RETIREMENT RISK ADVISORS

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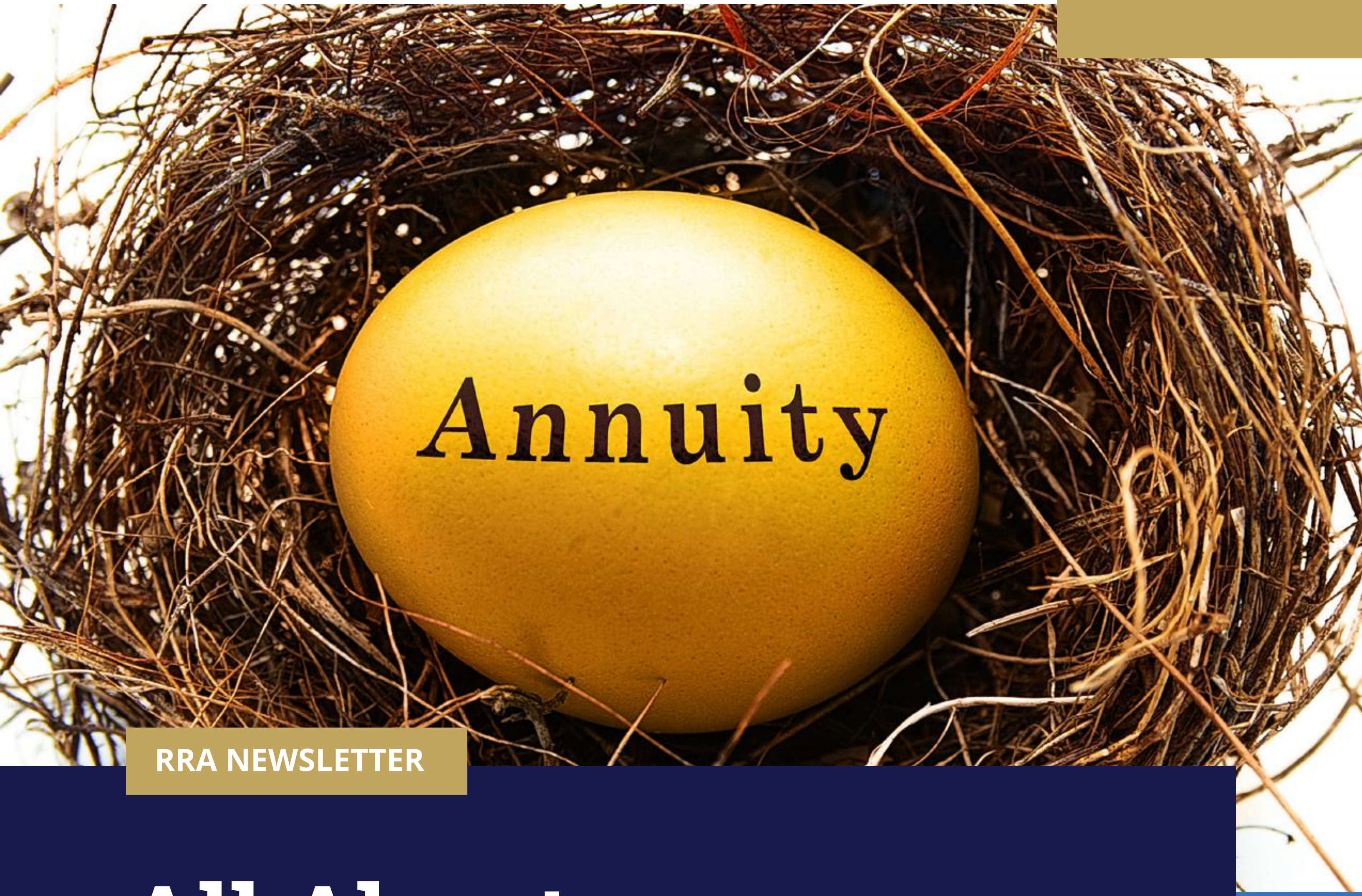


RRA NEWSLETTER

All About Annuities

What makes an annuity tick? Short answer: Annuities are contracts made with an insurance company. Your annuity can be personalized to fit your exact needs.

The downside? The options can be overwhelming.

Types of Annuities

Fixed, variable, and fixed-indexed annuities are the three main types. Each comes with benefits and specific levels of risk based on your needs.

