

***This might replace the traditional table of contents for the fixed annuities Buyer's Guide.***

### **The Big Concepts**

An annuity is an insurance product you can use it to receive income payments for life. It's **not** a savings account. You should use annuities to reach **long-term** goals.

There are many important differences among annuities. One is whether you pay for an annuity with one payment or multiple payments.

To receive income payments for life from an annuity, you must **annuitize**. Once you do that, you can't change your mind and take the value of your annuity in a lump sum payment.

If you haven't annuitized, you can take money from your annuity by making withdrawals from your annuity value, ending your contract and taking a lump sum payment and/or leaving the value of your annuity to your beneficiaries.

Although all annuities offer a way to withdraw at least some of your money without paying fees, you likely will pay **surrender charges** to take money from your annuity before you annuitize.

You can choose an annuity that guarantees the rate at which the money in your annuity will grow (**a fixed annuity**). There's more risk with other annuities (**fixed indexed** and **variable** annuities) that have few or no guarantees.

The return on a fixed annuity is based on an interest rate the insurance company sets. That interest rate can change over time.

### **To Learn More about Them:**

What Is an Annuity? Page \_\_\_\_

What Are the Different Types of Annuities? Page \_\_\_\_

How Can I Access My Money? Page \_\_\_\_

Surrender Charges Page \_\_\_\_

How Money in an Annuity Earns Interest: Fixed, Fixed Indexed and Variable Annuities Page \_\_\_\_

Fixed Deferred Annuities Page \_\_\_\_

The insurer guarantees that the interest rate paid on your fixed annuity will never be less than the *guaranteed minimum*. The interest rate paid when you first buy the annuity is the *initial rate*. At some point (usually by the end of the first year), the interest rate may change and it may be lower than the initial rate. Ask how the company sets the *renewal rate* and how often it can change.

You can choose (and pay extra for) riders that will add guarantees to your annuity.

Other charges and fees also decrease the value of your annuity.

Returns are tax deferred while the money is in the annuity. You pay income tax on them when you take the money out.

There are many questions you should ask yourself and the insurance agent or company. You and your agent (or company) should consider a number of factors to decide if an annuity is a good choice for you.

There are many terms that are unique to annuities.

What Optional Benefits Can I Choose? Page \_\_\_\_

What Charges May Be Subtracted from My Annuity? Page \_\_\_\_

Will I Pay Income Tax on My Annuity? Page \_\_\_\_

How Do I Know If a Fixed Annuity is Right for Me? Page \_\_\_\_

Annuity Terms Page \_\_\_\_

**Comment [FaCS1]:** Not in Buyer's Guide.