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ANNUITY QUICK REFERENCE GUIDE

Many have never heard of annuities. Perhaps the easiest way to grasp the concept of annuities is to first discuss life insurance products. Life insurance is a contract that pays a benefit in the event you die unexpectedly. In turn, annuities are a contract that pay a benefit in the event you live too long. Annuities are a vehicle that is used to save for one's retirement, just as some use certificates of deposit (CDs), 401(k)s, bonds, mutual funds, and stocks. At a given point in every annuity, you can change it from a retirement savings vehicle, to a retirement income stream, through a process called annuitization.

Annuities are vastly unheard of and also misunderstood. These retirement products have been given a bad rap, mostly as a result of competing financial services vehicles, and the advisors that offer them. Yet, the top concern of Americans continues to be guaranteeing a minimum level of income during their retirement years.

Coincidentally, annuities are the only financial instrument that can guarantee the purchaser an income for the rest of their life.

Annuities have long been known for their tax deferral qualities. Purchasers can use money that has not yet been taxed, to purchase the annuity. Thereafter, taxes are not paid until money is withdrawn from the contract. Plus, annuity purchasers earn interest on any interest earned, AND, those that purchase annuities earn interest on the tax savings that they would have paid as income taxes.

This is often referred to as the "triple compounding" benefit, which is available through annuities.

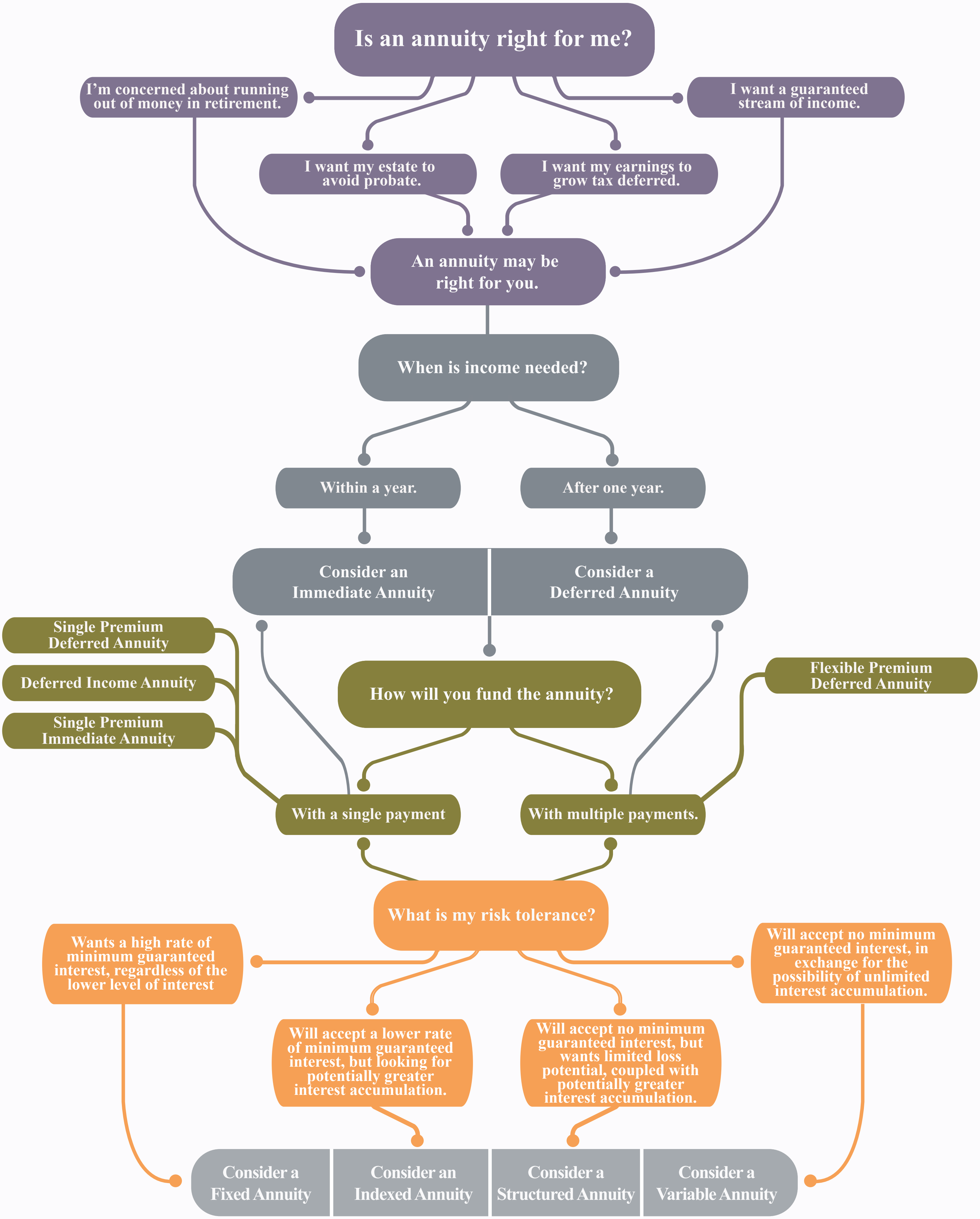
If you require additional information about annuities, please reach out to your financial professional. If your financial professional does not offer annuities, search for a professional that does. Annuities can be an integral part of your retirement savings plan. If you are interested in exploring if annuities are right for you, and your financial professional does not offer annuities, they may not necessarily be acting in your best interests. Reliable and credible information about annuities is available through third-party market research firms that do not endorse any company or product, via an internet search of the word "annuity."