Type	Interest	Risk	Reward
Fixed	Guaranteed	Low	Predicted
Variable	Coordinated to investments	High	Unpredictable, yield varies
Fixed-indexed	Preset, linked to stock market index	Medium	Capped

Fixed Annuity

With the least risk and the most predictability, fixed annuities are contracted with a set interest rate. The only time the interest may vary is depending on terms of the contract with the insurance company. For example, per contract, sometimes the interest rate may reset after several years.

Variable Annuity

The variable annuity promotes higher yield but comes with the greatest risk. The interest rate is directly linked to an investment portfolio. Payments from the annuity are not consistent. If the investments are doing well, the payments will increase. If they are not doing well, the payments will drastically decrease.

Fixed-indexed Annuity

As middle grounds for fixed and variable annuities, this annuity comes to a compromised agreement. The contract carries lower risk and has a potential higher yield than fixed annuities. Thus, the interest rate will not sink below a preset amount, but the rate is tied to a specific stock market index and could potentially rise.

Payment Arrangements

Immediate annuity, also income annuity, is when the holder begins receiving payments within a few years after the contract is purchased.

Deferred annuity is the most common in retirement, the most ideal to streamline retirement income for CPAs. These payments are started at a specific age while investment grows tax deferred.

Longevity Risk & Annuities

Since annuities guarantee lifetime income, they are a means to protect against the longevity risk your retirement will face. Payments are based on the health, age, and life expectancy of the annuitant holder. Note: The longer a person is calculated to live, the smaller the payments may be.

Lifetime annuities: guarantee of an income stream for the holder's lifetime. Often, the payments extend to beneficiaries after the holder's passing. This covers your retirement and serves as inheritance for family.

Fixed-period annuities: guarantee of payment for a set period, also called term-certainty. These periods are typically 20-30 years. Moreover, the payments here are not as impacted by age and life expectancy of holder since they are a set period.

Protection for an Ever-Evolving Retirement World

The need for protecting retirement assets in our modern world is more than a necessity. And annuities offer a great level of protection for your retirement. As a CPA, you are aware of the volatility of the stock market—and how 401(k)s are only one way to have a stream of income.

Lifetime Income

With pensions no longer a normal and Social Security only providing 40% of retirement income, the steady income provided through an annuity makes it one of the best opportunities for retirees. And with longevity increasing, meaning retirement can last 20+ years, the guaranteed income allows for the equivalent of a pension. You'll have the confidence to live life and pay for groceries, hobbies, and mortgage. Annuities offer cash value that you can rely on for the remainder of your life—predetermined or not. All while potentially reducing your exposure to loss in the market.

Protected Growth

Maintain that income stream and limit loss in a market downturn? Perfect conditions for retirement! Sometimes deferred annuities are designed for those who wish to take advantage of income protection and the growth. This comes at a higher risk though, in comparison to fixed-indexed annuities, which are based on market index and growth is capped, but they offer the lifetime income benefits.

Initial Investment Lock-In

You may have the option to protect your original investment, where whatever dollar amount you have invested will not be at-risk. Through the various options annuities offered, your principal is protected, and you can seek higher returns while limiting market-loss.

