ANNUITIES DEFINED:

Almost 80 percent of investors, who purchase an annuity, do so in order to earn a guaranteed retirement income they cannot outlive. Annuities are the only form of savings that can offer lifetime lucrative returns. Also, unlike stock market investments or real estate, most annuities cannot lose value. This means that even if you live to be 120 years old or older, your annuity will continue to pay you your guaranteed income. Also, if you have started withdrawing money from the annuity, you often keep earning the rate of interest on the money that remains with the insurance company.

An annuity is a contract between you and an insurance company. We only work with highly rated multi-billion-dollar insurance companies. I can find you high-quality annuities that will pay out a monthly income as long as you live and then, when you pass away, the balance of your account (if any) will be paid to your spouse or selected loved one. While this insures a regular flow of income, another important advantage of an annuity is the return it provides. *You have the possibility of receiving a higher return from the annuity by selecting a Variable or an Indexed Annuity instead of a Fixed Annuity.* The possibility of an increased return with a Variable Annuity or VA is traded off with the possibility of loss that comes with some VAs. Indexed Annuities generally do not have a possibility of loss. To understand the risks and the guaranteed returns, it is important to understand the different types of annuities and how they work.

I can help you find high-quality annuities that will never lose money—even if the stock market crashes. And, with Fixed Indexed Annuities, once the stock market starts rising again, which it usually does fairly quickly, you will start enjoying gains.

There are the 4 major types of Annuities that most people purchase:

1. ***Immediate Annuity***
2. ***Fixed Annuity***
3. ***Variable Annuity***
4. ***Fixed Indexed Annuity***

IMMEDIATE ANNUITY

For any retired person, the margin for error in making financial mistakes is often quite thin. With a limited amount of money, *it rarely makes sense to take unneeded risk in the stock market.* There are a few exceptions for younger retirees and for higher net worth retirees.

However, most retirees do well by making sound investment decisions and by making more conservative investments. Academic research shows that, in most cases, the safest path of action is to withdraw 4% or less of whatever money you have in a balanced portfolio if you want those funds to last for 30 years or longer in retirement.

What have millions of retirees and pre-retirees found to be a more conservative course of action than withdrawing 4% of your life savings each year? Use a portion of your lifetime savings to purchase a high-quality "*fixed immediate lifetime annuity*" that guarantees to pay an income for life. These guarantees are provided by the billion-dollar and multi-billion dollar highly-rated insurance companies we work with.

Immediate annuities have been receiving even more positive media attention in recent years due to the higher interest rates they are paying. *You have the option to purchase an annuity contract in a single payment and to start receiving and start receiving guaranteed monthly payments that start in as little as 30 days.*

<u>One popular type of annuity is called a **Single Premium Immediate Annuity (SPIAs)** and usually require only a single deposit</u>. Commonly used sources of funds to buy annuities are IRAs, 401(k)s and money from other retirement accounts; CDs and savings accounts; money from the stock market or from selling a real estate investment. With some SPIAs, you can elect to start receiving monthly payments, quarterly payments or payments at some other regular interval. *If you elect to receive monthly payments, they usually start within 30 days of making your full deposit with the insurance company.*

With an immediate annuity, *the amount of money you receive from the annuity is always based on the premium deposit, the length of time the annuity is bought for and other factors.* If you buy an immediate **lifetime** annuity, the amount of the payments will be lower because the insurance company must make those payments to you for as long as you live. <u>If you buy an immediate annuity for a limited time period, say 5 years, 10 years, 15 years or 20 years, the payments could be significantly higher.</u>

I will explain all of your options to you and will show you the highest rates that are available today from some of America's strongest insurance companies.

Immediate annuities have several benefits. First, they are simple to understand.

One of the biggest advantages that immediate annuities have over Certificates of Deposit (CDs) is their ability to pay you a guaranteed monthly income starting as soon as 30 days from your purchase. Payouts from immediate annuities can span your entire life until death for you and/or your spouse or can be specified for a fixed term, for example 20 years.

When you purchase an Immediate Annuity Contract, you often do not have access to the lump sum of money that was deposited because the annuity is designed to provide continuous income and is being used for that purpose. If you do have access to some or all of the initial deposit amount, you will probably have to pay a surrender fee. However, in most cases, **you will receive all of that money back and significantly more through the monthly payments you receive as described in your annuity contract**. Also, there are other types of annuities (described below) that will give you penalty-free access to 10% of your money each year starting in the second year.

