



# IRR Explained: A Better Way to Plan

2025



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# Today, we'll cover:

- 1 What is IRR?
- 2 The formula
- 3 Why should advisors use IRR?
- 4 IRR in action



Have you ever used IRR?



# What is Internal Rate of Return (IRR)?

The great and powerful equalizer

# What is Internal Rate of Return (IRR)?



IRR is an actuarial metric used to assess the profitability and attractiveness of an income stream



This calculation allows advisors to analyze and compare different cash flow streams over time



Eliminates the marketing jargon surrounding insurance products and gives you a clear, unbiased comparison

# Time Value of Money

$$FV = (PV + Pmt) \times (1 + i)^n$$

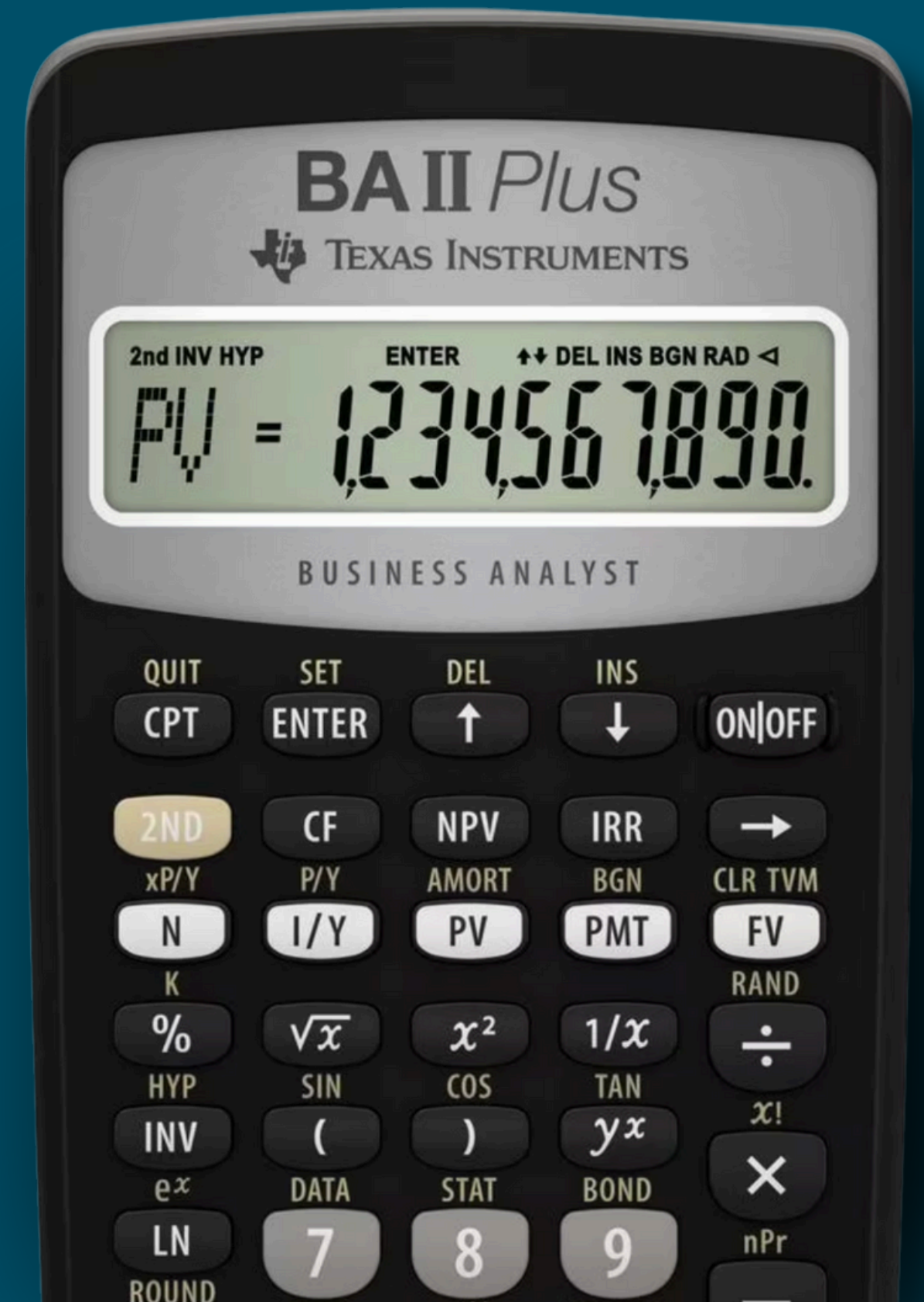
**FV** = future value

**PV** = present value

**Pmt** = premium or withdrawal

**i** = interest rate

**n** = time period





# IRR Formula

$$i = \left( \frac{FV}{PV + Pmt} \right)^{\frac{1}{n}} - 1$$

**FV** = future value

**PV** = present value

**Pmt** = premium or withdrawal

**i** = interest rate

**n** = time period



Businesses use IRR to  
decide investment  
projects



Financial advisors use  
IRR to analyze and  
compare products and  
cash flows based on a  
single data point



Individuals implicitly  
use IRR in calculating  
the time value of  
money

# Why use IRR?

Adding IRR to your financial planning process helps you present **objective proof and transparency** that your recommendation may be superior to other solutions.



# Annuities

"I want to add \$50,000  
of annual income."





