



ANNUITYVERSE
PROTECT | SECURE | DIVERSIFY



The 2026 Annuity Consumer Guide

From Annuityverse

*The Smart Consumer's
Roadmap to Annuities
& Retirement Income
Security*

Protect. Secure. Diversify.

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Annuityverse LLC is an independent annuity and insurance agency based in San Antonio, Texas supported by a network of licensed specialists serving clients across the United States.

01.

Introduction – Why Annuities Matter in 2026



The Retirement landscape is shifting



Traditional Pensions are increasingly rare.

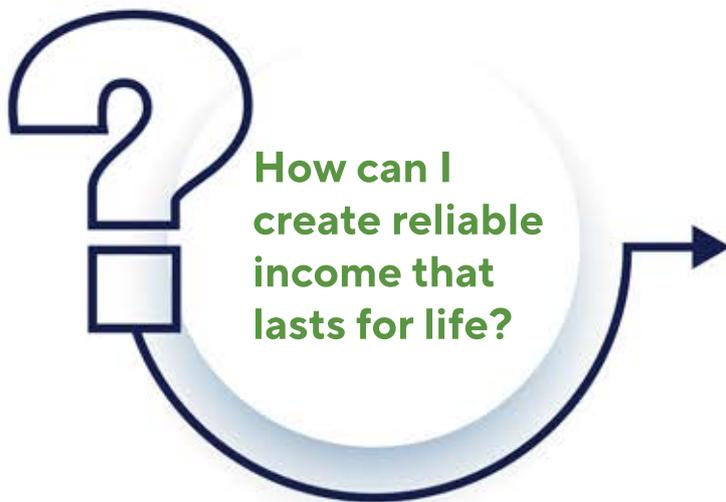


Social Security faces funding challenges



Market volatility and inflation create uncertainty.

For retirees, these issues raise a critical question:



How can I create reliable income that lasts for life?

Annuities can help provide the answer. They are not magic solutions or perfect for every situation – but when used appropriately, they can:



Provide guaranteed lifetime income.



Protect assets against market downturns.



Offer greater stability and peace of mind in retirement

02.

Retirement Happiness & The Guaranteed Income Advantage

Research has shown that retirees with guaranteed lifetime income – from pensions or annuities – report greater happiness, better health, and longer lives!

• Greater Peace of Mind:

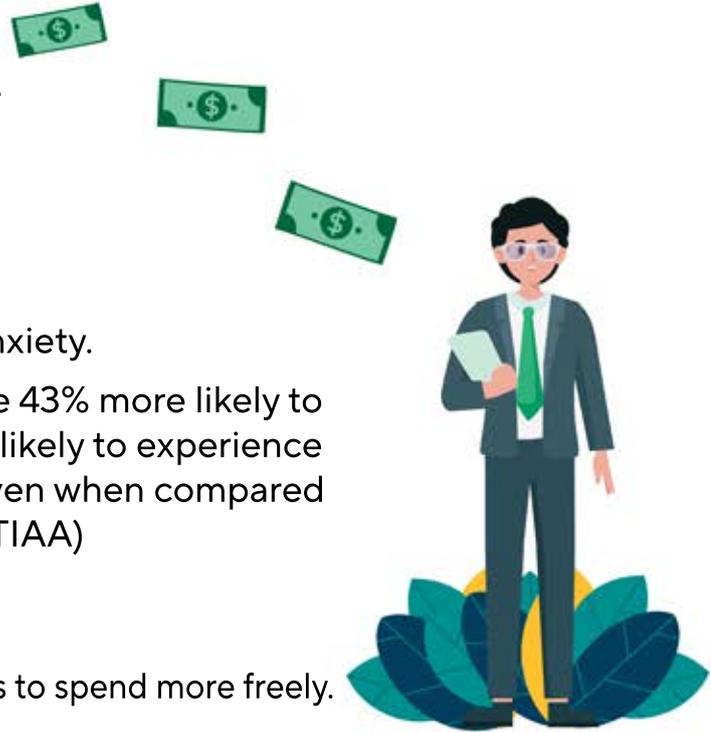
- Predictable paychecks reduce financial anxiety.
- In fact, retirees with annuitized income are 43% more likely to report being “very satisfied” and 39% less likely to experience symptoms of depression in retirement—even when compared to wealthier peers without such income. (TIAA)

• Confidence to Spend:

- Steady, guaranteed income empowers retirees to spend more freely.
- In fact, retirees are far more likely to spend confidently when income is guaranteed.
- Research shows that each dollar of guaranteed income enables nearly twice as much additional spending as a dollar held in investments, due to spending fears about market volatility and outliving our savings.

