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The 100 Best Annuities: Richer Payouts and Terms

Barron's annual guide to the top annuities—from ones offering guaranteed lifetime income to those linked to the stock market.

BY KAREN HUBE | ILLUSTRATION BY QIANHUI YU

When Jo Laurie learned that an annuity could provide a competitive rate of return and pay guaranteed lifelong income in retirement, she was sold on the idea of adding one to her portfolio.

But when asked to sign a heap of baffling forms, she became uncomfortable with how little she understood the annuity's terms—so she walked away.

“Nothing felt transpar-

ent,” says Laurie, a New York architectural designer in her 50s. “I was given pages of legalese and thought, ‘Do I now have to pay someone else to help me understand them?’ It was all too much.”

Annuities, which are a form of insurance, usually with an investment component, can be powerful additions to a retirement portfolio. Academics praise their unique ability to remove

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Best Annuities: Guaranteed Income With No Frills

Fixed-income annuities are tools that turn a lump sum into a lifelong income stream, either immediately or sometime later. Single-life contracts pay for one person's lifetime, and payouts are generally lower for women and couples because their life expectancies are longer. Joint-life contracts continue to pay during a surviving spouse's lifetime.

Single Premium Immediate-Income Annuities (SPIAs): These contracts turn a lump sum into guaranteed income right away. The following data assume a \$200,000 investment at age 70. Payments for joint life assume a man is 70 and his female spouse is 65.

- **Cash Refund:** When an investor dies, any remaining principal is paid to heirs in a lump sum.

	Company	Rating	Annual Income for Life	Annual Payout Rate	Total Income by Age 90
Single-Life Man	Nationwide Life	A+	\$16,387	8.20%	\$327,740
	American National	A	16,060	8.03	321,200
Single-Life Woman	Nationwide Life	A+	\$15,568	7.78%	\$311,360
	American National	A	15,539	7.77	310,780
Joint Life	Nationwide Life	A+	\$13,378	6.69%	\$267,560
	TruStage	A	13,375	6.69	267,500

Source: Cannex

Deferred-Income Annuities (DIAs): These contracts pay out future income. The longer income is deferred, the higher the annual payouts. The following income quotes assume the investor has selected the cash refund option, which ensures that upon death, any remaining principal is paid to heirs in a lump sum. If the owner dies before income begins, the premium is returned to heirs.

- **Personal pension:** Assumes a 60-year-old invests \$200,000 and turns income on at age 70. Joint life assumes a man is 60 and his female spouse is 55.

	Company	Rating	Annual Lifetime Income	Total Income by Age 90
Single-Life Man	TruStage	A	\$29,290	\$585,799
	New York Life	A++	27,972	559,442
Single-Life Woman	TruStage	A	\$27,906	\$558,124
	MassMutual	A++	26,278	525,554
Joint Life	TruStage	A	\$23,929	\$478,574
	MassMutual	A++	22,422	448,440

- **Personal pension as longevity insurance:** Assumes a 60-year-old invests \$200,000 and turns income on at age 80. Joint life assumes a man is 60 and his female spouse is 55.

	Company	Rating	Annual Lifetime Income	Total Income by Age 90
Single-Life Man	TruStage	A	\$79,107	\$791,070
	MassMutual	A++	74,790	747,900
Single-Life Woman	TruStage	A	\$73,317	\$733,170
	MassMutual	A++	66,234	662,340
Joint Life	TruStage	A	\$54,390	\$543,900
	MassMutual	A++	49,122	491,220

- **Personal pension within IRA:** Personal pension within IRA: Up to \$200,000 of IRA assets can buy an annuity and be exempt from required distributions. Assumes a \$200,000 investment at 60, income at 73. Joint life assumes a man is 60 and his female spouse is 55.

	Company	Rating	Annual Lifetime Income	Total Income by Age 90
Single-Life Man	Integrity Life	A+	\$36,080	\$613,360
	BrightHouse Financial	A	34,521	586,857
Single-Life Woman	Integrity Life	A+	\$33,607	\$571,319
	BrightHouse Financial	A	32,791	557,447
Joint Life	Global Atlantic - Forethought Life	A	\$26,352	\$447,984
	Pacific Life	A+	26,150	444,550

Note: AM Best rating; in joint-life contracts, the payout ages apply to the man.

