

THERE ARE THREE TYPES of ANNUITIES

- Fixed annuities, paying a guaranteed rate for a period of years;
- Equity-indexed annuities, paying a rate using an outside index, such as a stock market index, with a guaranteed floor;
- Variable annuities, where you invest in sub-accounts, and the annuity increases or decreases based on these sub-accounts.

EACH OF THESE ANNUITY TYPES CAN BEGIN PAYING WHEN YOU BUY IT, OR DEFER PAYMENTS TO START AT A FUTURE DATE.



For more on annuities, visit www.insurance.pa.gov,
*click on "Seniors" under "Top Pages",
then click on "Annuities".*

To verify a producer's license (agent or broker) at www.insurance.pa.gov,
*go to "Consumers" at the top of the page,
click on "Find Insurance Professional",
then under Resources, click on
"Find a Licensed Individual".*

**PA Insurance Department
1-877-881-6388
www.insurance.pa.gov**



The DO'S and DON'TS of Annuities

An annuity is a contract between you and an insurance company for the payment of money while you are living. Many people buy annuities to help manage their income in retirement.

Inappropriate sales practices can occur, so before you buy an annuity think about these

Do's and Don'ts:





DO

- Read the materials. If you don't understand something, find someone you trust and ask.
- Understand that money put in an annuity is typically "locked up" for a period of time specified in the annuity, often five to ten years. If you withdraw some or all of your money during the specified time period, you will have to pay a penalty called a surrender charge. Annuities are not for short term goals.
- Ask about these surrender charges. Do you intend to keep the annuity for the entire surrender charge period? Usually, the closer you are to the end of the time the money must be "locked up", the smaller the surrender charge.
- Pay attention to optional features offered with annuities, and get information about additional fees associated with adding benefits.
- Use the free look period all annuities have. Read and understand the terms of the contract. If you decide the terms are not favorable, you can cancel the contract and receive all of your money back. This only applies during the free look period, so make sure you know when this period ends.



DON'T

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- Be pressured into thinking you need to buy an annuity today or right now. Don't feel obligated to buy because someone gave you a free lunch, dinner, or gift.
 - Make your check out to the agent or producer, only to the company issuing the annuity.
 - Accept verbal assurances; always verify policy terms in writing.
 - Work with an agent unable or unwilling to provide credentials.