• Longer Lifespans:

- A 65-year-old male in the U.S. who purchases a lifetime income annuity to cover essential expenses can expect to live up to 20% longer than a 65-year-old male who doesn't.
- Whether related to stress reduction, or that lifetime income incentivizes retirees to live longer, healthier lives, studies consistently show the benefits of income annuities go beyond just dollars and cents.



Sources:

1. Patrick Tricker, “Annuities and Moral Hazard: Can Longevity Insurance Increase Longevity?” TIAA, 2025.
2. Journal of Financial Service Professionals, July 2018.
3. TIAA, 2022 Plan Sponsor Listening Tour.
4. David Blanchett and Michael Finke, “Guaranteed income acts like a license to spend,” 2024.

03.

What is an Annuity?

In essence, an annuity is a financial contract with an insurance company. You invest money – in a lump sum or installments – and in return the insurer provides:



Growth (tax-deferred)

During the accumulation phase.



Guaranteed Income

During the distribution phase

• Key Features:



Issued by Insurance Companies



Guarantees backed by insurer's financial strength



Income can be immediate or deferred



Think of annuities as a way to transfer certain financial risks to an insurance company, such as outliving your savings in retirement, or losing money due to market downturns.

04.

How Annuities Work – Accumulation & Distribution

• Accumulation Phase:

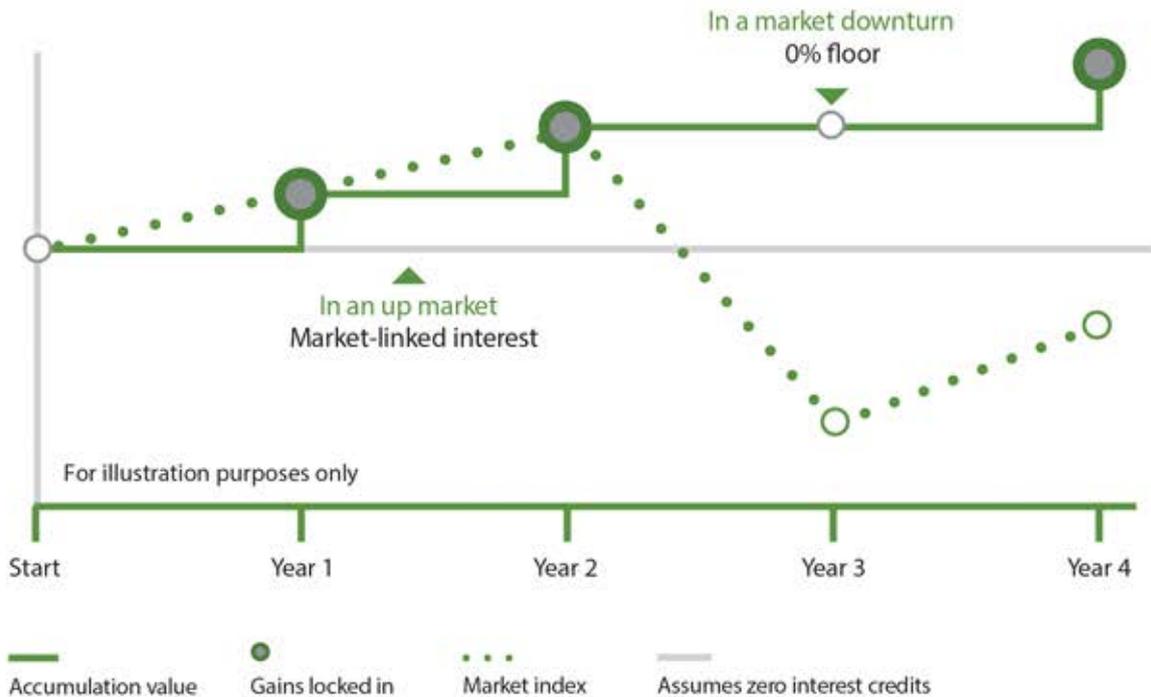


Your money grows inside the annuity



Growth may be fixed, market-linked, or variable depending on type of annuity

For example, in the case of a Fixed Index Annuity (FIA) growth is linked to a market index (like the S&P 500®) while principal and interest are protected from market losses as shown below, making FIAs a unique fixed income option:



• Distribution Phase:

In retirement, the contract can be converted to income. Options include:

- Life Only (payments for your lifetime)
- Joint Life (for you and your spouse)
- Period Certain (fixed number of years)
- Lump sum or periodic withdrawals

05.

