

## USING VARIABLE ANNUITIES TO BRIDGE THE MEDICARE GAP

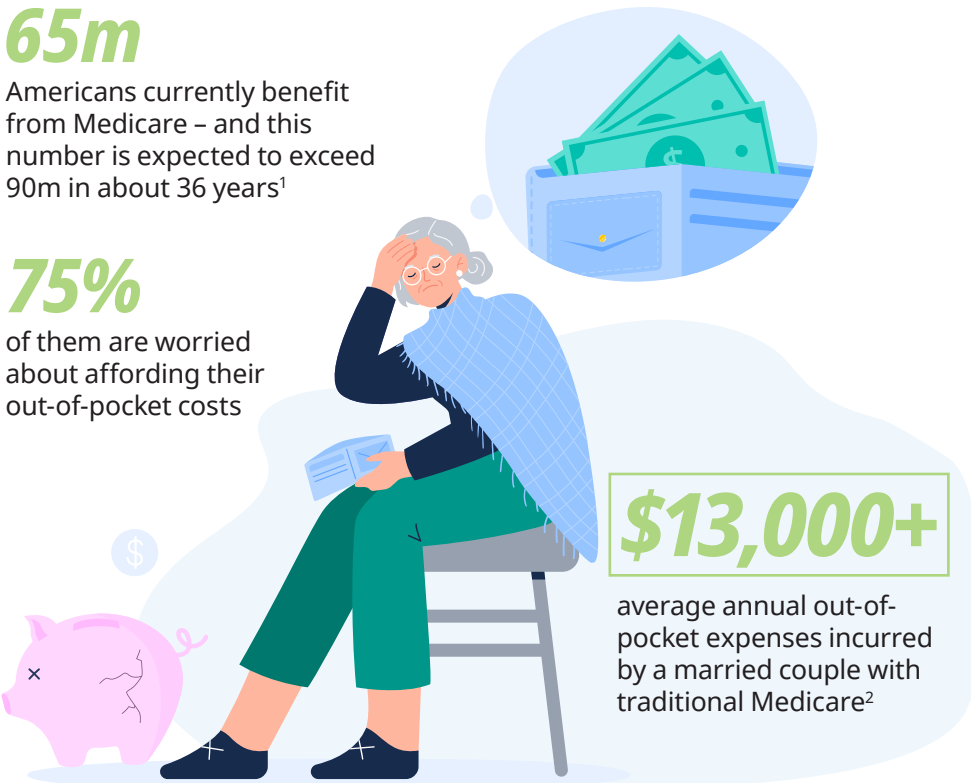
Annuities offering guaranteed lifetime income may ease the burden of Medicare out-of-pocket expenses

### 65m

Americans currently benefit from Medicare – and this number is expected to exceed 90m in about 36 years<sup>1</sup>

### 75%

of them are worried about affording their out-of-pocket costs



### \$13,000+

average annual out-of-pocket expenses incurred by a married couple with traditional Medicare<sup>2</sup>

“Healthcare expenses can create a considerable financial burden for many people with Medicare”

– AARP Spotlight

### Medicare beneficiaries often face economic pressure due to the unpredictability of their retirement income

According to the Schroders 2022 US Retirement Survey, among retirees:



say their general expenses in retirement are higher than expected



don't have any strategies to generate retirement income



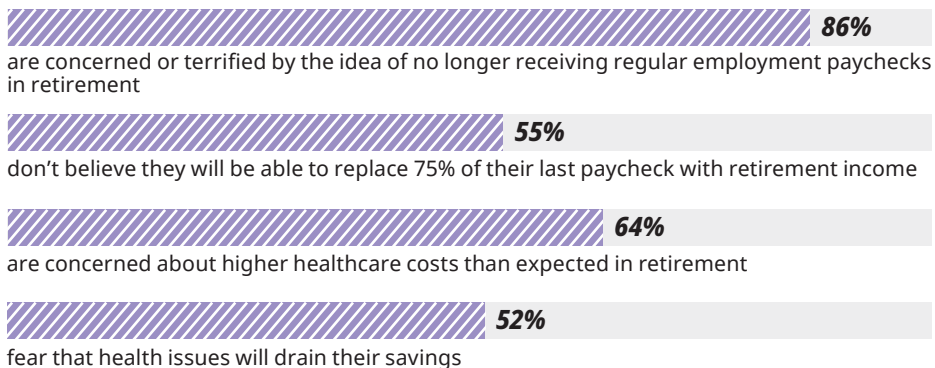
### The question is:

How will current and future Medicare beneficiaries cover their annual healthcare expenses?

1 KFF, The Facts About Medicare Spending, June 2023.

2 AARP Spotlight, Beneficiaries in Traditional Medicare: Out-of-Pocket Spending for Health Care, March 2023.

## Among working Americans approaching retirement age (60-65) and Medicare eligibility, the survey found:



Source: Schroders 2022 US Retirement Survey.

## A solution for Medicare beneficiaries

Recommend a variable annuity with guaranteed lifetime income to help offset Medicare out-of-pocket expenses.

See below for an example of this strategy in action.



Lifetime income is the **#1** choice among investors considering retirement solutions

Surprisingly, only **17%** currently use or plan to use annuities to generate income in retirement

Source: Schroders 2022 US Retirement Survey.

## About the survey

The Schroders 2022 US Retirement Survey was conducted by 8 Acre Perspective among 1,000 US investors nationwide ages 45-75 from February 17, 2022, through February 28, 2022. The median household income for working Americans surveyed was \$75,000.

### Two options to cover annual out-of-pocket Medicare expenses

1

#### Draw on managed money

**\$330,000** Set aside from investable assets to cover medical expenses

**4%** Payout established with a systematic withdrawal plan

**\$13,200** Annual payout, with no guarantees, given that principal will be subject to market volatility

2

#### Use a variable annuity

**\$240,000** Invested to purchase a variable annuity

**5.5%** Annual payout established for a joint life expectancy

**\$13,200** Annual guaranteed income stream generated



The variable annuity enables an investor to generate the same level of income to cover medical expenses with **28%** less of their assets.

Source: Schroders. Shown for illustrative purposes only and should not be interpreted as investment guidance or a recommendation to invest in any financial instrument. The scenarios shown are hypothetical and based on assumptions that may not account for actual market conditions or investor needs. There is no guarantee these outcomes will be achieved.

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