



Annuitization vs. FIAs with Optional Income Riders

Traditional annuity retirement income planning methods typically include systematic withdrawals and annuitization. Systematic withdrawal methods could leave you without income late in retirement. On the other hand, lifetime annuitization could give you an income you can't outlive. Only about 5 percent of all annuities sold in the United States in 2018 were annuitized, according to figures provided by the [LIMRA Secure Retirement Institute](#). This means that roughly 95 percent were not irrevocably converted into a stream of payments.

With that in mind, another option for retirement income is a Fixed Index Annuity (FIA) with an optional income rider.¹ FIAs with optional income riders are an alternative method to traditional annuitization and can provide steady income you can't outlive. An income rider or benefit (sometimes called Guaranteed Lifetime Withdrawal Benefits, or GLWB) is an additional feature available with some annuities. It's generally optional and comes with additional cost. Income benefits are designed to provide income options above and beyond the standard annuitization or free withdrawal features in annuities. Below are some differences between traditional annuitization and GLWBs.²

Annuitization	FIAs with Optional Income Riders
Life options may offer higher overall payout	Can start/stop income as needs dictate
Tax-favored withdrawals on non qualified contracts with exclusion ratio	Potential to step-up income amount
No cost - included as a benefit of the base contract	Cost generally varies between 0.40% and 1.25% of account value
Permanent election	Income base can be guaranteed to increase by a certain income rate ³
Contract growth ends at annuitization once payout option is chosen	

Reviewing your options can help you make informed decisions regarding income in retirement. Please meet with your insurance and financial professional to discuss what options are available to you.

Any distributions may be subject to ordinary income tax and, if taken prior to age 59 1/2, an additional 10% federal tax.

¹ Fees and charges can apply for optional income riders. Check with the carrier for details.

² All guarantees are subject to the claims paying ability of the issuing insurer, and to the terms and conditions of the insurance contract at the time of purchase.

³ Guaranteed income growth period varies by carrier; income growth rate can be simple or compounding interest. The income benefit base is never available as a lump sum or as a cash surrender value.

Contact your insurance professional for more information about annuitization vs. FIAs with optional income riders.

Policy riders are available at an additional cost and may not be available for all products or in all states. Terms and conditions apply.

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