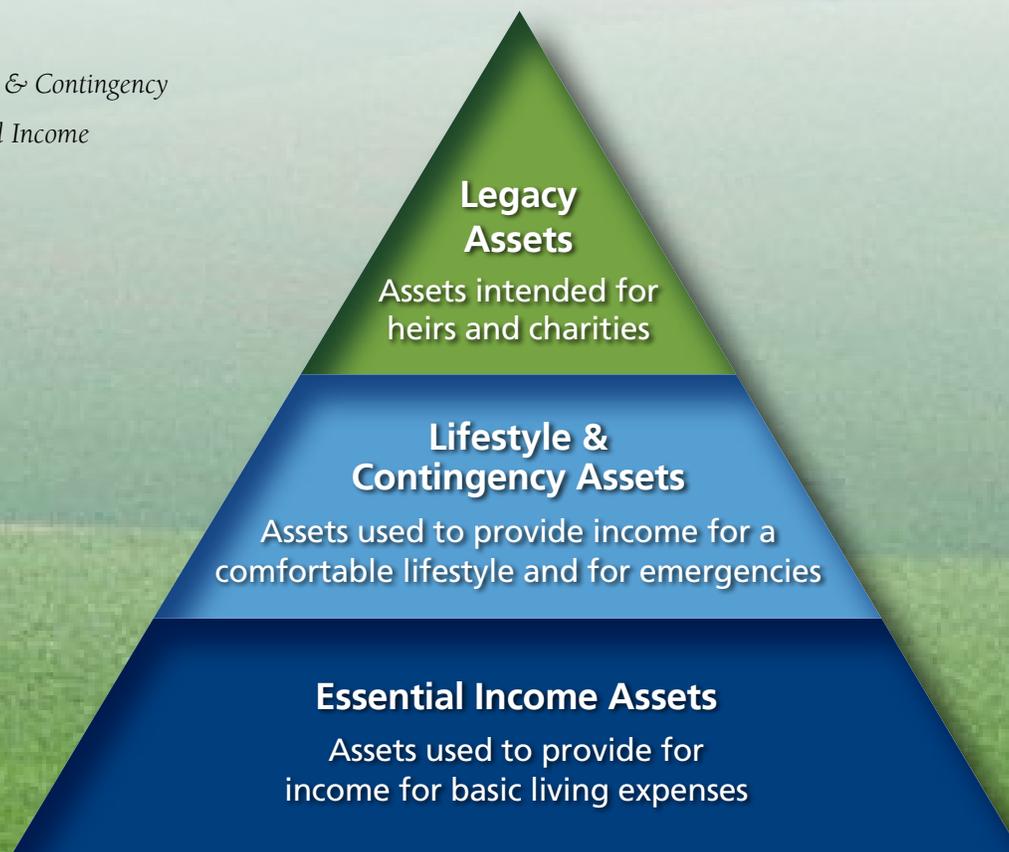
That may be a difficult question for you to answer. And, you're not alone. One of the biggest challenges facing retirees today is making the transition from contributing to retirement savings during working years to finding the most effective way to take money from those savings during retirement.

Think about a mountain climber. His goal is to reach the top, so he spends most of his time planning and training for that. However, when he reaches the top, he realizes his journey is only partly over. He must make it down the mountain safely.

Retirement is very similar. We spend 20, 30, even 40 years accumulating as much as we can in our retirement accounts. When we reach retirement, we've accomplished a very big goal; however, we're only halfway there. Now we need to climb down the mountain and make the money we've worked so hard to save last as long as we live.

In order to do this, it's important to change your asset mix at retirement. Consider these three major categories of retirement assets:

- *Legacy*
- *Lifestyle & Contingency*
- *Essential Income*



These three asset categories work together to create a comprehensive portfolio designed to help meet a variety of retirement income and wealth transfer objectives that you might have.

**LEGACY ASSETS** are assets that you don't intend to use for yourself. You'd like to pass them along to your children or favorite charity.

They should offer features that will make the transfer as hassle-free as possible, such as:

- *Helping to minimize the effect of taxes*
- *Avoiding delay in transfer of the assets*
- *Reducing costs associated with asset transfer*
- *Keeping the details of the transfer private*
- *Providing control over how the assets are distributed*

TYPICAL USES OF LEGACY ASSETS	
Gifts to Family	Establishing Scholarship
Contributions to Charitable Causes	Funding Medical Research
Offering to Religious Organizations	Political Contributions

**LIFESTYLE & CONTINGENCY ASSETS** can be used for expenses associated with enhancing your quality of life. They may also be used for a financial or medical emergency.

