

# Talk of the Town

## Annuity Myths - Part 1



James D. Stillman

Hi folks,

Quick, everyone run for the hills! Hide the women and children! I said that evil word again, **ANNUITY!** I'm sure most of you have heard that annuities are bad, right? But those of you that know me know that I speak highly of them *when used for the right reasons* (just like any other financial vehicle). Here's one thing I can tell you, annuities are both good and bad; again, just like any other financial vehicle.

Annuities are probably one of the most misunderstood products in the investment/insurance world, and it seems like everyone has either a good or bad opinion of them, with not much

middle ground. How do I know this? Well, I'll admit that I'm a self-professed "annuity geek"! I've spent a good bit of my 20 year career learning about the pros & cons of proper annuity planning, especially when it comes to retirement strategies, which is what we focus on at JDS.

My firms help retirees with insurance planning, income planning, and we work with institutional wealth managers on the investment side. The bottom line is that a retirement plan needs a blend of all the above to be successful in any economy.

There are basically **four kinds of annuities** to consider before we even begin to discuss some of the common annuity myths we often run across:

1. **Immediate Annuity** – Think pension (lifetime income, no access to money)
2. **Fixed Annuity** – Think CD (fixed rates, deferred lifetime income)
3. **Variable Annuity** – Think mutual fund (exposure to market risk, deferred lifetime income)
4. **Fixed Indexed Annuity** – Think of this as a blend of features (safe indexed returns, deferred lifetime income)

So, let me lay out the common annuity myths that we hear day in and day out. Most of these are what I like to call "Wall Street happy talk" or "Wall Street talking points". Most have little to no merit and are simply designed as a tactic to steer people away from annuities by those that have little clue of when, why, and how to use them properly. There I go again with challenging the status quo. Let's be logical about it, though; do you think that people who aren't even licensed and educated about an entire category of products should be considered a valid source of advice on that product? Because that's the case with a lot of the brokers who tell people that "annuities are bad".

Below I've stated the "Common Annuity Myths". I'll explain each one in a future article.

- A) "Annuities are bad". Now that's a blanket statement if I ever did hear one.
- B) Annuities "lock up your money" or "tie up your money". I love that one. It's pretty funny when you look at it with a realistic perspective.
- C) Annuities have "really high fees". This is another good one. Because all annuities are the same, right? Wrong!
- D) Fixed or Fixed Indexed annuities "are not regulated". That one must be a joke.
- E) Fixed or Fixed Indexed annuities "can never make any money". That's a pretty bold statement and totally incorrect.
- F) Annuities "are always sold and never bought". Really?

It's going to be fun going over each of these annuity myths in the coming months. I think you'll see that with a little common sense and knowledge about the different annuity products, why I can't help but laugh at some of the things said by those who usually don't have a clue and don't understand that not everyone is in love with Wall Street.

Feel free to check out our website for a ton of information, lists of our free reports, our uploaded radio shows, to request a copy of my book "Finding Safe Harbor in Retirement" or a free consultation, or to sign up for any of our upcoming seminars.

Make sure to read next month's article for more detail on the above annuity myths.

**And, as always, remember: The purpose of the money dictates where you put it!**

Until next month,

James D. Stillman

### "Social Security Decisions"

Thursday April 7th & Tuesday April 12th  
(Check-In at 5:30pm, Doors Close at 6:00pm)



Mickey & Mooch - Huntersville

**Register Now! Space is limited!**

Please RSVP no later than 3 business days prior to your preferred event for you and up to 3 guests, ages 55+

To RSVP: Call (704)660-0340 or email  
matt@jdswealthmanagement.com

Paid Advertisement



Wealth Management Corp.

(704) 660-0214  
jdswealthmanagement.com  
119-F Poplar Pointe Drive  
Mooresville, NC 28117



James D. Stillman is a licensed insurance professional, Registered Financial Consultant and Investment Advisor Representative. He is the founder and president of two companies: JDS Enterprises, Inc. and JDS Wealth Management Corporation, a Registered Investment Advisory Firm. All content is intended for informational purposes only. Guarantees apply to certain insurance and annuity products (not securities, variable or investment advisory products) and are subject to product terms, exclusions and limitations and the insurer's claims-paying ability and financial strength.