

ANNUITIES

A paycheck that lasts forever — guaranteed income you can never outlive.

What Is an Annuity?

An annuity is the simplest retirement idea in the world: **you give an insurance company a lump sum of money, and they guarantee to pay you a check every month — sometimes for the rest of your life, no matter how long you live.**

Think of it like a pension you build yourself. Old-school pensions used to guarantee workers a monthly income for life. Most companies don't offer them anymore. Annuities let you recreate that security — on your own terms.

"Imagine you plant a money tree. You water it for 20 years. Then one day, it starts dropping \$2,000 on your doorstep every single month — for the rest of your life, whether you live to 85 or 105. That's an annuity."

The 3 Main Types of Annuities

TYPE	HOW IT WORKS	BEST FOR
Fixed	Guaranteed interest rate every year — no surprises	Safety & predictability
Fixed Indexed (FIA)	Grows with a market index — 0% floor, capped upside	Growth with no market risk
Variable	Tied directly to the stock market — can gain OR lose	Higher growth potential (with more risk)

Most people seeking safety focus on Fixed or Fixed Indexed — these are the ones where you simply cannot lose your principal.

WHAT MAKES ANNUITIES POWERFUL

- ✓ Guaranteed lifetime income — you cannot outlive your payments
- ✓ Tax-deferred growth — no taxes until you start withdrawals
- ✓ Principal protection (fixed/indexed) — your savings don't go backward
- ✓ No contribution limits — put in \$50,000 or \$1,000,000
- ✓ Spousal continuation — payments can continue to your spouse
- ✓ Death benefit options — remaining value goes to your heirs

Two Phases: Grow, Then Glow

Phase 1: ACCUMULATION	Phase 2: DISTRIBUTION
<p>You deposit money (lump sum or over time). It grows tax-deferred at a fixed rate or linked to a market index. You leave it alone and let it build.</p>	<p>You 'turn on' the income. The insurance company starts sending a guaranteed monthly check — often for life. The longer you wait in Phase 1, the bigger the check.</p>

Real Life Stories

■ Harold — Never Running Out of Money at 91

Harold retired at 67 with \$300,000 in savings. He was terrified of outliving his money. His advisor suggested putting \$200,000 into a fixed indexed annuity. For 8 years it grew to \$290,000 with zero market losses. At 75, Harold turned on the income. The annuity now pays him \$1,850/month — guaranteed for life. Harold is 91. His annuity has paid him over \$288,000 in income so far. He never touched his other \$100,000 in savings. He says: 'My friends who put everything in stocks kept worrying. I stopped worrying the day I signed.'

■ Carol — Turning a Windfall Into Lifelong Income

Carol inherited \$150,000 when her mother passed. She was 58 and overwhelmed — she'd never managed a large sum before. A neighbor who was an insurance professional suggested a fixed annuity. Carol deposited the full amount. It grew at a guaranteed 4.5% for 7 years. When she retired at 65, she activated income: \$1,100/month, guaranteed for life. Carol says: 'My mom's gift is still giving — every single month.'

■■■■■■■■ The Garcias — A Pension They Built Themselves

Luis and Maria Garcia were small business owners who never had a company pension or 401(k) match. At 50, they started putting \$1,000/month into a fixed indexed annuity. By 65, they had accumulated \$312,000. They activated joint lifetime income — \$2,400/month, guaranteed as long as either of them is alive. If Luis passes first, Maria keeps getting the full \$2,400. They built their own pension. Nobody handed it to them. They made it happen.

A Few Things to Know

CONSIDER	WHY IT MATTERS
Surrender periods	Early withdrawals may have fees (typically during first 5–10 years)
Liquidity	Not ideal if you may need all your money quickly
Inflation	Fixed payments may buy a little less 20–30 years from now
Not FDIC insured	Backed by the insurance company — choose a financially strong carrier

The right annuity, for the right amount, at the right time — can be one of the most powerful tools in a retirement plan. The key is making sure it fits *your* situation.

Could a guaranteed income stream change your retirement?

Let's talk about how much monthly income you could guarantee for yourself. It's simpler than you think.

Annuity products vary significantly by carrier, type, and state. Guarantees are based on the claims-paying ability of the issuing insurance company. This is educational material only — not a product recommendation. Consult a licensed professional for advice specific to your situation.