FIXED ANNUITY

A fixed annuity guarantees the payment of a monthly income starting at a deferred date. For example, you may buy a Fixed Annuity and may want to turn on the monthly income at age 65 when you retire. **During those 10 years, the annuity keeps growing and growing and growing in value on a tax deferred basis.** Unlike a CD and superior to a CD, you do not have to pay taxes on the growth of your annuity UNTIL you start receiving income from it.

Many fixed annuities permit you to start withdrawing 10 percent of the principal amount without any penalty starting in year 2. And, when you withdraw principal, no taxes are owed.

The deferral period for a Fixed Annuity contract can range from 1 to 10 years or longer. The longer the deferral period, the larger your annuity will grow with no current taxation.

Fixed Annuities are currently offering much higher interest rates than they did a few years ago. However, interest rates are starting to decline almost everywhere, including at banks and insurance companies. To lock in today's high interest rates on Fixed Annuities, you should call me, **Nancy J. Hite, CFP®, AIF® Fiduciary, CLU, ChFC, RFC** at **(561) 929-4200** as soon as possible.

Fixed annuities can be **life annuities**, which provide an income until death, or **term certain annuities**, which pay a guaranteed income for a fixed period of time.

It is important to keep in mind that once you start annuitizing your annuity, you will receive a monthly, quarterly or annual income for you and/or your spouse either for life or a specified time frame but will usually no longer have access to the lump sum of money in the contract. I will explain all of your options and the bet rates that are available when we speak. I think you will be impressed. The final choice will, of course, be yours.

<u>VARIABLE ANNUITY</u>

A <u>Variable Annuity</u> or <u>VA</u> is a more complex type of annuities that have the potential for higher returns but also have the potential for greater loss. With a variable annuity, you can invest your money in a variety of different **sub-accounts** which are similar to mutual funds. However, since the sub-accounts are held within the annuity, unlike mutual funds**, the growth in the sub-accounts is NOT subject to current taxation**. You only owe taxes once you take out gains from your variable annuity or when you start receiving income from your VA that includes gains or profits from your VA. Remember that <u>the principal you receive back of any annuity, including a variable annuity, is not subject to taxes</u>.

If you select the right sub-accounts for your VA, the value of your VA can grow significantly. *However, if you select the wrong sub-accounts, the value of your VA can drop significantly.* In almost all cases, you will be able to select from a wide variety of sub-accounts, including sub-accounts that hold very conservative assets such as AAA rated bonds which are likely, but not guaranteed, to maintain all or most of their value and to pay out a steady rate of interest. How well such a bond fund will do will depend on over-all interest rates, whether they are rising or falling, the financial strength of the issuing company or issuing government entity and other factors.

The key word to keep in mind with Variable Annuities is the word "**variable**." With Variable Annuities, almost everything is <u>variable</u>.

The rates of return <u>are</u> *<u>not guaranteed</u>* because the ~~rate of interest~~ is variable and changes over time. *It comes with risk.*

<u>Variable annuities can have higher fees and expenses than</u>

Immediate Annuities, Deferred Annuities and Fixed Annuities. These fees and expenses can include but are not limited to: M&E (the mortality and expense charge), sub-account fees, management fees and administrative fees. The total amount of these fees is generally between 2% and 4% but can, in some cases be a little lower or higher.

The fees and expenses are fully disclosed to you by the insurance company before you make any purchase decision. I do not charge these fees.

Due to the complexity of Variable Annuities and their higher fees and expenses that some other types of annuities, they are usually purchased by more sophisticated higher-net worth (wealthier) investors who are willing to take on the extra risk in exchange for the possibility (but not the guarantee) of higher returns.

Also, if your goal is safety and preservation of principle, a Variable Annuity may not be suitable for you.

Important note: Due to the nature of VAs, their complexity, the vast number of sub-accounts available and certain risks involved, it is important to make sure to do your own research and due diligence. For most investors and savers, the other types of annuities discussed in this report are more suitable choices.

FIXED INDEX ANNUITIES

Fixed Index Annuities (FIAs) are annuities that pay an interest rate based on the performance of a stock market index, such as the S&P 500.