# Life Only Immediate Annuity SPIA



## SPIA Life Only Immediate

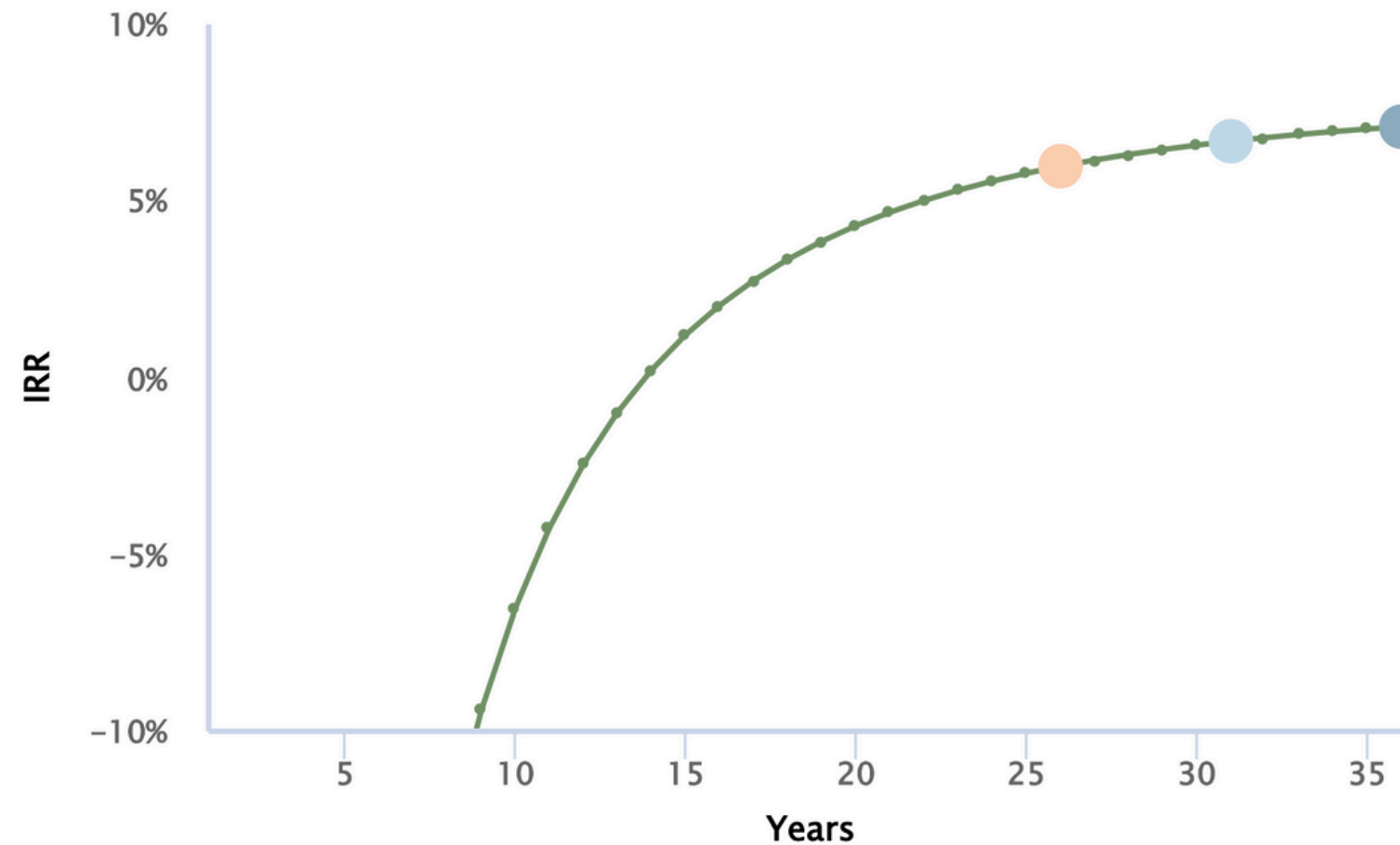
Prepared for: Valued Client on 02/23/2025

Internal Rate of Return

Prepared by: DR Slater (advisor)

Starting Balance: \$690,000

Year	Valued 's Age	Annual Income	Remaining Balance	Total Income	Total Value	IRR by Year
1	65	50,000	0	50,000	\$50,000	-100.0%
2	66	50,000	0	100,000	\$100,000	-92.2%
3	67	50,000	0	150,000	\$150,000	-67.9%
4	68	50,000	0	200,000	\$200,000	-48.1%
5	69	50,000	0	250,000	\$250,000	-34.4%
6	70	50,000	0	300,000	\$300,000	-24.9%
7	71	50,000	0	350,000	\$350,000	-18.1%
8	72	50,000	0	400,000	\$400,000	-13.2%
9	73	50,000	0	450,000	\$450,000	-9.4%
10	74	50,000	0	500,000	\$500,000	-6.5%
11	75	50,000	0	550,000	\$550,000	-4.3%
12	76	50,000	0	600,000	\$600,000	-2.4%
13	77	50,000	0	650,000	\$650,000	-1.0%
14	78	50,000	0	700,000	\$700,000	0.2%
15	79	50,000	0	750,000	\$750,000	1.2%
16	80	50,000	0	800,000	\$800,000	2.1%
17	81	50,000	0	850,000	\$850,000	2.8%
18	82	50,000	0	900,000	\$900,000	3.4%
19	83	50,000	0	950,000	\$950,000	3.9%
20	84	50,000	0	1,000,000	\$1,000,000	4.3%
21	85	50,000	0	1,050,000	\$1,050,000	4.7%
22	86	50,000	0	1,100,000	\$1,100,000	5.0%
23	87	50,000	0	1,150,000	\$1,150,000	5.3%
24	88	50,000	0	1,200,000	\$1,200,000	5.6%
25	89	50,000	0	1,250,000	\$1,250,000	5.8%
26	90	50,000	0	1,300,000	\$1,300,000	6.0%
27	91	50,000	0	1,350,000	\$1,350,000	6.2%
28	92	50,000	0	1,400,000	\$1,400,000	6.3%
29	93	50,000	0	1,450,000	\$1,450,000	6.5%
30	94	50,000	0	1,500,000	\$1,500,000	6.6%
31	95	50,000	0	1,550,000	\$1,550,000	6.7%
32	96	50,000	0	1,600,000	\$1,600,000	6.8%
33	97	50,000	0	1,650,000	\$1,650,000	6.9%
34	98	50,000	0	1,700,000	\$1,700,000	7.0%
35	99	50,000	0	1,750,000	\$1,750,000	7.0%
36	100	50,000	0	1,800,000	\$1,800,000	7.1%



6.0% IRR at Age 90  
\$1,300,000 Total Value

6.7% IRR at Age 95  
\$1,550,000 Total Value

7.1% IRR at Age 100  
\$1,800,000 Total Value

### About Internal Rate of Return (IRR)

Internal Rate of Return is an actuarial metric to calculate the profitability and attractiveness of an income stream. This time value of money calculation relies on the same concept as Net Present Value and allows you to analyze and compare varying cash flow streams over time.