Since these assets are only accessed as needed, and the frequency of the withdrawals may vary, they may be invested in a mix of shorter-term, liquid investments and longer-term equity investments. This asset mix provides income that:

- *May fluctuate in amount*
- *Can be accessed in an emergency*
- *Is taken as needed*

TYPICAL USES OF LIFESTYLE & CONTINGENCY ASSETS	
Hobbies	Home Improvements
Travel	Luxury Purchases (electronics, cars, boats, etc)
Entertainment	Grandchildren's Education
Emergencies	Lessons or Classes

**ESSENTIAL INCOME ASSETS** are the assets typically used to pay for everyday living expenses. The income from these assets is vitally important because it provides for the essentials of daily living. To most effectively meet this need, Essential Income Assets must provide income that is:

- *Consistent*
- *Regular*
- *Inflation adjusted*
- *Reliable*
- *Tax efficient*

TYPICAL USES OF ESSENTIAL INCOME ASSETS	
Housing	Prescription Drugs
Groceries	Clothing
Utilities	Car Payments
Healthcare	Taxes

*As you can see, the three types of retirement assets have unique purposes and they should be carefully positioned to ensure they are working for you as efficiently as possible.*

Use the Retirement Income Needs Inventory on the following pages to help you and your Financial Advisor assess your income needs and position your assets accordingly.

# step 1

## How much will you need?

The first step in building a retirement income strategy is to determine how much income you'll need, when you'll need it, and how long it will be used. To start building your strategy, list your expected expenses and legacy objectives in the chart to the right.

Below is a list of common expenses to help get you started. Keep in mind that while these various expenses are allocated into the three categories of assets, you may move them to other areas of the pyramid to more accurately reflect your lifestyle.

### Common Expenses During Retirement

#### HOUSING

- mortgage or rent payment
- association/condominium fees
- decorating/furnishings

#### UTILITIES

- gas
- electric
- propane
- water/sewer
- phone/cell phone
- security system
- Internet
- cable/satellite TV
- GPS/navigation system
- satellite radio

#### INSURANCE

- homeowners/renters
- auto
- health/medical
- prescription
- Medicare
- dental
- vision
- long-term care
- catastrophic illness
- umbrella/liability

#### FOOD

- groceries
- dining out/delivery
- coffee shop
- alcohol

#### HOUSEHOLD ITEMS

- cleaning supplies
- paper goods
- toiletries
- cosmetics
- first aid items
- postage
- tobacco

#### PETS

- food
- veterinary care
- grooming
- boarding
- accessories/toys

#### TAXES

- income
- sales
- property

#### HEALTHCARE

- medications
- co-pays
- chiropractors
- acupuncture
- over-the-counter medications
- vitamins/supplements
- diabetic testing supplies
- smoking cessation aids
- medical equipment
- glasses/contacts

#### CLOTHING

- new clothing
- laundry/dry-cleaning
- tailor/alterations

#### TRANSPORTATION

- loan/lease payment
- fuel
- parking
- tolls
- maintenance
- car wash fees
- cab fares
- public transportation fares
- licensing fees

#### DEBT PAYMENTS

- credit cards
- personal loans
- home equity loans/lines of credit

#### PERSONAL CARE

- hairdresser/barber
- manicures/pedicures
- massages
- spa treatments

#### HOBBIES

- sports equipment
- club and gym memberships
- activity fees
- crafting supplies
- books/periodicals
- gardening supplies
- collections

#### ENTERTAINMENT

- movies
- theater
- concerts
- social clubs
- sporting events
- entertaining guests
- Bingo
- gambling/lottery

#### TRAVEL

- air fare
- hotel
- meals
- tips
- ground transportation
- events/excursions
- souvenirs

#### LUXURY PURCHASES

- vacation home
- boat/RV
- furs
- jewelry
- electronics
- vacations

#### LESSONS OR CLASSES

- dance
- fitness/exercise
- golf
- special interest college courses
- cooking

#### GRANDCHILDREN'S EDUCATION

- tuition
- books/supplies
- room and board

#### HOME MAINTENANCE/ IMPROVEMENTS

- house cleaning
- trash removal
- snow removal
- pest control
- pool/hot tub care
- appliance repairs/replacements
- redecorating/renovations
- lawn care/landscaping

