AN INTRODUCTION TO ANNUITIES

WHAT IS AN ANNUITY?

An **annuity contract** is a legal agreement between an individual (the annuitant) and an insurance company or financial institution, where the individual makes one or more payments (called premiums) in exchange for regular income payments either starting immediately or beginning at some point in the future. Annuities are designed to provide a **stable, predictable income stream**, and are often used for retirement planning. An annuity is backed by the financial strength and stability of the insurance company or carrier that issues it.

WHY CONSIDER AN ANNUITY FOR YOUR CLIENTS?

An annuity can provide **guaranteed income** for life or a fixed period, making it a popular option for retirement planning, especially for individuals seeking to protect against **outliving their savings**. It can offer **stability** and a reliable source of income to supplement other savings, such as pensions or Social Security. Some of the fundamental benefits of an annuity are:

- **Tax-Deferred Growth:** Earnings within an annuity grow without being taxed until withdrawal.
- **Fixed or Variable Payments:** Annuities can be structured to provide a fixed, regular income or one that varies depending on market performance.
- **Living Benefits:** Provides financial security for retirement through lump-sum payouts or guaranteed lifetime income.
- **Death Benefits:** Some annuities offer a death benefit, ensuring that if you pass away before receiving all your payments, your beneficiary receives a guaranteed amount.

TYPES OF ANNUITIES OFFERED BY JSA

- **Single Premium Immediate Annuity:** You make a **one-time lump-sum payment** to an insurance company in exchange for **regular income payments** that can begin right away.
- **Flexible Premium Annuity:** Allows you to **choose how much and how often** you want to pay into the annuity. Gives you the flexibility to make ongoing payments over time, adjusting your contributions based on your financial situation.
- **Fixed Annuity:** Provides a **guaranteed, fixed interest rate** and **predictable income** for a set term, regardless of market conditions.
- **Fixed Indexed Annuity:** Offers a **guaranteed minimum return** while also allowing the potential for **higher returns** based on the performance of a stock market index, such as the **S&P 500.** The returns are tied to the performance of the index, but the annuity itself doesn't directly invest in the market.
- **Deferred Annuity:** Payments begin at a future date, allowing the investment to **grow over time before income** is received.

CONTACT YOUR JSA PARTNER TO DISCUSS LIFE AND INCOME SOLUTIONS
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