*Disclosure: Annuities are long-term insurance products primarily designed for retirement income. Early withdrawals from an annuity may result in loss of principal and credited interest due to surrender charges. Withdrawals from an annuity are taxed as ordinary income and, if taken prior to age 59 ½, an additional 10% federal tax may apply. The information contained herein is hypothetical and not based on any specific annuity product or carrier.*

# Lifetime Income Rider – Immediate



## Income Immediate

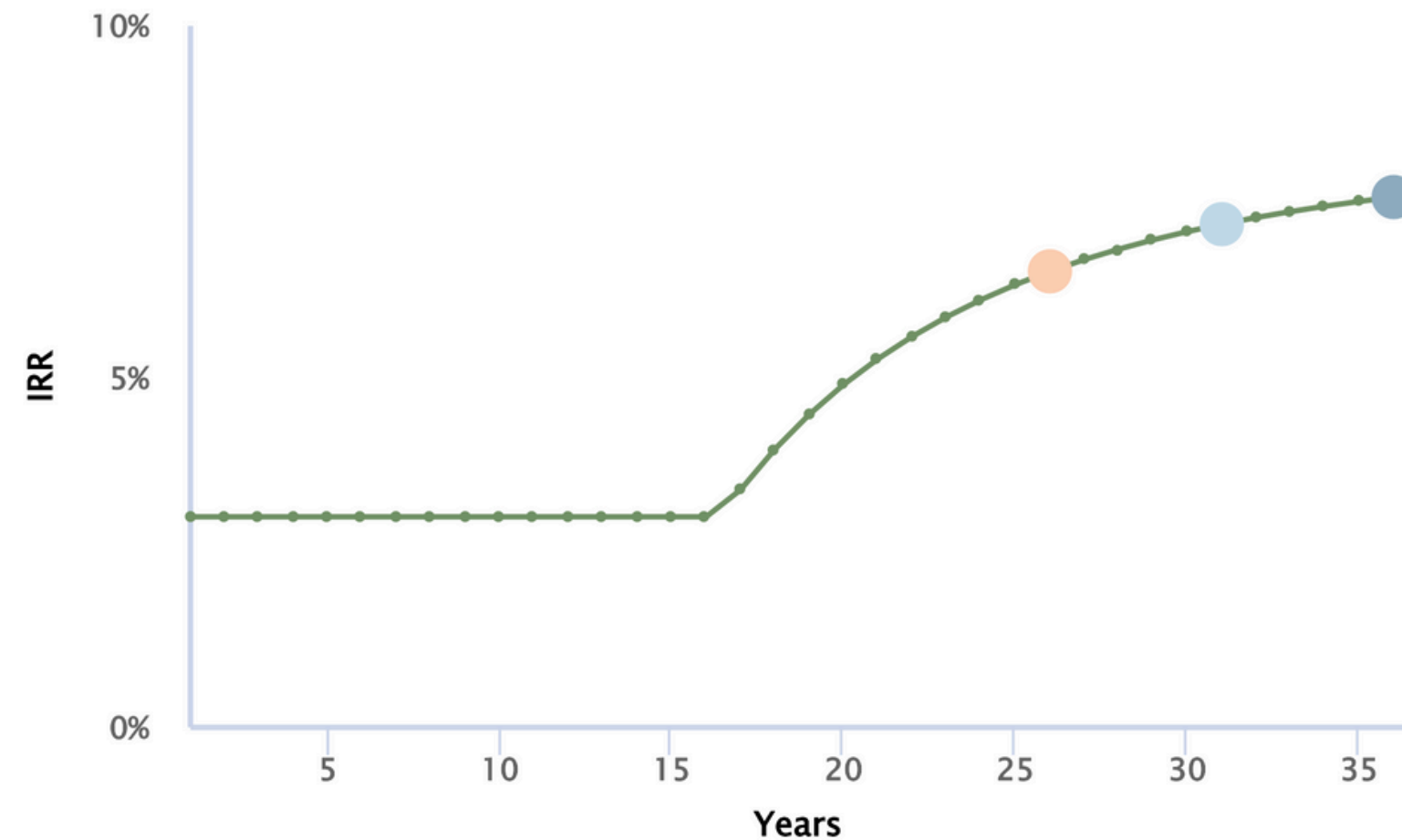
Prepared for: Valued Client on 02/23/2025

Internal Rate of Return

Prepared by: DR Slater (advisor)