Source: Cannex

key retirement risks—such as stock market downturns and running out of money—while paying more income over the long run than can be expected from a traditional stock and bond portfolio.

And these days their rates and payouts are particularly attractive. Plain fixed annuities with a three-year guaranteed interest rate—a product

like a certificate of deposit—are paying up to 5.75%, while the best three-year CDs pay 4.6%. The top pension-like income paid by annuities is 14% more than last year and 34% more than two years ago.

For a 60-year-old investing \$200,000 and planning to tap income at age 70, Midland National Life, Corebridge Financial, and Global Atlantic

will all pay in excess of \$31,000 a year for life, guaranteed. Two years ago, the best annual guarantee was \$25,017.

These attractive terms, combined with the shock of 2022's synchronized stock and bond market meltdowns, have caused many investors to warm to these insurance-investment products: Sales of annuities have risen a stun-

ning 51%, to \$385.4 billion, over the past two years combined, according to Limra, an insurance research firm.

But as in Jo Laurie's experience, there's still a great divide between appreciating the value of annuities and actually buying them. While half of retirement investors with more than \$100,000 want the income benefits that annuities

Best Annuities: Guaranteed Income With Some Flexibility, Liquidity, and Growth Potential

Annuity contracts with income riders are designed to pay monthly income for life, covering either a single person's or couple's joint lifetime. Assets in these contracts are more liquid and accessible to investors than in SPIAs and DIAs. Minimum guaranteed payouts can be higher based on growth of underlying investments.

Fixed-Indexed Annuity Income Guarantees: These riders are purchased on S&P 500-linked fixed-indexed annuity contracts with seven-year surrender charge periods. Income quotes assume a \$200,000 investment at age 60, with income beginning at age 70. Joint life assumes a man and his spouse are ages 60 and 55. Minimum income is paid for life regardless of the value of the underlying investments in these contracts, as long as investors do not take excess withdrawals.

	Company	Rating	Annuity Contract	Rider	Annual Rider Fee	Annual Guaranteed Income for Life at Age 70	Total Income Paid by Age 90
Single Life	Midland National Life	A+	Summit Edge 7	IncomeStrategy	1.25%	\$33,679	\$673,580
	Corebridge Financial	A	Power 7 Protector Plus	Lifetime Income Choice	1.10	32,000	640,000
	Global Atlantic - Forethought Life	A	ForeIncome II	Guaranteed Income Builder	1.20	31,900	638,000
Joint Life	Midland National Life	A+	Summit Edge 7	IncomeStrategy	1.25%	\$29,361	\$587,220
	Corebridge Financial	A	Power 7 Protector Plus	Lifetime Income Choice	1.10	28,400	568,000
	Global Atlantic - Forethought Life	A	ForeIncome II	Guaranteed Income Builder	1.20	25,960	519,200

Note: AM Best rating; in joint-life contracts, the payout ages apply to the man.

Source: Cannex

Variable Annuity Income Guarantees: These income riders are sold as add-ons to variable annuities. Assumes a \$200,000 investment by a 60-year-old. Payout begins at age 70. Joint life assumes a man and his spouse are ages 60 and 55. There are no downside protections in traditional variable annuities, but even if the value of your underlying investments declines to zero (it is subject to erosion by income withdrawals and fees over time), the annuity keeps paying the minimum guarantee for life. There is potential to increase the minimum guarantees depending on the performance of underlying investments. The income is guaranteed as long as investors do not take excess withdrawals.

	Company	Rating	Annuity Contract	Rider	Annual Contract Fee(1)	Maximum Allowable Stock Fund Allocation	Annual Guaranteed Income for Life at Age 70	Total Income Paid by Age 90
Single Life	Delaware Life	A-	Accelerator Prime	Income Control	2.55%	65%	\$22,225	\$444,500
	Nationwide Life	A+	Destination 2.0	Lifetime Income + Core	2.75	60	21,420	428,400
	Lincoln National Life	A	ChoicePlus Assurance	ProtectedPay Secure Core	2.80	80	20,160	403,200
Joint Life	Nationwide Life	A+	Destination 2.0	Lifetime Income + Core	2.90%	60%	\$19,380	\$387,600
	Delaware Life	A-	Accelerator Prime	Income Control	2.55	65	19,250	385,000
	Corebridge Financial	A	Polaris Preferred Solution	Income Max Option 3	2.45	56	18,360	367,200

