

7 ANNUITY MYTHS



(AND THE TRUTHS BEHIND THEM)

Annuities have been a staple to sturdy retirements for years, but that doesn't stop misinformation getting spread about them. Here are seven of the most common annuity myths and the actual truths behind the misconceptions.



1 Myth: Annuities are for retirees only.
Truth: Annuities can help people saving for retirement, too.

If contributions to employer-sponsored savings plans or IRAs are maxed out, deferred annuities can help build wealth by offering a tax-efficient vehicle that turns into income later.

2 Myth: All annuities lock up money.
Truth: Most annuities allow withdrawals up to a certain percentage each year.

As a product, annuities are designed to be a long-term savings vehicle. But that doesn't mean you can never access the money. Many annuities allow withdrawals without charging an early withdrawal fee.



3 Myth: Annuities are expensive.
Truth: Many annuities are low cost.

Most annuities are affordable and don't charge a maintenance or annual fee, although there are optional riders you can choose that can provide additional benefits for an annual charge.



4 Myth: Lifetime income is easy to come by from my retirement accounts.
Truth: Annuities are one of the few options available that guarantee an income stream for life.

Besides pensions or Social Security, only annuities can guarantee you won't outlive your income.



5 Myth: If the annuity holder dies, the money is gone for good.
Truth: Built-in death benefits agreements come with many annuities or can be added on.

After an annuity holder with a death benefit passes away, the remaining account value (or guaranteed minimum surrender value) is paid out to his or her beneficiaries.



6 Myth: Realistically, an annuity won't help supplement income in retirement.
Truth: There are a variety of annuity payout options that provide a steady stream of income.

Additionally, income riders are available for an additional fee that will help grow your income base for more guaranteed income.



7 Myth: Annuity guarantees aren't reliable.
Truth: In fact, annuity guarantees are backed by the claims-paying ability of any issuing insurance company.

Even if an insurance company fails, state guaranty systems will kick in to protect consumers and help them receive their funds. In addition, it's recommended to only purchase an annuity from a strong and financially stable company.