#### GIFTS/CHARITABLE CONTRIBUTIONS

- tithing/church
- birthdays/weddings
- holiday gifts
- charities
- fund-raisers
- special interest groups
- greeting cards

#### PROFESSIONAL SERVICES

- attorney
- accountant
- financial advisor
- stock broker
- personal trainer
- therapist
- banking fees
- safe deposit box

## Section A - ESSENTIAL INCOME NEEDS

**Estimate your monthly Essential Income needs. These will be expenses associated with basic, everyday needs. Use the list of Common Expenses in Retirement on page 3 for reference.**

Housing	\$	Household items	\$	Transportation	\$
Utilities	\$	Pets	\$	Taxes	\$
Insurance	\$	Healthcare	\$	Debt Payments	\$
Food	\$	Clothing	\$	Personal Care	\$
Other	\$	Other	\$	Other	\$

**Total Essential Income Needs: \$ \_\_\_\_\_ per month** (you'll use this total in step 2)

## Section B - LIFESTYLE & CONTINGENCY INCOME NEEDS

**Estimate your monthly Lifestyle & Contingency income needs. These will be expenses associated with enhancing your quality of life or for emergencies. Use the list of Common Expenses During Retirement on page 3 for reference.**

Hobbies	\$	Travel	\$	Entertainment	\$
Luxury Purchases	\$	Lessons or Classes	\$	Grandchildren's Education	\$
Home Maintenance/Improvements	\$	Gifts and Charitable Contributions	\$	Professional Services	\$
Other	\$	Other	\$	Other	\$

**Total Lifestyle and Contingency Income Needs: \$ \_\_\_\_\_ per month** (you'll use this total in step 2)

## Section C - LEGACY OBJECTIVES

**Indicate your Legacy Objectives here. These are assets that you intend to pass on to your loved ones, charities, or endowments - assets that won't be needed to support your essential income, lifestyle or contingency needs in retirement.**

Burial Expenses	\$	Gifts to Children	\$	Gifts to Grandchildren	\$
Charities	\$	Religious Organizations	\$	Other	\$

**Total Legacy Objectives \$ \_\_\_\_\_ per month** (you'll use this total in step 2)

## step 2 Where will it come from?

Now that you've identified specific income needs, it's time to determine where that income will come from.

Complete the following steps to help align your sources of income with your various needs.

**First**, transfer the totals from the previous page (sections A, B and C) to the appropriate areas in the My Income Plan pyramid on the right.

**Next**, consider the sources of income that you plan to use in retirement to meet your Essential Income needs. List these income sources in the bottom section of the pyramid to the right. Some common sources of income are listed below.

Now that you've identified your likely sources of income for Essential Income needs, add them up and mark the total in the appropriate spot.

**Then**, repeat the process as you identify the sources of income you intend to use in meeting your Lifestyle & Contingency needs. List these items in the middle section of the pyramid.

Now, with all of these Lifestyle & Contingency income sources listed, add them up and list the total in the appropriate spot in the middle section of the pyramid.

**Finally**, subtract your planned income sources from your estimated income needs using the formulas found in the middle and bottom sections of the pyramid. This will help you identify any shortages or overages in your current income plan.

### Common Sources of Retirement Income

- Continued Employment
- Pensions
- Money Market Accounts
- Bonds
- Qualified Plans (401ks, 403bs, IRAs)
- Individual Equities (Stocks)
- Withdrawals<sup>1</sup> or Annuity Payments from Fixed or Variable Annuities
- Social Security
- Cash (Savings Accounts)
- Certificates of Deposit (CDs)
- Mutual Funds
- Payments from Immediate Annuities
- Real Estate
- Life Insurance Cash Values or Death Benefits

<sup>1</sup> Withdrawals or surrenders may be subject to surrender charges. Amounts withdrawn may be subject to ordinary income tax, and if taken prior to age 59½, a 10% IRS penalty may also apply. Withdrawals have the effect of reducing the death benefit, any living benefits, contract value and cash surrender value. Withdrawals will come first from any gain in an annuity contract.

