

5 THINGS YOU SHOULD KNOW ABOUT ANNUITIES

These days our world is changing every day. A common pension is the exception, not the rule, and it's not unheard of to reach your 90th birthday. The ways we save, invest, and plan for the future need to evolve. So the big question is, how to generate an income and sustain your lifestyle after you no longer receive a paycheck from work? One solution or answer may be buying an annuity.

What is an Annuity? An annuity is an insurance contract with an insurance company that offers income for the rest of your life. They are retirement savings tools that provide guarantees and a level of stability for your retirement plan. There are different types of annuities, but they all allow you to invest a portion of your savings and receive a dependable source of income to help cover everyday expenses in retirement.

Annuities are the only products that you can purchase that provide you the option to receive a steady income for the rest of your life. Since annuities are tax-deferred, you pay no taxes until you start making withdrawals.

1.

Guaranteed Income - Annuities provide an option to receive guaranteed, predictable income. These days people are living longer. Current trends suggest that 1 out of 3 males and 1 out of 2 females who are in their mid-50s today will live to be 90.* Annuity guarantees are backed by the financial strength and claims-paying ability of the issuing company.

2.

Start Date - With annuities, you decide when to begin receiving income. Some annuities give you the option of receiving more income depending on the date you choose. The bottom line is that whether you need income today or sometime in the future, you are in charge.

3.

Stability - With most fixed annuities, you can count on getting out what you put in – sometimes even more. That kind of predictability helps balance your other investments that may be more sensitive to market swings. This can be especially important if you are very close to retirement, and concerned mostly about providing yourself with an immediate income. As well, once you reach your retirement, your ability to tolerate declining investment values will likely diminish. There simply may not be enough recovery time to make up for any losses sustained. An annuity can help address that problem.

4.

Taxes - Many financial products require you to pay taxes on any interest or earnings each year, reducing what you actually make. Not with deferred annuities. Annuities allow you to accumulate funds tax-deferred so that you are taxed upon withdrawal at ordinary income tax rates. Because annuities are long-term retirement savings products, with draws before age 59 1/2 may be subject to an additional 10% federal tax penalty.

5.

Customization - You can customize an annuity based on your financial goals in these annuities are not one-size-fits-all. With a variety of options, you can find one that meets your individual needs for interest growth potential with steady, guaranteed future income. Annuities involve fees and charges, including surrender penalties for early withdrawals. Product feature and availability may vary by state.

Annuities are long term retirement income vehicles and are not suitable for everyone. They involve fees and expenses, including surrender charges for early withdrawals. Annuity guarantees are backed by the financial strength and claims-paying ability of the issuing company. Annuity withdrawals are subject to ordinary income tax, and if taken before age 59-1/2, may be subject to an additional 10% federal penalty.

*2016 Society of Actuaries.

**LET'S TALK
AND SEE IF
AN ANNUITY
MAY BE RIGHT
FOR YOU.**



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