

# Retirement Planning

## HELPFUL HINTS FROM EXPERTS

### Taking A New Look At Annuities

(NAPSA)—A growing number of individuals looking for new sources of retirement income are considering annuities. An annuity is a type of contract between a private individual and a financial services or life insurance company. The individual pays a sum of money that is invested and in return the company makes periodic payments to the individual as specified in the contract.

Annuity earnings are tax deferred, which means federal income taxes on gains are not paid until funds are withdrawn. Most annuities allow you to contribute additional money at any time. The Insurance Marketplace Standards Association (IMSA) suggests you consider some key questions if you are thinking of purchasing an annuity:

#### **Is the annuity I'm considering the right one for me?**

Be sure you understand what you're buying. Review the product and consider whether it is the most appropriate for your age, personal financial needs and objectives and risk tolerance.

#### **Will you need the money you're spending on this annuity in the next few years?**

Annuities are designed for the long term. If you decide to withdraw the money in the next few years, you may be subject to fees or penalties.



**When you purchase an annuity, you can choose payouts that last a lifetime or for a time that you specify.**

#### **What will I gain—or lose—by exchanging one annuity for another?**

Carefully compare your old product with the new one. Are the benefits the same? Is there a surrender charge for the switch? Will there be new surrender periods?

When choosing an insurance company, make sure the company is reputable. A good place to start is to look for the IMSA logo. Only insurance companies that have proven through extensive independent review that they adhere to IMSA's stringent Principles and Code of Ethical Market Conduct may display this logo.

For a list of member companies and valuable information on annuities and other products, visit the consumer section of the IMSA Web site, [www.IMSAethics.org](http://www.IMSAethics.org).