Starting Balance: \$660,000

Year	Valued's Age	Annual Income	Remaining Balance	Total Income	Total Value	IRR by Year
1	65	50,000	628,300	50,000	\$678,300	3.0%
2	66	50,000	595,649	100,000	\$695,649	3.0%
3	67	50,000	562,018	150,000	\$712,018	3.0%
4	68	50,000	527,379	200,000	\$727,379	3.0%
5	69	50,000	491,700	250,000	\$741,700	3.0%
6	70	50,000	454,951	300,000	\$754,951	3.0%
7	71	50,000	417,100	350,000	\$767,100	3.0%
8	72	50,000	378,113	400,000	\$778,113	3.0%
9	73	50,000	337,956	450,000	\$787,956	3.0%
10	74	50,000	296,595	500,000	\$796,595	3.0%
11	75	50,000	253,993	550,000	\$803,993	3.0%
12	76	50,000	210,113	600,000	\$810,113	3.0%
13	77	50,000	164,916	650,000	\$814,916	3.0%
14	78	50,000	118,363	700,000	\$818,363	3.0%
15	79	50,000	70,414	750,000	\$820,414	3.0%
16	80	50,000	21,026	800,000	\$821,026	3.0%
17	81	50,000	0	850,000	\$850,000	3.4%
18	82	50,000	0	900,000	\$900,000	4.0%
19	83	50,000	0	950,000	\$950,000	4.5%
20	84	50,000	0	1,000,000	\$1,000,000	4.9%
21	85	50,000	0	1,050,000	\$1,050,000	5.3%
22	86	50,000	0	1,100,000	\$1,100,000	5.6%
23	87	50,000	0	1,150,000	\$1,150,000	5.9%
24	88	50,000	0	1,200,000	\$1,200,000	6.1%
25	89	50,000	0	1,250,000	\$1,250,000	6.3%
26	90	50,000	0	1,300,000	\$1,300,000	6.5%
27	91	50,000	0	1,350,000	\$1,350,000	6.7%
28	92	50,000	0	1,400,000	\$1,400,000	6.8%
29	93	50,000	0	1,450,000	\$1,450,000	6.9%
30	94	50,000	0	1,500,000	\$1,500,000	7.1%
31	95	50,000	0	1,550,000	\$1,550,000	7.2%
32	96	50,000	0	1,600,000	\$1,600,000	7.3%
33	97	50,000	0	1,650,000	\$1,650,000	7.3%
34	98	50,000	0	1,700,000	\$1,700,000	7.4%
35	99	50,000	0	1,750,000	\$1,750,000	7.5%
36	100	50,000	0	1,800,000	\$1,800,000	7.6%



6.5% IRR at Age 90  
\$1,300,000 Total Value

7.2% IRR at Age 95  
\$1,550,000 Total Value

7.6% IRR at Age 100  
\$1,800,000 Total Value

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# Lifetime Income Rider – After 5 Years



## Income after 5yrs

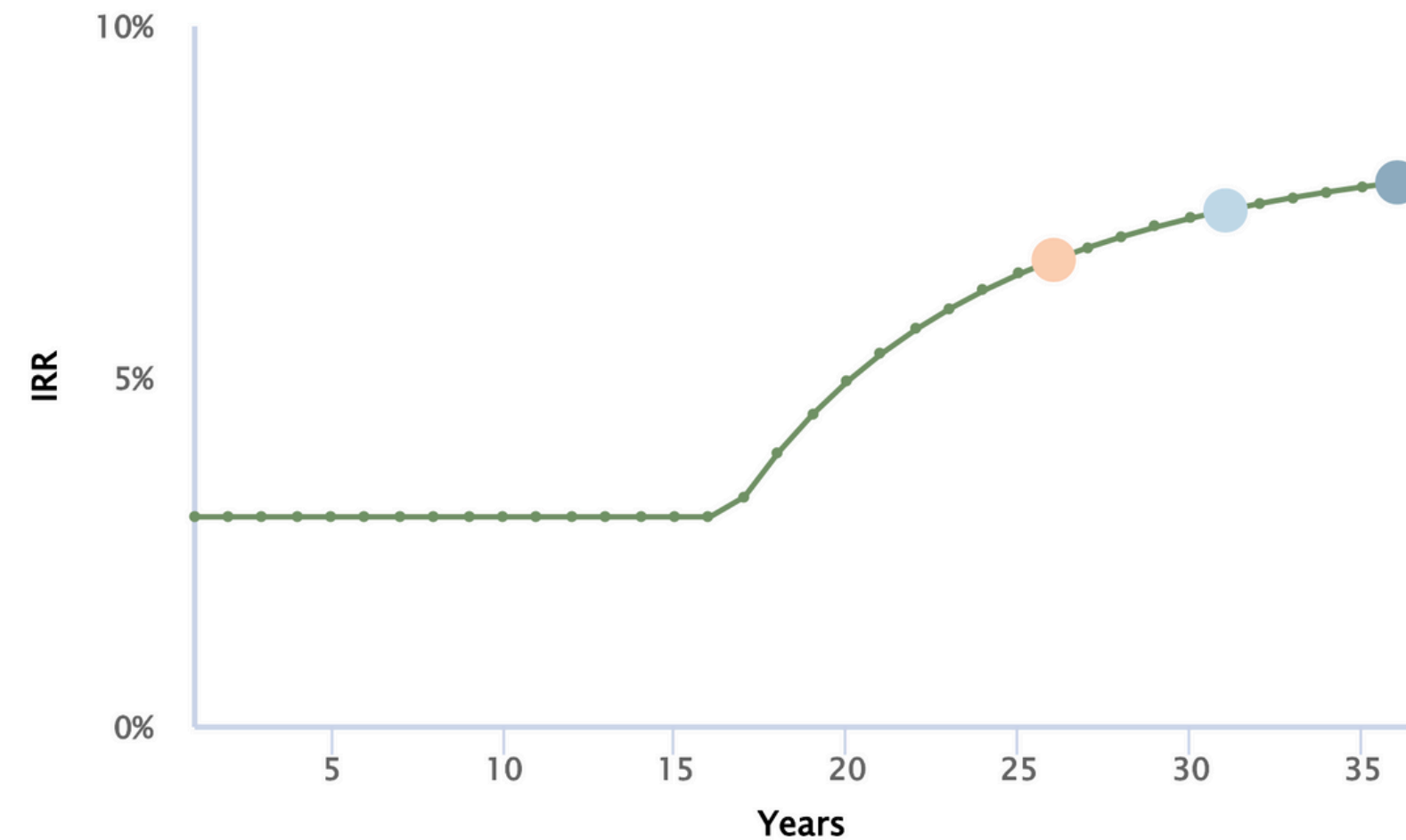
Prepared for: Valued Client on 02/23/2025

