

Dispelling annuity myths

Learn the truth behind common annuity myths.

“Annuities carry hidden fees.”

Depending on the type of annuity you purchase (immediate, fixed or fixed indexed), your policy could have no charges. But some annuities do have surrender charges on withdrawals taken during your surrender charge period. Some plans may offer options to take a portion surrender-penalty free. Plus, some fixed indexed annuities have additional fees with optional riders for guaranteed lifetime income, a specific growth rate, wealth transfer and healthcare. These features provide more benefits and can add more value to your policy.

“Annuities are complicated.”

Annuities with a guaranteed lifetime withdraw benefit work similar to Social Security or a pension. It can guarantee you a lifetime stream of income, subject to certain conditions and assuming no excess withdrawals are taken.

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

With a fixed indexed annuity, your money is not invested directly in the market. It's linked to an index, so your account value will never be credited less than zero if that index decreases. Linking to an index provides the potential to earn interest, and your account value can grow if the index increases.

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

Many annuities allow for penalty-free withdrawals, though amounts in excess of the penalty-free amount may be subject to surrender charges. Many annuities include riders, at no additional charge, that give you penalty-free access to 100% of your money if you meet certain conditions in regards to terminal illness or nursing home or home health care. These liquidity features may vary by state. Talk with Strategic Financial about rider details and availability.

“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.

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

You are not required to pay the financial professional directly in order to buy an annuity. Your full premium is available to potentially earn interest from the annuity's effective date. Strategic Financial will be your financial professional and works with different annuity companies, like F&G, Silac, Transamerica and many others. You do not pay us any commission, rather the company of choice is responsible for that.

Contact Strategic Financial today to see whether an FIA is a solution for you.