KEY QUESTIONS BEFORE BUYING AN ANNUITY

1. Is the primary goal for the annuity retirement or a similar long-term goal?

   Annuities are long-term contracts between an investor and an insurance company. They are not suitable for short-term investments largely due to the surrender charges and tax penalties involved in cashing out of an Annuity.

2. Is the Annuity being purchased through an Individual Retirement Account (IRA) or some other retirement plan?

   IRAs and retirement plans already grow on a tax-deferred basis so the purchase of an Annuity in such an account provides no additional tax benefit.

3. For Variable and Equity-Indexed Annuities, are you willing to take the risk of losing the money invested?

   There is no guaranteed return in the market. So products that are based on underlying securities portfolios carry that same market risk.

4. Have you consulted with a tax adviser and considered all the tax consequences of purchasing an Annuity, including the effect of annuity payments on your tax status in retirement?

   Depending on your tax situation in retirement, an Annuity may be advantageous, but you should be aware of the effects.

5. Do you understand all of the fees and expenses that the Annuity charges?

   Annuities may have a number of "hidden" fees buried in the fine print of the contract. The only way to ensure you understand them all is to read the documents provided, ask questions, and verify with the insurance company. An investor should verify and consider: investment management fees, rider fees, surrender fees, the cost of insurance, and any other fee disclosed in the written materials provided by the insurance company.

6. Do you intend to remain in the Annuity and avoid withdrawing funds long enough so the surrender charges no longer apply?

   Most Annuities have surrender charges that apply when an investor seeks to withdraw funds from the Annuities during the first 7 to 11 years of the Annuity contract. If you will need the funds prior to the expiration of these surrender charges, you may want to consider a short-term investment option instead.

7. If you are exchanging one Annuity for another one, do the benefits of the exchange outweigh the costs, such as any surrender charges you may have to pay?

   While there are a number of reasons to exchange one Annuity for another (1035 Exchange), make sure you understand all the consequences so you can properly determine whether the advantages outweigh the disadvantages. For example, 1035 Exchanges typically reset the surrender period, lengthening the amount of time an investor has to wait before withdrawing funds without paying surrender charges.

8. Do you understand all the features of the Annuity?

   Annuities can be incredibly complex financial instruments with many different features. The only way to ensure you understand all the features of the Annuity is to read the documents provided, ask questions, and verify with the insurance company.

9. Are there any features of the Annuity, such as long-term care insurance, that you could purchase more separately for less money?

   Annuities may include a number of benefits, but some benefits may cost you more than if you purchased separate policies through the same or another insurance company.