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The Annuity Guide

817-886-5223

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Choosing The Right Annuity



First - What Is An Annuity?

Annuities are insurance contracts that provide income to the buyer, immediately or in the future, in return for payment

2 Main Annuity Classifications

Immediate & Deferred

These two classifications refer to when income is taken from the annuity, whether immediately or in the future

Most Common Immediate Annuity

→ SPIA - Single Premium Immediate Annuity

Most Common Deferred Annuities

→ MYGA - Multi-Year Guaranteed Annuity

→ FIA - Fixed Index Annuity

But How Do You Choose?



Choosing The Right Annuity

Feature	FIA	MYGA	SPIA
Growth Potential	Market Linked	Fixed Interest Rate	Fixed Interest Rate
Principal Protection	Yes	Yes	Principal Is Drawn On For Income
Income Start	Flexible	At Maturity	Immediately
Income For Life	Optional	No	Yes
Tax-Deferment	Yes	Yes	Yes
Ideal For...	Balanced Growth and Protection	Predictable/Stable Returns	Immediate, Guaranteed Lifetime Income

How About A Quick Summary?

**MYGAs offer
guaranteed fixed
rates providing
predictable growth**

**FIAs provide market-
linked growth while
protecting you from
market downturns**

**SPIAs provide
guaranteed lifetime
income that start
almost immediately**

Frequently Asked Questions

How Are Annuity Rates Set?

Rates vary by company but there are factors that every company looks at, including the current interest rate market, age, location, life expectancy and payment structure

What Are The Drawbacks To Annuities

Annuities are not something everyone understands, so they can seem quite complicated, annuities can have commissions and fees, and they offer modest returns, which can make them unappealing to long-term investors. Annuities are more appropriate for older investors and retirees or people that want guarantees.

Is An Annuity A Good Investment

An Annuity is a good investment for the right client that is looking for a conservative approach and does not want to risk losing money in the market or that wants to guarantee income for a number of years or the rest of their life. An Annuity is a bad investment for people with a high-growth mindset or that need liquidity in their investments.

How Is An Annuity Taxed

Annuities are taxed based on whether qualified or non-qualified dollars were used to fund the annuity. A qualified annuity is tax deductible because it is funded with pre-tax dollars, whereas a non-qualified annuity is an after-tax investment and do not provide a tax break. The interest earned on either grows tax-deferred.

Still Have Questions?

Or

Want To See What An
Annuity Can Do For You?





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Multi-Year Guaranteed Annuity (MYGA)

Multi-Year Guaranteed Annuities (MYGAs) offer a secure investment with a guaranteed interest rate for a set period, providing predictable growth and stability.

WHO SHOULD CONSIDER A MYGA

Ideal for conservative investors seeking stable returns with no risk, and those looking for a predictable source of income for future needs.

HOW IT WORKS

With a MYGA, you invest a lump sum and receive a guaranteed interest rate for a specified number of years. At the end of the term, you can renew, withdraw, or roll over your funds.

KEY THINGS TO KNOW

- ▶ Guaranteed Interest rate - Fixed rate for the entire term
- ▶ Term Options - Typically ranging from 2 to 10 years
- ▶ Penalty-free Withdrawals - Partial withdrawals are often allowed without surrender charges

Key Benefits

▶ Fixed Interest Rates

Enjoy a guaranteed interest rate for the term of the annuity, providing steady growth

▶ Predictable Income

Plan your financial future with certainty, knowing exactly how much your investment will earn

▶ Principal Protection

Your initial investment is protected, ensuring you don't lose your principal

▶ Flexible Terms

Choose from a range of terms to fit your financial goals and timeline

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Fixed Index Annuity (FIA)

Unlock Growth Potential With Stability

Fixed Index Annuities combine the growth potential of stock markets with the stability of fixed annuities. They're designed to provide a secure retirement income while offering opportunities for growth.

WHO SHOULD CONSIDER AN FIA

Ideal for those seeking stability with the potential for higher returns than traditional fixed annuities, CD's or savings accounts, while also having a lower risk compared to direct market investments.

Our market-leading solutions are designed to make life easier, more efficient, and more productive.

HOW IT WORKS

Your money is allocated in a fixed index annuity. The growth is tied to a specific index, but you won't lose money if the index declines. Interest is credited based on the index's performance, subject to caps or participation rates.

KEY THINGS TO KNOW

- ▶ Cap Rate - Maximum interest rate you can earn
- ▶ Participation Rate - Percentage of the index's increase credited to your annuity
- ▶ Surrender Charge - Fee associated with early withdrawal

Key Benefits

Principal Protection

Your initial investment is protected against market losses, meaning you never lose principal

Growth Potential

Linked to stock market index, such as the S&P 500, for growth potential

Guaranteed Income

Provides options for guaranteed income for life or a specified period through the inclusion of a rider.

Tax-Deferred Growth

Earnings grow tax-deferred until you withdraw them

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Hybrid Options For Long Term Care

Long Term Care consists of services for those unable to perform activities of daily living on their own. Traditional Long Term Care Insurance has become increasingly expensive and hard to qualify for, so it's important to note that there are hybrid products out there that can provide flexibility.

