

Understanding the Difference
between a Life Annuity Benefit
and a Systematic Withdrawal

Living in Retirement:

WHAT'S YOUR INCOME STRATEGY?

You've prepared and planned for retirement most of your life. Now that the time is getting closer, have you thought about your income strategy?

GuideStone Retirement Income Options

It's important not only to **know** your retirement distribution options but to **understand** how your decision affects your income. GuideStone® is here to help you sort out the details!

You have three options:

1

**Fixed Income for Life:
Life Annuity Benefit**

2

**Flexible Income
You Can Change:
Systematic Withdrawal**

3

**A Combination of
Life Annuity Benefit and
Systematic Withdrawal**

1

OPTION ONE: LIFE ANNUITY BENEFIT

Receive a consistent monthly income for life.

Once purchased, annuity benefit distributions **cannot be changed**. Trade all or a portion of your retirement balance for a consistent monthly income distribution that will continue for the rest of your life. **This option is often used to mitigate the risk of outliving your money and predictable income.**

→ **Single Life** – One life (GuideStone Member)

→ **Joint Life** – Two lives (GuideStone Member and Joint Life Applicant)

Once you select “Single” or “Joint Life”, there are multiple ways to customize your life annuity benefit.

Customizable Options

CASH REFUND OPTION

Ensures distributions to your beneficiaries in case you pass away before the original account balance is paid out.

- **Remainder of the original account balance** is paid out to beneficiaries if you pass away.

SPECIFIED PERIOD OPTION

Ensures distributions to your beneficiaries in case you pass away before a certain time period.

- **Monthly distributions** are made to beneficiaries for the remainder of the time period.
- Distributions are made for a **certain period of time** if you pass away.

ANNUAL INCREASE OPTION

Increase distributions each year in exchange for smaller initial distributions.

- Offsets the **impact of inflation** on your retirement income.
- **Increase distributions annually** by 1%, 2% or 3%* in exchange for smaller initial distributions.

If you have beneficiaries, you may consider one of these options.

*Based on the percentage increase initially elected when setting up life annuity benefit.

2

OPTION TWO: SYSTEMATIC WITHDRAWAL PLAN

Change your monthly income at anytime.

Keep your account balance invested and receive monthly income you specify. Distributions will continue until you stop or when your account balance is depleted. **This is often used if you desire distribution flexibility and control over your investments and if you have sufficient fixed income to meet your expenses in retirement.**

There are three ways to receive a systematic withdrawal

PERCENTAGE OF TOTAL ACCOUNT BALANCE

- Amounts will **vary month to month** based on your account balance.

EQUAL PAYMENTS OF A SPECIFIED DOLLAR AMOUNT

- **Choose the amount** you want deducted from your balance each month.
- A **minimum of \$50** is required.

PAID OUT OVER A SPECIFIED PERIOD OF TIME

Amounts will **vary month to month** as your account fluctuates over time.

3

OPTION THREE: LIFE ANNUITY BENEFIT AND SYSTEMATIC WITHDRAWAL

By using a combination option, you can designate one portion as a life annuity benefit and one as a systematic withdrawal. The portion allocated to the life annuity benefit will be a steady income stream across the remainder of your lifetime. The portion designated as a systematic withdrawal will remain invested and available to withdraw as a percentage, equal amounts or varied amounts, as according to the systematic withdrawal options above. **Often used if you desire distribution flexibility and want to mitigate the risk of outliving your money.**

Customize your retirement income amount by choosing a the combination of a life annuity benefit and a systematic withdrawal.

PARTIAL LIFE ANNUITY BENEFIT AND PARTIAL SYSTEMATIC WITHDRAWAL

What's most important to you?

FIXED LIFETIME DISTRIBUTIONS WITH A LIFE ANNUITY BENEFIT

Pro: You will receive a monthly distribution for the rest of your life (and your joint life applicant's life, if applicable).

Con: Your retirement withdrawal option and distribution amount cannot be changed once selected and distributions begin.

OR

FLEXIBLE INCOME DISTRIBUTIONS WITH A SYSTEMATIC WITHDRAWAL PLAN

Pro: You can increase, decrease or stop your monthly distribution at any time. Your account balance still has the potential to increase over time, as it is still being invested.

Con: If you're withdrawing the funds at a high rate, you could exhaust the funds before the end of your retirement. Your account balance could fluctuate based on your investment selections and the state of the market.

WHEN DO YOU DECIDE?

If you're trying to decide which retirement distribution option is right for you but need income right away, you can start with a systematic withdrawal and choose a life annuity benefit later. Determining whether to annuitize** your balance is a significant decision, so use this information to decide what is right for you.



Complete your **personalized** retirement income estimate today in [MyGuideStone®](#)!

[**Get your retirement income estimate!**](#)



Do you still have retirement income planning questions?

[**Schedule an appointment in MyGuideStone**](#)

**Life Annuity Benefits are irrevocable and cannot be changed once elected.

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