BRIGHTCOVER SOLUTIONS

ANNUITIES IN PLAIN ENGLISH

# Do not let a market downturn decide your retirement date.

A simple guide to protected accumulation, predictable income, market-downturn risk, and the questions to ask before moving retirement money.




**-20%**
hypothetical decline

**+25%**
gain needed to recover

**30 min**
complimentary review

**BOOK A COMPLIMENTARY ANNUITY REVIEW**

Education before recommendation | No obligation | Licensed guidance

Hypothetical example only. This is not a market prediction. See disclosures on the final page.

THE RETIREMENT PAIN POINTS

# Retirement brings new risks - not just new freedom.

The question changes from 'How much can I grow?' to 'How much can I depend on, and for how long?'

01 - MARKET TIMING

### A downturn arrives at the wrong time

If retirement starts during a major decline, withdrawals can make it harder for the remaining portfolio to recover.

02 - LONGEVITY

### Your money must outlive your calendar

Living longer is a gift, but savings may need to support twenty, thirty, or more years of income.

03 - INCOME GAP

### The paycheck stops. The bills do not.

Social Security and pensions may not cover healthcare, housing, lifestyle, and family goals.

WHY A LOSS REQUIRES A LARGER RECOVERY

## A simple $250,000 example

If a hypothetical 20% decline reduces $250,000 to $200,000, the account then needs a 25% gain - not 20% - to return to $250,000.

| | |
|---|---|
| **$250,000** starting value | **-$50,000** 20% decline |
| **$200,000** after decline | **+25%** recovery needed |

This math does not include withdrawals, fees, taxes, inflation, or investment performance. It illustrates why the timing of a decline can matter near retirement.

HOW IT WORKS

# An annuity is a retirement tool - not a magic account.

It is a contract with an insurance company designed for long-term goals, often protected accumulation or retirement income.

1

## You choose an amount

Only money intended for a long-term goal should be considered. Emergency savings should generally remain accessible.

2

## The contract sets the rules

The annuity type determines how interest is credited, whether value can fluctuate, and what guarantees apply.

3

## Growth is generally tax-deferred

Taxes are usually postponed until money is withdrawn. Tax-deferred does not mean tax-free.

4

## You choose how to receive money

Options may include withdrawals, scheduled payments, or an income stream for life, depending on the contract.

5

## The insurer backs the guarantees

All guarantees depend on the financial strength and claims-paying ability of the issuing insurance company.

PLAIN ENGLISH

**An annuity can help transfer selected retirement risks to an insurer, but you give up some flexibility in exchange.**

THREE COMMON APPROACHES

# Not every annuity works the same way.

Begin with what you want the money to do, not with a product name.

PREDICTABLE RATE

## Fixed / MYGA

A declared interest rate for a stated period.

- Designed for stability
- Contractual minimum guarantees
- Tax-deferred accumulation

Know the tradeoff: Renewal rates can change after the guarantee period. Early access may trigger charges.

INDEX-LINKED INTEREST

## Fixed Indexed

Interest may be credited using an external index without directly investing in it.

- Protection from direct index losses
- Interest may be 0% in a down period
- Credited interest is generally locked in

Know the tradeoff: Caps, spreads, participation rates, and formulas may limit credited interest.

INCOME-FOCUSED

## Immediate / Income

A lump sum is exchanged for payments now or later.

- Can create predictable income
- Options may cover one or two lives
- Payments may last for life or a set period

Know the tradeoff: Access to the original lump sum can be limited after income begins.

Other annuities exist. Variable annuities and registered index-linked annuities can lose value and may be securities. Confirm exactly which type is being discussed and what licenses, disclosures, risks, and fees apply.

FIT BEFORE FEATURES

# An annuity may help, but it is not for every person or every dollar.

A suitable strategy should match your time horizon, cash needs, risk tolerance, tax situation, and overall retirement plan.

IT MAY BE WORTH EXPLORING IF...

## Protection and predictability matter

- ✓ You want predictable retirement income.
- ✓ You worry about market losses near retirement.
- ✓ The money is intended for a long-term goal.
- ✓ You value guarantees more than unlimited upside.
- ✓ You already have appropriate emergency liquidity.

IT MAY NOT FIT IF...

## Liquidity or growth flexibility comes first

- ✗ You may need full access to the money soon.
- ✗ You do not understand the surrender schedule.
- ✗ You want direct market ownership and full upside.
- ✗ A replacement offers no clearly documented benefit.
- ✗ The recommendation conflicts with your overall plan.

THE MOST IMPORTANT QUESTION

## What job should this money perform inside my complete retirement plan?

An annuity should solve a defined problem, not simply replace an account because of fear.

BEFORE YOU MOVE MONEY

# Ask these five questions.

A good recommendation should become clearer, not more confusing, when you ask for details.

1. **What is guaranteed, and what can change?**
2. **How long is the surrender-charge period?**
3. **How much can I access each year without a surrender charge?**
4. **What caps, spreads, participation rates, riders, fees, or adjustments apply?**
5. **How does this fit with Social Security, pensions, investments, taxes, and emergency funds?**

**Do not sign until you can explain the contract back in your own words.**

Ask for the disclosure, surrender schedule, rate terms, rider costs, and insurer information in writing.

PLAIN ANSWERS

# Frequently asked questions

Read these before deciding whether an annuity deserves a place in your retirement conversation.

## Can I lose money in an annuity?

It depends on the type and your actions. Fixed and fixed indexed annuities generally protect contract value from direct market losses, but withdrawals, surrender charges, market-value adjustments, taxes, or other provisions may reduce what you receive. Variable annuities and registered index-linked annuities can lose value.

## Does a 0% floor mean I can never lose anything?

No. In a fixed indexed annuity, a 0% index-crediting floor generally means a negative index period will not create negative index interest. It does not remove surrender charges, possible market-value adjustments, rider costs, taxes, or withdrawal effects.

## Is annuity income tax-free?

Generally, no. Growth is typically tax-deferred, and taxable amounts are recognized when distributed. Treatment depends on how the contract was funded and how money is received. Consult a qualified tax professional.

## Can I access my money?

Many deferred annuities permit limited annual withdrawals. Larger or early withdrawals may trigger charges, adjustments, taxes, or penalties. Review the exact contract.

## What happens when I die?

Many annuities include beneficiary provisions, but value and payment options depend on the contract and whether income has begun. Ask how death benefits work during accumulation and payout.

YOUR NEXT STEP

# Turn retirement uncertainty into a plan you understand.

Bring your goals, approximate savings, expected income needs, and questions. Receive education first and a clear explanation of whether an annuity deserves a place in the conversation.

**BOOK A COMPLIMENTARY 30-MINUTE REVIEW**

Scan to book

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**Faith + Finance = Freedom**

## CONSUMER RESOURCES

NAIC Annuity Buyer's Guide
content.naic.org

Investor.gov: Annuities
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## IMPORTANT DISCLOSURES

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