Turn over to review some features of annuities, which can be used as a reference for those wanting more information about these valuable retirement planning and retirement income products.

Sheryl Moore is Shareholder and CEO of the life and annuity market research firm of Wink, Inc. Wink provides competitive intelligence, market research, product development, consulting services and insight to select financial services companies.

PRODUCT SPECIFICATIONS

Contract Description	A contract in which an individual agrees to pay premiums to an insurance company and receives, in exchange, a regular stream of income payments from the issuer either now, or at some time in the future.
First Annuity Sold	Between 1100 – 1700 B. C., archaeologists reveal that the legal codes of Egypt provided evidence that an annuity was purchased by a Prince ruling in Sint, in the Middle Empire.
Companies Offering Annuities	105 different insurance companies
Number of Different Annuities Available	Nearly 2,000
Places One Can Purchase an Annuity	Banks, Wirehouses, Broker/Dealers, Registered Investment Advisories, Career Agencies, Independent Agents, and (on a very limited basis) Direct from Insurance Companies
Issue Ages	0 – 100
Type of Monies Accepted	Nonqualified, Traditional IRAs, Roth IRAs, SEP IRAs, and more
Premium Type	Single lump sum or multiple, flexible payments
Types of Annuities	**Deferred Annuities:** Fixed Annuities, Indexed Annuities, Structured Annuities, Variable Annuities **Income Annuities:** Single Premium Immediate Annuities (SPIA) and Deferred Immediate Annuities (DIA)
Minimum - Maximum Deposit	$1,000.00 - $1,000,000+
How Interest is Earned	**Fixed:** Insurance company declares a stated rate of interest **Indexed:** Purchaser selects allocation options that earn limited interest, based on changes in equity indices **Structured:** Purchaser selects allocation options that earn limited interest, and may lose limited interest, based on changes in equity indices and funds **Variable:** Purchaser selects allocation options that earn unlimited interest, and may lose unlimited interest, based on the changes in equity indices and funds
Current Interest Credited	**Fixed:** Averaging 1.62% **Indexed:** 1.00% - 2.00% more than Fixed (above) **Structured:** More than Indexed, but less than Variable (below) **Variable:** Unlimited potential for interest earnings
Minimum Guaranteed Interest Credited	**Fixed:** Generally 0.50% **Indexed:** Generally 0.00% **Structured:** Limited potential for losses, subject to a floor **Variable:** Unlimited potential for losses
Years a Penalty is Imposed, on Surrender	0 – 20 Years
Annual Charge	**Fixed:** 0.00% **Indexed:** 0.00%, but optional riders cost 0.25% - 1.50% **Structured:** 0.00% - 1.75%, but optional riders cost 0.05% - 1.65%, plus applicable subaccount charges **Variable:** 0.00% - 1.90%, but optional riders cost 0.05% - 1.85%, plus applicable subaccount charges
Amount of Value Available, Without Penalty	Generally 10.00% annually
Other Liquidity Means	In the event of certain events, including: inability to perform activities of daily living, chronic illness, confinement, death, disability, early retirement, extended care, home health care, hospitalization, limited life expectancy, long-term care/nursing home confinement, natural disasters, terminal illness, unemployment, and more.
Benefit Payable on Death	Generally, the full value of the annuity is paid to beneficiaries on death, for fixed, indexed, and structured annuities. Optional riders may be purchased to provide a minimum guaranteed death benefit on variable annuities, which can potentially lose value as a result of market changes.
Choices to Guarantee Paychecks for Life	At no cost, an array of annuitization options are available to every annuity purchaser (as early as the first year), in exchange for structured payments. Some of the more common annuitization options provide you a paycheck for a minimum stated period (such as 10 or 20 years), or for the rest of your life- no matter how long that may be. As an alternative, Guaranteed Lifetime Withdrawal Benefit payment options can offer more flexible payments, but these typically have an additional charge.
What Happens if the Insurer Goes "Bankrupt?"	Similar to how the Federal Deposit Insurance Corporation (FDIC) insures bank institution deposits, and how the National Credit Union Administration (NCUA) insures credit union accounts, an organization called the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) insures life insurance and annuity values, subject to certain limits. These coverage limits vary by state, and many states guarantee up to $250,000 in death benefit and/or cash values. Note that NOHLGA is not backed by the full faith and credit of the United States government, as the FDIC and NCUA; but by peer insurance companies that are domesticated in the same state as the insurance company facing insolvency.