# MY INCOME PLAN

## Total Legacy Objectives

\$ \_\_\_\_\_  
(from section C on page 4)

## Lifestyle & Contingency Income Needs

\$ \_\_\_\_\_  
(from section B on page 4)

Planned Sources of Income	
Income Source	Per Month
	\$ _____
	\$ _____
	\$ _____
	\$ _____

### Total Planned Lifestyle & Contingency Income

\$ \_\_\_\_\_  
(add all income sources listed above)

**Lifestyle & Contingency Needs** \$ \_\_\_\_\_

**- Planned Lifestyle & Contingency Income** \$ \_\_\_\_\_

**= Lifestyle & Contingency Income Shortage/Overage** \$ \_\_\_\_\_

## Essential Income Needs

\$ \_\_\_\_\_ (from section A on page 4)

### Planned Sources of Income

Income Source	Per Month	Income Source	Per Month
	\$ _____		\$ _____
	\$ _____		\$ _____
	\$ _____		\$ _____

### Total Planned Essential Income

\$ \_\_\_\_\_ (add all income sources listed above)

**Essential Income Needs** \$ \_\_\_\_\_ **- Planned Essential Income** \$ \_\_\_\_\_ **= Essential Income Shortage/Overage** \$ \_\_\_\_\_

# step 3

## Review your current plan.

Now that you've documented your current plan, take a few minutes to review it with your Financial Advisor.

While reviewing the plan, consider the following questions. Use the area to the right to take notes regarding your answers and any discussion you may have with your Financial Advisor.

### ■ **Do the total income needs match up with the sources of income you identified in the pyramid?**

Don't worry if your answer to this question is no. The point of this exercise is to help you identify areas where you may be well advised to reposition your assets to better meet your retirement income needs.

### ■ **Did you have overages or shortages in any of the categories?**

Most likely yes. Having a surplus of income in one area of the pyramid may mean there is an opportunity to reallocate that extra income to meet other needs. Having a shortage may mean your asset mix may need to be adjusted to provide the needed income amount. Discuss these discrepancies with your Financial Advisor to determine what – if any – changes may be needed.

### ■ **Does your plan take into consideration the impact of inflation?**

Many of the expenses you listed in the step 1 will increase over time. Will your income sources adjust as well?

### ■ **Has your plan taken market risk into consideration?**

We've experienced incredible market swings in the last 20 years. Think about whether the Essential Income portion of your income plan could experience a downturn in the market.

### ■ **How would decreasing interest rates affect your plan?**

Interest rates appear to be at historical lows. Consider how an additional drop in rates might affect your plan.

### ■ **Are you using the most efficient sources of income to meet your needs?**

Talk with your Financial Advisor to determine if you've chosen the most efficient order in which to distribute your assets. Are there ways you could realign them to create more tax-efficient income or to help enhance the assets left to fund your legacy objectives?

### ■ **Were there any areas that concerned you?**

This exercise may prove to be a daunting task if you've never taken the time to explore the details of your expenses and how you plan to provide for them in retirement. Make sure to share any concerns you have with your Financial Advisor who can help you explore appropriate options and solutions to address any items of concern.

