



FOR IMMEDIATE RELEASE:  
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# A Tool for Retirement: Is an annuity right for you?

*National Retirement Planning Week® is April 11-15, 2016*

**By John D. Doak, Oklahoma Insurance Commissioner**

Each day about 10,000 Baby Boomers enter their retirement years. According to the Insured Retirement Institute (IRI), members of that generation are largely unsure of their financial future. As a growing number of people take charge of planning for their retirement, many are considering investing a portion of their assets in an annuity.

An annuity is a contract in which an insurance company agrees to make a series of payments in return for a premium that you have paid. An annuity is an investment and shouldn't be used to reach a short-term financial goal.

As part of National Retirement Planning Week® 2016 this week, here are four questions to ask to determine if an annuity is right for you.

**1. Am I investing in an annuity to save for retirement or generate guaranteed retirement income or both?**

Many people save for retirement but haven't taken the time to realistically project the costs of their future lifestyle. Envisioning how you want to live in retirement is essential to understanding the role that an annuity can play.

**2. When do I plan on using the money invested in the annuity?**

Annuities are designed to be long-term retirement investments. Payout annuities or "immediate" or "income" annuities provide income payments that begin shortly after purchase. Deferred annuities allow you to accumulate assets for retirement and also offer the option to provide income payments sometime in the future. If there is a chance that in 10 years you'll need to withdraw the money you plan to invest, a deferred annuity may not be the best investment. This is particularly the case if you expect to withdraw the money before age 59 ½ because tax penalties may apply.

### **3. What percentage of my assets is appropriate for an annuity given my retirement objectives?**

It is generally not a good idea to invest 100 percent of your retirement assets in an annuity or any other single investment. IRI estimates that the average deferred annuity contract should account for about one-third of your retirement savings. But because every person's situation is different, your best bet is to talk with a qualified financial advisor.

### **4. What is my risk tolerance?**

Your risk tolerance depends on several factors, including your age, time until retirement and retirement goals. Annuities offer a range of investment portfolios that you can choose based on your risk tolerance. Variable annuities offer a wide selection of options, from aggressive growth funds to more conservative investments, like money market funds and fixed-rate instruments. Fixed annuities can minimize risk by locking in a fixed rate of return. A financial professional can help you determine your personal risk tolerance.

As with other major purchases, it's a good idea to shop around and compare information for similar products from several companies. While you do your research, keep detailed records and get all quotes and key information in writing.

When you are ready to purchase an annuity, carefully review the contract with your agent or broker. Ask for an explanation of anything that you don't understand. Be sure you are aware of all of the terms and conditions such as surrender charges and/or cancellation penalties.

Although the process of planning for your retirement may seem daunting, National Retirement Planning Week® 2016 may be the opportunity you need to get back on track. For more resources and tools on retirement, go to [www.RetireOnYourTerms.org](http://www.RetireOnYourTerms.org). For insurance information, contact the Oklahoma Insurance Department at 1-800-522-0071 or visit our website at [www.ok.gov/oid](http://www.ok.gov/oid).

#### **About the Oklahoma Insurance Department**

The Oklahoma Insurance Department, an agency of the State of Oklahoma, is responsible for the education and protection of the insurance-buying public and for oversight of the insurance industry in the state.

#### **For more information, contact:**

Kelly Dexter

405-522-0683

[Kelly.Dexter@oid.ok.gov](mailto:Kelly.Dexter@oid.ok.gov)