Northwestern Mutual Launches New 'Longevity Annuity' Allowing Individuals to Delay Required Minimum Distributions and Set Aside Money for Later in Retirement

This innovative product is the only dividend paying Deferred Income Annuity in the marketplace

MILWAUKEE, July 14, 2015 /PRNewswire/ -- Expanding its suite of industry-leading income solutions to help clients navigate longevity risk and secure guaranteed lifetime income in retirement, Northwestern Mutual has launched the first dividend-paying Qualified Longevity Annuity Contract (QLAC), which individuals can use to earmark a portion of IRA dollars for use later in retirement.

The new QLAC is available via Northwestern Mutual's *Select™* Portfolio Deferred Income Annuity (Portfolio DIA), its patent-pending income product that has the upside potential to grow base income through dividends*, which can help address inflation and cost of living increases over time. In addition, individuals have access to dividends prior to taking the income. Dividends can be used to increase lifetime income payments, taken in cash or a combination of the two.

Prior to 2014, investors with traditional IRAs and qualified plans were subject to required minimum distributions (RMDs) beginning at age 70½. However, a new Treasury Department ruling regarding 'longevity annuities' lets investors postpone some of their RMDs if they use qualified retirement dollars to instead purchase a longevity annuity or QLAC.

"As more people are living well into their 80s and beyond, they face a number of risks that could impact their financial security, ranging from health care and long term care costs to inflation and taxes," said David Simbro, senior vice president, life and annuity products, Northwestern Mutual. "That's why we continue innovating with income solutions to help meet the needs of our clients, starting with the first portfolio deferred income annuity we introduced back in 2012."

Individuals can purchase Portfolio DIA using funds from a traditional IRA account with single payment of at least $10,000, but no more than $125,000, and the account holder can begin taking income from the contract as late as age 85, rather than starting at age 70½.

In an effort to show how annuities can help to manage longevity risk in retirement, Northwestern Mutual recently partnered with academics Michael Finke, Professor and Director of Retirement Planning and Living,Texas Tech University and Wade Pfau, Professor of Retirement Income, American College to demonstrate the role of deferred income annuities (DIA) in retirement portfolios.

In a paper released earlier this year - "*Using Deferred Income Annuities to Maximize Income in Retirement*" – Finke and Pfau detailed how DIAs can help reduce the cost of funding retirement while offsetting risk and providing asset allocation flexibility of other investments in a portfolio.

The research found that DIAs:

Help to mitigate uncertainty and reduce the cost of retirement– The cost of retirement includes the actual cost of generating a given income in retirement in the face of unknown variables including longevity, and asset returns. When a retirement plan allocates a portion of assets to a DIA thus guaranteeing a portion of retirement income, the average cost of retirement is reduced by softening the financial blow of a long lifetime or poor market returns.
Allow investors to take on more equity risk– Setting aside assets before retirement to buy a DIA places a portion of the retirement portfolio into a bond-like retirement asset but with longevity protection. With a level of income guaranteed for life, individuals can then invest the rest of their assets more aggressively in equities.

The research also found that Northwestern Mutual's innovative new DIA products provide additional value given the low-interest rate environment as they may allow for potential payout increases over time via dividends, while providing protection against inflation and longevity.

About Northwestern Mutual

Northwestern Mutual has been helping families and businesses achieve financial security for nearly 160 years. Our financial representatives build relationships with clients through a distinctive planning approach that integrates risk management with wealth accumulation, preservation and distribution. With $230 billion in assets, $27 billion in revenues, nearly $90 billion in assets under management in our investment products and services, and more than $1.5 trillion worth of life insurance protection in force, Northwestern Mutual delivers financial security to more than 4.2 million people who rely on us for insurance and investment solutions, including life, disability income and long-term care insurance; annuities; trust services; mutual funds;

and investment advisory products and services. Northwestern Mutual is recognized by FORTUNE magazine as one of the "World's Most Admired" life insurance companies in 2015.

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company, Milwaukee, WI, and its subsidiaries. Northwestern Mutual and its subsidiaries offer a comprehensive approach to financial security solutions including: life insurance, long-term care insurance, disability income insurance, annuities, life insurance with long-term care benefits, investment products, and advisory products and services. Subsidiaries include Northwestern Mutual Investment Services, LLC, broker-dealer, registered investment adviser, member FINRA and SIPC; the Northwestern Mutual Wealth Management Company, limited purpose federal savings bank; and Northwestern Long Term Care Insurance Company.

Income annuities are contracts sold by life insurance companies.

The Portfolio Deferred Income Annuities has no cash value. Once issued, this annuity cannot be terminated (surrendered), and the premium paid for the annuity is not refundable and cannot be withdrawn. In addition, it is not possible to exchange this annuity for another annuity, except as permitted under the Exchange Option Amendment, which is included on certain annuities purchased with non-tax-qualified funds. This means you will need access to other funds for living and unexpected expenses until your retirement income plan payments begin.

Withdrawals from annuities may be subject to ordinary income tax, a 10% IRS early withdrawal penalty if taken before age 59½, and contractual withdrawal charges.

All guarantees associated with annuities are backed solely by the claims-paying ability of the issuer.

*Dividends are not guaranteed.

SOURCE Northwestern Mutual

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