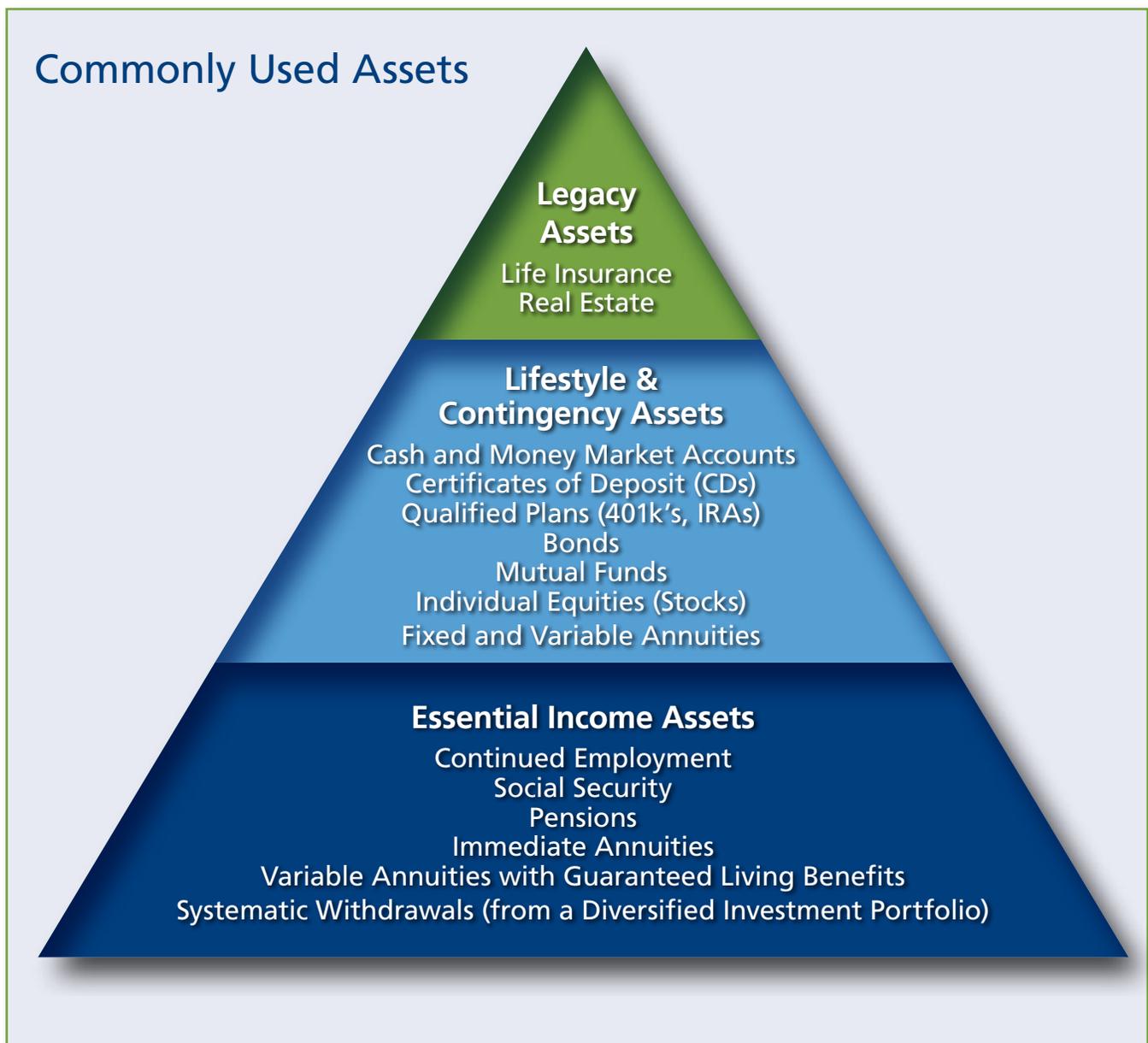
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## step 4 Do you need to reposition your assets?

In completing the pyramid exercise and then reviewing it with your Financial Advisor in step 3, you likely identified some areas where your retirement income needs and sources of income are out of alignment. Now is the time for you and your Financial Advisor to determine some actions to help you adjust.

There's no simple equation that everyone can use to find the right balance of retirement income sources and needs. A good place to start is with an overview of commonly used assets, and how they may generally be used in income planning.

Make sure to share any concerns you have with your Financial Advisor who can help you explore appropriate options and solutions to address any items of concern.



## Protective Life Can Help

Should you and your Financial Advisor decide that some of the products found on page 9 in the Commonly Used Assets pyramid may be right for your income plan, Protective Life can help. We offer solutions to help in planning for all three types of retirement assets.

### LEGACY OBJECTIVES

For these assets that you hope to leave behind to family members or a charitable cause, you may consider using life insurance from Protective Life. **Life insurance** policies can help meet legacy needs by providing:

- Guaranteed death benefits<sup>1</sup>
- Federal income tax-free death benefits<sup>2</sup>
- Efficient asset transfer
- Privacy of the transfer through the avoidance of probate

### LIFESTYLE & CONTINGENCY INCOME NEEDS

Assets held in the Contingency & Lifestyle Assets category should offer the opportunity for continued growth while also providing liquidity provisions that allow you to access the money as necessary for unscheduled expenses. **Fixed and variable annuities** from Protective Life fit well in this category. Annuities can help provide for Lifestyle & Contingency needs by providing:

- Guaranteed interest rates<sup>1</sup> (fixed annuities)
- The opportunity to participate in stock market returns through investment in underlying investment options (variable annuities)<sup>3</sup>
- Access to a portion of the account value each year without a surrender charge<sup>4</sup>
- Tax-deferred growth of the account value

### ESSENTIAL INCOME NEEDS

When it comes to providing for essential income, you need to be sure you are receiving regular, consistent cash flow. This assurance can often be provided through the use of products like Protective Life's **immediate annuities or variable annuities with Guaranteed Lifetime Withdrawal Benefits (GLWBs)**.

