

The Official Guide To Buying Annuities

HOW TO FIND THE BEST ANNUITIES



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WHAT IS AN IMMEDIATE ANNUITY

WHAT IS AN IMMEDIATE ANNUITY

1

GUARANTEED INCOME STREAMS

Annuities can be a great way to provide for your future. They offer guaranteed income streams, usually from retirement and often with reduced risks of losing capital or getting stuck in low-interest rate environments like during the recent financial crisis.

2

FLEXIBLE

Annuities provide a great deal of flexibility for investors. Rather than being tied down to one investment option, an annuity offers many different options that can offer returns across multiple market segments.

3

A CONTRACT

An annuity contract is a legally binding agreement between you and the insurance company that issues your policy. This written document transfers all longevity risks to them in exchange for premiums paid according to its terms.

REASONS TO BUY AN IMMEDIATE ANNUITY

REASONS TO BUY AN IMMEDIATE ANNUITY

You can invest in an annuity through a one-time purchase or payments over time. You can receive your money either as a lump sum payment or continually invest with any gains from initial investments and growth rates on those funds.

With a fixed, guaranteed income stream from an immediate annuity, you can meet all your expected expenses without worrying about the markets or how long it will take for savings to last. That's because, with this product, there is no guessing involved; everything has been thought out so that when retirement finally arrives, every penny earned goes back into living comfortably during those final years.



Source: 2017 - OECD

7

**ADVANTAGES OF AN
IMMEDIATE ANNUITY**

7 ADVANTAGES OF AN IMMEDIATE ANNUITY

The most significant benefit of an immediate annuity is that it provides peace of mind. Your investment will ensure you receive income for the rest of your life, even if this time comes when many would consider retiring early due to chronic health issues or disabilities like arthritic pain, which makes daily living difficult at best.

1 STRENGTHENS PORTFOLIO

Owning an immediate annuity can be a helpful strategy to even out market fluctuations. Payments are guaranteed and automatic, so you know they will always come regardless of what happens with the other parts of your portfolio or if there is any dip in the economy.



Here are several reasons why it is good to invest in annuities:

- Easy record-keeping requirement
- Deferred taxes on investment
- Transfers between annuity companies are tax free
- There are no limits on investment
- It is possible to invest in annuities through 401K

7 ADVANTAGES OF AN IMMEDIATE ANNUITY (continued)

2 INCOME STREAM

You may have money in low-yield savings accounts, certificates of deposit, retirement accounts, or a company-sponsored 401(k). You can use any of these funds to purchase an immediate annuity, converting them into a steady income stream you can depend on. With retirement plan assets, the annuity payments can satisfy your required minimum distributions.

3 TAX MANAGEMENT

Tax deferral is the key to maximizing your retirement funds. Using an annuity is a wise investment strategy. It can help you save on taxes, spreading gains or earned interest over many years.

Freeze your premium to lower taxes. Interest payments on the remaining balance will be considered taxable income and may help you avoid paying higher rates when filing next year.

7 ADVANTAGES OF AN IMMEDIATE ANNUITY (continued)

4 PROBATE ADVANTAGE

Guaranteed annuities can provide a guaranteed rate of return for your loved ones. If you pass during the guarantee period, these provisions ensure they will be paid in regular disbursements or as a lump sum deposit into their account. This could save them hassle and expense when it comes time to distribute assets after death.

5 FLEXIBLE PAYMENT TERMS

Immediate annuities come with various options for how long payments will last. You can choose between setting the number of years you want to make monthly disbursements or receiving an income based on your life, delivered immediately after purchase.

7 ADVANTAGES OF AN IMMEDIATE ANNUITY (continued)

6 INVESTMENT SECURITY

You can rely on something other than the stock market when you buy an annuity from a high-quality insurance company. While some investors may find great success in good times, it can be devastating if they're retired and invested all their money into stocks during a bear market - which is what happens when prices drop heavily over time.

7 VARIOUS USES

There are many options for how you can use your annuity income. You can use it to cover regular living expenses. It may also be used to pay for the care of someone who cannot work, fund a divorce settlement, or pay premiums on long-term care plans to maintain independence from government assistance programs like Social Security.

