

**SPECIAL  
POINTS OF  
INTEREST:**

- At which age do you plan on retiring? Take a look at the factors involved in making this important decision!
- Learn more about about variable annuities and the potential for a guaranteed lifetime income!
- What is it about mutual funds that attracts affluent investors?

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## Deciding When to Begin

**A presidential commission has recommended increasing the early retirement age for Social Security to 64 and the full retirement age to 69. Fortunately, the plan, if adopted, would be phased in slowly and wouldn't be fully implemented until 2075.<sup>1</sup>**

Currently, most Americans can choose to start collecting benefits at *full retirement age*, which ranges from 65 to 67 depending on the year they were born, or to receive a reduced benefit as early as age 62. This is an important decision, so it's a good idea to consider all the factors involved.

### It's About Monthly Income

If you claim benefits at age 62, the amount you receive each month would be about 70% of your full retirement benefit. Each month you wait to claim benefits after age 62, your monthly benefit increases slightly, so that at full retirement age you would be entitled to 100% of your full retirement benefit. For each month you wait to claim Social Security *after* full retirement age, your monthly benefit will continue to increase until you reach age 70, when you could be entitled to about 132% of your full benefit.

If you live an average life expectancy, you will collect the same amount in lifetime benefits regardless of whether you begin benefits at age 62, full retirement age, or 70. Benefits are reduced at younger ages because, in theory, you will be collecting them for a longer period of time.

monthly income. Calculating your *breakeven* age may help you decide. This is the age at which the total amount you collect by claiming early benefits would equal the amount collected if you waited until full retirement age. If your breakeven age is later than your probable lifespan, you might be better off taking early benefits.

There may be other factors to consider depending on your circumstances. Deciding when to collect benefits is a big decision that should be considered carefully.

1) *The New York Times*, November 10, 2010



It's important to consider your current financial situation and health as you decide when to begin collecting benefits. If you expect to keep working while collecting early benefits, a portion of your benefit will be withheld if your annual earnings exceed the earnings limit. No earnings limit applies after you reach full retirement age.

If you are healthy and don't need the money, it might be a good idea to wait to claim your benefits so you can lock in a higher

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# Using a Variable Annuity for Guaranteed Income

**One of the recommendations from the White House Task Force on Middle Class Working Families was for retirees to purchase annuities to help reduce the risks of outliving their savings or experiencing lower living standards because of inflation and investment losses.<sup>1</sup>**

The White House is not a common source of retirement information, but its recommendation addressed a common concern: running out of money in retirement. Although the task force wasn't talking about variable annuities in particular, one of the benefits offered by variable annuities is the potential for a guaranteed lifetime income.

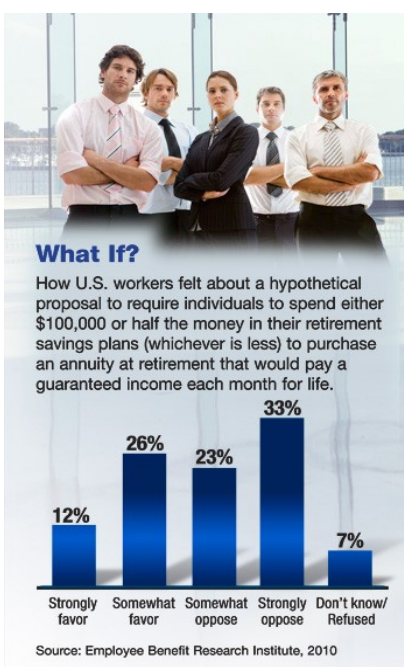
If you have wondered whether your retirement portfolio will be able to go the distance, you might want to learn more about variable annuities.

## An Investment in Insurance

A variable annuity is an insurance contract that is typically funded with either a lump sum or a series of premium payments. The term *variable* derives from the variable return potential. During the accumulation period, the contract holder can direct his or her premiums to be invested among a variety of subaccounts, which pursue returns in the financial markets. The subaccounts offer varying degrees of risk, allowing contract holders to pursue investment returns according to their risk tolerance, long-term goals, and time horizon.

When the contract holder is ready to begin receiving a retirement income, the amount of income available depends on the contract value, which is determined in part by how the investment subaccounts performed during the accumulation period.

A lifetime income is one of several payout options. Contract holders may also select an income that lasts for a specific number of years or for the lifetimes of two people. For an additional cost, contract holders may be able to purchase guarantees, such as a guarantee of minimum fixed income payments or a guarantee to withdraw a specific amount over a lifetime, regardless of the account value.



