



7 ANNUITY MYTHS AND THEIR ANTIDOTES



As a financial professional, you know the benefits annuities offer to clients: guaranteed lifetime income and peace of mind knowing they'll have enough money to retire. Unfortunately, your clients might be carrying several common misconceptions about annuities, such as concerns that the guarantee can't be trusted or that there are more effective methods to generate lifetime income.

Check out these 7 annuity myths and Brokers International's tips to overcome them, so you can help your clients effectively utilize annuities to plan for their retirement.

ANNUITY MYTH #1

ANNUITIES ARE EXPENSIVE AND HAVE HIGH FEES

The biggest myth surrounding annuities is they're expensive and have hefty fees. Compared to other products, annuities are competitively priced and they're the only product that offers guaranteed income. Fixed annuities typically don't have any direct fees unless additional features like optional riders or an enhanced death benefit are

added. However, most annuities do have surrender charges if you withdraw money from your annuity during the surrender period. The surrender period is typically between 5-10 years.

This myth has probably caused

Many people are misinformed about the benefits and drawbacks of annuities. Don't let your clients fall victim to these annuity myths.

some of your clients to view annuities as an ineffective piece of the retirement planning puzzle. To combat this, familiarize yourself with the various annuity structures and how each one fits within different financial situations. Then discuss the annuity that fits your client's financial situation and how it can help them reach their retirement goals.

ANNUITY MYTH #2

ANNUITIES ARE ONLY FOR PEOPLE THAT ARE READY TO RETIRE

You know this isn't true, but your clients may not. If you have clients planning to retire in the next 5 to 15 years, annuities

can help protect their retirement funds from market volatility and inflation, while providing growth opportunities. Annuities can also be a more stable asset allocation strategy compared to other products.

ANNUITY MYTH #3

ANNUITIES ARE TOO COMPLICATED FOR ME

The average consumer doesn't know much about annuities, so they don't consider them when building their retirement planning strategy. Annuities are complex products, but with your help as an experienced agent, you will be able to help simplify the complexities of annuity products and educate your client on how they work and how they can be a reliable method of producing income during retirement.

Brokers International offers tools to help agents provide easy summaries for clients, so they

can see how an annuity can bolster their retirement plan and help them achieve their goals.

ANNUITY MYTH #4

ANNUITIES ARE ALL THE SAME

Most people think all annuities are the same because they don't understand the differences between variable, fixed, immediate, and fixed indexed annuities. When discussing annuity structures with your clients, avoid using technical industry jargon. Lay out all their options in plain English to avoid confusion when choosing an annuity to suit their financial circumstances.

ANNUITY MYTH #5

THE INSURANCE COMPANY KEEPS ANY REMAINING MONEY WHEN A CLIENT DIES

Another common reason people may not purchase an annuity is

because they don't know what will happen to the remaining money if they die. Clearly communicate with your clients that in almost every annuity, the remaining money would be received by their beneficiaries. A "life only" immediate annuity is the only situation where an insurance company will hold onto the remaining money.

ANNUITY MYTH #6

LIFETIME INCOME CAN BE CREATED OTHER WAYS

Don't let this myth go unbusted. Social Security and pensions may provide some income, but it is rarely enough. Annuities are one of the most effective ways to generate guaranteed lifetime income and they could play a critical role in your clients' retirement plans. Educate your clients on the roles of the big three—annuities, Social Security, and pensions—then make sure they have a plan to generate income during retirement.

ANNUITY MYTH #7

EVERYONE SHOULD OWN AN ANNUITY

Annuities aren't for everyone and they don't fit every financial situation. If your client wants to purchase an annuity, but it isn't the best move financially or strategically, guide them in another direction. Provide alternative options that will help them more effectively prepare for their retirement.

ANNUITY MYTHS BUSTED!

Keep these myths in mind the next time you discuss annuities with your clients, so you can help them make informed decisions about their retirement strategies. Many people are misinformed about the benefits and drawbacks of annuities, don't let your clients be among them.

To learn more about how Brokers International can help your annuity business reach mythic proportions, visit biltd.com/myth or call 866-250-9159.