Internal Rate of Return

Prepared by: DR Slater (advisor)

Starting Balance: \$430,000

Year	Valued's Age	Annual Income	Remaining Balance	Total Income	Total Value	IRR by Year
1	65	0	442,900	0	\$442,900	3.0%
2	66	0	456,187	0	\$456,187	3.0%
3	67	0	469,873	0	\$469,873	3.0%
4	68	0	483,969	0	\$483,969	3.0%
5	69	0	498,488	0	\$498,488	3.0%
6	70	50,000	461,943	50,000	\$511,943	3.0%
7	71	50,000	424,301	100,000	\$524,301	3.0%
8	72	50,000	385,530	150,000	\$535,530	3.0%
9	73	50,000	345,596	200,000	\$545,596	3.0%
10	74	50,000	304,464	250,000	\$554,464	3.0%
11	75	50,000	262,098	300,000	\$562,098	3.0%
12	76	50,000	218,461	350,000	\$568,461	3.0%
13	77	50,000	173,515	400,000	\$573,515	3.0%
14	78	50,000	127,220	450,000	\$577,220	3.0%
15	79	50,000	79,537	500,000	\$579,537	3.0%
16	80	50,000	30,423	550,000	\$580,423	3.0%
17	81	50,000	0	600,000	\$600,000	3.3%
18	82	50,000	0	650,000	\$650,000	3.9%
19	83	50,000	0	700,000	\$700,000	4.5%
20	84	50,000	0	750,000	\$750,000	4.9%
21	85	50,000	0	800,000	\$800,000	5.3%
22	86	50,000	0	850,000	\$850,000	5.7%
23	87	50,000	0	900,000	\$900,000	6.0%
24	88	50,000	0	950,000	\$950,000	6.2%
25	89	50,000	0	1,000,000	\$1,000,000	6.5%
26	90	50,000	0	1,050,000	\$1,050,000	6.7%
27	91	50,000	0	1,100,000	\$1,100,000	6.8%
28	92	50,000	0	1,150,000	\$1,150,000	7.0%
29	93	50,000	0	1,200,000	\$1,200,000	7.1%
30	94	50,000	0	1,250,000	\$1,250,000	7.3%
31	95	50,000	0	1,300,000	\$1,300,000	7.4%
32	96	50,000	0	1,350,000	\$1,350,000	7.5%
33	97	50,000	0	1,400,000	\$1,400,000	7.6%
34	98	50,000	0	1,450,000	\$1,450,000	7.6%
35	99	50,000	0	1,500,000	\$1,500,000	7.7%
36	100	50,000	0	1,550,000	\$1,550,000	7.8%



6.7% IRR at Age 90  
\$1,050,000 Total Value

7.4% IRR at Age 95  
\$1,300,000 Total Value

7.8% IRR at Age 100  
\$1,550,000 Total Value

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# Lifetime Income Rider – After 10 Years