There are contract limitations, fees, and charges associated with variable annuities, which can include mortality and expense risk charges, sales and surrender charges, investment management fees, administrative fees, and charges for optional benefits. Withdrawals reduce annuity contract benefits and values. Variable annuities are not guaranteed by the FDIC or any other government agency; they are not deposits of, nor are they guaranteed or endorsed by, any bank or savings association. Withdrawals of annuity earnings are

taxed as ordinary income and may be subject to a 10% federal income tax penalty if made prior to age 59½. Surrender charges may also apply if the annuity is surrendered in the early years of the contract. Any guarantees are contingent on the claims-paying ability of the issuing company. The investment return and principal value of an investment option are not guaranteed. Because variable annuity subaccounts fluctuate with changes in market conditions, the principal may be worth more or less than the original amount invested when the annuity is surrendered.

*Variable annuities are sold only by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the variable annuity contract and the underlying investment options, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.*

1) Kiplinger's Personal Finance, May 2010

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# Understanding the Appeal of Mutual Funds for High-Income Households

Although 44% of U.S. households own mutual funds, the rate of ownership is much higher among households with incomes above \$100,000 (see chart).<sup>1</sup>

What is it about mutual funds that attracts affluent investors?

## Professional Management

When you purchase shares in a mutual fund, to some extent you are also buying the expertise of the fund manager and the fund management company, which are tasked with buying and selling investments to give shareholders the highest possible return consistent with the fund's objectives. Fund managers carefully research the assets held by their funds, often by poring over financial statements and meeting with a prospective company's management to discern whether it would be an appropriate addition. Although you may have a certain dollar amount riding on the fund's performance, it's likely the fund managers have an even bigger stake: their reputations.

## Flexibility

Regardless of your financial goals — retirement, college, a wedding, a rainy day — it's likely that there is a mutual fund that may be appropriate for your situation and risk tolerance. Mutual funds enable you to customize your portfolio and make adjustments when your market outlook or investment goals change. If you decide you need to



redeem some of your shares, your assets could be available as early as the following day. Some funds allow you to write checks against your account.

## Diversification

Of all the strategies recommended for managing risk, diversification is near the top. Mutual funds can invest in a wide range of asset classes, industries, and securities. In fact, some mutual funds invest in hundreds of securities, providing a level of diversification that could be cost-prohibitive even for high-income and

high-net-worth investors. Diversification does not guarantee against loss; it is a method used to help manage investment risk.

The return and principal value of mutual funds fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

*Mutual funds are sold only by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.*

1) Investment Company Institute, 2010

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# What's New at Brandywine



## From Raymond's Desk

This has been the busiest spring, beginning of summer that I can remember. I usually have time to get out and play a little golf and spend some time down at my home in Wildwood, NJ on the weekends but this year has not been the case. I have not picked up the golf club once, and have only made it down to the shore 1 weekend so far, which was this past weekend and it was beautiful on Saturday, I was on the beach until 6:30!

As many of you know I have not spoken to my father since I was a young boy. The main father figure in my life growing up was my Grandfather (my mom's father). He is 84 years old, healthy but not very mobile he has fluid in his brain that pushes on the area of the brain that tells your legs to move. Anyway, for Father's Day he wanted me to take him to the Race Track so I picked him up and took him over to Parx Race Track in Bensalem. We used to go often but since he has become less mobile he really doesn't like to leave the house as much. We enjoyed the day at the track, he bet his \$2 on a few horses, won a couple and lost a couple. The facility was packed I could not believe how many people were there. It always amazes me to see how people analyze the horses' statistics from previous races to see which ones they want to place their wager on. There does however seem to be a science to it, much like investing, but then there are always those unknown risks of course.

## From Jill's Desk

Can you believe it is already the end of June? I feel like the last time I looked at my calendar it was the middle of April. It seems like every two weeks we have something new to celebrate!

This fourth of July weekend I plan on spending as much time as I can with my best friend, Marie. As you may recall, Marie is my friend who moved to California, from Philadelphia, a few years ago. Although I just flew out to visit her in April, she has not been home for the last two years, so we still have a lot of catching up to do.

Marie's family lives in Fishtown, which is a neighborhood located northeast of Center City, Philadelphia. A couple years ago Marie's father had a deck built on top of their roof and, according to Marie, she has the best seat in the house for fireworks. I am excited to see a couple different firework shows and even more excited that I won't have to deal with the stress, time and money of parking in Philadelphia. Because what is the fourth of July without any fireworks?

I hope everyone has a wonderful and safe fourth of July!