CASH FLOW DURING YOUR RETIREMENT YEARS

Guide to Annuities

Annuity Contract

An annuity is a contract between you and a financial institution where you give the institution an amount of money in return for a stream of fixed income payments for a specified period of time.

Annuity income is based on:

- Amount originally invested
- Age and gender
- Interest rate at the time of purchase
- Life Expectancy

Annuity Features

Annuities are uniquely designed to provide a steady cash flow for people during their retirement years.

- Predicable Income
- Payments are Insured[1]
- Guaranteed for Life or a Specified Term
- No Worry of Market Volatility[2]
- Payments are Taxable[3]
- Limited Liquidity

[1]Annuities are protected up to a certain amount by a consumer protection agency. [2]Variable annuities provide fixed income plus potential extra income linked to market performance.
[3] Income payments from a prescribed annuity purchased with non-registered funds will have a non-taxable portion (return of capital) and a taxable interest portion.

Types of Annuities and Considerations

Annuities can be a key part of your financial strategy by helping you before and after you retire.

Life Annuities

Life annuities can provide you and/or your spouse with a guaranteed income for life, no matter how long you live. There is no risk of outliving your money. Payments cease when you die and you receive no commuted value.

Spouse / Partner

A joint life annuity provides payments as long as you or your spouse/partner lives.

Term Certain Annuities

With term certain annuities, you provide the insurance company with a lump sum of money and, in return, the insurance company guarantees to pay you a specified amount of money for a specified period of time, rather than for life. No further payments are made after the term ends.

Beneficiary

If you die earlier, your beneficiary or estate will receive any remaining benefit.

Variable Annuities

Variable annuities, or segregated funds, invest in one or more underlying assets, such as mutual funds, and have added features that insure and guarantee deposits at maturity and death. These annuities provide a fixed income plus potential for extra income linked to market performance.

Beneficiary

Segregated funds can provide benefits, including probate minimization, creditor protection, and a guarantee on a portion of the investment.

There are many factors to consider with annuities. Your financial professional can help you determine which annuity may be right for you, when to buy it, the fees involved, and when to start getting payments.

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This is a general guide only and is not intended to replace professional financial and tax advice in any form. Please consult a professional financial advisor on how it relates to your situation. The information provided here is accurate as of the date of publication, January 1, 2023.