A FREE GUIDE FROM DUSTIN GUYON

Annuities, explained clearly.

A practical guide to growth, protection, income, and the tradeoffs to understand.

What do you want this money to do?

Perhaps you have savings set aside for later, want less exposure to market swings, or would value dependable income. Start with that purpose, then compare the options available to you.

GROWTH

Explore how interest is credited and what you give up in exchange for more predictability.

PROTECTION

Understand which values are guaranteed, who backs them, and when access can reduce them.

FUTURE INCOME

Consider whether a stream of payments would help cover a future need, including income for life.

An annuity, in plain language

An annuity is a contract with an insurance company. You pay money into it, and the insurer provides benefits described in the contract, such as interest accumulation or payments now or later. Features and restrictions vary by product.

Use this guide: Learn the basics, review the tradeoffs, and complete the one-page priorities worksheet at the end. You do not need to decide whether to buy anything before starting a conversation.

READ MORE SEC: Annuities

Know the main options.

This guide focuses on fixed-rate and fixed indexed annuities.

01 Fixed-rate annuities

A fixed-rate annuity credits interest under the contract. A multi-year guaranteed annuity (MYGA) guarantees a stated rate for a specified period. Rates available after that period may change.

Compare: The guaranteed period, withdrawal terms, renewal choices, and what happens when the rate period ends.

02 Fixed indexed annuities

Interest is linked to an index using a contract formula. You are not directly invested in the index. Caps (ceilings), participation rates (shares of gains), and spreads (deductions) can limit credited interest. Some terms may reset.

Understand the floor: A 0% index-credit floor does not promise positive growth every year. Fees or charges and early withdrawals can still reduce your value.

Income timing is a separate choice.

An immediate annuity generally starts payments soon after purchase. A deferred annuity starts later and may have an accumulation period. Lifetime income depends on the payout option or rider selected; it is not the only reason to consider an annuity.

Other types exist. Variable annuities and registered index-linked annuities (RILAs) have different risks and can lose value from market performance. They are not interchangeable with the fixed products described above.

READ MORE NAIC: Fixed annuities guide Amica: How MYGAs work

READ MORE SEC: Types and risks

Read past the headline.

A bonus, rate, or illustrated value is only useful when you know what it means.

Three numbers can describe different things.

ACCOUNT VALUE

The value recorded under the contract. It can differ from the amount you can take out today.

SURRENDER VALUE

What you can receive on exit after applicable surrender charges, adjustments, or bonus recovery.

INCOME BENEFIT BASE

A figure used to calculate certain income benefits. It may not be available as cash.

Ask what a bonus actually adds.

A bonus might increase an account value or only an income benefit base. It may vest over time, be recovered after certain withdrawals, or come with other tradeoffs. A larger advertised bonus is not enough to identify the better contract.

A 20% bonus is not necessarily a 20% cash gain.

Hypothetical: A 20% bonus on a $100,000 income benefit base would make that base $120,000. It would not, by itself, make $120,000 available to withdraw.

What receives the bonus?

Ask which value increases and when the bonus is fully yours.

What is actually guaranteed?

Separate a guaranteed rate from an illustration or an income-base growth rate.

What changes in exchange?

Compare surrender terms, rider costs, interest terms, and a no-bonus option.

READ MORE NY DFS: Annuity products Nationwide: Income benefit base

Start with your circumstances.

The right question is whether the actual contract serves a specific purpose in your plan.

Worth a closer look

- You have a clear goal for a portion of your money.
- You would retain accessible reserves for emergencies and planned expenses.
- You value the proposed guarantees and can accept the contract's limits.

Pause and clarify

- You may need this money soon or your access needs are uncertain.
- Funding it would leave essential expenses or expensive debt difficult to manage.
- A bonus or headline rate is the main attraction, but the terms are unclear.

Two different reasons to have a conversation

EXAMPLE A / MONEY SET ASIDE FOR LATER

Someone has savings beyond their emergency fund and foreseeable spending. They want predictable interest for a defined period. A fixed-rate annuity may be worth comparing with CDs and Treasury securities, after reviewing taxes and access restrictions.

EXAMPLE B / A FUTURE INCOME NEED

Someone expects a gap between reliable income and retirement expenses. An income annuity or income rider may be worth exploring, while comparing payout choices, costs, access to savings, and benefits for a spouse or heirs.

These are hypothetical starting points, not recommendations. Money earning little interest does not automatically belong in an annuity. Time horizon, alternatives, and the full terms still matter.

READ MORE WA insurance regulator: What to consider CFPB: Emergency savings

Compare the whole decision.

Ask for the guarantees, costs, and withdrawal terms in writing.

01 What is guaranteed, and for how long?

Check the rate period, minimum values, terms that can reset, and any conditions attached to income or death benefits.

02 What can reduce my value or access?

Review fees, optional rider charges, surrender charges, bonus recovery, and withdrawal allowances. A market value adjustment can increase or decrease certain early withdrawal values.

03 What happens if my plans change?

Ask about emergency access provisions, early exit, beneficiaries, and payout flexibility. Replacing an existing contract may restart surrender periods or give up valuable benefits.

04 How do the taxes work?

Tax deferral is not tax-free growth. Taxable distributions are generally ordinary income; before age 59 1/2, a 10% additional federal tax may apply, with exceptions. An IRA already provides tax advantages; an annuity adds no extra tax deferral inside it.

05 Who stands behind the promise?

Guarantees depend on the issuing insurer's financial strength and claims-paying ability. Annuities are not FDIC-insured bank deposits.

Compare other ways to meet the same goal.

SAVINGS & CDs

Compare access, rate, term, and any early withdrawal penalty. Eligible deposits have FDIC coverage within applicable limits.

TREASURY SECURITIES

Compare maturity and yield. Selling before maturity can produce a different price from what you paid.

YOUR EXISTING PLAN

Include the option of keeping current arrangements. Compare costs, taxes, lost benefits, and concentration in one insurer.

READ MORE IRS: Pension and annuity income FDIC: Deposit insurance

READ MORE TreasuryDirect: Pricing SEC: Annuity considerations

Your priorities worksheet

Complete only what you are comfortable sharing. There is no score and no obligation.

Name (optional)

Email (optional)

State (optional)

1. What would you most like this money to accomplish?

2. When might you need access to this money?

Choose...

3. Would other money cover emergencies and planned expenses?

Choose...

4. Which priority matters most for this money?

Choose...

5. Where is this money held now? General account type only.

Choose...

6. What would you want to understand before deciding?

Keep answers general. Do not include account numbers, Social Security numbers, exact balances, statements, or medical details. This worksheet does not determine suitability or recommend a product.

Ready for a clearer conversation?

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Download first, fill in your answers, then save and reopen to check them. Email the saved PDF as an attachment with the subject **My Annuity Priorities**. The email link does not attach the file for you. You may also print and complete it by hand.