Introduction to Annuities
A Starting Point for Success

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Introduction

Annuities are a great way to grow your business and help your clients get the most out of their retirement. The trend of 10,000 baby boomers turning 65 every day will continue until 2030 and presents a tremendous opportunity to assist people moving from work to retirement.

Retirees typically have relied on Social Security, a company pension and personal savings for their retirement income. However, company pensions have been replaced with defined contribution plans, and Social Security by itself doesn’t provide a meaningful income for many retirees. There are trillions of dollars in retirement accounts that will be needed to provide retirement income for millions of retirees.

You will find that annuities are excellent vehicles to help people protect and maintain their retirement lifestyles. Studies indicate that retirees who own annuities are happier than those who do not. And they are the only financial product that can guarantee the security of lifelong income.

We are looking forward to working with you, and SMS’s Introduction to Annuities gives you a great starting point for success in the annuity marketplace.

Navigating the Retirement Risks

Longevity, inflation and market volatility are three major risks which people may encounter during retirement. Annuities are insurance products that offer many unique and valuable benefits to help people navigate these risks and bring them financial security.

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<th>Longevity Risk</th>
<th>Outliving your income or needing long-term care</th>
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<td>Inflation Risk</td>
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10,000 BABY BOOMERS ARE TURNING 65 EVERY DAY
• **Income annuities** funded with a single premium (SPIAs) are often combined with other guaranteed income sources such as Social Security or a pension to provide an income floor to cover a retiree’s basic needs.

• Designed for safety, **fixed annuities** are a good fit for retirees seeking tax-deferral, and a guaranteed, fixed rate of interest — regardless of market volatility.

• **Fixed indexed annuities** are unique risk management vehicles that combine the growth potential of index-linked interest, the protection from market downturns and the guarantees of lifetime income.

• In exchange for a lump sum of money, income annuity owners receive a regular, recurring paycheck from the insurance company.

• The insurance company manages both the investment and mortality risk, providing predictable, guaranteed income for life or a specified period of time — typically to people in or nearing retirement.
Fixed Annuities

- A low-risk CD alternative, annuity owners earn a stated rate of interest from the insurance company offering predictable outcomes.

- Fixed annuities help people save and grow their money on a tax-deferred basis allowing for more efficient growth and greater control over their tax situation. Fixed annuities can also be used to provide guaranteed income.

- Multi-Year Guaranteed Annuities (MYGAs) guarantee a fixed interest rate for a specified time period – usually 1 to 10 years – and are subject to surrender charges. However, many carriers offer penalty-free withdrawal provisions.

- The insurance company takes on the investment risk, and the premium is held in the insurance company’s general account, which is comprised mostly of corporate and government bonds.

The Benefits of Tax Deferral

Annuities are tax deferred which means the taxes on the interest are postponed and not due until the money is withdrawn. This leaves more money in the annuity to grow and compound which over time can be a tremendous benefit for the annuity owner.

Triple Compounding with Tax Deferral

1. Interest on your principal
2. Interest on your interest
3. Interest on the money you would normally pay in taxes
Fixed Indexed Annuities (FIAs)

- FIAs are between fixed and variable annuities in terms of risk and return. They offer greater growth potential than traditional fixed annuities with less volatility than variable annuities.

- FIAs have a guaranteed floor protecting the policy owner against a loss if the index decreases in value. Once the interest is earned and credited, the value of the contract cannot decline, even if the index returns were negative.

- Optional income riders called Guaranteed Lifetime Withdrawal Benefit (GLWB) riders offer a guaranteed income solution without having to annuitize the contract. The GLWB rider provides lifetime withdrawals regardless of the contract value, even if it is zero.
Why SMS For Annuities?

Competition is fierce. Products are getting more complicated. Compliance is getting more stringent. You need a partner who can help you run your practice in today’s environment. You need a partner that offers real solutions that help you reach more prospects, get more referrals and, ultimately, grow your business.

We take a consultative and team-based approach to help our advisors find the right solutions for their clients. That means we let the problem dictate the solution.

Who would you rather partner with — the company that pioneered the patent-pending retirement planning tools and processes that now lead the industry, or the companies that are playing catch-up, trying to duplicate our innovations? Anyone can offer software or a seminar mailer, but only SMS has built an entire infrastructure based on developing and testing new income planning tools and processes, as well as training and support for the advisors who use them.

Put simply, we created these programs and tested them in the field, so we know how they work with real clients. That diverse experience is available to you through training and support that shows you how to integrate these programs into your practice.

CONTACT:

To learn more about partnering with SMS, call us 1-877-645-4939 or visit us at annuitiesforagents.com

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