Why Including Annuities in Your Portfolio Makes Sense

For decades, standard financial planning relied on a simple two-ingredient recipe: put some money in stocks for growth, and the rest in bonds for safety. But today's retirement landscape looks completely different. We are living longer, market swings are more unpredictable, and traditional company pensions have mostly vanished. To safeguard their retirement portfolios, everyday investors are including annuities as a core asset class.

The Power of an All-Inclusive Portfolio

Instead of viewing an annuity as just an insurance product, think of it as a stabilizing pillar in your overall savings plan. When you include it alongside your other investments, they all work together to cover different needs:

- Stocks drive growth but can come with volatility and risk.
- Bonds provide fixed income but can lose value when interest rates rise.
- Annuities provide protected income - a guaranteed paycheck that is designed to provide a stable income stream.

Protecting Your Standard of Living

Retirement isn't just about basic survival; it's about maintaining the standard of living you worked hard to achieve. Think of your retirement expenses in two distinct categories: your fixed costs, such as housing, taxes, and healthcare, and your discretionary spending, such as travel and hobbies.

Because Social Security only replaces a portion (roughly 30%-40%) of your expenses, adding an annuity ensures your basic fixed expenses are covered.[1] This takes the pressure off your portfolio, leaving your remaining investments free to focus on long-term growth.

A blended strategy that integrates traditional investments with a protected lifetime income source, such as an annuity, can increase overall retirement income by roughly 23% compared to relying solely on investment withdrawals.[2]

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An Annuity is a long-term financial product designed largely for asset accumulation and retirement needs. Annuities generally contain fees and charges which include, but are not limited to, surrender charges, administrative fees, and fees for optional contract riders and benefits. Withdrawals and death benefits are subject to ordinary income tax. If withdrawals and other distributions are received prior to age 59 ½, a 10% federal tax penalty may apply. Annuities typically carry surrender charges for several years that may be assessed against withdrawals.

Guarantees are based solely on the financial strength and claims-paying ability of the issuing insurance company. Fixed Index Annuities are not an investment in the "market" or in any applicable index. Policy owners do not directly participate in any equity or fixed-interest investments and are not buying shares in an index.

Blended income strategy modeling and data presented herein are derived from third-party sources believed to be reliable, but their accuracy and completeness cannot be guaranteed. This material is intended for educational and informational purposes only and should not be construed as individualized or personalized investment or tax advice. Past performance is no guarantee of future results.

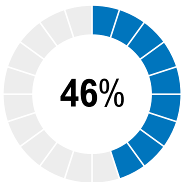
Key Benefits of Including Annuities as part of your Portfolio

- **Guaranteed Income:** An annuity can provide an income stream for life... serving as a financial cushion alongside Social Security.
- **Principal Protection:** Certain products offer a 0% floor feature, meaning if the market drops, your principal won't. Historically, this has allowed certain annuities to outperform traditional government bonds with significantly lower risk.
- **Giving Tax-Deferred Growth:** Within an annuity, your money grows tax-deferred, meaning you defer income taxes on your investment gains until you choose to withdraw them.
- **Outperforming Traditional Bonds:** Historic market simulations show that certain annuities have the power to outperform traditional government bonds over the long term, offering better returns with significantly lower market risk.[3]
- **Solving for Market Risk:** When the stock market drops, you can leave your equities alone to recover, drawing your income instead from a stable, guaranteed annuity source.

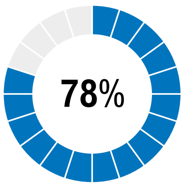
Increasing Confidence in Retirement

Securing a guaranteed portion of income changes how you view your entire nest egg and your retirement.

- Research found that nearly 46% of retirees experience anxiety when spending down their traditional savings. However, retirees are twice as comfortable spending on nonessentials when their fixed expenses are covered by guaranteed income.[4]



- 78% of retirees with a source of protected lifetime income feel highly confident their money will last their entire life, compared to only 41% of those without it.[5]



Including a guaranteed income stream in your portfolio takes some of the worry out of retirement so you can focus on what matters most. Speak to your financial representative to help you implement this and other retirement strategies.

[1]Social Security Administration & AARP (2026). Fast Facts & Frequently Asked Questions: Income Replacement Rates.
[2]Goldman Sachs Asset Management (2025). Annual Retirement Survey & Insights Report: Blended Income Strategy Modeling.
[3]Ibbotson, R., et al. (Zebra Capital Management). White paper: "Fixed Indexed Annuities: Consider the Alternative."
[4]Blanchett, D. & Finke, M. (Retirement Income Institute, 2024). Research Study: "Guaranteed Income; A License to Spend."
[5]Alliance for Lifetime Income (2020). Protected Lifetime Income Study: A comparative analysis of protected vs. unprotected households.

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