

Financial Focus – Can You Benefit From an Annuity?

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Retirement isn't cheap. You may have heard that you will need 70 percent to 80 percent of your pre-retirement income, but the real figure might even be higher, depending on your circumstances.

And retirement isn't short, either – you could spend two or three decades as a retiree. Taken together, these factors highlight the need to identify as many sources of retirement income as possible – and one of these sources might be an annuity.

A fixed annuity is an insurance product that allows you to make a lump-sum investment and can provide insured payments to you for a designated number of years, or for life. A fixed annuity guarantees a rate of interest for a stated period that will be unaffected by market fluctuations. Your principal investment and the specified interest rate are guaranteed based on the claims-paying ability

of the issuing company. A fixed annuity offers some key benefits, including the following:

No contribution limit
No IRS contribution limits apply to non-qualified annuities – that is, annuities held outside a tax-advantaged retirement plan, such as a

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defined benefit pension plan, Section 403(b) plan (TSA) or an IRA. This can be especially valuable if you are already close to retirement age and think you might be short on savings.

Tax deferred accumulation
The interest you earn is tax deferred and will compound annually, meaning your money may accumulate faster than it would if it were

placed in a taxable investment. Earnings will be taxed at your ordinary income rate once you start taking withdrawals, and withdrawals prior to age 59-1/2 may be subject to a 10% federal tax penalty. (You will want to consult with your tax advisor before

withdrawing from your annuity.)

Income for life
You can take your annuity payout as a lump sum or choose to receive payments for a set number of years, or for the rest of your life. Your income amount will be determined by the value in your contract and your life expectancy.

Death benefit
If your annuity is still in the “accumulation”



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If a fixed annuity is appropriate for your situation, you may find it can join your other income pools – Social Security, 401(k), IRA, etc. – to provide you with the resources you need to enjoy the retirement lifestyle you've envisioned.

phase at the time of your death (meaning you haven't yet begun collecting payments), it might provide a death benefit to the beneficiary you've named. Typically, this lump sum will be the greater of your account balance or the total of all premiums paid, although some annuities provide additional options. Be aware, though, that the death benefit may be taxable.

As is the case with all

investments, a fixed annuity does have some caveats. Most important, an annuity is a long-term investment – if you pull money out within the first several years after your purchase, you likely will face some prohibitive surrender charges. These charges decline each year, typically reaching zero after seven years. Such withdrawals also may be subject to a market value adjustment.

One more thing to keep

in mind: Different annuities come with different fees, and the higher the fee, the lower your “real” return will be. Consequently, you will want to compare fees before investing.

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Give your money a raise

Make your money work harder by earning higher interest rates.

Talk to a banker for more details. Offer expires November 16, 2018.



Platinum Savings Account

1.70%

Annual Percentage Yield for 12 months¹

Enjoy a special interest rate for 12 months with new money deposits of at least \$25,000 and a minimum daily account balance of \$25,000 or more.

Fixed Rate CD

2.30%

Annual Percentage Yield for 11 months²

Guaranteed fixed rate with new money deposits of at least \$25,000 for an 11-month term.

Both accounts are FDIC-insured up to the maximum allowable limit. Platinum Savings offer available in WA.

Fixed Rate CD offer available in CT, FL, NY and WA.

Portfolio by Wells Fargo® customers are eligible to receive an additional interest rate bonus on these accounts.³

1. To qualify for this offer, you must have a new or existing Platinum Savings account and enroll the account in this offer between 10/15/2018 and 11/16/2018. This offer is subject to change at any time, without notice. This offer is available only to Platinum Savings customers in the following states: WA. In order to earn the Special Interest Rate of 1.69% (Special Rate), you must deposit \$25,000 in new money (from sources outside of Wells Fargo Bank, N.A., or its affiliates) to the enrolled savings account and maintain a minimum daily account balance of \$25,000 throughout the term of this offer. The corresponding Annual Percentage Yield (APY) for this offer is 1.70%. The Special Rate will be applied to the enrolled savings account for a period of 12 months, starting on the date the account is enrolled in the offer. However, for any day during that 12-month period that the daily account balance is less than the \$25,000 minimum, the Special Rate will not apply and the interest rate will revert to the standard interest rate applicable to your Platinum Savings account. As of 09/18/2018, the standard interest rate and APY for a Platinum Savings account in WA with an account balance of \$0.01 to \$249,999.99 is 0.01% (0.01% APY) and with an account balance of \$250,000 and above is 0.05% (0.05% APY). Each tier shown reflects the current minimum daily collected balance required to obtain the applicable APY. Interest is compounded daily and paid monthly. The amount of interest earned is based on the daily collected balances in the account. Upon the expiration of the 12-month promotional period, standard interest rates apply. Minimum to open a Platinum Savings account is \$25. A monthly service fee of \$12 applies in any month the account falls below a \$3,500 minimum daily balance. Fees may reduce earnings. Interest rates are variable and subject to change without notice. Wells Fargo may limit the amount you deposit to a Platinum Savings account to an aggregate of \$1 million. Offer not available to Private Banking, Business Banking, Wholesale or Wealth customers. 2. Annual Percentage Yield (APY) is effective for accounts opened between 10/15/2018 to 11/16/2018. The 11-month New Dollar CD special requires a minimum of \$25,000 brought to Wells Fargo from sources outside of Wells Fargo Bank N.A., or its affiliates to earn the advertised APY. Public Funds and Wholesale accounts are not eligible for this offer. APY assumes interest remains on deposit until maturity. Interest is compounded daily. Payment of interest on CDs is based on term: For terms less than 12 months (365 days), interest may be paid monthly, quarterly, semi-annually, or at maturity (the end of the term). For terms of 12 months or more, interest may be paid monthly, quarterly, semi-annually, or annually. A fee for early withdrawal will be imposed and could reduce earnings on this account. Special Rates are applicable to the initial term of the CD only. At maturity, the special rate CD will automatically renew for a term of 6 months, at the interest rate and APY in effect for CDs on renewal date not subject to a Special Rate, unless the Bank has notified you otherwise. APY shown offered at Wells Fargo Bank locations in CT, FL, NY and WA. Due to the new money requirement, accounts may only be opened at your local branch. Wells Fargo reserves the right to modify or discontinue the offer at any time without notice. Offer cannot be: Combined with any other consumer deposit offer, or reproduced, purchased, sold, transferred or traded. Minimum new money deposit requirement of at least \$25,000 is for this offer only and cannot be transferred to another account to qualify for any other consumer deposit offer. If you wish to take advantage of another consumer deposit offer requiring a minimum new money deposit, you will be required to do so with another new money deposit as stated in the offer requirements and qualifications. 3. The Portfolio by Wells Fargo program has a \$30 monthly service fee, which can be avoided when you have one of the following qualifying balances: \$25,000 or more in qualifying linked bank deposit accounts (checking, savings, CDs, FDIC-insured IRAs) or \$50,000 or more in any combination of qualifying linked banking, brokerage (available through Wells Fargo Advisors, LLC) and credit balances (including 10% of mortgage balances, certain mortgages not eligible). If the Portfolio by Wells Fargo relationship is terminated, the bonus interest rate on all eligible savings accounts, and discounts or fee waivers on other products and services, will discontinue and revert to the Bank's then-current applicable rate or fee. For bonus interest rates on time accounts, this change will occur upon renewal. If the Portfolio by Wells Fargo relationship is terminated, the remaining unlinked Wells Fargo Portfolio Checking or Wells Fargo Prime Checking account will be converted to another checking product or closed.

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