(1) Includes the contract mortality and expense charge, any administrative fees, and the rider fee; does not include costs on underlying fund-like investments. Note: AM Best rating; in joint-life contracts, the payout ages apply to the man. Source: Cannex, company reports

Registered Index-Linked Annuities Income Guarantees: Riders on RILAs are a new and growing segment of the annuity business. Income is based on the performance of an index during a deferral period. To manage the cost of providing guarantees, insurers design these structured products to either pay higher income in poor market scenarios and lower payouts in stronger market scenarios, or vice versa. These contracts assume: a \$200,000 investment at age 60; for joint life, the man is 60 and his spouse is 55; income begins after 10 years; performance is tied to the S&P 500, excluding dividends. The 5.94% return in this scenario is based on probability analysis using historical S&P 500 return data.

	Company	Rating	Annuity Contract	Rider	Downside Protection	Cap on S&P 500 Return	Annual Income for Life Assuming a 0% S&P 500 Return	Annual Income Assuming Moderate S&P 500 Return (5.94%) During Deferral Period
Single Life	TruStage	A	Zone Income	Guaranteed Lifetime Withdrawal	0% floor	6.55%	\$16,500	\$19,773
	Equitable	A+	SCS Income	Guaranteed Lifetime Withdrawal	10% buffer	14.00	16,000	19,327
	Allianz Life	A+	Index Advantage+ Income	Level Income	10% buffer	19.00	15,955	31,858
	Jackson National Life	A	Market Link Pro II	+Income	10% buffer	12.00	15,500	23,091
	Prudential Life	A+	FlexGuard Income	Index Linked Variable Income	10% buffer	18.00	14,555	28,336
Joint Life	Equitable	A	SCS Income	Guaranteed Lifetime Withdrawal	10% buffer	14.00%	\$14,400	\$17,538
	Jackson National Life	A	Market Link Pro II	+Income	10% buffer	12.00	14,000	20,941
	TruStage	A	Zone Income	Guaranteed Lifetime Withdrawal	0% floor	6.55	12,500	14,979
	Allianz Life	A+	Index Advantage+ Income	Level Income	10% buffer	19.00	12,254	24,468
	Prudential Life	A+	FlexGuard Income	Index Linked Variable Income	10% buffer	18.00	10,522	20,454

Note: AM Best rating

Source: Cannex

provide, only 12% buy one, due to a lack of knowledge of the products and how to purchase them, according to a study published in January by the Boston College Center for Retirement Research.

“As a buyer, it can feel like you’re flying blind. You have all these companies offering different rates and terms that change frequently. It’s not clear how to compare them or even access them,” says John Rekenhaller, vice president of research at Morningstar Research Services. “And documentation looks very different than the mutual fund disclosures people are used to.”

These challenges are at the forefront of concerted efforts by insurers to make annuities

more palatable and easier to use. The Insured Retirement Institute formed a task force last year with some 30 insurers to focus on standardizing annuity data. “We’re trying to make the experience look and feel more like buying a mutual fund,” says Mike Downing, chief operating officer at Athene. That effort will be a yearslong process, he says.

To help make sense of unfamiliar terrain, Barron’s compiled the current 100 most competitive contracts across annuity types (see accompanying tables), using a specific set of assumptions about a hypothetical investor, such as age, size of investment, sex, and objectives.

Using data from Cannex,

contracts were screened for best rates, payouts, and lowest fees, but considerations were also made for liquidity and flexibility. For example, the contracts in the deferred-income annuity section repay premiums to heirs if you die before turning on your lifelong income stream. Some contracts may pay more but allow the insurer to keep premiums.

Keep in mind that insurers’ quotes and rates can change frequently, and the best ones for you depend on personal factors and preferences such as the state you live in, when you plan to tap income, and whether you want your income tied to the S&P 500, MSCI EAFE, Russell 2000, or other indexes.