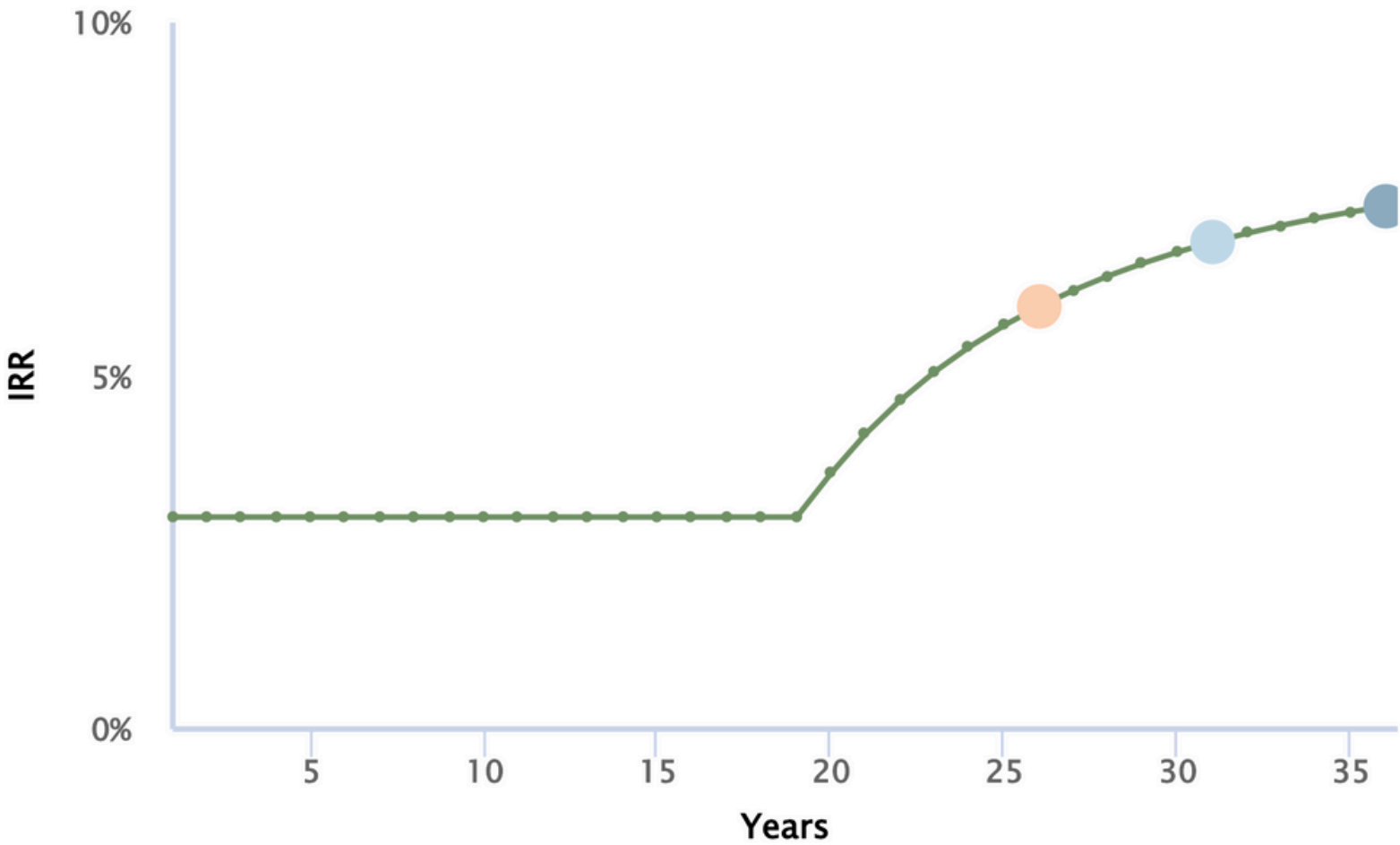
## Income after 10yrs

Prepared for: Valued Client on 02/23/2025

Internal Rate of Return  
Prepared by: DR Slater (advisor)

Starting Balance: \$300,000

Year	Valued's Age	Annual Income	Remaining Balance	Total Income	Total Value	IRR by Year
1	65	0	309,000	0	\$309,000	3.0%
2	66	0	318,270	0	\$318,270	3.0%
3	67	0	327,818	0	\$327,818	3.0%
4	68	0	337,653	0	\$337,653	3.0%
5	69	0	347,783	0	\$347,783	3.0%
6	70	0	358,216	0	\$358,216	3.0%
7	71	0	368,962	0	\$368,962	3.0%
8	72	0	380,031	0	\$380,031	3.0%
9	73	0	391,432	0	\$391,432	3.0%
10	74	0	403,175	0	\$403,175	3.0%
11	75	50,000	363,770	50,000	\$413,770	3.0%
12	76	50,000	323,183	100,000	\$423,183	3.0%
13	77	50,000	281,378	150,000	\$431,378	3.0%
14	78	50,000	238,319	200,000	\$438,319	3.0%
15	79	50,000	193,969	250,000	\$443,969	3.0%
16	80	50,000	148,288	300,000	\$448,288	3.0%
17	81	50,000	101,237	350,000	\$451,237	3.0%
18	82	50,000	52,774	400,000	\$452,774	3.0%
19	83	50,000	2,857	450,000	\$452,857	3.0%
20	84	50,000	0	500,000	\$500,000	3.6%
21	85	50,000	0	550,000	\$550,000	4.2%
22	86	50,000	0	600,000	\$600,000	4.7%
23	87	50,000	0	650,000	\$650,000	5.1%
24	88	50,000	0	700,000	\$700,000	5.4%
25	89	50,000	0	750,000	\$750,000	5.7%
26	90	50,000	0	800,000	\$800,000	6.0%
27	91	50,000	0	850,000	\$850,000	6.2%
28	92	50,000	0	900,000	\$900,000	6.4%
29	93	50,000	0	950,000	\$950,000	6.6%
30	94	50,000	0	1,000,000	\$1,000,000	6.8%
31	95	50,000	0	1,050,000	\$1,050,000	6.9%
32	96	50,000	0	1,100,000	\$1,100,000	7.0%
33	97	50,000	0	1,150,000	\$1,150,000	7.1%
34	98	50,000	0	1,200,000	\$1,200,000	7.2%
35	99	50,000	0	1,250,000	\$1,250,000	7.3%
36	100	50,000	0	1,300,000	\$1,300,000	7.4%



6.0% IRR at Age 90  
\$800,000 Total Value

6.9% IRR at Age 95  
\$1,050,000 Total Value

7.4% IRR at Age 100  
\$1,300,000 Total Value

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# Lifetime Income Rider – After 20 Years