4

**IMPORTANT POINTS
TO REMEMBER**

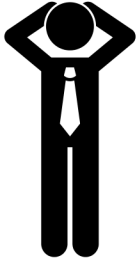
4 IMPORTANT POINTS TO REMEMBER



You can increase your chances of success by getting an annuity from a company with a good reputation. Purchasing from a good company will have less risk of failure. So make sure they are stable in business practices and have solid customer reviews.



Annuities are irrevocable when it is in full effect. It's only possible to get back what has been paid if the insurance company offers a limited option. That's why you should have enough money outside your regular investment income to care for emergencies.



When deciding whether to buy a Life Only or Joint Life Annuity, it's important for you to understand that with this type of investment, there is always the chance things won't work out as planned. This means your benefits may end before they start if something happens, such as death during payment processing which would mean no return on premiums paid.



You can add a beneficiary option with an immediate annuity, so any unpaid premium is returned to your heirs. The cost of this will reduce the monthly income that they receive from their inherited funds if they select it in advance. It also comes with great benefits, like taking advantage when market rates go down or fluctuate higher than expected.

HOW ANNUITIES WORK

HOW DO ANNUITIES WORK?



You can invest in an annuity through a one-time purchase or by making payments over time. You have the option to receive your money either as a lump sum payment or continually invested with any gains made from initial investments and growth rates on those funds.

The accumulation phase entails putting away Initially x amount and receiving more every month until all the funds are dispersed. At the same time, payouts occur when someone purchases something like life insurance, where they're getting paid continuously throughout their lifetime.

DIFFERENT TYPES OF INVESTMENT OPTIONS

COMPARING THE DIFFERENT TYPES OF INVESTMENT OPTIONS

IMMEDIATE ANNUITY

An immediate annuity is an excellent option for those who want to protect their savings and still get paid. You don't have an account value, so there's no point in time when you can cash out your premium as a lump sum payment. However, it is made up of two parts: principal payments, where the amount is guaranteed to grow, and interest earnings which may be variable or fixed depending on what type of contract we choose from within this product category.

SAVINGS ACCOUNT

The bank is a great place to store your money if you want the security of knowing it will be there when needed. Savings accounts accrue interest on any amount left inside, and withdrawals can only come from what's in them. However, the interest rates are low, so keeping a close eye on your savings account is important. You can withdraw up to six times monthly but only take out what's in the fund. There is protection against losing funds if anything happens; America's Federal Deposit Insurance Corporation (FDIC) will cover up to \$250k per customer in losses.

COMPARING THE DIFFERENT TYPES OF INVESTMENT OPTIONS (continued)

MUTUAL FUND

Mutual funds are a great way to diversify your investment portfolio, but they come with serious risks. Unlike an individual retirement account (IRA) or Certificate of Deposit fund, you can take it out and put it back in at will. Mutual fund withdrawals require coordinated paperwork.

A mutual fund will fluctuate up or down depending on how well the assets perform over time. If you withdraw your principal (and earnings) before it dwindles completely, there is risk involved when dealing with these instruments. FDIC does not protect mutual funds, meaning any loss could lead to a complete wipeout of all investment gains.

CERTIFICATE OF DEPOSIT

Certificate of Deposit or CD is a great way to save and grow your money over a period of time. It comes in different maturity periods: from 1 month to 5 years. There are also splitting options where smaller portions may mature over several weeks or months. These do not only split interest rates but bring additional benefits such as Compounding Interest. A Certificate of Deposit is insured by the Federal Deposit Insurance Corporation (FDIC).

**IMMEDIATE ANNUITIES
ARE FOR SENIORS**

IMMEDIATE ANNUITIES ARE FOR SENIORS



If you're retired and planning on living into your golden years, then an immediate annuity is a wise investment. It supplements your Social Security or other retirement plans like 401(k)s to provide guaranteed income for life without running out

of funds before achieving maximum benefits from those programs. Financial advisors are trained experts who will help you evaluate your finances and goals.



THE COST OF IMMEDIATE ANNUITIES

THE COST OF IMMEDIATE ANNUITIES



You can get an immediate annuity with one initial lump-sum payment, called a premium. There are no ongoing costs or fees after that. The amount of money an insurance company will pay you is often referred to as your payout rate. Insurance companies update their rates monthly and biweekly, so it's important for shoppers in this marketplace to research before choosing which provider best suits their needs at any given time.

The two most important factors determining the cost of an immediate annuity are your age and gender. You can further modify this product based on what interests you and interest rates.