Annuity

- Provides the security and stability of a Fixed Index Annuity.
- If Long Term Care is needed, withdraw the money Tax Free!
- If Long Term Care is NOT needed, your investment will continue to grow, as in a normal FIA.
- Through an FIA + Long Term Care Rider, most can get guaranteed approval.

Life Insurance

- Provides the lasting legacy of a Life Insurance Policy.
- If Long Term Care is needed, withdraw the money Tax Free!
- If Long Term Care is NOT needed, you will still have the full benefit of your Life Insurance Policy!
- Through a Life Insurance + Long Term Care Rider, most can get guaranteed approval.

Did You Know?

70% of people 65 and older are going to need Long Term Care.

The Average LTC Cost Is \$10-12,000 Per Month.

Over 90% of Carriers have withdrawn from offering LTC.

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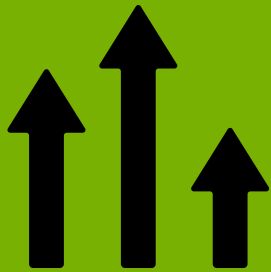
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Fixed Index Annuities: 2024 Trends

Fixed Index Annuities are surging in popularity due to the variety of benefits they provide and customizations for different situations, such as guaranteed lifetime income, asset accumulation, avoiding market risk or long term care



2023 FIAs sales were 95.6 billion, up 20% from the prior year

2023 Deferred annuities sales were up 46% setting a record high at 165 billion



2024 Sales are poised to set a new record

Food For Thought..

Due To Downside Protection, a Fixed Indexed Annuity (FIA) would have an equal or higher account value for 15 of the past 20 years when compared to a client invested directly in the S&P 500*.

*This hypothetical FIA example assumes a 10.50% Cap and issue date of 12/31/2003

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Fixed Index Annuities Pros & Cons

A Fixed Index Annuity (FIA) is a financial product that offers the potential for higher returns than traditional fixed annuities, linked to a market index like the S&P 500, without the risk of direct investment in the stock market.

PROS

Principal Protection

Initial investment is fully protected from market loss

Potential for Higher Returns

Higher returns when compared to traditional fixed annuities

Tax-Deferred Growth

Tax on earnings are not paid until money is withdrawn

Lifetime Income Options

Ability to draw income for life with addition of a rider

Avoidance of Market Volatility

Ability to draw income for life with addition of a rider

Cons

Capped Returns

Returns are capped in exchange for no losses in a down market

Potential Rider Fees

Rider fees are optional to guarantee lifetime income

Illiquidity

Investments are locked in for the term, other than free withdrawals

Surrender Charges

Penalty for early withdrawal of funds above free amount

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How To Secure Guaranteed Lifetime Income

Fixed index annuities with lifetime income options can be a smart choice for those looking to secure a steady stream of income in retirement. However, it's essential to understand the terms and consider your long-term financial goals before making a decision.

Purchase A Fixed Index Annuity

Work with a financial advisor to select a FIA that aligns with your financial goals, risk tolerance, and retirement timeline.

Choose An Income Rider

Many FIAs offer optional income riders, which guarantee a stream of income for life.

Determine the Start Date

Decide when you want the income payments to begin, either immediately or at a later date.

Customize Your Income Stream

Options include single or joint lifetime income, ensuring you (and possibly your spouse) receive payments for life.

Enjoy Guaranteed Income For Life

Once your income stream starts, you'll receive regular payments for the rest of your life, providing financial security.

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Benefits Of Lifetime Income With FIA's



Peace Of Mind

No matter how long you live, you'll have a consistent income stream to cover your living expenses in retirement.

Principal Protection

Your investment is protected from market downturns, ensuring that your lifetime income is not affected by market volatility.



Potential For Growth

Your payments can increase based on the performance of the market, providing an opportunity to keep pace with inflation.

Flexible Options

Tailor your income stream to your needs, whether you want income for yourself, a spouse, or even for a set period.



Considerations Before Investing

Fees & Riders

Income riders often come with additional costs, which can impact your overall return.

Liquidity

Once income payments begin, access to your lump sum may be limited or unavailable.

Taxes

Consult with a tax advisor to understand how income payments will be taxed.

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Income Goals Choosing The Annuity To Match

Annuities come in many different forms. Knowing your financial goals can help narrow your focus to only the products that make sense for you.

FINANCIAL GOALS

IMMEDIATE INCOME

Retirees looking to begin taking annuity payments as close to Day 1 as possible

ACCUMULATION

Retirees interested in maximizing returns but still avoid the risk of the market

LIFETIME INCOME

Retirees wanting to draw lifetime payments from an annuity to guarantee you don't outlive your money

Annuity Match

FIXED INDEX ANNUITY
WITH AN INCOME
RIDER

MULTI-YEAR
GUARANTEED OR
FIXED INDEX ANNUITY

SPIA - SINGLE
PREMIUM IMMEDIATE
ANNUITY

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