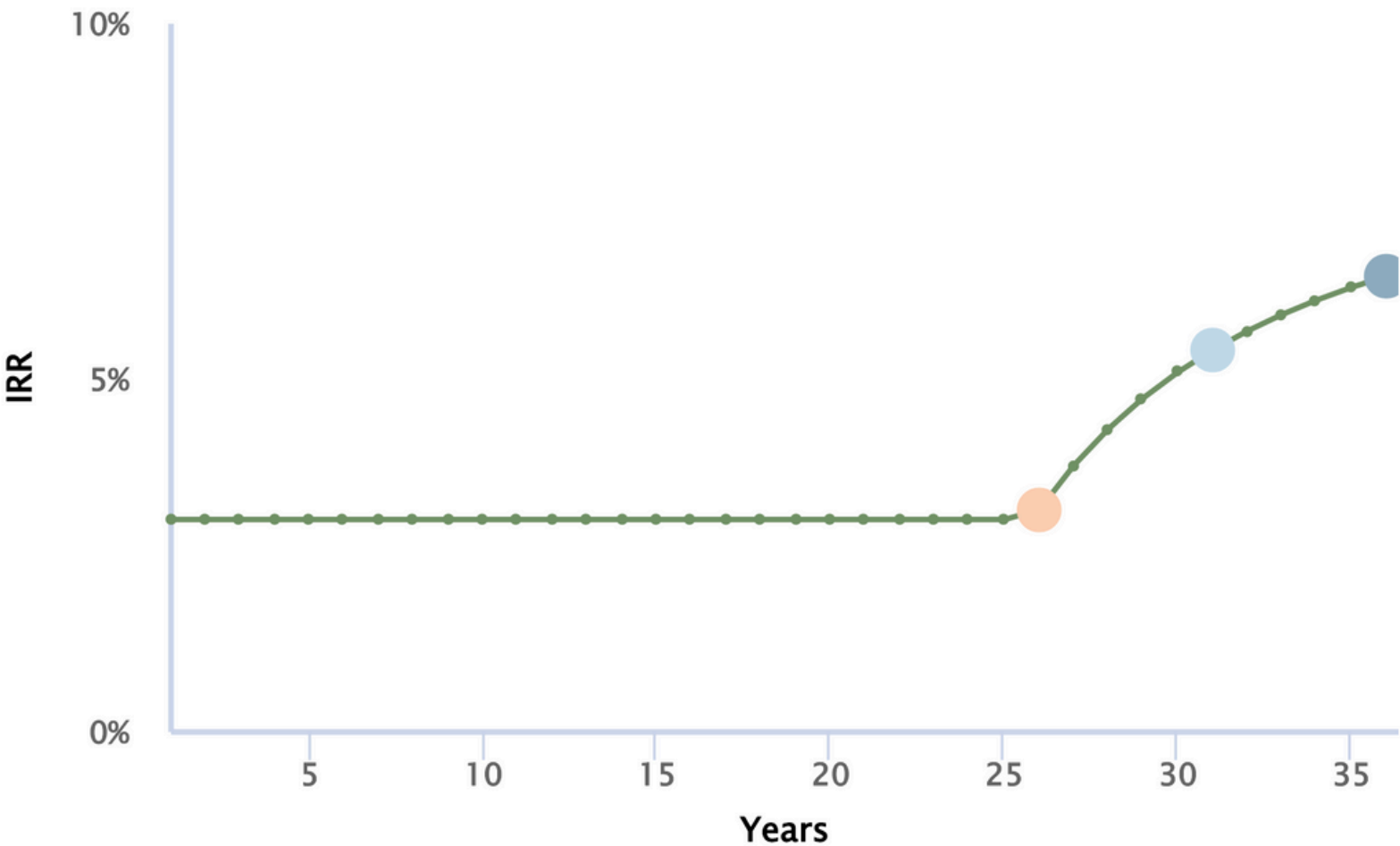
## Income after 20yrs

Prepared for: Valued Client on 02/23/2025

Internal Rate of Return  
Prepared by: DR Slater (advisor)

Starting Balance: \$150,000

Year	Valued 's Age	Annual Income	Remaining Balance	Total Income	Total Value	IRR by Year
1	65	0	154,500	0	\$154,500	3.0%
2	66	0	159,135	0	\$159,135	3.0%
3	67	0	163,909	0	\$163,909	3.0%
4	68	0	168,826	0	\$168,826	3.0%
5	69	0	173,891	0	\$173,891	3.0%
6	70	0	179,108	0	\$179,108	3.0%
7	71	0	184,481	0	\$184,481	3.0%
8	72	0	190,015	0	\$190,015	3.0%
9	73	0	195,715	0	\$195,715	3.0%
10	74	0	201,586	0	\$201,586	3.0%
11	75	0	207,634	0	\$207,634	3.0%
12	76	0	213,863	0	\$213,863	3.0%
13	77	0	220,279	0	\$220,279	3.0%
14	78	0	226,887	0	\$226,887	3.0%
15	79	0	233,694	0	\$233,694	3.0%
16	80	0	240,705	0	\$240,705	3.0%
17	81	0	247,926	0	\$247,926	3.0%
18	82	0	255,364	0	\$255,364	3.0%
19	83	0	263,025	0	\$263,025	3.0%
20	84	0	270,916	0	\$270,916	3.0%
21	85	50,000	227,543	50,000	\$277,543	3.0%
22	86	50,000	182,869	100,000	\$282,869	3.0%
23	87	50,000	136,855	150,000	\$286,855	3.0%
24	88	50,000	89,461	200,000	\$289,461	3.0%
25	89	50,000	40,645	250,000	\$290,645	3.0%
26	90	50,000	0	300,000	\$300,000	3.1%
27	91	50,000	0	350,000	\$350,000	3.8%
28	92	50,000	0	400,000	\$400,000	4.3%
29	93	50,000	0	450,000	\$450,000	4.7%
30	94	50,000	0	500,000	\$500,000	5.1%
31	95	50,000	0	550,000	\$550,000	5.4%
32	96	50,000	0	600,000	\$600,000	5.7%
33	97	50,000	0	650,000	\$650,000	5.9%
34	98	50,000	0	700,000	\$700,000	6.1%
35	99	50,000	0	750,000	\$750,000	6.3%
36	100	50,000	0	800,000	\$800,000	6.4%



3.1% IRR at Age 90  
\$300,000 Total Value

5.4% IRR at Age 95  
\$550,000 Total Value

6.4% IRR at Age 100  
\$800,000 Total Value

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# Long-Term Care

"I need to consider my future home health care options."





