

SimplySpeaking

What are annuities?

Guaranteed retirement income

An annuity is the simplest retirement income option. You make a one-time payment to buy an annuity and receive guaranteed income that's predictable. You can receive income for as long as you live (life annuity) or for a specified period (term annuity).

With annuities, you don't have to do anything. Just wait for the payments. There are no investment decisions and no investment risk. However, because there's no growth potential for your savings, your payments may not keep up with inflation unless you choose an indexed annuity.

It's important to note the guaranteed income from an annuity isn't flexible. If you decide in the future that you need a different amount of income, you can't make a change to the annuity.

Your income payments depend on a number of factors at the time you buy an annuity, such as:

- The amount of your one-time payment
- Your age and in some cases your spouse's age
- Interest rates at the time of purchase
- The type of annuity and features you select

Some annuities have guarantee periods. If you die during the guaranteed term, a death benefit may be paid as a lump-sum cash payment or as continuing payments, depending on the source of the payment and who your beneficiary is.

In many cases, annuities can work as a retirement income foundation when combined with flexible income from registered retirement income funds (RRIFs) or life income funds (LIFs). Since an annuity's income stream is fixed, it may be a good way to cover your day-to-day living expenses. With this solid income foundation in place, you can pay for discretionary items with your RRIF or LIF.

There are several types of annuities and options within each. Talk to your financial advisor, or call *Access Line* at 1-800-724-3402 and ask for an investment and retirement specialist, before deciding if annuities are right for you.

Advantages

No investment decisions

Protection from outliving your savings

Considerations

No changes after purchase

No death benefit if you die after the guaranteed term