
AN ANNUITY CAN PROVIDE BENEFITS NOW AND INCOME LATER IN RETIREMENT YEARS

An annuity is an insurance product that pays out income, and can be used as part of a retirement strategy. Annuities are popular choices for investors who want to receive a steady stream of income during retirement.

Here's how they work:

The annuity is a contract between you and an insurance company that allows your earnings to grow and compound tax-deferred. In exchange for a premium or premiums paid, the company agrees to pay a series of payments for a specific time period or over the purchaser's lifetime. The premium invested with the company accumulates free from current taxes until withdrawals are made, and then the interest withdrawn is taxed. This is a compelling benefit that you can use to help you accumulate wealth for your retirement or other long-term financial goals.

The word annuity literally means "annual payments". When you buy an annuity, the insurance company agrees to pay you income for a specified period of time. Whether these income payments start right away, or at some future date, determines what form of annuity you have: either deferred or immediate.

There are four basic annuity types:

- Single Premium: only one premium payment allowed
- Flexible Premium: allows the policy owner to determine the amount and frequency of premium payments
- Immediate: provides income soon after the premium payment is made
- Indexed Annuity: allows you to have better than average returns with the safety of minimum guarantees



An Annuity's Most Powerful Tool

Perhaps the most powerful feature of an annuity is the control that it gives you over your income taxes because the tax on interest earnings is deferred until you choose to access your cash value. By deferring your tax, you may be able to decrease your federal income tax because your tax rate may be lower when you retire.

With no current taxation, you earn:

- Interest on your principal
- Interest on your interest
- Interest on the money you would have paid in taxes

A tax-deferred fixed annuity can:

- Reduce your tax liability until funds are withdrawn.
- Provide lifetime retirement income.
- Guarantee principal.
- Guarantee fixed interest.
- Help avoid the high cost and delays of probate.

***Here is where you need
expert advice.***

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for a consultation and personal policy review.

Ask for Pat Picciano or Pat Bruno.