# Long-Term Care



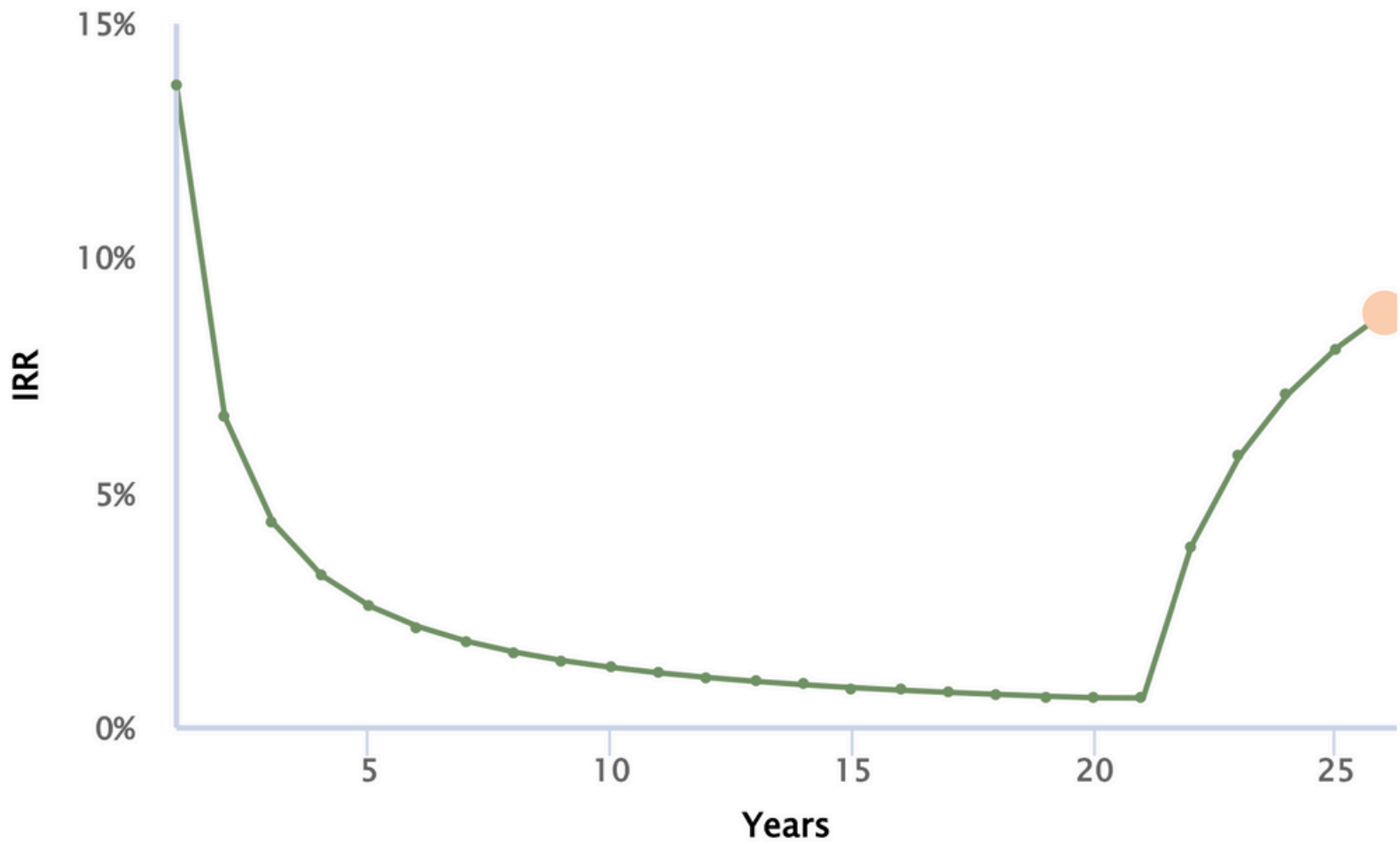
## Why Self Insure?

Prepared for: Valued Client on 02/23/2025

Internal Rate of Return  
Prepared by: DR Slater (advisor)

Starting Balance: \$95,000

Year	Valued 's Age	Annual Income	Remaining Balance	Total Income	Total Value	IRR by Year
1	65	0	108,000	0	\$108,000	13.7%
2	66	0	108,000	0	\$108,000	6.6%
3	67	0	108,000	0	\$108,000	4.4%
4	68	0	108,000	0	\$108,000	3.3%
5	69	0	108,000	0	\$108,000	2.6%
6	70	0	108,000	0	\$108,000	2.2%
7	71	0	108,000	0	\$108,000	1.8%
8	72	0	108,000	0	\$108,000	1.6%
9	73	0	108,000	0	\$108,000	1.4%
10	74	0	108,000	0	\$108,000	1.3%
11	75	0	108,000	0	\$108,000	1.2%
12	76	0	108,000	0	\$108,000	1.1%
13	77	0	108,000	0	\$108,000	1.0%
14	78	0	108,000	0	\$108,000	0.9%
15	79	0	108,000	0	\$108,000	0.9%
16	80	0	108,000	0	\$108,000	0.8%
17	81	0	108,000	0	\$108,000	0.8%
18	82	0	108,000	0	\$108,000	0.7%
19	83	0	108,000	0	\$108,000	0.7%
20	84	0	108,000	0	\$108,000	0.6%
21	85	97,350	10,650	97,350	\$108,000	0.6%
22	86	100,271	10,000	197,621	\$207,621	3.9%
23	87	103,279	10,000	300,900	\$310,900	5.8%
24	88	106,377	10,000	407,277	\$417,277	7.1%
25	89	109,568	10,000	516,845	\$526,845	8.1%
26	90	112,855	10,000	629,700	\$639,700	8.8%



8.8% IRR at Age 90  
\$639,700 Total Value

### About Internal Rate of Return (IRR)

Internal Rate of Return is an actuarial metric to calculate the profitability and attractiveness of an income stream. This time value of money calculation relies on the same concept as Net Present Value and allows you to analyze and compare varying cash flow streams over time.

*Disclosure: Annuities are long-term insurance products primarily designed for retirement income. Early withdrawals from an annuity may result in loss of principal and credited interest due to surrender charges. Withdrawals from an annuity are taxed as ordinary income and, if taken prior to age 59 ½, an additional 10% federal tax may apply. The information contained herein is hypothetical and not based on any specific annuity product or carrier.*

# Want us to run the IRR for you on your next case?

or interested in a demo of the IRR Tool?



800-541-7713



info@coreincome.com



# STRENGTHEN YOUR ADVISORY SKILLS WITH ACTUARIAL INSIGHTS TO **DELIVER FINANCIAL CERTAINTY**



Dan  
Head Actuary

Tim  
Head Sales

## 2025 Intel Dates:

- ★ July 17-18
- ★ September 18-19
- ★ November 6-7



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# Thank you!

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