The insurance company will calculate your life expectancy based on gender and age. Younger people have a lower payout rate, so it's important to consider this when buying annuities or deciding how long you want them paid.

Interest rates have a significant impact on the price of an annuity. The insurer invests your premium to generate earnings, which make payments for you and determine what they charge in return. When the interest rate is high, there's more potential profit available, so companies offer higher payouts. However, those benefits may disappear if it remains low because profitability relies upon receiving adequate investment returns.







INVESTMENT OPTIONS FOR IMMEDIATE ANNUITIES

INVESTMENT OPTIONS FOR IMMEDIATE ANNUITIES

The insurance industry invests in bonds, mortgages, and real estate to meet its obligations. They typically don't put a large percentage of their portfolio into stocks because they want to be safe from losing money on what could be high-risk investments.

The insurer is not just relying on your payment to fund an annuity. Insurance companies have substantial, professionally invested, and diversified portfolios. This represents premiums from many customers who buy insurance products through them. If the insurer suffers a loss in their portfolio, it won't affect what you pay.

TYPICAL INVESTMENT OPTIONS

-  STOCKS
-  BONDS
-  COLLECTIBLES
-  DIRECT LOANS
-  FINANCIAL DERIVATIVES
-  REAL ESTATE

IRA OR 401K AS PAYMENT FOR IMMEDIATE ANNUITIES

IRA OR 401K AS PAYMENT FOR IMMEDIATE ANNUITY



The assets in your IRA or 401k can be moved tax-free into an immediate annuity.

With an immediate annuity funded with IRA or 401k, payments are considered to satisfy the required minimum distributions, or RMDs, for the amount invested. So you won't need any future calculations regarding your retirement accounts. You can withdraw immediately without affecting other aspects of life, like taxes or how much money will be available. This helps provide financial stability and allows individuals flexibility when deciding what is best suited depending on their situation.

TAX IMPLICATIONS OF IMMEDIATE ANNUITIES

TAX IMPLICATIONS OF IMMEDIATE ANNUITIES

IRAs and 401(k)s provide a method of saving for retirement, but if you roll over money from one of these accounts that were not taxed, the total monthly payment will be considered income. Thus, it will be subject to taxation. Taxes don't just apply at year-end. They come up on every distribution date as well.

Taxing non-retirement money is important when purchasing an annuity; the payments would be partially taxable. You won't also need to pay any federal income taxes on that part representing your original premium. However, interest or gains received beyond this point may very well come under the state's table of rules for capital gains rates, depending on where it falls within their respective jurisdiction.

When you live past your expected lifespan, as calculated by the mortality table, all the money received each month could be taxed.

**WHAT HAPPENS TO
IMMEDIATE ANNUITIES ACCOUNTS
AFTER DEATH**

IMMEDIATE ANNUITY ACCOUNTS AFTER DEATH

If you have a joint annuity, payments will continue to your spouse. However, the amount may be reduced by half if, for instance, bought Joint and 50% Survivor.

Other options include installment plans, where beneficiaries receive installments over time rather than one large payment, and lump sum distributions allowing them to cash out immediately without any strings attached.



HOW TO CUSTOMIZE IMMEDIATE ANNUITIES

HOW TO CUSTOMIZE IMMEDIATE ANNUITIES

You can design an immediate annuity to suit your goals in different ways. Consider how much money will go into it, what kind of payment option best suits your situation, and if these features are worth it for their value compared with other investments.



HOW MUCH MONEY SHOULD I PUT INTO AN IMMEDIATE ANNUITY?

Immediate annuities can be a great way to build your wealth. Still, you must do the math and ensure enough money outside of an immediate annuity in case something arises.

It's a good idea to calculate how much liquid net worth is left after paying for it and plan accordingly.



HOW SHOULD I RECEIVE MY PAYMENTS?

You can choose to send your monthly payments straight into an annuity or opt for quarterly, semi-annual and annual disbursements. This is all determined by the contract that was signed when buying.

Insurance companies offer you the choice to receive your payment by direct deposit into a bank account or paper check in the mail.

You can have federal and state income taxes withheld from your payments or receive a partial payment in full to settle with the authorities at year's end.

DIFFERENT TYPES OF ANNUITIES

DIFFERENT TYPES OF ANNUITIES



There are several ways to categorize annuities. They can be organized by when or how often you receive payouts, what happens with your growth, and premium payments as an option that suits your needs best.

