Is your current annuity working as hard as it could to help you achieve your financial goals? If you're not sure, it may be time to learn how to get the most benefit from your investment.

Nearly half of investors own an annuity because they want the benefits annuities can provide[1], including guaranteed lifetime income, principal protection from market volatility, tax-deferred growth, and more.

Annuities are changing — here's how:

Despite their popularity, annuities often come with expensive commissions for the sales agent and high costs to the client, which can reduce benefits and impede account growth.

The good news—annuities are changing. Your advisor now has access to a range of annuities built without commissions—you may hear them referred to as "no-load" or "commission-free." These products have been repriced at a lower cost with no hidden fees to deliver greater value, choice and transparency to investors, and, in many cases, improved features for asset accumulation, protection, and income.

Working with your advisor, you can determine if your current annuity aligns with your financial goals and plan, or if it's appropriate to consider exchanging it for a lower-cost product with potentially added benefits.

How to use annuities in your financial plan:

Using an Annuity for Accumulation: Investment-Only Variable Annuity (IOVA)

Designed expressly for tax-deferral, a no-load Investment-Only Variable Annuity (IOVA) can reduce costs, which optimizes the account for growth potential by eliminating fee-drag from product expenses. IOVAs provide a wide range of investment choices, often without allocation restrictions, so you can implement an investment strategy to meet your specific goals. Additionally, certain IOVAs include a Return of Premium Death Benefit, which allows investors to lock in a new protection level if the account value of their current annuity is higher than their existing benefit.

CONSIDER *an IOVA if your current annuity has benefits that no longer meet the needs of your financial plan, but you want to keep the tax-deferred status of your assets.*

Using an Annuity to Generate Guaranteed Lifetime Income[2]

With interest rates at historic lows and secure income sources like pensions disappearing, it's difficult for traditional investment strategies to generate enough income to fund most retirements. Annuities are the only financial product designed to generate guaranteed income that you can't outlive, no matter how long your retirement lasts.

With an annuity providing for your monthly income need, you don't have to take withdrawals from your portfolio for income, or take on more risk to generate income. And because the income received from an annuity is consistent, impacts of the market and sequence of returns risk in retirement are minimized. There are multiple annuity options to consider for guaranteed income, and working with your financial advisor, you can determine which type of annuity can most effectively work for you.

CONSIDER *using an annuity for guaranteed income if you currently own an IOVA, or if you are approaching retirement and have identified a gap in income to meet your essential expenses.*

Using an Annuity to Recover from Market Volatility

2000. 2008. Now 2020. A substantial market downturn can have a detrimental effect on even the soundest investment strategy, and these effects are amplified the closer you are to retirement. While history shows that with every recession comes a recovery, it's impossible to pinpoint when a new bull market will begin. Using an annuity with a principal protection component can help you stay invested in the market and capture upside, while minimizing the effects of market volatility.

CONSIDER *using a Structured Variable Annuity (also referred to as a "Buffer" Annuity) or a Fixed Indexed Annuity (FIA) to help protect principal and capture upside growth when the rebound begins.*

Using an Annuity as a Fixed Income Allocation

With interest rates at historic and prolonged lows, maintaining reliable and efficient fixed income levels can be difficult. Allocating a portion of your fixed income to a Fixed Indexed Annuity (FIA) offers the ability to track equity market performance and can deliver a higher interest rate than bonds without the potential impact to principal during yield fluctuations. Another option is a Multi-year Guaranteed Annuity (MYGA) that provides a fixed rate for a defined period, allowing clients to customize a strategy to meet their income needs.

CONSIDER *utilizing an annuity as a fixed income allocation if you are nearing or in retirement and desire higher returns than current bond yields with the same level of principal protection.*

What's Next?

Talk to your advisor about your current annuity to evaluate if it's delivering benefits that help achieve the goals of your financial plan. Exchanging your current annuity may reduce costs while providing benefits that more closely align with your plan.

[1] "The Language of Retirement 2017: Advisor and Consumer Attitudes Toward Income in Retirement", Jackson National and IRI, 2017.

[2] All guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.

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