

What kind of annuity is right for me?

The right annuity for you depends on your financial situation, when you need payments to start—whether immediately or in the future, and the risks you'd like to take in the accumulation phase, if there is one.

Fixed vs. variable annuity

A **fixed annuity** delivers a fixed rate of return—or the guaranteed income you are looking for—during a specified period of time. During that time, your investment is guaranteed to grow at the agreed-upon rate.

A **variable annuity** lets you invest your annuity funds for a possibly higher—or lower—rate of return, based on market fluctuations.

A third option—an **indexed annuity**—offers something of a middle path: performance that's benchmarked to a market index, such as the S&P 500. Generally, indexed annuities cannot lose value, even in a down market.

Your risk tolerance determines which option is best for you, and an insurance or financial professional can help you determine the best fit for your circumstances.

Deferred vs. immediate annuity

A **deferred annuity** lets you accumulate annuity value on a tax-advantaged basis over time, say during your working years, and then convert the value to a guaranteed income stream at a specific time in the future.

A **single premium immediate annuity (SPIA)** is an annuity that you purchase with a single lump-sum payment and can begin generating income immediately. It skips the accumulation phase altogether.

Generally, your planned retirement date determines which option is best suited to you.

Other annuity options

Today, annuities offer more flexibility than ever before. Some options, for example, allow you to convert the annuity to a product that can finance medical expenses. Separate annuities can be purchased over time for different purposes.

Because of the varied types of annuities, there is typically a fit for anyone looking to add one (or more) to their financial strategy for retirement. That said, they are admittedly complex, which means that talking with an insurance or financial professional can help you find out if annuities are a fit for you.