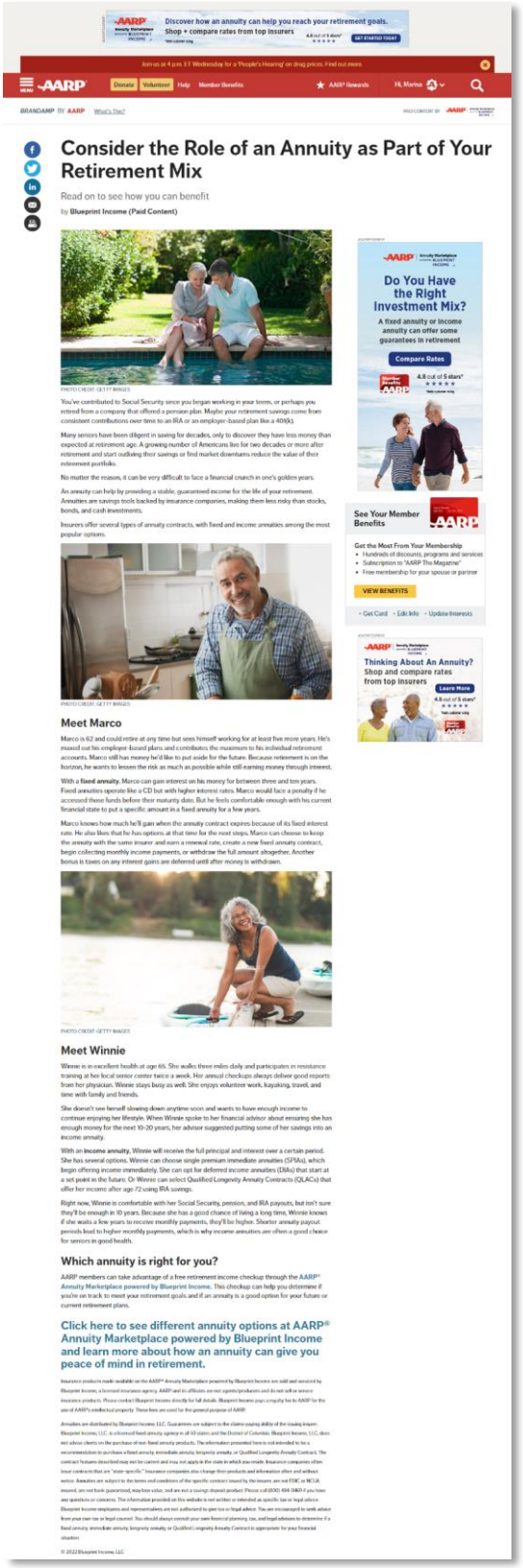
# Q2 2022



Discover how an annuity can help you reach your retirement goals.
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## Consider the Role of an Annuity as Part of Your Retirement Mix

Read on to see how you can benefit

by Blueprint Income (Paid Content)



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You've contributed to Social Security since you began working in your teens, or perhaps you retired from a company that offered a pension plan. Maybe your retirement savings come from consistent contributions over time to an IRA or an employer-based plan like a 401(k).

Many seniors have been diligent in saving for decades, only to discover they have less money than expected at retirement age. A growing number of Americans live for two decades or more after retirement and start outliving their savings or find market downturns reduce the value of their retirement portfolio.

No matter the reason, it can be very difficult to face a financial crunch in one's golden years.

An annuity can help by providing a stable, guaranteed income for the life of your retirement. Annuities are savings tools backed by insurance companies, making them less risky than stocks, bonds, and cash investments.

Insurers offer several types of annuity contracts, with fixed and income annuities among the most popular options.



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### Meet Marco

Marco is 62 and could retire at any time but sees himself working for at least five more years. He's maxed out his employer-based plans and contributes the maximum to his individual retirement accounts. Marco still has money he'd like to put aside for the future. Because retirement is on the horizon, he wants to lessen the risk as much as possible while still earning money through interest.

With a **fixed annuity**, Marco can gain interest on his money for between three and ten years. Fixed annuities operate like a CD but with higher interest rates. Marco would face a penalty if he accessed these funds before their maturity date. But he feels comfortable enough with his current financial state to put a specific amount in a fixed annuity for a few years.

Marco knows how much he'll gain when the annuity contract expires because of its fixed interest rate. He also likes that he has options at that time for the next steps. Marco can choose to keep the annuity with the same insurer and earn a renewal rate, create a new fixed annuity contract, begin collecting monthly income payments, or withdraw the full amount altogether. Another bonus is taxes on any interest gains are deferred until after money is withdrawn.



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### Meet Winnie

Winnie is in excellent health at age 65. She walks three miles daily and participates in resistance training at her local senior center twice a week. Her annual checkups always deliver good reports from her physician. Winnie stays busy as well. She enjoys volunteer work, kayaking, travel, and time with family and friends.

She doesn't see herself slowing down anytime soon and wants to have enough income to continue enjoying her lifestyle. When Winnie spoke to her financial advisor about ensuring she has enough money for the next 10-20 years, her advisor suggested putting some of her savings into an income annuity.

With an **income annuity**, Winnie will receive the full principal and interest over a certain period. She has several options. Winnie can choose single premium immediate annuities (SPIAs), which begin offering income immediately. She can opt for deferred income annuities (DIAs) that start at a set point in the future. Or Winnie can select Qualified Longevity Annuity Contracts (QLACs) that offer her income after age 72 using IRA savings.

Right now, Winnie is comfortable with her Social Security, pension, and IRA payouts, but isn't sure they'll be enough in 10 years. Because she has a good chance of living a long time, Winnie knows if she waits a few years to receive monthly payments, they'll be higher. Shorter annuity payout periods lead to higher monthly payments, which is why income annuities are often a good choice for seniors in good health.

### Which annuity is right for you?

AARP members can take advantage of a free retirement income checkup through the AARP® Annuity Marketplace powered by Blueprint Income. This checkup can help you determine if you're on track to meet your retirement goals and if an annuity is a good option for your future or current retirement plans.

**Click here to see different annuity options at AARP® Annuity Marketplace powered by Blueprint Income and learn more about how an annuity can give you peace of mind in retirement.**

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