**Variable annuities with GLWBs** can help create regular cash flow with:

- A guaranteed stream of lifetime payments<sup>1</sup>
- Payments that may increase, but never decrease<sup>5</sup>
- Joint benefit options that pay benefits over the lifetime of two individuals

**Immediate annuities** help meet Essential Income needs by providing:

- A guaranteed stream of payment over an established period of time (up to a lifetime)<sup>1</sup>
- Annual payment increases
- Medical evaluation options that may offer those with health impairments higher periodic payments

<sup>1</sup> Provided premium requirements are met net of loans and withdrawals. All guarantees based upon the claims-paying ability of Protective Life Insurance Company (PLICO).

<sup>2</sup> The tax treatment of life insurance and annuities is subject to change. Neither PLICO nor its representatives offer legal or tax advice. Investors should consult their attorney or tax advisor regarding their individual situations before making any tax-related decisions.

<sup>3</sup> Variable annuities involve the risk of investing in equity securities, including market risk and loss of principal. Investments in variable annuities are subject to fees and charges from the insurance company and the investment managers.

<sup>4</sup> Withdrawals or surrenders may be subject to surrender charges. Amounts withdrawn may also be subject to ordinary income tax, and if taken prior to age 59½, a 10% IRS penalty may also apply. Withdrawals have the effect of reducing the death benefit, any living benefits and cash surrender value. Withdrawals will come first from any gain in the contract.

<sup>5</sup> Providing you follow the benefit's rules.



# MY NEW INCOME PLAN

## Total Legacy Objectives

\$ \_\_\_\_\_  
(from section C on page 4)

## Lifestyle & Contingency Income Needs

\$ \_\_\_\_\_  
(from section B on page 4)

### Planned Sources of Income

Income Source	Per Month
	\$ _____
	\$ _____
	\$ _____
	\$ _____

### Total Planned Lifestyle & Contingency Income

\$ \_\_\_\_\_  
(add all income sources listed above)

**Lifestyle & Contingency Needs** \$ \_\_\_\_\_

**– Planned Lifestyle & Contingency Income** \$ \_\_\_\_\_

**= Lifestyle & Contingency Income Shortage/Overage** \$ \_\_\_\_\_

## Essential Income Needs

\$ \_\_\_\_\_ (from section A on page 4)

### Planned Sources of Income

Income Source	Per Month	Income Source	Per Month
	\$ _____		\$ _____
	\$ _____		\$ _____
	\$ _____		\$ _____