BASED ON PAYOUTS (INCOME ANNUITY)

An immediate annuity is an excellent option for those ready to leave the workforce but still want an income. It's typically funded by retirement accounts, such as 401K, and it provides stability when you decide not to work anymore or if your career takes off unexpectedly.

(DEFERRED ANNUITY)

With a deferred annuity, you can choose when to start receiving payments and the length of time for which they'll continue. Usually, after retirement, but it all depends upon what makes sense based on current desires & priorities.

DIFFERENT TYPES OF ANNUITIES (continued)

BASED ON HOW LONG ANNUITIES ARE PAID (LIFETIME ANNUITY)

Lifetime annuities are a great way to provide an income stream for the rest of your life. In some cases, these products allow beneficiaries who inherit them from you after death.

(FIXED-PERIOD ANNUITY)

The fixed-term annuity is an excellent option for those who know they will be around long enough to take their full payment. This type of investment spreads out payments over 20 or 30 years. It doesn't matter what your age happens to be because it's set in stone.



LIFE INSURANCE VS ANNUITIES

LIFE INSURANCE VS ANNUITIES



VS

Life Insurance

Annuity

Pay out upon death

Lifetime Pay out

Provides Income to
beneficiaries

Provides Income Stream
to Policyholders

Tax Free

Qualified Annuities are
Taxable

HOW TO BUY AN IMMEDIATE ANNUITY

HOW TO BUY AN ANNUITY

1

Evaluate Your Financial Needs



When you need help with your taxes and investment strategies, you should call a certified professional who will act as an honest broker between yourself and the market. The Certified Financial Planner Board of Standards Inc. states in its Code that all CFPs must act as fiduciaries, which means they put their client's best interests first in everything they do.

Choose Based on Personal Objectives (Income or Growth)

2

You can buy annuities with or without illustrations. According to the National Association of Insurance Commissioners, an 'illustration' is a personalized presentation prepared for and provided to an individual consumer that includes non-guaranteed elements of annuity contracts over periods.



3

Choose a Provider



Choose a suitable carrier to find a reputable and stable annuity provider. Financial rating agencies such as Moody's or S&P can provide this information for recent ratings on carriers in your area.

Proceed to Application

4

To ensure you get the best rates possible, it is important that your insurance application is accurate and completed in full. Check all of the appropriate fields with complete information in order not to prolong processing time which could affect whether or when an insurer honors their quote interest rate.

**5**

Funds Transfer



You can use cash, retirement funds, or a transfer from your brokerage account. Make sure you understand how taxes will affect your payment type.

Get a Free-Look Period

6

Insurance companies often give customers a window of 10 to 30 days after the contract starts for them to review the policy and get a refund on their purchase.



ABOUT STEPHANIE SCIULLI, PITTSBURGH INSURANCE AGENTS -----

I am a resident of Moon Township. I live with my husband and adopted son. My family is my pride and joy in life. We enjoy going to the park with our three dogs and having game night is always fun with them. I grew up in a small town raised by my father. I graduated highschool and went on to earn an Associate Degree in Applied Science. After working in the medical field a few years I joined the Airforce studying Aerospace Propulsion while simultaneously earning a Bachelors in Nursing at Indiana University of Pennsylvania. Currently, I own and operate Pittsburgh Insurance Agents. I am a member of the Pittsburgh North Chamber of Commerce, Women's Small Business Administration (WSBA), Rotary E-Club, Veterans Breakfast Club, American Legion West Hills Post 924, Keith-Holmes VFW Post 402, VFW Riders Club, ABATE Beaver Chapter, Professional Moms South Hills Chapter, and G.L.O.S.S. Due to my military background, I believe in supporting veterans in every community. I enjoy supporting many great causes and lending a hand. There are many fundraising activities and events to participate in throughout the year.

ABOUT STEPHANIE SCIULLI, PITTSBURGH INSURANCE AGENTS

I volunteer for the Moon Township VFC Ladies Auxiliary at their local bingos and other events. Helping the elderly community with the many aspects of their Medicare plan and other resources that may help them is where I hold a great sense of pride.

I have been an insurance agent since 2019 and have enjoyed every minute of it. I gain great satisfaction being able to help my clients to be knowledgeable of their insurance plans. I help all my clients through all stages of life and the events that may occur.



Stephanie Sciulli

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