

AN INTRODUCTION TO ANNUITIES

Introduction

Let's assume that you don't know what an annuity is. No worries. Almost everyone knows what life insurance is, so let's start by making a comparison to life insurance.

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Hold on! Before making this decision, you should also consider a fundamental principle of risk:

Risk/Reward Trade-off: [Redacted text block]

In light of this trade off, there are three questions that must be answered, when researching what type of annuity may be right for you.

What level of risk am I willing to assume with the annuity?

[Redacted text block]

[Redacted text block]

How soon will I need the regular stream of income payments from the annuity?

[Redacted text block]

How many premium payments will I be making into the annuity?

[Redacted text block]

Deferred Annuity vs. Immediate Annuity

What is a deferred annuity?

[Redacted text]

[Redacted text]

What is an immediate annuity?

[Redacted text]

[Redacted text]

ANNUITY RISK SPECTRUM

	Guaranteed Interest	Upside Potential	Indexed Participation	Client's Risk Tolerance
Fixed (Traditional)	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Indexed	[Redacted]	[Redacted]	[Redacted]	[Redacted]
Variable Annuity	[Redacted]	[Redacted]	[Redacted]	[Redacted]

[Redacted text]

[Redacted text]



What is a Fixed Annuity (FA)?

[Redacted text area for Fixed Annuity definition]

What is an Fixed Indexed Annuity (FIA)?

[Redacted text area for Fixed Indexed Annuity definition]

What is a Variable Annuity (VA)?

[Redacted text area for Variable Annuity definition]

The sale of an annuity has to benefit the three parties to the annuity transaction:

The annuity purchaser [Redacted]

The annuity salesperson [Redacted]

The annuity issuer (insurance company) [Redacted]

[Redacted text area for Variable Annuity details]

So, let's consider an example, using Fixed Annuities as a point-of-reference.

[Redacted text block]

Now, with Fixed Indexed Annuities, the example above is only modified slightly.

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Closing Thoughts

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This whitepaper was published to give readers a very general understanding of the different types of annuities that may be available. The majority of the information in this document was provided by Source Wink <http://www.looktowink.com/insurance-basics/annuities/> if you are considering purchasing an annuity, you should read the prospectus and/or contract as well as discussing your situation with a financial professional. When you contact a financial professional, you should consider requesting information, including product and fund prospectuses/contracts that contain complete details on investment objectives, risks, fees, charges, and expenses as well as other information about the investment company, which should be carefully considered. Please read the prospectuses/contracts carefully prior to purchasing. The prospectuses/contracts contain this and other information on the product and underlying portfolios.