Among notable changes reflected in Barron’s annual Best Annuities list are the growing variations of registered index-linked annuities, or RILAs, a type of variable annuity designed in 2010 whose sales surpassed traditional variable annuities for the first time in 2023’s first half. RILA sales were \$30.7 billion this year through June, up 41% year over year.

With RILAs, investors take some downside risk with a cushion, while linking upside to a stock index’s performance, excluding dividends.

The most common configurations come with a 10% or 20% buffer—meaning the insurer absorbs any loss up to those percentages—and a cap

Best Annuities for Accumulation: Downside Protection With Upside

These annuities are designed to tie returns to stock indexes while providing varying degrees of protection on the downside.

Registered Index-Linked Annuities (RILAs): These contracts, also referred to as variable-indexed annuities, combine some loss protection and upside tied to an index, with limits set by caps or participation rates. Assumes a \$200,000 investment tied to the S&P 500.

• **Buffer-Style:** Protects against a certain percentage loss; investors are exposed to losses greater than the buffer. With a 10% buffer and 15% market decline, the insurer absorbs 10% of the loss and the investor absorbs 5%. These caps are reset annually. There are no annual fees; the product cost is built into the caps.

	Company	Rating	Contract	Surrender Charge Period	Protected Loss	Cap on S&P 500 Return
Commission-Based	Nationwide Life	A+	Defender Annuity	6 years	10%	24.5%
	Athene Annuity and Life	A+	Amplify 2.0 NF	6 years	10	18.0
	Prudential Life	A+	FlexGuard Income Select	6 years	10	18.0
	Prudential Life	A+	FlexGuard Income Select	6 years	15	14.75
	Lincoln National Life	A	Level Advantage 2 B-Share	6 years	15	13.25
	Nationwide Life	A+	Defender Annuity	6 years	20	14.0
	Equitable	A	Investment Edge 21 Select	None	20	13.5
	Fidelity and Guaranty	A	Confidence Builder	6 year	20	13.25
	Prudential Life	A+	FlexGuard Income Select	6 years	30	11.0
	Equitable	A	Investment Edge 21 Select	None	40	10.5
Fee-Based	Lincoln National Life	A	Level Advantage 2 Advisory	None	10%	18.5%
	Brighthouse Financial	A	Shield Level Select Advisory	None	10	17.5
	Lincoln National Life	A	Level Advantage 2 Advisory	None	15	15.25
	Lincoln National Life	A	Level Advantage 2 Advisory	None	20	13.5
	Equitable	A	Investment Edge 21 Select	None	20	13.5
	Equitable	A	Investment Edge 21 Select	None	40	10.5

Note: AM Best rating

Source: Cannex

• **Floor-Style:** Guarantees investors will not lose more than a certain amount. With a 10% floor and a 15% market decline, the investor absorbs 10% of the loss and the insurer absorbs 5%. These caps are reset annually.

	Company	Rating	Contract	Surrender Charge Period	Maximum Possible Loss	Cap on S&P 500 Return
Commission-Based	Global Atlantic - Forethought Life	A	ForeStructured Growth	6 years	10%	13.5%
	MassMutual	A++	Index Summit 6 Pro	6 years	10	13.0
	Symetra Life	A	Trek Frontier	6 years	10	13.0
Fee-Based	Midland National Life	A+	Oak Elite ADV	None	10%	16.50%
	Jackson National Life	A	Market Link Pro Advisory II	None	10	15.25

Note: AM Best rating

Source: Cannex

• **Fixed-Indexed Annuities:** For investors who want principal protection and returns potentially higher than plain fixed-rate products. Returns are linked to an index, excluding dividends, and are capped. Caps can be reset after a guarantee period. These contracts are linked to the S&P 500.

	Company	Rating	Contract	Protected Loss	Surrender Period	Cap Guarantee Period	Cap on S&P 500 Return
Commission-Based	Integrity Life	A+	Indextra	100% of principal	5 years	1 year	12.00%
	Aspida Life	A-	WealthLock Accumulator	100% of principal	5 years	1 year	11.75
	Prudential Life	A+	PruSecure	100% of principal	5 years	5 years	70% for five years
	Corebridge Financial	A	Power Index 5 Plus	100% of principal	5 years	5 years	55% for five years
Fee-Based	MassMutual	A++	Index Protector 5 MVA	100% of principal	None	1 year	12.75%
	Corebridge Financial	A	Power Index Advisory	100% of principal	None	1 year	12.25
	Pacific Life	A+	Advisory Fixed Indexed Annuity	100% of principal	None	1 year	12.25
	Prudential Life	A+	PruSecure Advisor	100% of principal	5 years	5 years	75% for five years
	Global Atlantic - Forethought Life	A	ForeAccumulation II Advisory	100% of principal	5 years	5 years	10.85% per year

Note: AM Best rating

Source: Cannex

on the returns of the S&P 500 or another index on the upside.

