The Truth About Annuities

Designing income for a longer retirement.

A WORKSHOP COMPANION

Ideas to explore. Questions to consider. Space to think about what retirement means to you.

Lovie Leach-Yarborough | Legacy Architect

What does a successful retirement plan need to do?

Maintain the life you planned — for as long as you live.

Protection · Income · Growth · Flexibility

MY NOTES / QUESTIONS

Retirement used to come with a paycheck.

Defined-benefit pensions pooled longevity and investment risk. Defined-contribution plans gave workers more control — and more responsibility.

PENSION

401(k) / IRA / TSP

MY NOTES / QUESTIONS

More control created a new planning question.

What happens if your retirement lasts longer than your money?

That is longevity risk.

MY NOTES / QUESTIONS

Living longer is good news. Funding it is the challenge.

A retirement-income strategy has to account for an unknowable variable: your lifespan.

The goal is not to predict longevity. It is to plan for it.

MY NOTES / QUESTIONS

We insure against dying too soon.

Retirement planning must also consider the financial consequences of living longer than expected.

Life risk

Longevity risk

INSURANCE RISK POOLING

MY NOTES / QUESTIONS

An annuity is a contract with an insurance company.

Depending on the contract and options selected, annuities can provide tax-deferred accumulation, index- or market-linked growth potential, and/or lifetime-income features.

YOU

INSURER

MY NOTES / QUESTIONS

Not all annuities solve the same problem.

FIXED

predictability

FIXED INDEXED

index-linked crediting

RILA

defined downside exposure

VARIABLE

market-linked investment

MY NOTES / QUESTIONS

Protection and market exposure exist on a continuum.

FIXED

FIA

RILA

VARIABLE

MORE CONTRACTUAL PROTECTION

MORE MARKET EXPOSURE

MY NOTES / QUESTIONS

Predictability is the point.

A fixed annuity credits interest according to the contract. Guarantees depend on the issuing insurer and contract terms.

Best question to ask:

How much predictability and liquidity do I need?

MY NOTES / QUESTIONS

Protection with index-linked crediting potential.

Interest crediting is tied to an external index under contract rules such as caps, spreads or participation rates. The contract does not directly invest in the index.

The tradeoff:

Some upside potential in exchange for limits on credited returns.

MY NOTES / QUESTIONS

A different place on the risk spectrum.

RILAs link returns to an index and provide defined downside protection through contract features such as buffers or floors — but principal can be lost.

The question:

How much downside are you willing to accept for greater growth potential?

MY NOTES / QUESTIONS

Market participation comes with market risk.

Value generally varies with selected separate-account investment options. Optional guarantees may be available for additional cost.

The tradeoff:

Greater market exposure means accepting investment risk.

MY NOTES / QUESTIONS

The “best” annuity does not exist in a vacuum.

PREDICTABILITY

GROWTH POTENTIAL

DOWNSIDE RISK

LIQUIDITY

The right fit depends on what job the money needs to do.

MY NOTES / QUESTIONS

A retirement portfolio is not the same thing as a retirement paycheck.

Pension

Social Security

Investments

Annuity income

The work is deciding how these pieces should coordinate.

MY NOTES / QUESTIONS

Retirement can last decades. Your spending power matters.

Index-linked crediting can offer growth potential, but no annuity should be presented as a guaranteed inflation hedge unless the contract specifically provides such a feature.

Growth matters. So does what you give up to pursue it.

MY NOTES / QUESTIONS

Tax deferral can be valuable — but context matters.

Earnings inside an annuity generally grow tax deferred. An annuity held inside an IRA or other tax-deferred retirement account does not create an additional tax-deferral advantage.

Taxes are part of the decision. They are not the whole decision.

MY NOTES / QUESTIONS

Where should your retirement income come from?

That answer depends on your income needs, existing assets, liquidity needs, time horizon, tax picture and tolerance for loss.

That cannot be answered responsibly from a seminar slide.

MY NOTES / QUESTIONS

What stayed with you?

What is one idea that challenged how you think about retirement?

Where would you like more clarity about your retirement income?

What question would you like to explore in a private conversation?

Longevity Planning Session

A complimentary 30-minute conversation to explore how your current retirement-income strategy aligns with the life you are planning.

888.355.3886

cal.com/loviel2/longevityplnng

Elevate your wealth. Empower your legacy.

Primary-source references

– SEC / Investor.gov — Annuities & RILAs

– SEC — RILA / Form N-4 final rule (2024)

– FINRA — Communications with the Public / annuity guidance

– IRS Publication 575 — Pension and Annuity Income

– U.S. Department of Labor — Annuities in Defined Contribution Plans

– BLS — R-CPI-E research series

– NAIC — Annuity Buyer’s Guides

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