

# A Quick Discussion of Annuities and You

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An Annuity is defined as a contract or agreement by which one receives fixed income payments for a lifetime or for a specified number of years in return of a lump sum investment payment or an accumulated sum of money. In reality it is a financial insurance product that can be structured according to a wide array of details and factors.

Annuities may be either fixed with guarantees, or variable with returns tied to the performance of the stock market.

Annuities are primarily used as a means of securing a steady cash flow for an individual during their retirement years. Deferred Annuities delay the income, installments, or a lump sum payment until an investor elects to receive them. This type annuity has two main phases, the savings phase in which you invest money into the account, and the income phase in which the plan is converted into an annuity contract and payments of principal and interest are received.

Immediate Annuities begin the payout phase. Often payments are guaranteed for a period of years. Beneficiaries can be established to ensure others receive the benefits of continued payments or a lump sum payment in the event of premature death of the annuity owner. Annuities are life insurance contracts and can be settled outside of probate court when disposing of the assets included in a person's will.

Interest payments usually are re-invested during the accumulation phase of a deferred annuity. However, interest payments may be withdrawn on various schedules without disturbing the principal amount of the annuity. The beauty of the annuity is that it provides a low cost way to enjoy income during the retirement years.

Once an annuity contract becomes annuitized... in other words turned into a stream of predetermined income payments.... You cannot outlive the flow of income! This is the only financial product that offers this guarantee. For many retirees' this guarantee allows them to enjoy retirement without the fear of out living their retirement nest egg. Emotionally speaking, receiving that check each month provides a degree of security and relief so retired individuals can concentrate on other important life issues like another career, volunteer work, and family. Working with a qualified financial advisor can help determine a proper retirement plan

Please give us a call at Peck-Glasgow Agency if you are interested in discussing the benefits of an annuity to aid in your retirement plans.

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