Variable Annuities

A variable annuity is a contract with an insurance company where you give them either a lump sum amount or a series of payments, which is then invested into subaccounts, which contain stocks, bonds or money market funds, or a combination of these. You get to choose how your money is invested by selecting from the list of subaccounts. Your money is then free to grow, tax deferred, until you withdraw it (usually after retirement) in a lump sum or series of payments. With variable annuities, potential risks are higher than fixed annuities, including loss of principal, but the potential returns are also higher. There is no guaranteed minimum rate of return as there is with a fixed annuity.

### How Variable Annuities Work

1. You open a variable 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 you choose how the money is invested. You can choose from among a variety of subaccounts that vary in their level of risk. You can move your money between subaccounts as your objectives change.
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 payments from the insurance company. If you withdraw early, you will have to pay penalties and taxes.
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 you'll receive. Because your investment is variable, your returns are not guaranteed.
6. If you die before your annuity matures, your estate or 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.

### Make the Most of Your Investment

Many variable annuities offer free services to help you plan your investment strategies.

- Automatic portfolio rebalancing will make automatic, periodic transfers between your subaccounts as needed to maintain the investment mix you originally asked for.
- Transfers among subaccounts. Many variable annuities allow you to move your money among subaccounts without a charge. Unlike some fund transfers, these transfers are tax free.
- When you invest an amount in a variable annuity subaccount on a regular basis, you can take advantage of dollar cost averaging, which can help even out the ups and downs of the market. You can potentially end up buying more investment units when prices are low and fewer units when prices are higher. The result can be that you achieve a lower average cost per unit for your annuity as a whole.

### How an Allstate Personal Financial Representative Can Help

Faced with variable annuities—which one is right for you? I can help you decide which product is right for your situation.

### Late-Start Investors Can Catch Up

Late-starters a chance to catch up.

With most annuities, there isn’t a contribution limit. You may contribute as much as you want to an annuity subject to company approval for contributions over $1 million. This is especially appealing to late-start investors, people who’ve waited until their 40s or 50s to start saving for retirement. Unlimited contributions can give late-starters a chance to catch up.

### Meeting Your Retirement Needs

As your Personal Financial Representative, I’m licensed to sell financial products, such as IRAs, mutual funds, variable insurance products and more. This means you can take care of a wide variety of your insurance and financial needs at one convenient place. If you’re thinking of retirement, savings or protecting your family and assets, please contact me today. I will be happy to help you identify solutions to help meet your needs.

To contact me, please call me at (773) 327-4843 or send an e-mail to renisputz@allstate.com.