Currently, the most competitive RILA tied to the S&P 500 with a 10% buffer is Nationwide Life's Defender Annuity, which offers a 24.5% cap. With this annuity, if the index's return is 24%, you get it all. If it is 30%, you get 24.5%. If the index declines 9.9%, you experience no loss. If it tanks 15%, Nationwide soaks 10% of the loss and you absorb 5%.

"RILAs have the ability to outperform a 60/40 port-

folio in stocks and bonds," says Greg Olsen, a partner at Lenox Advisors, a wealth management firm based in New York. "Instead of putting 40% in bonds, which haven't been performing well in recent years, it may make sense to allocate some of that to a RILA."

He compared the performance of the Vanguard Balanced Index fund (ticker: VBINX)—which has an almost 60%/40% stock/bond allocation—with two RILAs, each with 20% buffers. One allows 100% of the S&P perfor-

mance, excluding dividends, if held for six years; while the other has a starting 16% cap on the index performance, which is reset annually.

For six years through 2023, the average annual return was 8.37% for the Vanguard fund, 9.09% for the one-year RILA, and 11.76% for the six-year RILA.

But there are trade-offs with annuities: namely, liquidity constraints and the tax treatment of withdrawals. Much like 401(k)s, annuity investments grow tax-deferred,

and withdrawals are subject to income-tax rates. There's a 10% penalty on assets taken out of an annuity wrapper before age 59½.

Commission-based annuities typically come with a three- to 10-year surrender period, during which you would have to pay the insurer a penalty if you pull your money out, but there is no annual advisory fee. Once out of the surrender period, assets can be moved between annuity contracts without triggering taxes through a 1035 exchange.

Inspired by RILAs' popularity, about a half dozen companies—including TruStage, Equitable, and Allianz Life—are now designing RILAs, or riders atop RILAs, that generate lifelong income.

Also new in this year's Best Annuities tables are fixed-indexed annuities that lock in their caps for five years.

Fixed-indexed annuities guarantee principal and tie performance to indexes with caps, which have soared recently. MassMutual, Corebridge Financial, and Integrity Life are offering annual caps over 12% on the S&P 500, while just a few years ago the caps were around 4%.

While these products have traditionally reset caps annually, a handful of insurers have started locking in caps for years, matching a contract's surrender period. That makes them enticing fixed-income replacements, given that bonds have been unreliable portfolio protectors in recent years.

More choices, of course, create more complexity—far more than the typical investor wants to sort through alone. Consider the following advice for how to navigate annuities.

Find an Advisor, Broker, or Agent You Trust

A good advisor, broker, or insurance agent should help you understand if an annuity suits you, which type is best, current terms, and specific features and downsides.

■ **Variable-Annuity Variations:** Contracts that provide varying levels of downside protection and opportunities for growth.