Types of Annuities – Pros, Cons, & Best-Fit Scenarios

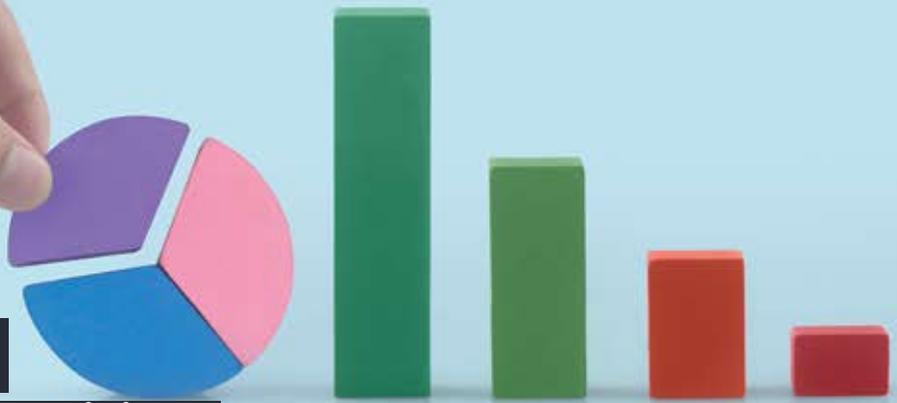
	Pros	Cons	Best for
Fixed Annuities (FAs)	Guaranteed Rate, Safe, Predictable	Lower returns, Inflation Risk	Conservative Investors
Fixed Index Annuities (FIAs)	Growth linked to a market index downside protection	Moderate complexity (caps, and participation rates)	Moderate risk investors seeking growth + safety
Variable Annuities (VAs)	Highest Growth Potential, investment flexibility	Money can lose value, Higher Fees	More aggressive investors with higher risk tolerance
Single Premium Immediate Annuities (SPIAs)	Income payments start right away (within 1 year)	Loss of access to principal, irrevocable once purchased	Retirees needing pension-like income now
Deferred Annuities	Payments may begin later – or never - allowing for compounding and tax-deferred growth	Requires patience, may lock money up.	Pre-retirees planning ahead, OR retirees seeking growth only (vs. income)



TIP: FAs, FIAs and VAs have both accumulation and distribution phases, while SPIAs have only distribution phase.

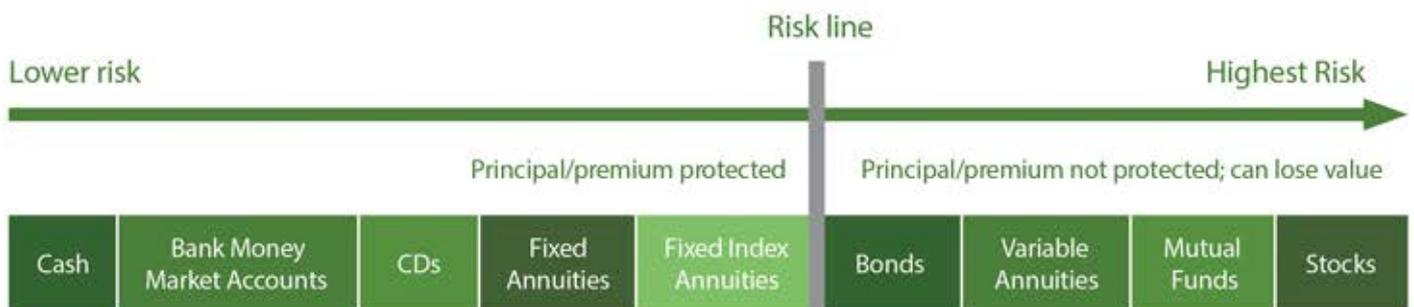
06.

Risk vs Return Spectrum for Annuities



• Balancing Safety and Growth

Many retirees are surprised to learn that not all annuities carry the same level of risk.



This chart compares common financial instruments—from low-risk cash equivalents to higher-risk equities—showing where Fixed Annuities (FAs), Fixed Index Annuities (FIAs), and Variable Annuities (VAs) fit along the investment risk continuum.

💡 It's important to balance preservation with growth potential in accordance with your goals, risk tolerance and time horizon, deploying the right amount of money in different areas to ensure a successful retirement.

07.

How Annuities Are Taxed



• One of the most common questions about annuities is:

How will my annuity be taxed?

The answer depends on two key factors:

1. Whether your annuity was purchased with qualified or non-qualified money.
2. How withdrawals or income payments are taken.

Qualified Annuities

A qualified annuity is funded with pre-tax retirement money – typically from an IRA, 401(k), or other tax-deferred account.

- Contributions:** Made with pre-tax dollars.
- Growth:** Tax-deferred (you don't pay taxes each year on earnings).
- Distributions:** 100% taxed as ordinary income when withdrawn.

Required Minimum Distributions (RMDs):

You must begin taking withdrawals starting at age 73 (per IRS rules).

