

Your Guide to Selling Annuities:

Key Strategies for Success

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Over the past decade, annuities have reached new heights, but they aren't just a trend— they continue to increase in popularity.

Unlock The Power of Selling Annuities

Annuities are a powerful retirement savings tool that can help clients receive guaranteed income, achieve their financial goals, and enhance their retirement journey. In today's irregular and ever-changing economic landscape, many pre-retirees and retirees are worried about inflation. Many who already benefit from the guaranteed lifetime income provided by annuities are eager to purchase even more. This creates a unique opportunity for financial professionals to offer guidance and solutions through annuities. Although the world may be going digital, personal connections and trust building are still essential for success in health insurance and retirement income planning— that's why financial professionals specializing in life and annuity products remain critical players in this competitive market.

Key annuity insights every financial professional needs to know:

- * **GROWING POPULARITY:** Annuities are increasingly popular as a reliable retirement savings tool, offering guaranteed income.
- * **CLIENT SATISFACTION:** Providing annuities addresses clients' concerns about outliving their retirement savings, enhancing satisfaction, and protecting their principal.
- * **VERSATILE OFFERINGS:** Annuities come in various types, allowing financial professionals to tailor solutions to meet unique client needs.
- * **EMBRACE TECHNOLOGY:** Utilizing advanced tools and digital solutions can streamline processes and improve client interactions.
- * **PROFESSIONAL DEVELOPMENT:** Staying informed about economic trends and regulations and expanding expertise enhances credibility and client relationships.

Top tips for selling annuities successfully

Leveraging best practices can significantly enhance your effectiveness and client satisfaction. Here are key tips for selling annuities:

1. EMBRACE TECHNOLOGY

- * Use technology to streamline processes, automate tasks, and speed up application processing.
- * Leverage digital tools to analyze data and deliver exceptional service.
- * Combine digital tools with personalized support using an omnichannel approach.

Disclaimer: Guarantees are backed by the financial strength and claims paying ability of the issuing insurance carrier.



2. ENHANCE THE CLIENT EXPERIENCE

- * Deepen your knowledge beyond sales to strengthen client relationships.
- * Become a knowledgeable resource by supporting clients throughout their journey, including servicing and claims.
- * Personalize client experiences with APIs to build customized digital experiences.
- * Expand offerings to include final expense services.
- * Partner with estate planning attorneys or acquire certifications for comprehensive financial packages.
- * Engage clients about their overall financial situation, not just retirement income.
- * Stay educated about economic trends, regulations, and evolving client needs by attending industry conferences or workshops.

Understanding annuities

An annuity is an insurance product designed to provide clients with a steady income stream during retirement. When clients purchase an annuity, they enter into a contract with an insurance company, as the company agrees to pay a fixed amount, usually monthly, for the remainder of the client's life— providing reliable income and a long-term solution for clients. Typically, annuities are purchased with a lump sum and can be structured in various ways (depending on the type of annuity and initial investment) to meet the specific needs of your clients.

Why sell annuities?

As a financial professional, understanding and leveraging the key benefits of selling annuities can significantly enhance your professional success. Here are the primary advantages of how annuities may be able to provide retirement income solutions to your clients/prospects:

- * **STABLE AND PREDICTABLE INCOME:** Annuities provide clients with a reliable income stream, making them an attractive product that meets a critical need in retirement income planning. This stability appeals to a broad client base, allowing you to help grow your business.
- * **PRINCIPAL PROTECTION:** Retirees have worked their whole life to save for retirement, and using a portion of their money to fund an annuity provides a unique opportunity to preserve capital and offer a wide array of income and accumulation options.
- * **INCREASED CLIENT SATISFACTION:** You can enhance client satisfaction and loyalty by offering products that address clients' concerns about outliving their retirement savings. Satisfied clients are more likely to refer friends and family, expanding your client network.
- * **DIVERSE PRODUCT OFFERINGS:** Annuities come in various types and structures, allowing you to tailor solutions to meet each client's unique needs. This

***Top tips
for selling
annuities
successfully***

***Annuities can
be a valuable
supplement
to other
retirement
income
sources
like Social
Security or
pensions.***

Understanding annuities

By incorporating annuities into retirement portfolios, clients have the opportunity to achieve greater financial stability and have an income they cannot outlive.



versatility makes you a valuable resource for comprehensive retirement income planning.

- * **GROWTH POTENTIAL:** The demand for retirement income planning solutions is growing, presenting a lucrative opportunity to increase your business. Annuities are a vital market component, enabling you to tap into a rising trend.
- * **PROFESSIONAL DEVELOPMENT:** Selling annuities requires staying informed about financial products, regulations governing their sale, and economic trends, which can enhance your expertise and credibility as a solution provider, giving you a competitive edge in the market.
- * **LONG-TERM CLIENT RELATIONSHIPS:** Annuities involve long-term commitments, fostering enduring relationships with clients. These relationships can lead to repeat business and continuous engagement over the years.

By focusing on these benefits, you can effectively demonstrate the value of annuities to your clients, boosting your success as a financial professional.

Key client benefits of annuities

Retirement should be a time for clients to enjoy life and pursue their interests. Annuities provide a reliable and predictable income stream, making them essential to a comprehensive retirement income plan.

