

Planning Your Retirement

Annuities And You: A Closer Look

(NAPSA)—In the face of uncertain markets, many are turning to financial products that they consider more dependable. This is particularly true for those planning for retirement. That's a key reason many people are taking a closer look at annuities.

An annuity is a contract between you and an insurance company that allows you to deposit a certain amount of money. In return, the insurer makes payments to you over a period of time spelled out in the contract. An annuity may also be structured to provide income to another person, such as a surviving spouse.

An annuity is not a life insurance policy—although some annuities include death benefits. In fact, there are often tax penalties for early withdrawals.

What annuities can do is provide retirement-dependable income. When you purchase an annuity, you can choose payments that last a lifetime or for a time that you specify. Lifetime payments can be made throughout your life or extended to last the lifetime of your spouse or another person.

There are annuity products that allow you to choose how you will pay for it—in a single premium or periodic premiums.

Like some other forms of retirement income, annuity earnings may have tax benefits. You can build up savings in annuities without paying federal income taxes on gains on the funds until you begin to withdraw money.

Each company sets maximum amounts for initial contributions to your annuity, and some annuities allow you to contribute additional money at any time.

According to the Insurance Marketplace Standards Association (IMSA), if you are consider-



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ing an annuity, remember the following:

- No single annuity product is best for everyone. Different products make sense for different people.
- Terms and conditions of each product will vary, so do your homework.
- Read the contract carefully. Be sure your agent answers all your questions and read the fine print.
- Get everything in writing before you sign.

IMSA promotes high ethical standards in the sale and service of life insurance, annuity and long-term care products.

These standards help ensure that a company commits itself to honesty, fairness and integrity in all customer contacts involving the sale and servicing of individual life insurance, long-term care insurance and annuities.

For a free consumer's guide to annuities, in either English or Spanish, visit www.IMSAethics.org. The guide includes "Ten Safe Steps to Buying Annuities with Confidence."