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Allstate Products / Annuities / Fixed Annuities

Fixed Annuities

A fixed annuity provides a guaranteed interest rate* for a fixed period of time. Hereâ€™s how it works: You give a check to an insurance company, and they invest it. The interest rate you are paid will be periodically adjusted up or down, but it will never go below the guaranteed rate. As a result, you will always receive a guaranteed minimum level of return.

A Fixed Annuity Might Make Sense for You If:

â€¢ You are looking for a competitive interest rate backed with safety of principal and interest.

â€¢ You want accelerated growth that comes with tax deferral.

â€¢ You are planning for retirement and will most likely not withdraw the money until youâ€™re age 59Â½.

â€¢ You like the idea of having your fixed annuity pay out periodically.

â€¢ You want your beneficiary to receive money without the delay and expense of probate.

How Fixed Annuities Work

1. You open a fixed annuity by paying an initial premium to an insurance company. You can fund an annuity through lump sum or installment payments.

2. The insurance company invests your premium, but it assumes all the risk. You are guaranteed a minimum return, regardless of how the investments in your annuity perform.

3. Your investments grow tax-deferred. You pay taxes only when you withdraw your money from the annuity.

4. When your annuity matures, you can begin drawing fixed payments from the insurance company. If you withdraw early, any income withdrawn will be subject to ordinary income tax and may be subject to a federal early withdrawal penalty.

5. You choose the length of your payout period. You can receive payment in a lump sum, over a fixed period of years, or for the rest of your life. How you choose to receive your payment will impact the total amount that youâ€™ll receive.

6. If you should pass away before your annuity matures, your estate or beneficiary will still receive the benefits. Your beneficiary will receive an agreed-upon payment. The size of the payment will depend on the amount paid in and the value of your investments.

The Beauty of Tax Deferral

How important is tax deferral in achieving your long-range financial goals? The chart below shows how money in a fixed annuity can grow faster than in a taxable investment thatâ€™s earning the same rate of return. Your principal, earnings and the money you would otherwise pay in taxes each year all remain in a fixed annuity to compound in value as the years go by.

You will have to pay taxes on your earnings when you withdraw the money.* But chances are you will be in a lower tax bracket then and will pay taxes at a lower rate than you would today.

I'm Here When You Need Me

I can offer you my expertise in choosing insurance right for your unique situation. And, when you have a question, concerr need help with any of your policies, Iâ€ᵀ just a phone call or e-mail away.

Call me at (773) 525-1135
Send an e-mail or visit my office

According to the U.S. Census Bureau (2003), Americans are living longer. In 1990, only 37,000 Americans were age : or older. In 2050, approximately one million Americans are projected to be 1(years or older.

Having enough money to last until youâ€™re 100 takes planning, and annuities are a great way to help ensure you have income for a lifetime.