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# UNDERSTANDING VARIABLE ANNUITY REVIEWS

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TO HELP YOU BETTER UNDERSTAND THE BENEFITS OF AN ANNUITY AUDIT, YOUR FINANCIAL PROFESSIONAL WILL ASSESS SOME COMMON ITEMS DURING THE REVIEW PROCESS.

Retirement plans are designed to meet long-term financial needs and help ensure a financially secure retirement. However, it is not a “once and done” process that you file away and never think about again.

Your financial goals and objectives may change over time. Periodically reviewing assets within your retirement plan ensures they continue to perform as anticipated – or if your plan may require some tweaking to improve your chance of financial success.

The Variable Annuity Review is a process that you and your financial professional go through to analyze your current annuity to ensure it continues to meet your financial needs. It is important to regularly evaluate your annuity and its benefits and performance to ensure it still makes sense for you.

After the Variable Annuity Audit, you may determine that your current annuity is still the right fit for your needs and no further action will be needed. Or you may discover a gap between your current annuity and other potentially more appropriate investment options available in the marketplace. Either way, this process can help provide the assurance that your investments continue to support your retirement planning objectives.

**ICM**

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## FINANCIAL & RETIREMENT GOALS

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Have you had any life changes that may have changed your financial goals and objectives? For example, a new job or job loss, higher or lower living expenses, a death, marriage, divorce, birth or other changes might affect what you need your money to do for you. You need to ensure that your current annuity is still well positioned to meet your changing needs.

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## ANNUITY FEES & EXPENSES

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What are your current annuity fees, including the costs for the investment options, management fees, administrative costs and more? Are they reasonable for the potential benefits you're receiving? Are there other investment choices that could provide similar benefits for a lower cost?

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## GUARANTEES

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What guaranteed features or interest rates does your current annuity offer? Are you paying an additional fee for guaranteed elements or features within your annuity? If so, are the costs reasonable for the benefit you're receiving?

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## RISK TOLERANCE

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Your comfort level with the amount of investment risk within your portfolio will likely change over time. Many people nearing retirement tend to become more conservative with their assets in the five to ten years before retirement.

Are you satisfied with the level of risk your money may be currently exposed to? Would it make sense to consider investments with less market volatility and potential for loss?

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## OPTIONAL RIDERS & BENEFITS

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Many annuities offer you the ability to select additional features to enhance your benefits. Some of these may involve an additional annual cost while others are built into the annuity at no cost. These benefits include income flexibility, inflation protection, additional funds for long-term care or other health-related costs, an enhanced death benefit or return of premium features, among others. Does your current annuity offer the features that you need? If so, is the cost reasonable? If not, does it make sense to consider an annuity that does offer them, or potentially provide them at a reduced cost?

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## LIQUIDITY OPTIONS

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Annuities are a long-term commitment and often have limited liquidity options in the contract's early years. Surrender penalties may be assessed for withdrawing more than the annuity allows, which could reduce your principal value. Most annuities allow you to access a percentage of your annuity value each year without penalty (although income taxes may apply, as well as a 10% federal penalty if you are under age 59½ ).

Do you have sufficient access to your annuity funds for your needs? If you decide that another investment may be a better fit for your portfolio, you need to understand if your current annuity will be assessed a surrender penalty if you surrender it now. This should factor into your decision-making process.



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## TAX CONSIDERATIONS

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All annuities are tax-deferred, which means that your earnings are not taxed until withdrawn. This allows your money the opportunity to grow faster than funds held in a taxable vehicle. How and when the funds will be taxed, and at what tax rate, are important considerations. You should evaluate your annuity as it relates to your plan for taxes in retirement to ensure it doesn't create an unnecessary tax liability.

You may want to consider opportunities to reduce your taxes, perhaps through a Roth IRA conversion which involves paying taxes on your annuity funds now at today's current (and historically low) tax rates. Roth IRA funds can then be withdrawn tax free in retirement, assuming you follow the IRS distribution rules. If this makes sense for you, it is crucial that a Roth IRA conversion

is handled carefully to ensure you don't make a mistake and create an unnecessary tax liability. Your financial professional can help ensure this transaction goes smoothly.