 *Think of a qualified annuity like a traditional IRA that just happens to be inside an insurance contract.*

Non-Qualified Annuities

A non-qualified annuity is funded with after-tax money (e.g., from a savings or brokerage account).

- Contributions:** Already taxed, so you don't pay tax on your principal when you withdraw it.
- Growth:** Tax-deferred (you don't pay taxes annually on gains).
- Distributions:** Earnings are taxed as ordinary income when withdrawn; principal is tax-free.

Tax Deferral:

Can be a powerful tool to allow non-qualified assets to grow and compound during accumulation years.

Example:

If you invest \$100,000 in a non-qualified annuity, and it grows to \$160,000:

- Your \$60,000 of growth will be taxed first as ordinary income when distributed.
- Your \$100,000 original contribution comes out tax free.
- Annuitized Payments: If you convert your non-qualified annuity to an income stream, each payment is considered part principal (tax-free) and part growth (taxable), as determined by an "exclusion ratio".

 *Tip: For details on RMD rules for IRA owners and beneficiaries, refer to IRS Publication 590-B (2024)*

08.

The Real Costs of Annuities – Fees, Surrender Charges, & Tradeoffs



Surrender Charges:

Penalties for withdrawing too soon, which usually decline over contract term



Market Value Adjustment (MVA):

Can increase or decrease surrender charges, depending on changes in interest rates



Mortality and Expense (M&E) :

Specific to Variable Annuities (VAs), these fees pay for administrative costs and overhead, as well as a guaranteed death benefit if account value goes down



Rider Fees:

Add-ons like guaranteed lifetime income, enhanced death benefit, or long term care protection usually come at an extra cost

 Note: Many annuities have no fees at all, with insurer costs and overhead covered by an 'interest spread.' This is the difference between what an insurer earns on your money, and what is credited to your account.

 Tip: Any fees should always be clearly explained by your agent and stated in an illustration and annuity contract.



09

Common Financial Risks in Retirement



Market Risk:

Risk of losing money in non-guaranteed investments, like stocks, mutual funds, and ETFs



Sequence of Returns Risk:

A subset of market risk that can affect retirees experiencing poor market performance in the early years of retirement, accelerating account depletion



Inflation Risk:

Money loses purchasing power over time, increasing prices and eroding the value of a dollar



Longevity Risk:

The risk of outliving savings due to overspending, poor market performance or both



Long Term Care Risk:

Unexpected medical or extended-care needs can strain resources, and drain retirement savings



Liquidity Risk:

The risk of funds being locked in or unavailable without a penalty, as with CDs, annuities, and some investments



Important: There's no single financial product to 'magically' address all financial risks. That is why it's critical to have a retirement strategy that balances risks and trade-offs based on your goals, needs, and tolerance for risk.

10.

Glossary of Annuity Terms



Owner(s):

The individual(s) opening and funding an annuity



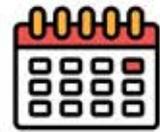
Annuitant(s):

Person(s) receiving payments.



Accumulation Phase:

Growth period before income starts.



Distribution Phase:

Payment period.



Rider:

Add-on feature (e.g., income rider).



Surrender Charge:

Fee for early withdrawals.



Qualified Annuity:

Funded with pre-tax retirement dollars.



Non-Qualified Annuity:

Funded with after-tax dollars.



11.

Retirement Income Security: The EASI Way

At Annuityverse, we have a time-tested 'EASI' process to help you gain the clarity you seek, and make informed decisions about your financial future:

■ EDUCATE

We answer all your annuity questions in plain English, covering features, benefits, drawbacks, and fees without confusing jargon.

■ ASSESS

We'll discuss your financial situation, goals, needs, and preferences to identify any income gaps or risks that should be addressed.

■ STRATEGIZE

We develop a personalized recommendation to address any gaps and discuss which annuity type may fit best with your retirement income and protection strategy.

■ IMPLEMENT

We guide you through the selection and application process, ensuring you understand the fine print, and that you receive ongoing service and support.



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12.

Annuityverse & Our Commitment

At Annuityverse we work for you, and define success one client and one household at a time. You can always expect:

- **Independence** – We represent more than 40 insurers and aren't beholden to any one company.
- **Transparency** – We provide full disclosure of all material facts, including fees and tradeoffs.
- **Professionalism** – All consultants are licensed, experienced, and make recommendations in your best interest.

13.

Set up your Complimentary Review Today



Don't leave your financial future to chance.

Schedule your retirement income review with an Annuityverse consultant to discuss:

- Any gaps in your retirement income strategy
- How to balance growth, safety, and flexibility in retirement
- Which annuity options may best suit your goals and circumstances



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