



# WONDERING HOW TO CREATE INCOME IN **RETIREMENT?**

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YOU EXPLORE OPTIONS.

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Planning for retirement requires taking a realistic look at future sources of income. For example, how much Social Security will you receive each month in retirement? Do you have a pension? What about a 401(k) or IRA?

One often-overlooked way to create guaranteed income in retirement is with an annuity. Here, we address five common concerns about annuities to help you decide if one might be right for you.

## 1 **“Annuities are too complicated to understand.”**

At first glance, sure, annuities can appear confusing, especially with so many different types available and numerous personalization options. Put simply, an annuity is a contract you purchase from an insurance company. Then, depending on the type of annuity you buy, you receive certain crediting options that compound interest, tax-deferred, until withdrawn. When you're ready to collect income, an annuity offers a variety of guaranteed payout options through a process known as “annuitization.” An insurance professional can explain it all to you in more detail.

## 2 **“I’m already saving for retirement. I don’t need an annuity.”**

That's great you're already saving, but that doesn't mean an annuity couldn't help you become better prepared. Most people planning for retirement today have either a pension or 401(k) plan, some personal savings in the bank and Social Security to look forward to helping them live a comfortable retirement. However, even with careful planning, that might not add up to enough income in retirement. Adding an annuity to your retirement income strategy ensures a portion of your retirement income will be guaranteed.





### **3 “An annuity will lock up my money so I can’t access it.”**

Insurance carriers do encourage you to keep your money in the annuity, imposing fees for withdrawals within certain time periods. That doesn't necessarily mean you can't withdraw funds earlier. Most annuities allow you to withdraw a specified percentage of the accumulated value each year up to a certain limit without annuitizing the contract. That said, withdrawals can reduce the value of the death benefit or may incur surrender charges or additional taxes. Always consult a financial professional to understand your options before taking this step.

### **4 “Annuities are expensive. Where does my money go?”**

If your retirement income strategy could benefit from an annuity but you're hesitant about purchasing one, understand this: When financial professionals sell annuities, they earn a commission from the annuity's issuing insurance carrier. These commissions are built into the cost of the product. The commission isn't directly charged to you.

### **5 “I might die before my contract is up.”**

It's impossible to know how long you're going to live, but an annuity can help you plan for the unexpected. In general, an annuity purchase can strategically fulfill any number of personal objectives, such as income for your spouse should you die, a death benefit for your children or help addressing inflation concerns. A financial professional can help you select a product that reflects your financial goals and objectives.

## **Other questions or concerns?**

Talk to your financial professional to decide if an annuity is right for you.

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