

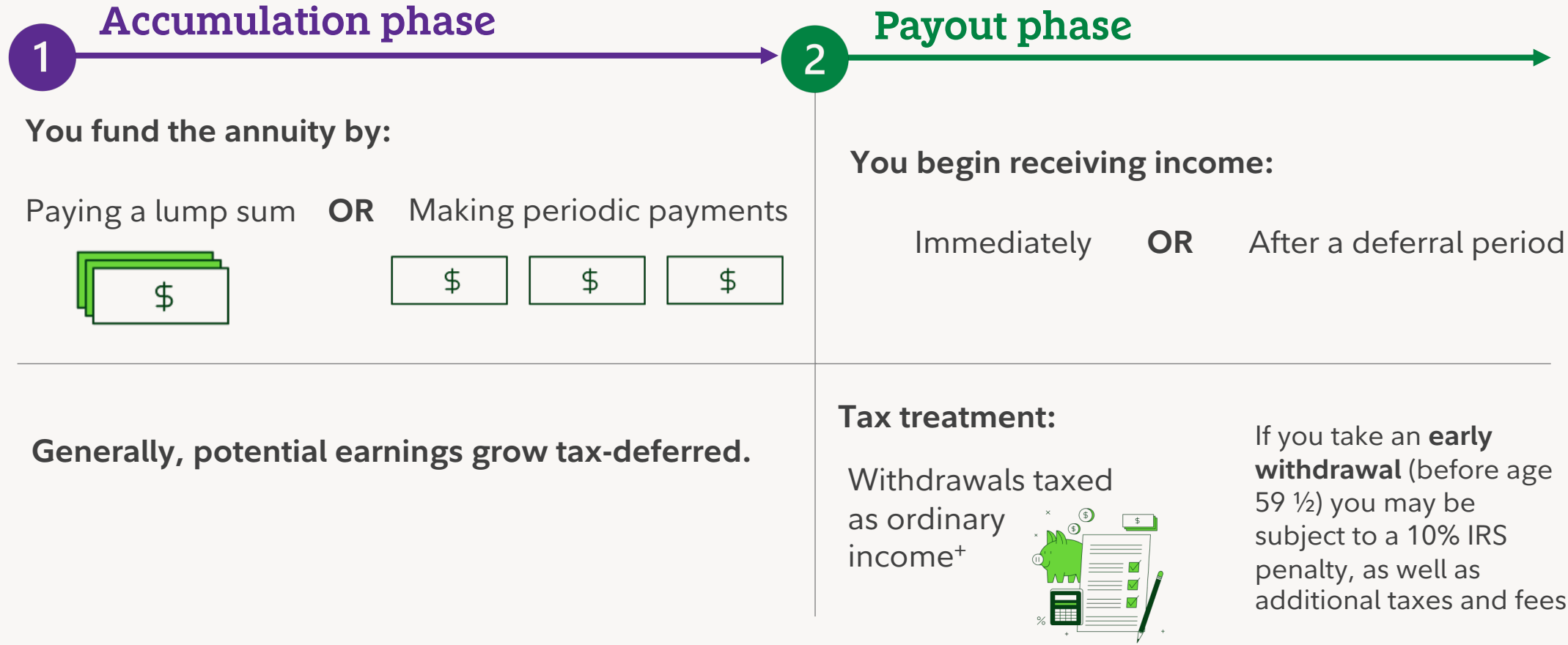
WOMEN TALK MONEY

Decoding annuities



Annuities have two phases

A general overview of how annuities work.



For educational purposes only. Fidelity does not provide legal or tax advice. Consult an attorney or tax professional regarding your specific situation.
* Per the exclusion ratio, the part of the payment that is considered return of principle is not subject to taxation.

There are different types of annuities for different goals

Income annuities

- Can turn your investment into guaranteed income—either for life or a set number of years
- Typically, you get a fixed payment no matter what the market does

Tax-deferred annuities

- Can provide the benefit of growth potential to ramp up retirement savings
- Gives you the option to create lifetime income in the future

Annuities can be either fixed or variable:

Fixed: Works like a bond or CD to give you a guaranteed fixed rate of return for a set period of time

Variable: Offers market exposure for growth potential, but comes with market risk

[Learn more.](#)

For educational purposes only. This is not an exhaustive list. Guarantees apply to certain insurance and annuity products and are subject to product terms, exclusions and limitations and the insurer's claims paying ability and financial strength. Investing in a variable annuity involves risk of loss - investment returns and contract value are not guaranteed and will fluctuate.

