

## **What is an annuity? — Final notes**

### **Part 8 of 8**

As we have discovered in this series of articles, annuities come in “all shapes and sizes.” Once you become familiar with the many options available, it’s easy to see how you can customize an annuity to suit your needs. Here are a couple more options you could consider. The first concerns the accumulation phase; the second concerns your distribution options.

#### ***Guaranteed Minimum Withdrawal Benefit (GMWB)***

Some annuity contracts offer a living benefit option known as a guaranteed minimum withdrawal benefit. Clients who have purchased an annuity can add the GMWB option for an additional fee to help protect their income stream in retirement against market downturns. With this option, the annuity owner can receive an income stream each year regardless of their account balance. And the guaranteed minimum withdrawal benefit protects the income stream against possible market downturns without missing out on potential market gains.

#### ***Leaving funds on deposit***

If you don’t need retirement income immediately or if you want to preserve capital for your estate, you might be able to leave your retirement funds on deposit. The benefit? Your account can continue to grow tax deferred until you withdraw it for retirement income needs or required minimum distributions.

#### ***Which annuity is best for you?***

Given the many annuity choices open to you, it’s important to clearly understand the features and trade-offs that characterize different annuities. When you make a comparison of various annuities, make sure you compare all of the features that each annuity offers. Then decide for yourself which combination of features makes the most sense to you.

Be sure to read your annuity contract carefully when you receive it. As always, the best financial decisions are informed decisions. So if there’s anything about your contract you don’t fully understand, ask your annuity provider’s representative or financial advisor to explain it to you.

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