Choosing An Income Option

Annuitization is precisely why many people buy an annuity — to insure against outliving an income. By annuitizing your deferred annuity contract and choosing an income option, you will be exchanging your accumulated savings for a guaranteed income stream.

While you may annuitize at any time, you'll generally start to consider this option as you find the need to transition from the accumulation stage, when you're actively saving for retirement, to the income stage, usually at or during retirement.

Life Income
A guaranteed income for as long as the annuitant lives. Payments will cease upon the death of the annuitant. The Life Income Commutation and Inflation Protection features are also available.

Life Income with Installment Refund
A guaranteed income for as long as the annuitant lives. The total payments will never be less than the total of the funds paid to purchase this option. If the annuitant dies before receiving at least that amount, payments continue until the full amount is repaid (or may be commuted to a lump-sum payment). The Life Income Commutation feature is also available.

Life Income with Certain Period
A guaranteed income for as long as the annuitant lives. If the annuitant dies prior to the end of the period specified (5, 10, 15 or 20 years), payments continue until the end of the period (or may be commuted to a lump-sum payment). The Life Income Commutation and Inflation Protection features are also available.

Joint and Survivor Life Income
A guaranteed income for as long as both annuitants live. When either annuitant dies, payments will continue at 50%, 66 2/3%, 75% or 100% of the payments received when both were living. Payments will cease upon death of both annuitants.

Joint and Survivor Life Income with Installment Refund
A guaranteed income for as long as both annuitants live. The total payments will never be less than the total of the funds paid to purchase this option. If both annuitants die before receiving at least that amount, payments continue until the full amount is repaid (or may be commuted to a lump-sum payment).

Joint and Survivor Life Income with Certain Period
A guaranteed income for as long as both annuitants live. When either annuitant dies prior to the end of the period specified (5, 10, 15 or 20 years), payments continue until the end of the period (or may be commuted to a lump-sum payment).

Joint and Contingent Survivor Life Income
A guaranteed income for as long as both annuitants live. If the primary annuitant dies first, payments will continue at 50% of the payments received when both were living. If the contingent annuitant dies first, payments will continue at 100% of the payments received when both were living. Payments will cease upon death of both annuitants.

Certain Period
A guaranteed income for a time period chosen (5, 10, 15 or 20 years). At any time, benefits may be commuted to a lump-sum payment. If the annuitant dies prior to the end of the period specified, payments continue until the end of the period (or may be commuted to a lump-sum payment). The Inflation Protection feature is also available.

Tax Consequences
The payments generated from your decision to annuitize will generally be taxable in the year in which you receive them, so you'll be paying taxes only as the payments are made over time. The good news is that often people move to a lower tax bracket during this time of their lives and will likely pay less in taxes than they would have just a few years earlier. The amount of your payment deemed taxable will be based on the tax status of the funds under IRS guidelines; your financial advisor can tell you more.