Company	Rating	Contract	Surrender Charge Period	Annual Fee	Protected Loss	Upside
New York Life	A++	Premier VA FP Series	7 years	1.2%; 0.5% (1)	110% of principal(2)	Unlimited
New York Life	A++	IndexFlex VA	5 years	Indexed sleeve: None; Variable sleeve 1.30%	100% of principal in indexed sleeve	8.0% cap rate or 7.25% trigger rate based on the S&P 500; unlimited upside in variable sleeve.
Allianz Life	A+	Index Advantage +	6 years	1.25%	10% buffer	Uncapped; 120% of S&P 500's six-year return.
TruStage	A	ZoneChoice	6 years	None	10% buffer	Uncapped; 115% of S&P 500's six-year return
Symetra	A	Trek Plus	6 years	1%	20% buffer	Uncapped; 120% of S&P 500's six-year return
TruStage	A	ZoneChoice	6 years	None	20% buffer	Uncapped; 105% of S&P 500's six-year return
MassMutual	A++	Index Summit 6	6 years	None	Half of any loss	11% cap or 66% participation on S&P 500's annual return; one-year term
MassMutual	A++	Index Summit 6 Pro	6 years	0.95%	Half of any loss	15% cap or 80% participation on S&P 500's annual return; one-year term
Equitable	A	SCS Plus Dual Direction	6 years for commission/none for fee	None	10% buffer	S&P 500 six-year losses within -10% give the equivalent positive return (-8% turns into 8%). Six-year returns capped at 300%/800% (commissioned/fee product).
Equitable	A	SCS Plus Step-Up	6 years for commission/none for fee	none	10% buffer	If the six-year S&P 500 return is flat or positive, you get a 50%/60% six-year return. (commissioned/fee product)
Lincoln National life	A	Level Advantage	6 years	none	10% buffer	If the S&P 500 annual return is zero or positive, you get an automatic 10.75% return
Symetra	A	Trek Plus	6 years	None	15% buffer	If the S&P 500 annual return is zero or positive, you get an automatic 9% return
Symetra	A	Trek Plus	6 years	None	10% buffer	If the S&P 500 return is above -10%, you get an automatic 8% return.
Allianz Life	A+	Index Advantage + NF; Dual Precision	6 years	None	20% buffer	If the S&P 500 return is above -20%, you get an automatic 5.9% return; one-year term
Allianz Life	A+	Index Advantage + NF; Dual Precision	6 years	None	30% buffer	If the S&P 500 return is above -30%, you get an automatic 4.9% return; one-year term

(1) 1.2% mortality and expense fee applies to contract value; 0.5% applied to amount guaranteed by a rider with a 15-year holding period. (2) Can relock guarantee level annually Note: AM Best rating

Source: company reports

Best Annuities: Tax-Deferred Savings

These annuities are used for accumulating assets on a tax-deferred basis. Like in a 401(k), there is a 10% penalty for withdrawing assets prior to age 59 1/2. These fees and rates assume a \$200,000 investment.

■ **Traditional Variable Annuities:** Assets are invested in underlying mutual-fund-like subaccounts.

Company	Contract	Annual Contract Fee*	Avg. Expense Ratio on Subaccounts**	Surrender Charge	Total Investment Options / Total Alternatives Options	5-Yr. Avg. Annual Return for Best-Performing U.S. Growth Fund***
Equitable	Investment Edge ADV	None	0.91%	None	110/9	18.46%
Lincoln National Life	Investor Advantage Advisory Choice	\$240(1)	0.84	None	147/17	24.88
Jackson National Life	Elite Access Advisory II	0.11%	0.80	None	123/8	22.03
Nationwide Life	Monument Advisor	\$240(1)	0.52	None	327/56	19.59
Nationwide Life	Advisory Retirement Income (NARIA)	0.20%	0.59	None	158/5	18.03

*Fee includes administrative and mortality and expense charges. There is no added fee on these contracts for return of contract value at death. **Asset-weighted average expense ratios on underlying mutual fund-like investments ***Through June 28, 2024

(1)Flat annual fee; equivalent to .12% on a \$200,000 investment
Source: Company reports

■ **Fixed Annuities With a Multiyear Guarantee:** These are tax-deferred contracts similar to certificates of deposit in that they lock in an interest rate for a specified period. Assumed minimum is \$200,000.

Company	AM Best Rating	Contract	Guarantee Period / Surrender Period	Guaranteed Rate
Aspida Life	A-	Advisory MYGA	3 years	5.75%
Corebridge Financial	A	American Pathway Advisory	3 years	5.60
Midland National Life	A+	Oak Advantage	3 years	5.55
Aspida Life	A-	Advisory MYGA	5 years	5.90

Source: Cannex

Trust in this person is key. Most annuities are sold on a commission, which could invite unscrupulous sales by agents wanting a payday. “People can be shoehorned into an annuity if they’re not careful,” says John Hagensen, an advisor at Creative Planning in Overland Park, Kan.

Fee-based annuities without a commission are designed to be sold by registered investment advisors, but most RIAs are hesitant to use annuities with clients, largely because insurance products are outside their traditional scope.

