

Saving for Your Retirement

What is an Annuity? How does it work? How can it benefit me? What types of Annuity are there? Which would be best for me and my family?

What is an Annuity?

An annuity is an insurance contract between you (the annuity owner) and an insurance company. In return for your payment, the insurance company agrees to provide you either a regular stream of income or a lump sum pay-out at some future time (generally, once you retire or past age 59 1/2).

Types of Annuity:

There are two main types of annuity: Immediate and Deferred.

Immediate Annuity:

Under an Immediate Annuity, you begin to receive payments at once. You can choose to receive payments for a certain period of time or for the rest of your life.

Deferred Annuity:

Under a Deferred Annuity, you typically begin to receive payments at some future date, usually upon retirement. Deferred annuities usually allow you to make periodic withdrawals, and to invest a lump sum all at once or make periodic payments, which can be either fixed or variable. You do not make any tax payments until you make a withdrawal.

Annuity Investment Types

There are two annuity investment types: Fixed and Variable.

Fixed Annuities:

Fixed Annuities offer a guaranteed rate of return, typically over a period of one to 15 years. They are usually invested in government securities and corporate bonds.

There are two basic types of Fixed Annuity:

- Guaranteed Return Annuity (GRA) is a fixed annuity that offers a guarantee that you can never receive less than 100% of your investment — no penalties or fluctuations in the interest rate market can impact your principal should you surrender.
- Market Value Adjustment Annuity (MVA) works much as the GRA, but there is no guarantee of your principal if rates rise and you surrender your contract.

Each company we represent has different types on annuities, please contact us for explanation.

Variable Annuities:

Variable Annuities enable you to invest in a selection of portfolios, called sub-accounts. These sub-accounts are tied to market performance. There are two special types of Variable Annuity:

- Living Benefit Annuity is also known as a GRIB (Guaranteed Retirement Income Benefit). The most competitive GRIB guarantees at least a 5% return over seven years or the highest attained value on each anniversary during the surrender period, whichever is greater. In exchange for this living guarantee, the living benefit annuity has a surrender charge, or penalty for early withdrawal, no up-front bonus, and a slightly higher annual fee.
- Guaranteed Lifetime Withdrawal Benefit Annuities are also very popular. The concept behind a Lifetime Withdrawal Benefit is simple. If you purchase a Lifetime Withdrawal Benefit Rider with your Variable Annuity, the insurance company guarantees a regular monthly, quarterly, or annual payment for your lifetime, even if your account balance goes to zero.

To get more information and a specialized quote [Click Here](#).