FIAs have characteristics of both fixed and variable annuities but are generally considered a more conservative and lower cost choice than VAs. The returns of Fixed Index Annuities (which are also known as Fixed Indexed Annuities) vary more than Fixed Annuities but usually do not vary as much as the returns of Variable Annuities.

Unlike VAs, FIAs do not have sub-accounts and therefore **FIAs do not have the expenses and management fees of sub-accounts**. Also, while VAs can have a negative return during some years (the sub-accounts can lose value), the lowest return you can have with most Fixed Index Annuities during a given year is 0 (zero). And, with a FIA, once the stock market starts to rise in value, your FIA is very likely to start rising in value.

In addition to paying an interest rate based on the performance of a stock market index, some FIA's also offer a minimum guaranteed interest rate. This insures that your FIA will rise in value every year.

When you purchase a FIA, you have the opportunity to take advantage of index gains but *are protected against index losses. For example, if your account is linked to the S & P 500 and the index incurred a loss during any given contract year, your account is credited with a "0%" return but you do not incur a loss.* Therefore, even if the S&P 500 loses 25% or more during a contract year, as it has sometimes (but rarely) done in the past, your FIA will not lose any value.

Also, any interest earned is credited to your account, becomes a **locked-in gain** and can't be lost the following year due to a loss in the index. In most FIA's you are allowed to change your allocations (for example, to change from the S&P 500 to another index such as the NASDAQ 100 or Dow 30) once a year on your anniversary date.

Most FIA's give you the option to purchase an ***Income Rider***. The Income Rider helps build a monthly or annual lifetime income for you and/or your spouse. With some income riders, if the annuity owner dies, the monthly or annual income may be set so that the surviving spouse will receive the monthly or annual lifetime income benefit.

Income Riders are optional—you are not required to buy them. *The average cost for Income Rider may range from .05% to 1%* of the accumulation value and is deducted annually. You do not have to write a check to the insurance company to purchase an Income Rider. When we meet by phone, Zoom or in person, I can explain other details of Income Riders to you.

Most FIA products, allow you to withdraw up to 10% of the accumulation value annually beginning in the second year without a penalty. Some FIA's will allow you to begin taking some withdrawal during the first year. Withdrawal amounts exceeding the 10% can result in a penalty. The size of the penalty varies by insurance company and the size of the withdrawal penalty decreases each year. After a certain number of years, there will be no withdrawal penalty.

Some companies give you the ability to purchase a *"**Return of Premium (ROP) Rider**"* on some of their annuities which allows you to surrender the annuity, minus premium bonus, withdrawals, and rider fees without any penalties. In other words, **the ROP Rider guarantees that you will get back the full principal you paid into the annuity**. With most insurance companies, you have to wait until the second contract year to use this feature. There are other features and benefits of the ROP Rider that I can explain to you when we met.

Some insurance companies give you the ability to purchase an **Inflation Rider** on some of their annuities which will help protect you against inflation.

Some Insurance companies offer a **Bonus** on some of their FIAs. This Bonus is added to your FIAs account balance at the time you purchase your FIA. **The bonus can range from 1% to 10% or more.** For example, if you put $500,000 into a FIA with a **10% Bonus**, your account value would immediately be **$550,000** instead of just the $500,000 you invested, and your annuity would grow based on this $550,000 amount.

You never have to pay a fee for a Bonus. Not all FIAs offer bonuses. If you surrender your FIA early, you cannot withdraw your Bonus amount. However, if you let you FIA mature, **the Bonus amount is paid out over time, along with the interest earned and your principal.**

ANNUITY PAYOUT OPTIONS

According to **Investopedia, "Annuitization** is **the process of converting an annuity investment into a series of periodic income payments**. Annuities may be annuitized for a specific period or for the life of the annuitant. Annuity payments may only be made to the annuitant or to the annuitant and a surviving spouse in a joint life payout."

An annuity is the only financial product that can provide a guaranteed stream of income for life and that is one of the reasons they are so popular. They are a wonderful savings vehicle as well as a dependable retirement savings plan. You can select an annuity from the various types that are available, *compare the benefits they offer, select the annuity that suits you* *best,* read the contract carefully, sign it, and then enjoy a relaxed retirement life knowing that you have a guaranteed income coming in each month.

