

## Retirement Made Worry-Free: AnnuityAdvantage.com Outlines Top Five Features Near-Retirees Should Seek and Compare in Fixed Annuities

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MEDFORD, Ore., May 21, 2013 /PRNewswire/ -- For investors nearing retirement age, fixed annuities can provide a stable income source for many years. However, AnnuityAdvantage.com, a leading provider of online information in the annuities market, recommends taking the time to comparison shop before going all-in on a particular fixed annuity product. The company suggests that near-retirees take an especially close look at the following five aspects of fixed annuities.

### 1) Safety and Principal Protection

Fixed annuity consumers should study the history of the issuing insurance company. Does it boast robust financial strength ratings from independent ratings agencies such as A.M. Best, Standard & Poor's and Moody's? What is its overall size? How long has the company been in business? Does it have a long tradition of good performance? Choosing a healthy, reputable company from the get-go means peace of mind during your retirement.

### 2) Liquidity Features

Liquidity is a measure of how easy it is to withdraw money from an account. Near-retirees should look for and compare these features:

- Penalty-free withdrawal -- many fixed annuities allow for systematic interest withdrawals and/or annual withdrawals totaling 10% of account value.
- Death benefit -- does the insurance carrier allow a lump sum withdrawal of the full value, or are beneficiaries bound to existing early surrender penalties?
- Accelerated withdrawal provision in the event of a nursing home stay or terminal illness.

### 3) Income Options

Traditionally, annuity purchasers receive their retirement income through annuitization. The insurance carrier takes ownership of the principal balance, paying out regular payments to the annuity holder. As such, there is no longer an account for the annuity holder to access, only the promise of future payments.

But now, many newly designed annuity contracts make available optional Income Riders that allow guaranteed lifetime income payments to be deducted from principal while being fully sheltered from risk. Under this arrangement, the retiree retains access to their remaining principal balance. If the retiree dies before depleting the account, there are options for paying out the remainder to beneficiaries.

### 4) Term

The term is generally defined as the period during which a fixed annuity is subject to early surrender penalties, typically ranging from 3 to 15 years. Longer terms enable the insurance company to provide more compelling features and rates. Alternatively, a shorter term allows for earlier access to the funds.

Several things can happen at the end of a surrender term. Typically, retirees have a brief window of time (usually 30 days) in which to make penalty-free withdrawals or exchanges to a new insurance company. Some annuity contracts extend this penalty-free period indefinitely, while others automatically renew for another term if no action is taken.

## **5) Guarantees**

Examine the contractual guarantees provided by the insurance carrier, which depending on the type of annuity being purchased can include interest rates, cap rates, participation rates, minimum guaranteed surrender values and upfront premium bonuses. With multi-year guarantee annuities (MYGA), commonly referred to as CD-type annuities, the initial guaranteed interest period will match the length of the surrender term. Indexed annuities, on the other hand, are subject to cap rates and participation rates, which can be adjusted later in the contract term by the insurance carrier. You'll want to know what the current rates are at the time of issue, as well as what they can be adjusted to by the insurance company in future contract years.

### **About AnnuityAdvantage.com**

Founded in 1999 by veteran financial and retirement planner Ken Nuss, AnnuityAdvantage.com is the leading online provider of fixed-rate, equity-indexed, and immediate income annuities. Consumers planning for retirement have come to rely on AnnuityAdvantage.com for individualized, expert recommendations and guaranteed, high-value annuity products that have been thoroughly screened by Nuss and his staff. The company's client-centered approach allows consumers to find the best mix of annuity products for their unique needs from the hundreds of annuities available through AnnuityAdvantage.com. There are no fees for the service.

Nuss is an active member of the National Association of Insurance and Financial Advisors (NAIFA), the National Association for Fixed Annuities (NAFA), and the National Ethics Association (NEA). He holds an Oregon insurance consulting license, along with an individual producer license in all 50 states and the District of Columbia.

Learn more at <http://www.annuityadvantage.com> or call 800-239-0356.

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