Tax-Deferment

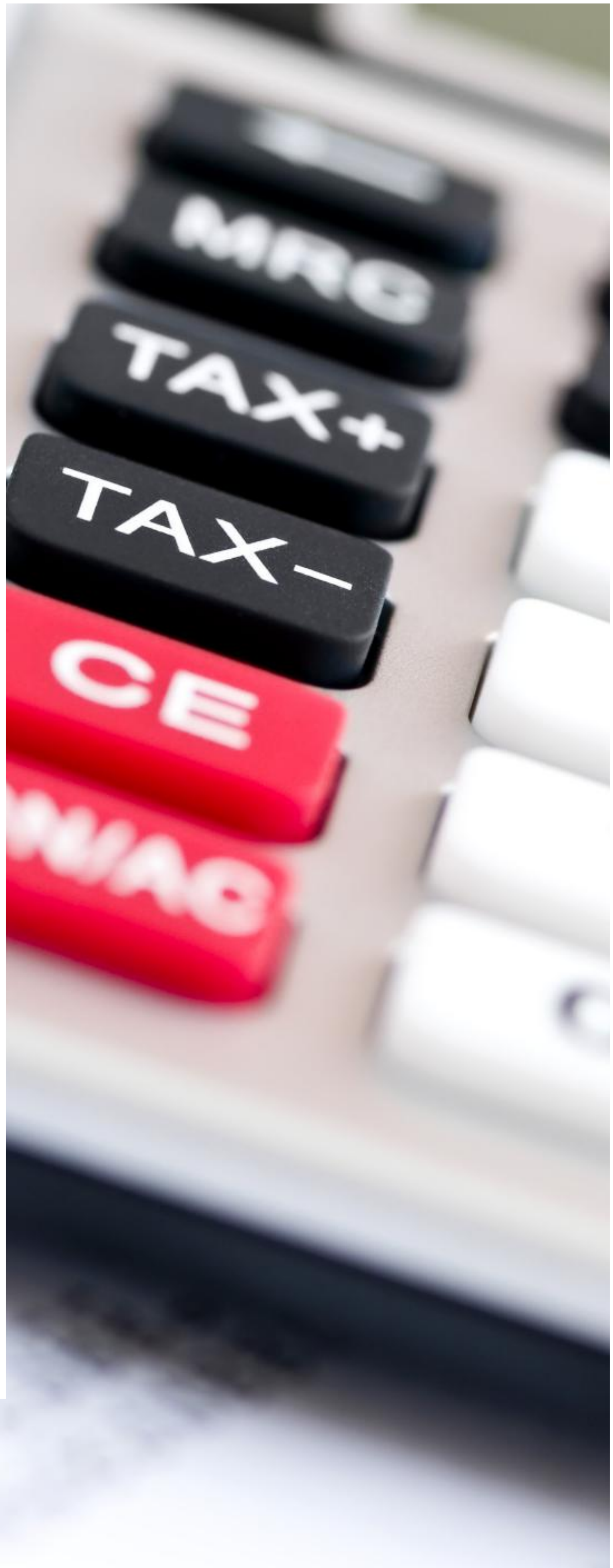
A balanced, risk-based retirement portfolio considers the impact taxes will have during your golden years. Impacting your nest egg, income streams, Social Security, gains. Luckily, all annuities offer tax-deferred growth. Unlike a 401(k) and IRAs, annuities have an advantage the other tax-deferred accounts do not: no limit to how much you can invest. You may have the option to invest with pre-tax money and only pay taxes after withdrawal. Or you can even invest with after-tax money and only pay taxes on the gains.

Tax-deferment can allow your investment to grow tax-free for sometimes decades, enhancing retirement income and lifestyle.

Assets Protected

Since annuities are insurance contracts, the insurance companies will work with you to protect and specify terms such as beneficiary options, public disclosure, and taxation. You could even be protected from creditors should it be needed.

Annuities are evolving for the better and becoming mainstays in retirement portfolios. They offer solutions and benefits that diversify and protect retirement.



Upcoming February Webinars

2/3/22 – Paychecks and Playchecks

2/8/22 – Don't Worry, Retire Happy

2/8/22 – The Changing World of Retirement

2/9/22 – The Volatility Shield: How to Make Your Retirement Income Last 15 Years Longer

2/9/22 – Getting Safely Through Retirement: A New Paradigm in Retirement Planning

2/10/22 – Take Control of Your Retirement with a Self-Directed Plan

2/10/22 – The Changing World of Retirement

2/14/22 – How to Retire in the 0% Tax Bracket

2/15/22 – The Truth about Reverse Mortgages: Everything You Need to Know

2/15/22 – The Changing World of Retirement

2/16/22 – Evolving Retirement Law: The Challenges, The Changes & Your Choices

2/16/22 – Getting Safely Through Retirement: A New Paradigm in Retirement Planning

2/17/22 – The Changing World of Retirement

2/18/22 – The Foundation for a Secure Retirement

2/21/22 – Roth IRAs: A Great Option for Most Retirees BRAND NEW COURSE

2/21/22 – Getting Safely Through Retirement: A New Paradigm in Retirement Planning

2/21/22 – Understanding Human Capital and Using Life Insurance in Retirement

2/22/22 – Tax-Free Income for Life: How to Eliminate Risk in Retirement

2/28/22 – Choosing the Right Life Insurance for Your Retirement

Find all Webinars at RetirementRiskAdvisors.com/events

As winter grabs hold nationwide, we have been hard at work to provide you with the best tools to prepare you for your life, the golden years after being a CPA.

Your golden years could be anywhere between 20-30, if not more, years after you retire. Since humans are living well into their late 80s, it is best to prepare for longevity in your own retirement. Given that only 15% of the private sector provides pensions, finding the next best thing will allow you to have a constant income stream.

In this month's newsletter we delve into the wonders of annuities. You will find enclosed the types of annuities there are, the level of risk that comes with each, and how the annuity can provide for you and even your family.

From our family to yours,

The Retirement Risk Advisors

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