

Annuities

A guaranteed source of income for life—discover the security and stability annuities can provide.

Generating income for your future.

When you're ready to develop a plan for retirement, it's important to determine how much money you'll need to cover everyday expenses, discretionary spending, and unexpected emergencies. Having multiple sources of income can help you maintain your standard of living and enjoy the lifestyle you want throughout retirement. Choosing an annuity is a smart way to add stability, security, and predictability to your financial plan and can provide guaranteed income for life.

An annuity can also supplement a 401(k) or Individual Retirement Account (IRA) as an additional vehicle for tax-deferred growth. Depending on the annuity you choose, you may be able to lock in a guaranteed growth rate or tie growth to market performance.

TD Ameritrade offers competitively priced annuities from established insurance carriers. If you're considering purchasing an annuity, our dedicated team of licensed specialists can help you determine if it's the right solution to fit your needs.



Features and benefits of annuities.

While annuities can differ based on a range of factors, common features and benefits can include the following:

Hedge against market fluctuations.

Depending on the type of annuity and the features you select, annuities can offer several different guarantees that provide protection during market downturns. These guarantees typically come at an additional cost and may include guaranteed growth, guaranteed principal protection, or a stream of income that is guaranteed for life and will never decrease.

Tax benefits.

Annuities offer tax-deferred growth potential, which means your money can compound and grow tax-deferred until a withdrawal or an annuitized payment is made. Payments may also provide tax advantages because the portion of a payment that is principal is typically excluded from income tax.

Guaranteed income for life.

An annuity is the only investment product that can provide a guaranteed stream of income for life. How much your regular annuity payment will be depends on the type of annuity you select, how much you invest, how your investment performs prior to receiving payments, and which features you add (such as opting to transfer your payments to your spouse in the event of your death).

Higher payouts than comparable investments that provide income.

Annuity payments include interest and a portion of your principal contribution and may even continue after you've recouped your principal. That's because the insurance company pools together people who own an annuity, subsidizing those who live longer with money from those with shorter lives.

Note: Annuity payments are subject to income taxes. In addition, withdrawals made before age 59½ are subject to all taxes and have a 10% early withdrawal penalty on gains and pretax funds. However, there is no penalty on the principal amount funded with after-tax dollars.

Annuity basics.

An annuity is a contract between you, the purchaser, and an insurance carrier that's designed to provide a steady stream of income during retirement.

How does an annuity work?

Annuities have two phases—one for “accumulation,” or growing your investment, and another for “annuitization,” the payout phase.

Accumulation phase: During the first phase of an annuity, you make contributions in order to build the annuity’s value, and it can also grow from interest and market gains. Depending on the type of annuity you have, you may be able to make withdrawals on the contributions and earnings during this time.

Annuitization phase: In the final phase, you give up access to the liquid assets of the annuity in exchange for a guaranteed series of ongoing payments that can last a lifetime. Some people never annuitize for various reasons, such as choosing instead to keep their annuity in the accumulation phase so they can keep making withdrawals or to pass on the entire amount to their beneficiaries.

Types of annuities at TD Ameritrade.

Single premium immediate annuity: Purchased with a single lump-sum payment in exchange for a stream of guaranteed income that begins almost immediately, thereby skipping the accumulation phase.

Deferred income annuity: Can be purchased with a lump sum or series of payments in exchange for a stream of guaranteed income that is delayed, or “deferred,” until a predetermined date chosen by the purchaser.

Fixed deferred annuity: Earns interest at a rate that is guaranteed by the insurance company and locked in, or “fixed,” for a specific period of time.

Variable annuity: Offers tax-deferred growth potential that is based on market performance of investments you choose inside the annuity. Variable annuities at TD Ameritrade offer more flexibility to withdraw funds than other annuity types and also offer optional guarantees at additional cost.

Fixed index annuity: Guarantees the safety of your principal with the potential to earn interest based on the positive performance of an index.

Which annuity is right for you?

When thinking about which kind of annuity can work for your long-term financial goals, you may want to consider when you'll need access to the money, what your risk tolerance is, and whether you want to leave a legacy for your heirs. Use this chart to help you determine which type of annuity is best suited for your financial objectives.