This is gradually changing, as awareness grows that “you simply can’t do with traditional investments what you can do with annuities,” says

Michael Finke, a professor of wealth management at the American College of Financial Services.

Using annuities to build cushions under losses and guarantee income creates certainty, enabling investors to be more aggressive in their portfolio’s growth-stock allocation, Finke says.

“You can spend more every year and worry less,” he says. “While an advisor can arrange for a high probability that your stock and bond portfolio will pay you income until a certain age, who is going to continue to pay your income if you live beyond that age? With an income annuity, if you live longer than your life expectancy, the insurer is

on the hook to keep paying.”

If you have a relationship with an advisor unfamiliar with annuities, you should be able to get a referral to a trusted professional—either a broker or agent with a license to sell insurance—who can walk you through details.

Compare Terms Across Annuity Categories

People who sell annuities sometimes work only with specific kinds. Be sure your advisor can discuss various types of annuities that achieve the same purpose. Depending on market conditions, the type with the best terms can vary. For example, a few years ago, deferred-income annuities—basic products that turn a lump sum into lifelong income after a deferral period—had the highest quotes for guaranteed minimum income.

These days, the highest income is paid by fixed-indexed annuities. Based on a \$200,000 deposit by a

60-year-old who will begin tapping annual income at age 70, Midland National Life is promising \$33,679 every year no matter how long the investor lives. That’s 15% more than what’s guaranteed by the top-paying deferred-income annuity, and 52% more than the most competitive variable-annuity income guarantee.

Ask How Many Companies Your Advisor Works With

Banks, brokers, RIAs, and insurance agents have their own curated menus of annuities. Be sure they’re robust.

“Ultimately the advisor is doing the shopping for the client, and if they don’t have access to a number of companies’ products, they’re doing clients a disservice,” Olsen says.

This is particularly important these days because there is a more pronounced difference between the best- and worst-paying contracts when interest rates are high and pricing becomes more

challenging for insurers, according to a study by Cannex.

Consider the difference between the best and worst annual income guarantees for a 60-year-old man investing \$200,000 in a deferred-income annuity: \$79,107 versus \$57,224.

Advisors and brokers don't work with the entire annuity universe partly due to regulations that require people who sell annuities to have sales contracts with each company they work with. Also, given annuities' complexities, many pros prefer a shortlist of products so they can fully understand them and keep track of their changing features. "You

may have less selection, but advisors are doing vetting and there may be good reasons companies or products are left off of a platform," Finke says.

While rates and guarantees are important, the most important screen is the strength of the insurer, says Michael Tricaso, a financial planner at Valmark Financial Group. "The first question is, 'Is the carrier going to be around for the long haul?'" he says, adding that his firm typically uses from 15 to 20 different firms, such as MassMutual, New York Life, Lincoln, and Nationwide, with a full spectrum of annuity types.

Another important factor is

how well a company services investors after they buy their annuities. "Some companies have had servicing problems in the past," says Robert Santillo, executive vice president at PNC Investments. "We want to be sure our clients can easily get a distribution or add an investment to the annuity."

Drill Down to the Details

Annuities are for the long term, so make sure you understand your contract details. Ask about fees, surrender periods, liquidity allowances, how long guarantees last, and if there are any triggers that could change what you believe to be guaranteed.

Ask your advisor to include your personal preferences in the annuity search. For example, some contracts allow for rising income in retirement or features that address health-care needs. Allianz's new RILA with the Income Benefit rider will double your annual income if you become unable to perform any two of six activities of daily living, such as bathing, dressing, or eating.

Ultimately you may bypass the most competitive rate or payout based on preferences, says Mike Kemp, a financial advisor at RBC Wealth Management. "You have to focus on what you're trying to solve for."

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TruStage™ Zone Income Annuity, & TruStage™ ZoneChoice Annuity are not available in NY, PR, and OR. Single Premium Immediate Annuity and Future Income Annuity are not available in MT and PR.

This material must be preceded or accompanied by a current prospectus. Before investing, you should consider the annuity's investment objectives, risks, charges and expenses. The prospectus contains this and other information. Please read it carefully. To obtain a prospectus, contact your advisor, log on to trustage.com/annuities, or call 888.888.3940.

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