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## FINANCIAL STRENGTH OF THE ISSUING INSURANCE COMPANY

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Annuities are not FDIC-insured. They are guaranteed and backed by the financial strength of the issuing insurance company. Insurance companies are rated by various rating agencies such as Standard & Poor's and Moody's to help consumers verify the financial strength of the company.

It's important that you purchase your annuity from an insurance company that will remain solvent. Part of the Annuity Audit process involves reviewing the rating of your current annuity carrier to ensure you are comfortable with their ability to make good on their promises.

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## NEW FEATURES & BENEFITS

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The insurance industry is continually evolving to help meet consumer needs. Also, as a result of the current low-interest rate environment and significant market volatility, many insurance companies now offer newer features and options for enhanced or protected income, healthcare benefits, greater flexibility, additional strategies to grow your money, and more.

Some annuities may also offer a bonus feature to help increase your annuity value. You'll want to consider any terms or restrictions that a bonus will entail, as you generally need to follow the terms of the contract closely to realize the full value of the bonus. Features like this, that were previously not available, may now offer significant benefits that you should consider as part of your retirement strategy.

Older annuities, while they may not have some of the benefits of newer contracts, may include richer benefits or guarantees compared to what is available now. You will want to carefully evaluate what you currently own compared to what the marketplace currently offers when evaluating your current annuity.



These are just a few of the areas your financial professional will cover as part of the variable annuity review process. After analyzing your current annuity, your financial professional will provide you with a written summary of its features, benefits, costs and restrictions. This document will help drive a discussion with your financial professional about whether you may want to consider making changes to your annuity to ensure it remains aligned with your financial and retirement goals and objectives.

If you determine that your annuity remains a good fit, you can walk away knowing that your money is well positioned to help meet your retirement needs. If you instead decide that changes may be needed, you will be armed with the information you need to make informed decisions about your money. Whatever the outcome, the time spent will be well worth it and you can have greater confidence in your portfolio.

## CALL US TODAY FOR YOUR COMPLEMENTARY REVIEW & MAKE SURE YOU'RE RETIREMENT READY.



NAME

TITLE

PHONE

EMAIL

Securities and Investment Advisory services offered through SagePoint Financial, Inc., member FINRA /SIPC. Fixed and traditional Insurance services offered through Independent Capital Management. Mortgage services offered through ICM Lending. Estate planning services offered through Citadel Law Corporation. All parties listed are unaffiliated.



Annuities are long-term vehicles designed for retirement income and are not suitable for everyone. The goal of the Annuity Audit is to evaluate your current annuity to ensure it continues to support your retirement needs. As a result, it's possible that we may recommend the purchase of a new annuity if our analysis indicates that your current annuity may no longer fit your needs. As licensed insurance and investment professionals, we are obligated to comply with all state and federal regulations regarding the surrender, purchase or replacement of an annuity to ensure our recommendations are appropriate for your situation.

Annuity guarantees are backed by the financial strength and claims-paying ability of the issuing company and do not apply to the performance of the variable subaccounts. Investing involves risk, including possible loss of principal.

**Investors are advised to consider the investment objectives, risks, charges and expenses of a variable annuity and its underlying investment options carefully before investing. Refer to your prospectus for your existing variable annuity and its underlying investment options for this important information. Read them carefully before investing or sending money. Product and feature availability may vary by state.**

Annuities involve fees and charges including potential surrender penalties for early withdrawals. Distributions are subject to ordinary income taxes and may incur an additional 10% federal penalty if taken before age 59½. Annuity feature and availability may vary by state. We do not offer tax or legal advice. Always consult with your own qualified tax/legal advisors concerning your own unique circumstances.

Bonus annuities may involve lower caps and participation rates and/or higher spreads than annuities that do not offer a bonus