Benefit	Single premium immediate annuity	Deferred income annuity	Fixed deferred annuity	Variable annuity with optional GLWB benefit*	Fixed index annuity with optional GLWB benefit*
Offers guaranteed income for life	●	●	○	●	●
Offers a tax-advantaged income stream	●	●	○	○	○
Can provide a steady, guaranteed stream of income immediately	●	○	○	●	●
Can provide a steady, guaranteed stream of income at some point in the future	○	●	●	●	●
Locks in higher payout rates the longer you wait to receive payments	○	●	○	●	●
Growth potential tied to performance of underlying accounts	○	○	○	●	●
Asset growth compounds tax-deferred	○	○	●	●	●
Can provide a financial legacy for your beneficiaries	●	●	●	●	●
Offers access to your funds (prior to annuitization)	○	○	●	●	●
Additional tax penalty if receiving payments before age 59-1/2	○	○	●	●	●

● Strong Alignment ○ Partial Alignment** ○ No Alignment

*GLWB = guaranteed lifetime withdrawal benefit, available at additional cost

**For single premium immediate and deferred income annuities with period certain, installment refund, cash refund, or death benefit options

To learn more, visit tdameritrade.com/annuities or call an Annuity Specialist at 800-347-7496.

Personalized support. Competitive pricing.

When you purchase an annuity through TD Ameritrade,
our primary goal is to find the annuity that's right for you.

Our Annuity Specialists can help:

- Cut through jargon and provide answers
- Explain an annuity's benefits and drawbacks
- Determine if an annuity is appropriate for your situation
- Recommend an annuity based on your needs

Other benefits of purchasing an annuity through TD Ameritrade include:

- Access to a curated list of competitively priced annuities, including a selection of variable annuities with a base cost that is roughly 100 basis points lower than the industry average[†]
- The assurance that the annuities we offer are from high-quality insurance carriers: A.M. Best Company rating of A+/A++; Standard & Poor's rating of AA- or better
- Optional features such as lifetime income and inflation protection
- No surrender fees for variable annuities

[†]1.25% industry average according to a 2015 Morningstar Associates survey of 359 variable annuities.



Already have an annuity?

We may be able to save you money.

Our Annuity Specialists can review your existing annuity from another carrier to determine whether we can save you money in fees and potentially find a lower-cost alternative with our competitive solutions. They can also review your existing policy to make sure it aligns with both your goals and your long-term investing strategy.

Investors should consider any policy replacements or exchanges carefully, as charges and loss of benefits may be associated with surrendering an existing policy.

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SECURITIES AND INVESTMENT PRODUCTS

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MAY LOSE VALUE

Investors should carefully consider a variable annuity's risks, charges, limitations, and expenses, as well as the risks, charges, expenses, and investment objectives of the underlying investment options. This and other information is provided in the product and underlying fund prospectuses. To obtain a copy of the prospectus, contact an Annuity Specialist today at 800-347-7496 or email annuities@tdameritrade.com. Please read them carefully before investing.

An insurer's financial strength rating represents an opinion by the issuing agency regarding the ability of an insurance company to meet its financial obligations to its policyholders and contract holders. A rating is an opinion of the rating agency only and not a statement of fact or recommendation to purchase, sell, or hold any security, policy, or contract. These ratings do not imply approval of our products and do not reflect any indication of their performance. For more information about a particular rating or rating agency, please visit the website of the relevant agency.

All guarantees are based on the claims-paying ability of the insurer.

Annuities are long-term investments designed for retirement purposes. Withdrawals of taxable amounts are subject to income tax, and if taken prior to age 59 1/2, a 10% federal tax penalty may apply. Early withdrawals may be subject to withdrawal charges. Optional riders are available at an additional cost. An annuity is a tax-deferred investment. Holding an annuity in an IRA or other qualified account offers no additional tax benefit. Therefore, an annuity should be used to fund an IRA or qualified plan for annuity features other than tax deferral. Product features and availability vary by state. Restrictions and limitations may apply.

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