Educate your clients on what annuities have to offer:

- * **FINANCIAL SECURITY:** Annuities provide a guaranteed income stream and can supplement a fixed income, as Social Security payments are unlikely to cover all retirement expenses. Annuities provide a reliable and predictable income for life, ensuring clients do not outlive their retirement savings, regardless of market fluctuations or economic conditions. They can also serve as a cushion against unexpected expenses, enhancing retirement financial outlook.
- * **TAX ADVANTAGES & INFLATION PROTECTION:** Many annuities are income tax-deferred, allowing clients to optimize their retirement savings. Taxes on earnings are postponed until withdrawals are made, potentially leading to substantial tax savings. Some annuities offer adjustments for inflation, helping clients maintain their purchasing power and protect against the rising cost of living.
- * **LEGACY PLANNING:** Annuities can include options for leaving a legacy. Clients can designate beneficiaries to receive payouts after their passing, ensuring the benefit of their hard-earned savings for loved ones. Plus, with annuity income, clients may be able to afford to donate to a good cause or charity, ensuring their money is making an impact.
- * **LONG-TERM CARE PROTECTION:** Annuities can provide clients with long-term care protection, as some products offer an option to convert the payments into long-term care benefits if needed. This allows clients to use this money

for medical expenses or other necessary care without dipping into their retirement savings.

- * **FINANCIAL SECURITY FOR A SPOUSE:** Known as a joint-life annuity, this type of financial arrangement guarantees that payments continue to the surviving spouse for the rest of their life. This ensures that the surviving partner maintains a stable financial income, helping to cover living expenses and other financial obligations without interruption.

Which annuities can help your clients?

Understanding the different types of annuities is crucial to helping your clients make informed decisions. Let's dive into the main annuity types and their benefits:

FIXED ANNUITIES: The most common type of annuity, fixed annuities provide set payments for the annuity's life. Benefits include:

- * **Predictability:** Fixed interest rates and payments throughout the annuity's life
- * **Tax-deferred growth:** Earnings grow tax-deferred until withdrawal.
- * **Death benefit:** Often includes a death benefit for beneficiaries.
- * **No contribution limits:** Allows unlimited lumpsum premium payment to help secure your client's future.

FIXED INDEXED ANNUITIES (FIAS): FIAs offer a guaranteed fixed rate of return with potential increases based on index performance. Benefits include:

- * **Guaranteed fixed rate of return:** Ensures a minimum credited interest even if the index performs poorly.
- * **Potential for higher credited interest:** Earnings can increase with index performance.
- * **Principal protection:** Guaranteed not to decline in value due to market fluctuations.

DEFERRED INCOME ANNUITIES (DIAS): Also known as longevity annuities, DIAs guarantee regular payments for a set period. Benefits include:

- * **Longevity protection:** Guarantees income for life, even beyond life expectancy
- * **Customizable deferral period:** Payments begin at a predetermined age, typically after age 70.
- * **Mortality credits:** Funded by pooling investments, providing potentially higher payouts to longer-living individuals.



Understanding these concerns is crucial for anyone considering an annuity, as it helps make an informed decision that aligns with their long-term financial goals.

Maximize your impact with annuities

Annuities present a significant opportunity for financial professional to help enhance their clients' retirement income plans by providing a guaranteed income stream. By staying attuned to emerging trends and expanding your skill set, you can effectively address your client's evolving needs and capitalize on the growth in the life insurance and estate planning sectors.

Top Consumer Concerns about Annuities:

People often have several concerns when considering annuities as a part of their financial planning. Understanding these concerns and having a substantive conversation about whether an annuity is right for your client is vital. Some of the leading concerns include:

- * **FEES AND EXPENSES:** Annuities can come with high fees, including initial sales commissions, annual administrative fees, and charges for special features like riders. These fees can significantly reduce the overall return on investment.
- * **COMPLEXITY:** Annuities can be complex financial products with various features and options that can be difficult to understand. This complexity can make it challenging for consumers to choose the best annuity for their needs or fully understand their contract's terms and conditions..
- * **LIQUIDITY ISSUES:** Annuities typically lock up funds for some time, known as the surrender period, during which the annuity owner may incur heavy penalties for withdrawals above a certain percentage of the invested amount. This can be a significant drawback for those who need access to their funds due to unexpected financial needs.
- * **INTEREST RATE RISK:** Fixed annuities may have a lower return in a rising interest rate environment as they lock in a fixed interest rate. Conversely, variable annuities depend on market performance and can lead to losses if the underlying investments perform poorly.
- * **INFLATION RISK:** The fixed payments from some types of annuities may not keep pace with inflation, potentially decreasing the payments' purchasing power over time.
- * **COUNTERPARTY RISK:** The guarantee of payments from an annuity depends on the financial strength and stability of the issuing insurance company. If the company fails, annuity payments could be at risk.
- * **LACK OF TRANSPARENCY:** Some consumers find that annuity contracts are not always transparent in disclosing all fees, risks, and terms, which can lead to unexpected consequences after the contract is signed.

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Fixed index annuities are insurance products designed to meet long-term needs for retirement income. Early withdrawals may result in losing principal and credited interest due to surrender charges. Any distributions are subject to ordinary income tax and, if taken before age 59 ½, an additional 10% federal tax.



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