Annuity Life
GROUP

CLIENT GUIDE

Annuities

Income annuities, multi-year guaranteed annuities (MYGAs) and fixed indexed annuities for retirement savings and income.

An annuity is a contract with an insurance company. You give it a lump sum or a series of payments, and in return it can grow your money tax-deferred, turn savings into income you cannot outlive, or both. Fixed annuities are not invested directly in the stock market.

Your options

Income annuities

Turn a lump sum into a stream of payments that can start now (immediate) or later (deferred), for a set period or for life. Payments are backed by the claims-paying ability of the issuing insurer.

Good for: Covering essential retirement expenses with predictable income.

Multi-year guaranteed annuities (MYGAs)

A fixed interest rate for a set number of years, similar in idea to a CD but issued by an insurance company and not FDIC insured. Interest grows tax-deferred.

Good for: Savers who want a known rate for a known period.

Fixed indexed annuities (FIAs)

Interest is credited based partly on a market index, subject to caps, participation rates or spreads. In a year the index falls, the credit is typically zero rather than a loss. Optional income riders may be available for an added cost.

Good for: People who want some growth potential while protecting principal from market loss.

Who it's for

- ✓ Pre-retirees and retirees who want income they can count on
- ✓ Savers looking for principal protection from market downturns
- ✓ Anyone who has money sitting in low-interest savings and a multi-year horizon

Good to know

- Fixed annuities protect principal from market loss when held to the end of the contract term. Surrender charges, market value adjustments and early withdrawals can reduce the value.
- Withdrawals before age 59½ may be subject to a 10% IRS penalty in addition to ordinary income tax.
- Guarantees are backed by the financial strength and claims-paying ability of the issuing insurer. Annuities are not bank products and are not FDIC insured.
- Rider benefits, caps and rates vary by carrier and can change for new contracts.

Talk with a licensed agent. It's free, with no obligation.

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