

**Hoss Retirement & Insurance Services Inc**

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# Annuities



## Annuities

### Key Strengths

- Interest generated by an annuity accrues tax deferred until withdrawn
- You can receive payments from the annuity for your entire lifetime, regardless of how long you may live\*
- There are normally no contribution limits
- There are many different types of annuities to choose from
- You pay taxes only on the earnings portion of annuity payments
- At death, proceeds from an annuity pass free from probate to your named beneficiary

**An annuity is** a contract between you and an issuer (usually an insurance company).

In its simplest form, you pay a premium in exchange for future periodic payments to begin immediately (an immediate annuity) or at some future date (a deferred annuity) and to continue for a period that can be as long as your lifetime.\*

### Key Tradeoffs

- Annuities carry fees and expenses
- May have surrender charges
- Contributions are not tax deductible
- There may be tax penalties for early withdrawals prior to age 59½ (subject to exceptions)
- Once you elect a specific distribution plan, annuitize the annuity, and begin receiving payments, that election is usually irrevocable (with some exceptions)

\*Guarantees are subject to the claims-paying ability of the issuing insurance company.

**Note:** *Annuities are long-term tax-deferred investment vehicles intended to be used for retirement purposes. Any gains in tax-deferred investment vehicles, including annuities, are taxable as ordinary income upon withdrawal. For variable annuities, investment returns and the principal value of the available sub-account portfolios will fluctuate based on the performance of the underlying investments so that the value of the investor's units, when redeemed, may be worth more or less than their original value.*

## IMPORTANT DISCLOSURES

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

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