Is an annuity right for me?
I'm concerned about running out of money in retirement.
I want a guaranteed stream of income.
I want my estate to avoid probate.
I want my earnings to grow tax deferred.
An annuity may be right for you.
When is income needed?
Within a year.
After one year.
Consider an Immediate Annuity
Consider a Deferred Annuity
Single Premium Deferred Annuity
Deferred Income Annuity
Single Premium Immediate Annuity
How will you fund the annuity?
Flexible Premium Deferred Annuity
With a single payment
With multiple payments.
What is my risk tolerance?
Wants a high rate of minimum guaranteed interest, regardless of the lower level of interest
Will accept no minimum guaranteed interest, in exchange for the possibility of unlimited interest accumulation.
Will accept a lower rate of minimum guaranteed interest, but looking for potentially greater interest accumulation.
Will accept no minimum guaranteed interest, but wants limited loss potential, coupled with potentially greater interest accumulation.
Consider a Fixed Annuity
Consider an Indexed Annuity
Consider a Structured Annuity
Consider a Variable Annuity

Is an Annuity Right for You?

Annuities are not right for everyone, and no one should put 100% of their assets into an annuity. However, an annuity might be something that you want to consider. Below is a list of several things that may indicate that an annuity is right for you.

You are Looking for a Minimum Floor of Retirement Income

There is a minimum amount of income that we all need to pay our bills— the amount that isn't expendable income. If you want to ensure that you have at least this level of income every month, an annuity might be right for you.

You are Concerned About Outliving Your Retirement Income

Americans are living longer than ever before, with the average life span reaching more than eighty years. That means a longer retirement than one may have counted on. Social security is only intended to provide less than 40% of your post-retirement income and the Social Security Administration's 2014 report from the program trustees indicates that the trust fund reserves will fall to a point that Social Security will not be able to pay full retirement benefits starting in 2029. If you want to ensure that you have sufficient income to fund an extended retirement, an annuity might be right for you.

You Want to Reduce the Taxes on Your Paycheck

Annuities can be funded with pre-tax (qualified) dollars. You don't pay taxes on the money that you put into these annuities, until you start withdrawing funds from your annuity purchase. It is important to note that while you may purchase an annuity while you are in a [38%] tax bracket, and plan to retire with a tax bracket of [20%], income tax rates are likely to increase over time. However, if you are interested in deferring the taxes that you pay on your income, an annuity might be right for you.

An Annuity Might Not Be Right For You

Annuities are not right for everyone. And no one should put 100% of their assets into an annuity. However, and annuity might be something that you want to consider. Below is a list of several things that may indicate that an annuity is not right for you.

You are Looking to Maximize Your Return to the Fullest

Annuities offer an insurance element by guaranteeing a paycheck every month, for the rest of your life, even if you live to be 150 years old. Sometimes this means that the cumulative amount of income that you receive from the annuity exceeds the amount you paid into the annuity. This is a risk that the insurance company runs. Insurance costs money. If you don't want to have to "pay" for the insurance in an annuity, these products may not be right for you.

You are Concerned About Having Immediate Access to All of Your Money

Annuities typically impose penalties in the event that you surrender or take excessive withdrawals from your annuity within a predetermined period of time. These surrender charges are imposed because when you purchase the annuity, you are telling the insurance company that they can use your funds to invest them, earn a return on them, and use the monies to help guarantee your paycheck "for life." When you cash out your annuity early, the insurance company faces penalties on their investment of your annuity dollars. As a result, the insurance company passes on the surrender charges to most people that withdraw more than 10% of their annuity in any given year. If you are concerned about having immediate liquidity with your funds, an annuity may not be right for you.

You Feel That You Can "Build Your Own Annuity"

If you think that you can use your lump sum of money, and use it to emulate an annuity by purchasing some stock and a bond fund, you don't understand an annuity in sum. Annuities provide a guaranteed paycheck for the rest of your life. No other financial instrument can provide this value proposition. As such, if you are looking to "build your own annuity," an annuity may not be right for you.