



You May Like Annuities — You Just Don't Know It Yet

Most people want protected income for life. Few realize that's what annuities provide.

People rarely request annuities by name, but when folks describe what makes retirement feel secure, they're really talking about the benefits annuities provide.

When asked what they want to do in retirement, they say, "I want to live a full life, spend more time with grandchildren, travel, stay active, and pay bills with ease."

But when asked what financial security means, more personal words emerge: "I want to feel safe and secure. I've made smart, responsible decisions. I'm optimistic and proud of what I've achieved."

These emotions offer a better way to see an annuity: as reliable income, like Social Security or a pension, that helps protect what matters most in retirement. Once you view it as steady income rather than just another financial product, its unique role in retirement becomes clear.

Knowing you have income makes you feel safer. Choosing to protect some of your income shows responsibility. And looking ahead with confidence instead of concern sparks the optimism and pride that many say matter most in retirement.

Given \$100,000, Most People Pick Steady Lifetime Income

The gap between what people want and what they know about annuities is significant, but a clear explanation helps. According to research from LIMRA, this disconnect is widespread. Even though people's knowledge about annuities is limited, their behavior points directly toward annuity benefits.¹

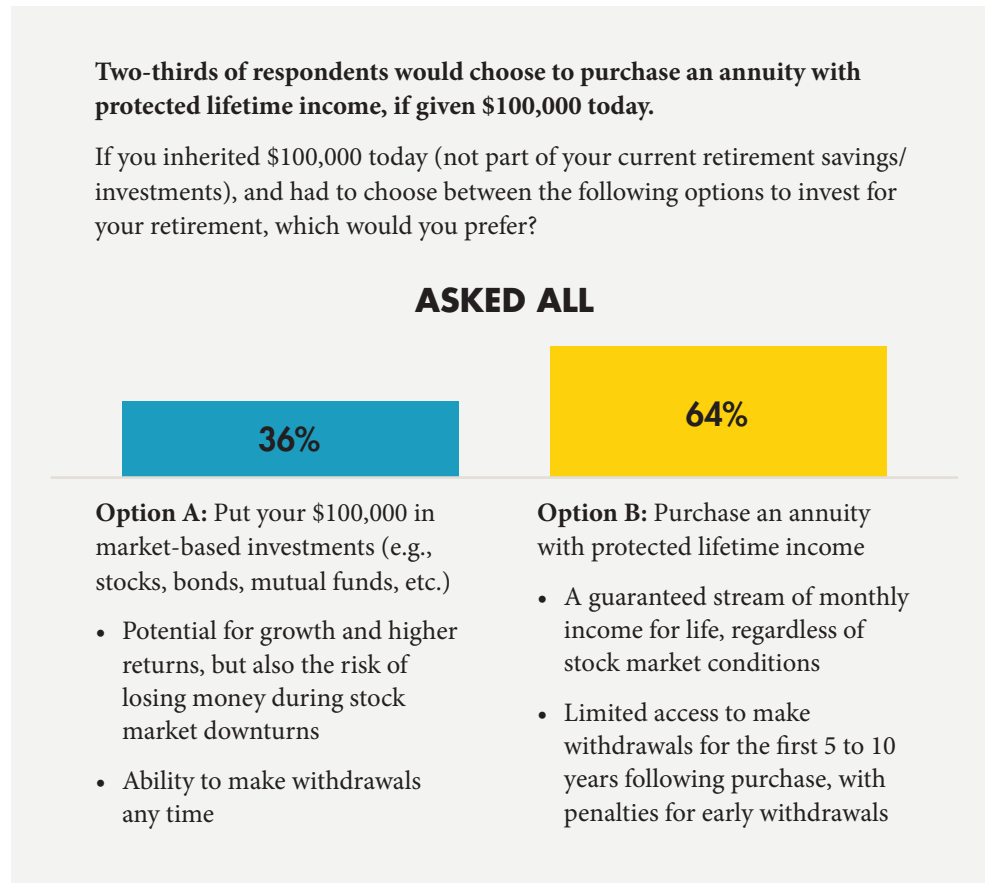
Here's the test: Imagine you suddenly inherit \$100,000. You have two choices:

- **Option 1:** Use the money to buy an annuity with protected lifetime income.
- **Option 2:** Invest in the markets for potential growth with no income guarantee.

When researchers posed this exact scenario, nearly two-thirds of consumers selected the lifetime income option (Figure 1).

¹ Source: *Protected Retirement Income and Planning Study*, LIMRA, 2025.

Figure 1 — Consumers Prefer Protected Lifetime Income



Better Communication Means Better Outcomes

Ninety-one percent of financial professionals say they understand annuities well. Yet only 50 percent of consumers report the same familiarity, and even among those who work with a financial professional, just 60 percent feel they understand annuities.

If you've felt confused about annuities, you're not alone. More than half the respondents in the PRIP study say they don't know much about them. But once people see a simple definition or example (Figure 1), their interest rises because lifetime income mirrors the way they describe financial security.