Tips for a successful retirement income plan

Depending on how much you currently make, you may expect to spend 55%–80% of your preretirement income annually in retirement.¹ Note, spending habits tend to change due to age and priorities.

Essential expenses

WHAT ARE THEY?

- Your non-negotiables (housing, food, utilities, health care, taxes, and more)

WHAT INCOME SOURCES?

- **Guaranteed** sources of income may include:
 - Social Security
 - Pensions
 - Income annuities

Discretionary expenses

WHAT ARE THEY?

- Your “fun” stuff (bucket list items, vacations, anything you *could* live without, etc.)

WHAT INCOME SOURCES?

- Additional savings
 - 401(k) or similar plan
 - IRA
 - Brokerage or investment account
 - Cash

What is guaranteed lifetime income?

Including it in your retirement income plan can help ensure you don't outlive your savings.

Social security

You pay taxes throughout your working life.



The government pays you.

Pension*

Your salary and future pension are part of your total compensation.



Your employer pays you.

Income annuity

You use your savings to buy a contract with an insurance company.



The insurance company pays you.

Learn more about [how income annuities work](#).

*For educational purposes only. * Pension benefits are guaranteed by the plan sponsor unless the sponsor transfers the liability to a third-party insurance company. Unlike pensions, annuities must be purchased and have associated costs and expenses.*

What do annuities offer?

It depends on which type you choose.

	Tax deferral	Market participation	Guaranteed rate of return	Principal protection	Access to assets	Guaranteed income
Save more for retirement tax-deferred ↓	✓	✓			✓	
	✓	✓		✓*	✓	
	✓		✓	✓*		
Protect assets, provide growth potential ↓	✓	✓			✓	✓
	✓		✓		✓	✓
Secure guaranteed income for life in retirement						✓
						✓

For educational purposes only. Source: Fidelity Insurance Agency, Inc. The check marks represent which product categories generally align with a desired objective. However, they do not precisely represent the features and benefits of specific products. Annuity features and benefits are subject to product terms, exclusions, and limitations.

¹ Deferred/Immediate Income Annuity contracts are irrevocable, have no cash surrender value and no withdrawals are permitted prior to the income start date.

*Note, the account value is not protected against losses that could be realized prior to the completion of the holding period.



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Additional resources to help take your next step:

[Understanding annuities](#)

Read up on the ways annuities can help benefit retirement savers and income seekers.

[How income annuities work](#)

Find out how one can help you secure predictable income.

[Ways to create future retirement income](#)

Learn strategies to help lock in income years before you retire.

[Try this tool: Guaranteed income estimator](#)

Use this tool to get an estimate of your potential monthly income with a fixed-income annuity .

[5 Common annuity myths and misconceptions](#)

We debunk the annuity myths we hear the most.

[Market volatility and annuities](#)

Learn more about ways to seek security amidst market ups and downs.

For more tools and calculators, articles and videos, [click here](#).

[Get started with an annuity](#)

Head to Fidelity.com to learn more about annuities and explore tools to help you better understand your options.

[Start planning today](#)

Work with us to help create a plan for your finances in retirement—and how to get there.

[3 keys to retirement income planning](#)

Learn how to build a plan with guaranteed income, growth potential, and flexibility in mind.

[WTM: Retirement readiness](#)

Watch a recent WTM event where we share a woman's guide to planning, securing, and making the most out of retirement.

[How much do you need to retire?](#)

Check out Fidelity's milestone guidelines to help you know how much to aim to have saved for retirement.

Notes:

¹ Source for Fidelity estimate of income needed in retirement: <https://www.fidelity.com/viewpoints/retirement/how-much-money-should-i-save>

² Financial strength ratings are opinions from independent rating agencies of an insurer's financial strength and ability to pay its insurance policies and contract obligations. They are not recommendations to purchase, hold or terminate any insurance policy or contract issued by an insurer, nor do they address the suitability of any particular policy or contract for a specific purpose or purchaser.

Investing involves risk, including the risk of loss.

Before investing, consider the investment objectives, risks, charges, and expenses of the annuity and its investment options. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

Guarantees apply to certain insurance and annuity products and are subject to product terms, exclusions and limitations and the insurer's claims paying ability and financial strength.

Investing in a variable annuity involves risk of loss - investment returns and contract value are not guaranteed and will fluctuate.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

Withdrawals of taxable amounts from an annuity are subject to ordinary income tax, and, if taken before age 59½, may be subject to a 10% IRS penalty.

Some products and features may not be available in all states and variations may apply. Certain features may not be available in all products or depending on type of funds used to purchase the annuity.

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