

# Insurance Made Simple

## A guide to Immediate Annuities



### **Your clients don't have to worry about outliving their savings with Immediate Annuities.**

Immediate Annuities are ideal for older people or retirees concerned about outliving their savings because they can convert part of their current assets into guaranteed lifetime income. Payments begin within the first 12 months of being purchased.

### **How Immediate Annuities work:**

With this policy, a person pays a lump sum to an insurance company and the company then pays them a fixed amount each month for as long as the policy owner lives. An Immediate Annuity with a "lifetime and period-certain" will pay monthly for life, but guarantees to pay heirs for a minimum period that is typically five to 30 years (whichever is longer).

### **Immediate Annuities feature:**

- Guaranteed monthly income clients can't outlive
- Payments that begin 30 days to one year from date of purchase
- Payments for a certain period of time, like 10 years certain
- Payments can also be received for a combination like 10 years certain and life
- On non-qualified annuities, each income payment is a partial return of original premium plus interest, so a significant portion is tax exempt (Exclusion Ratio)
- No flexibility – once the contract is signed, the lump sum belongs to the insurance company
- Option available to have guaranteed increases in income (COLA)
- Low Load Immediate Annuities can increase the income received because of reduced distribution expenses.

### **An Immediate Annuity's biggest payback is peace of mind.**

People who have saved diligently and put as much as possible into their 401K or other retirement accounts might be concerned that their savings aren't enough to support them for the rest of their lives. They can either manage the portfolio on their own or with an advisor, or they can put it all into an Immediate Annuity and sit back and relax. Most advisors suggest a combination approach: put 25 to 30% of the assets into a Single Premium Immediate Annuity and the rest in an investment portfolio that can be managed for growth.

### **What if the annuitant dies before receiving all their income?**

If a joint life option is selected, payments can continue during the life of the survivor upon the death of one annuitant. The survivor's benefit may be the same as the original benefit or a reduced benefit. This might be a joint-and-survivor 100% benefit. Other percentages, like joint-and 50% survivor or joint-and 75% survivor may also be available.

### **Want to know more?**

Simply call us toll free at 877-254-4429 or visit us online at [www.llis.com](http://www.llis.com).

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