

# Financial Planning

## Consider Annuities For Dependable Retirement Income

(NAPS)—More than 10,000 Baby Boomers will turn 65 today, and about 10,000 more will cross that threshold every day for the next 13 years. Few of them, however, will take the time to adequately plan for the next phase of their lives.

Many Americans expect Social Security to provide much of their retirement income, despite growing concerns about the reliability of future payouts. The federal insurance program—once considered a dependable source of retirement income—is now less certain as Boomers begin receiving benefits at a rate greater than what is flowing into the system.

According to a recent study commissioned by the Bankers Life Center for a Secure Retirement, nearly three-fourths of middle-income Americans say that Social Security benefits make up at least half of their retirement income.

Financial experts, however, say annuities may be the better option for a dependable, long-term means of retirement savings.

Annuities function like reverse insurance: the owner pays a lump sum and receives payouts. There are several reasons annuities are widely considered a secure, dependable option for retirement planning.

- The principal investment is not affected by market gains or losses.
- Earnings accumulate on an income-tax-deferred basis.
- In most cases, an annuity payout can be completed without a lawyer.

There are many different types of annuities.

**Fixed Interest Annuity.** This product is designed to help you accumulate funds for your retirement. The



**Annuities can be a dependable, long-term means of retirement savings.**

money in your annuity earns a guaranteed fixed rate of interest and accumulates on a tax-deferred basis, meaning you do not pay taxes on your earnings until you actually withdraw them from your policy.

**Fixed Indexed Annuity.** A fixed indexed annuity provides the guarantees that come with fixed annuities but is combined with the opportunity to earn interest based on changes in an external market index. Because you are not actually participating in the market, the money in your annuity is not at risk.

**Immediate Annuity.** An immediate annuity is purchased with a single lump-sum payment and, in exchange, pays a guaranteed income stream that starts almost immediately.

Many of the variables that affect retirement security are in your hands. Talk to your trusted financial advisor and learn about the retirement planning options available to you today, so you can ensure a secure tomorrow.

For further facts, visit <https://nafa.com/advocacy/national-annuity-awareness-month>.