

# SEPARATING ANNUITY FACT FROM FICTION



## How these unique products can help you plan for retirement

Americans are retiring sooner and living longer. In turn, this creates complexity in planning for life after work. Meanwhile, annuities are the only product that allow you to take a portion of your savings and turn it into predictable income you cannot outlive, no matter how long your retirement lasts. So why isn't everyone jumping at the chance to own one?

Misinformation about these powerful products is everywhere. Read on to separate fact from fiction about annuities and discover how they can work for you.



### **MYTH: ANNUITIES ARE EXPENSIVE.**

Most fixed annuities assess no front-end or annually recurring charges. Some products do offer riders that can be added to the contract for an additional fee, insurance companies must disclose all charges and under what circumstances they may be incurred. Plus, annuity policies come with a "free-look period," during which time you can return and cancel the policy at no cost.



### **MYTH: ANNUITIES ARE TOO COMPLEX.**

Annuities aren't a one-size-fits all product, so there are a wide variety of features and benefits available to suit each consumer. Immediate annuities are a straightforward option that can provide a reliable income stream for as long as 20, 30 or even 40 years. Competent advisors can help you narrow down the options and choose the products that best suit your situation.



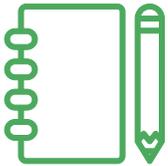
### **MYTH: ANNUITIES ARE INVESTMENTS.**

It happens all the time: Annuities are deemed investments. In reality, fixed and fixed index annuities are not. Whereas investing can indeed be a risky and scary business, fixed annuities provide the simple promise and the safety of the insurance guarantee that these safe money products will not suffer any losses because the markets do.



## **MYTH: ANNUITIES HAVE NO FLEXIBILITY.**

Annuities can provide a wide range of options for growth potential and receiving income. Contrary to popular belief, many annuities also offer options that can provide a legacy for beneficiaries. And nearly all annuities allow you to withdraw a portion of your money to help address life's "what ifs" at no additional charge.



## **MYTH: IF YOU HAVE A RETIREMENT PLAN, YOU DON'T NEED AN ANNUITY.**

Today, pensions are altogether missing for most workers, the future of Social Security is uncertain and 40% of Americans have less than \$25,000 of personal savings.<sup>1</sup> Additionally, a retirement plan does not directly equate to income you cannot outlive. Annuities can simplify the distribution phase of retirement by creating a predictable, recurring income stream for life.



## **MYTH: INTEREST CREDITED TO ANNUITIES IS TOO LOW.**

Fixed annuities provide predictable growth with 100% protection of premium. Annuities are in no way meant to outperform the market or to provide the highest returns available. There may be periods in which they do outperform the market because of their zero floor, but they first and foremost provide stability and predictability in a way no other financial vehicle can.



## **MYTH: ANNUITY SALESMEN ARE UNTRUSTWORTHY.**

Sales of fixed and fixed indexed annuities are regulated by the National Association of Insurance Commissioners. The NAIC tracks complaints and found only 46 closed customer complaints relating to suitability in 2018 for all carriers selling fixed index annuities. In other words, there was less than one suitability complaint for every \$1.5 billion of fixed index annuities sold.<sup>2</sup>



## **MYTH: ANNUITIES ARE ONLY FOR RETIREES.**

Annuities can help savers of any age build wealth, particularly as a tax-deferred savings tool that can turn into an income stream in the future. For example, if you have maxed out contributions to your 401(k) or IRA, you can benefit from deferred annuities — as long as you understand that you will not be able to take withdrawals without penalty before age 59½.

For more information or to find out how an annuity could fit in your retirement income plan, contact:

<sup>1</sup>2019 Retirement Confidence Survey, Employee Benefit Research Institute and Greenwald & Associates.

<sup>2</sup> NAIC Consumer Information Source, recorded complaints in 2018.

Guarantees are backed by the claims-paying ability of the issuing insurance company. Clients should seek the advice of an independent tax advisor or attorney for more complete information concerning their particular circumstances and any tax statements made in this material.

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