Try this: If you have questions about annuities, ask your financial professional to explain them in terms of protected income.

Uncertainty Is Up, and So Is Interest in Annuities

If you've been feeling the squeeze from higher costs or wondering what the market might do next, you're not alone. In fact, people between 45 and 75 say their biggest retirement worries are inflation, healthcare costs, and the risk of outliving their money. That's why more Americans are looking at annuities as part of the solution. Annuities offer protected income you can count on, even when the economy feels unpredictable.

Financial professionals are noticing the same trend. Two-thirds say they've adjusted their retirement strategies in the past year, and half of them are adding more annuities into client plans. The shift shows up in national numbers too: Annuity sales reached record highs this year, according to LIMRA research.²

² Source: "U.S. Retail Annuity Sales Top \$460 Billion in 2025, Marking Fourth Year of Record Sales," LIMRA, 2026.

Annuities and the New Tax Break: What to Know

The One Big Beautiful Bill Act, signed into law in July 2025, created a new tax deduction for adults 65 and older. But you only benefit if your taxable income stays under certain limits (Table 1).

Table 1 — The New Senior Deduction*

Key point	What it means for you
Extra deduction	\$6,000 (single)/\$12,000 (couple), ages 65+, available 2025–2028
Income limits	Full deduction if taxable income ≤ \$75,000 (single) or \$150,000 (couple)
Phase-out	Deduction shrinks above those income limits; ends at \$175,000 (single) or \$250,000 (couple)
Why it matters	May reduce or even eliminate federal tax on Social Security benefits
How annuities help	Gives you control over when taxable income appears on your tax return

* Adds to existing deductions. Check with your tax professional. Hypothetical illustration for educational purposes only.

Ken Nuss, CEO of AnnuityAdvantage, wrote in Kiplinger.com that annuities offer two ways to help you qualify for the new deduction and keep more of your retirement income working for you. First, know that there are two types of accounts for tax purposes: qualified and nonqualified (Table 2).

Table 2 — Qualified Versus Nonqualified Accounts

Type	What it means	Examples
Qualified	Money in retirement accounts where you haven’t paid taxes yet on contributions. Taxes are deferred until you withdraw.	IRAs, 401(k)s
Nonqualified	Money saved outside retirement accounts; you’ve already paid tax on contributions. Earnings — like interest, dividends, and realized capital gains — are generally taxable in the year they’re earned.	Bank CDs, brokerage accounts, mutual funds*

* Deferred annuities are an exception — their earnings are tax-deferred until withdrawn.

Two Annuity Options That May Help With the New Deduction

1. Reducing Taxable Income | Nonqualified Deferred Annuities

Interest earned on most savings accounts or CDs get added to your taxable income every year. A nonqualified deferred annuity works differently because earnings stay off your tax return until you withdraw funds. By delaying that income until a later date, you may stay under the new limits and qualify for the deduction. Meanwhile, you can continue building tax-deferred savings in the annuity.

2. Postponing Required Minimum Distributions | Qualified Longevity Annuity Contracts

Retirees are required to begin taking minimum distributions from most retirement accounts once they reach a specific age, with the starting point and penalties summarized in Table 3. With these required withdrawals, commonly referred to as required minimum distributions (RMDs), you must withdraw the money whether you need it or not, and those withdrawals count as taxable income.

The new deduction works only if your taxable income stays under the limits. These two annuities give you control over when that income appears on your tax return, helping you maximize the deduction opportunity. Always review tax strategies with a professional before making decisions.

These are just two examples of how annuities may work for you. The bigger picture is that they connect the dots between everyday concerns and long-term financial security.

What You Want Already Has a Name

Retirement planning is more than numbers on a page. It's about feeling safe, making smart choices, and looking ahead with confidence. That's why the idea of protected income resonates so strongly; it reflects that what people say is truly meaningful.

Whether you call it an annuity or protected lifetime income, the benefits are what matter. A financial professional can help you explore whether adding protected income makes sense for your future.

Table 3 — RMD Target Dates

Birth year	RMD start age	Penalty for missed RMD (%)
1950 or earlier	72	25% (10% if corrected)
1951–1959	73	25% (10% if corrected)
1960	75	25% (10% if corrected)

A qualified longevity annuity contract (QLAC) lets you set aside up to \$210,000 of retirement savings and delay RMDs on that money until as late as age 85. That means you have less taxable income in your early 70s, creating more room for the senior deduction. You can take the guaranteed income benefit later when you may need it most.

Annuities are long-term investments designed for retirement purposes. The value of variable annuities is subject to market risk and will fluctuate. Product guarantees are subject to the claims-paying ability of the issuing insurance company. Earnings, when withdrawn, are subject to federal and/or state income tax, including a 10 percent tax penalty for withdrawals before age 59½. Some income guarantees offered with annuities take the form of optional riders and carry charges in addition to the fees and charges associated with annuity products. There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses. Investments in annuity contracts may not be suitable for all investors.

