

11 **CRITICAL** QUESTIONS TO ASK YOUR ADVISOR BEFORE BUYING AN ANNUITY



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SMART PLANNING FOR A SECURE TOMORROW

Protect Your Retirement Income with Smart, Informed Decisions



Buying an annuity is a major financial decision one that can either protect your future or create unnecessary risks if not chosen carefully. This guide isn't just a list of questions. We break down what to ask, why it matters, and how to spot a good deal when you see one.

WHAT IS AN ANNUITY?

An annuity is a **contract** with an insurance company designed to protect and grow your money, and eventually provide a steady stream of income (just like your social security), often during retirement. Think of it as creating your own personal pension plan.

There are many types (fixed, variable, indexed, immediate), each designed for different goals, growth, safety, guaranteed income, etc.

WHY ASKING THE RIGHT QUESTIONS MATTER.

Annuities can be powerful tools or they can be loaded with fees, restrictions, and surprises.

Asking **smart questions** protects you from costly mistakes and ensures the annuity fits your real financial goals, not just the salesperson's quota.

| | Fixed | Indexed | Variable |
|--------------------------------|------------|----------|----------|
| Risk | Low | Low | High |
| Growth Potential | Guaranteed | Moderate | Higher |
| Protection from Loss | Yes | Yes | No |
| Participation in Market Upside | No | Yes | Yes |
| Expenses | Low | Low | Higher |

USE THIS SHEET TO GUIDE YOUR CONVERSATION WITH ANY ADVISOR.

What is the financial strength rating of the issuing insurance company? An annuity is only as strong as the company behind it. Financial strength ratings issued by independent agencies like A.M. Best, Moody's, and Standard & Poor's — measure an insurer's ability to meet its future obligations. Higher ratings (like A or A+) mean greater stability and lower risk of the company failing to pay claims. Always check the insurer's rating before buying an annuity to make sure your money is protected for the long term.

What type of annuity is this (Fixed, Indexed, Immediate, Variable)? There's no "one size fits all." Knowing the type ensures the product matches your goals, whether it's income, growth, or protection.

What fees or charges are associated with this annuity? Some annuities have hidden fees that eat into your returns. Ask for a full breakdown in writing.

What is the surrender period and surrender charges? Surrender periods lock up your money. Know when you can access funds without penalties.

Kristin's Quick Tip

What They Don't Tell YOU (But I will).....

Surrender charges aren't the enemy-NOT understanding them is.

Always ask when your money is fully accessible, not just how it grows.

Not Sure where to start? Don't sweat it. We can help.

How Will I Get Paid?

What are the available income options? (lifetime income, period certain, lump sum)? When it's time to start receiving payments from your annuity, you typically have several options. You can choose **lifetime income**, which **guarantees payments** for as long as you live; a period certain, which pays income for a set number of years; or a lump sum, where you take all the money at once. Each option has trade-offs between income security, flexibility, and tax impact, so it's important to select the one that best matches your retirement goals.

What guarantees does this annuity offer? Annuities can offer different types of guarantees, depending on the contract. Common guarantees include **protection of your principal**, a **minimum interest rate**, **guaranteed lifetime income**, or a **guaranteed death benefit** for your heirs. It's critical to understand exactly what is guaranteed and under what conditions — versus what is simply projected based on market performance. Guarantees are only as strong as the insurance company backing them, so reviewing both the promises and the insurer's financial strength is key.

What riders are available, and what is their cost? Common riders offer features like guaranteed lifetime income, **enhanced death benefits for heirs**, or **long-term care coverage** if your health needs change. Some riders are included automatically, while others have an additional cost, typically **ranging from 0.5% to 1% of your account value** annually. It's important to understand exactly what each rider provides, how it impacts your annuity's performance, and whether the added benefit is worth the fee.

Not sure what option fits you best? Keep reading for a checklist to evaluate your needs-or speak with a licensed advisor.

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How does this annuity fit into my bigger financial plan?

What happens to the annuity if I pass away?

It depends on the type of annuity and whether you've added a death benefit or named a beneficiary. ***Without a beneficiary, the remaining balance may stay with the insurance company.*** With the right setup, your loved ones can receive the remaining value.

How is the annuity taxed?

Annuity earnings grow tax-deferred, but withdrawals are taxed as ordinary income. If you take money out before age 59½, you may also face a 10% IRS penalty. ***Non-qualified annuities (funded with after-tax dollars) only tax the earnings portion.***

Does the annuity offer inflation protection?

Some annuities include features that help your income keep pace with rising costs, such as cost-of-living adjustments or inflation riders. Without this, your payments may lose purchasing power over time. It's important to know how your annuity handles inflation.

Is there a free-look period if I change my mind?

Yes—most annuities offer a free-look period, usually 10 to 30 days. This gives you time to review the contract and cancel for a full refund if you're not comfortable with the terms.

🎯 "Think annuities are "bad"? *Surprise!* You've had one brewing for years—it's called Social Security.

▶ Red Flags to Watch for in an Advisor

Not all advisors have your best interests at heart. Be cautious of anyone who seems more focused on selling a product than understanding your financial goals. If they push a single solution without exploring your full picture—or can't clearly explain why it's right for you—pause and ask more questions.

▶ Google your advisor like it's a bad date

If you wouldn't trust someone with your Netflix password, don't hand over your retirement. Look them up on BrokerCheck or with your state insurance office. If they've racked up complaints or barely have any time in the business—run.

▶ "Bonus!" is not a financial plan. It's a shiny object.

If they start the convo with "You get a 20% bonus!" without showing you the catch, that's a red flag wrapped in a glitter bow. Bonuses often come with strings—like high fees, strict rules, and limited flexibility. Don't get dazzled. Get details.

▶ They push a product before asking about your goals.

If you haven't even finished saying "retirement" and they're already printing out an application... girl, they're not planning your future—they're chasing a commission.

▶ They discourage second opinions.

If they say, "Don't talk to other advisors, they'll just confuse you," congratulations—you've found the Tinder Swindler of annuity sales.

Just because someone's rocking a fancy title like CFP®, financial advisor, or insurance guru doesn't mean they're automatically a financial saint. Titles are great—but integrity's better. Whether they're wearing a suit or rocking a polo at a coffee shop, every advisor has a duty to put your best interest first. That's non-negotiable. Sadly, bad advice can come from any corner, so don't get dazzled by credentials alone—look for **clarity, transparency, and a genuine plan that actually works for you.**

Congratulations! You've made it through the jungle of annuity info—go you! 🎉 **But before you ink anything** with an advisor, here's your last line of defense (and your financial glow-up move):

Do a Background Check, Boss

Not all suits are created equal. Some are more "Wolf of Wall Street" than wealth planner.

Run their name through FINRA BrokerCheck

brokercheck.finra.org or **State Department of Insurance.**

Check for complaints, licenses, and whether they've ever mysteriously "changed firms" three times in one year...

Ask Yourself:

- **Have I been shown multiple options?**
- **Did they explain surrender fees, payout options, and taxes?**
- **Do I feel educated, not pressured?**

Let's Talk Strategy

Still unsure or want a second set of (non-salesy) eyes on your current annuity?

Book a complimentary Annuity Audit with me. I'll break it down without the jargon or pressure. Just facts, your goals, and a plan that actually fits you. Your future self will thank you.



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