

MYTHS

VS

FACTS

About

Annuities



Myths Vs Facts - Annuities

In this article we will be reviewing and dispelling some common myths and ideas your clients may have about annuities.

“Annuities have hidden fees.”

The charges associated with your annuity depend on the type you purchase (immediate, fixed, or fixed indexed). While some annuities may have no charges, others can impose surrender charges on withdrawals made during the surrender charge period. However, certain plans might allow penalty-free withdrawals of a portion of the funds. Additionally, some fixed indexed annuities (FIAs) come with extra fees for optional riders, which can offer benefits like lifetime income, specific interest rates, wealth transfers, and healthcare. These features can enhance the value of your policy.

“Annuities are complicated.”

Annuities with a lifetime withdrawal benefit function similarly to Social Security or a pension. They can provide a guaranteed stream of income for life, subject to certain conditions and provided no excess withdrawals are made.

“Annuities are tied to the stock market, I could lose my money.”

With a fixed indexed annuity, your money is not directly invested in the market. Instead, it is linked to an index, ensuring that your account value will never fall below zero even if the index decreases. This linkage offers the potential to earn interest, allowing your account value to grow when the index rises.

“If I buy an annuity, I don’t have access to my money.”

Many annuities permit penalty-free withdrawals, but excess amounts may incur surrender charges. Many annuities offer riders at no extra cost, allowing 100% penalty-free access if you meet conditions related to terminal illness or nursing home care. These features vary by state. Consult with a financial / insurance professional for details.

“When I die, the insurance company keeps my remaining money.”

Fixed and fixed indexed annuities that haven't been annuitized have surrender charges waived if the annuitant dies. Any remaining account value is passed to the beneficiaries you named and usually avoids probate. For more details - consult a financial / insurance professional.

“I have to pay the financial professional out of my own pocket to buy an annuity.”

A *majority* of the time, you are **not** required to pay the financial professional directly to buy an annuity. Your full premium is available to potentially earn interest from the annuity's effective date. Carriers compensate agents directly, and their commission is **not** pulled from the premium you are putting into your annuity.

For more educational tools and resources,
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give us a call at: **952-887-1239** today.