I am very well-versed in the different types of annuities and once I know your financial needs and interests, I can help you select the best annuity to meet your financial needs in retirement. **I am constantly reading about new annuities and the features and the benefits they offer**. If you would like to research the annuity market, I can provide you with a great deal of interesting educational material.

There is no one perfect annuity. If there were, then everyone would buy that one annuity! Instead, we have hundreds of different annuities to choose from. **The "perfect" annuity for one person or couple may not be the "perfect" annuity for another person or couple**. It all depends on your unique financial needs and interests.

While a fixed annuity offers an assured payout at guaranteed intervals, an indexed annuity may offer a higher growth rate over time and a larger income once you annuitize your annuity. *The tax deferral feature of annuities enables them to grow without taxation until you start taking out income and even then, you are only taxed on growth, not the return of principal.*

Also, some annuities allow you to turn on the income for a number of years, then turn off or reduce the income when it is not needed (which also enables you to lower your taxes), then turn on the income again later when you need it.

*The **size of the income stream** you will receive will depend upon the amount of money you put into your annuity, the type of annuity you buy, how many years you let your annuity grow before taking out income, your life expectancy, gender and whether or not you received a Bonus and the size of the Bonus.* If you purchased a

FIA, the size of your income stream will also be determined by the index selected and how the index performed. If you purchased a VA, the size of your income stream will also be affected by the sub-accounts you want your money in. Remember that you can normally change your sub-accounts once a year. There are also other factors that can affect the size of the income stream you receive from your annuity.

I have many years of experience in helping people maximize the value of their annuities and maximize the size of the income stream they receive from their annuity. When we meet and I learn your financial needs, I can share with you strategies to maximize the value of your annuity, and the income stream you will receive.

You do not have to annuitize your annuity. In fact, the majority of annuity owners do not annuitize their annuities—they let their annuities continue to grow. When they need funds, they withdraw them from the annuity. Keep in mind that if they withdraw funds in the early years of the annuity, they may be subject to a "surrender fee" which is similar in some respects to the early withdrawal fee on a CD. **If a person never annuitizes their annuity, when they pass away, the full value of the annuity (including all of those years of growth!) goes to their spouse or another loved one**. If you jointly own the annuity with your spouse and you do not need the income stream, it can be set up so that when you pass away, your spouse will receive the full income stream or a large lump sum.

There are additional factors that can affect the size of the monthly annuity checks you receive. Some factors can increase the size of that check, and some factors can decrease the size of the check. When we talk, we can go over these factors in more detail and I will answer all of your questions.

It is my goal to help you purchase the highest quality annuity that meets all of your needs and that can safely and reliably deliver the retirement income you desire.

As you have learned in this Report, annuities are the ONLY financial product that can deliver a guaranteed lifetime source of income. **Annuities also offer tax advantages, and most can offer safe growth over time**. These are just a few of the reasons that a record-breaking $385 billion worth of annuities were purchased in 2023 and that hundreds of billions of dollars of annuities have been purchased in prior years for many, many years by smart people who are planning for their retirement or who are in retirement.

My goal is to help you find the highest quality annuity that can help provide you with a reliable source of income for the rest of your life and, if you desire, for your spouse's life.

To lock in today's high interest rates on Fixed Annuities and to find the annuities in other annuity categories that best meet your needs, you should call me, **Nancy J. Hite, CFP®, AIF® Fiduciary, CLU** at **(561) 929-4200** as soon as possible.

I look forward to meeting with you by phone, Zoom or in person.

As a **CFP®**, I can also help you build your investment portfolio with non-annuity investments such as **high-quality mutual funds, bond funds, ETFs, real estate funds (REITs) and other investments**.

-- Nancy J. Hite, CFP®, AIF® Fiduciary, CLU,ChFC,RFC

Disclaimer:

I believe the information provided in this report to be accurate. However, annuity features, benefits and charges and interest rates being offered can change over time—and sometimes change quickly. Therefore, it is not possible to absolutely guarantee the accuracy of the information provided herein. It is also important to factor in taxes that may be owed on annuity payouts (unless you purchase your annuity within a Roth IRA.) When we meet, I can provide you with the latest information and answer all of your questions. There is never a charge to meet with me.