### Total Planned Essential Income

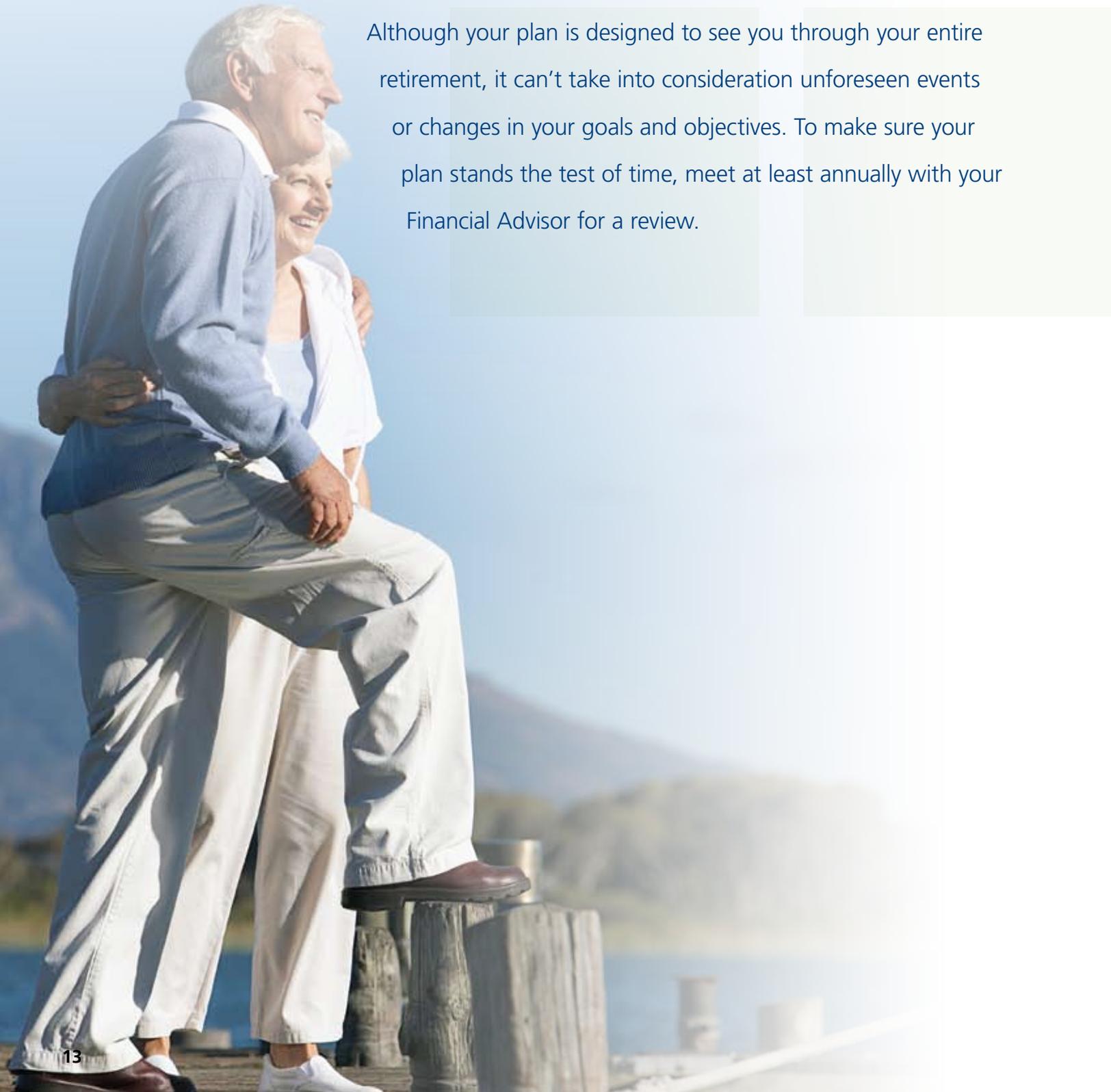
\$ \_\_\_\_\_ (add all income sources listed above)

**Essential Income Needs** \$ \_\_\_\_\_ **– Planned Essential Income** \$ \_\_\_\_\_ **= Essential Income Shortage/Overage** \$ \_\_\_\_\_

## step 6 Review your plan periodically.

**While you've put great thought and consideration into the plan that you and your Financial Advisor have just established, your plan should still be reviewed periodically.**

Although your plan is designed to see you through your entire retirement, it can't take into consideration unforeseen events or changes in your goals and objectives. To make sure your plan stands the test of time, meet at least annually with your Financial Advisor for a review.





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The tax treatment of life insurance and annuities is subject to change. Neither PLICO nor its representatives offer legal or tax advice. Investors should consult their attorney or tax adviser regarding their individual situations before making any tax-related decisions.

**Annuities are long-term investments intended for retirement planning. Variable annuities and variable universal life insurance involve the risk of investing in equity securities, including market risk and loss of principal. Investments in variable annuities are subject to fees and charges from the insurance company and the investment managers. If the investment performance of variable universal life insurance underlying investments is poorer than expected (or if sufficient premiums are not paid), the policy may lapse or not accumulate sufficient value to fund the intended application.**

Investors should carefully consider the investment objectives, risks, charges, and expenses of variable annuities and variable universal life insurance and any underlying investment options before investing. This and other information is contained in the prospectuses for the variable annuities and variable universal life insurance and any underlying investment options. Investors should read the prospectuses carefully before investing. Prospectuses may be obtained by contacting PLICO at (800) 628-6390. Life insurance and annuity contracts issued by Protective Life Insurance Company (PLICO). Securities offered by Investment Distributors, Inc. (IDI). Both located at 2801 Highway 280 South, Birmingham, AL, 35223. PLICO and IDI are each subsidiaries of Protective Life Corporation. Protective Life Corporation is a separate company and is not responsible for the financial obligation or contractual obligations of PLICO or IDI.



*Doing the right thing is smart business.®*

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No Bank Guarantee	Not FDIC Insured	May Lose Value