

# FIXED ANNUITIES FOR HIGH NET WORTH INDIVIDUALS



## Concerns for High Net Worth Individuals

Individuals spend years sacrificing and saving to build their net worth but can find their net worth decreasing due to downturns in the markets. These high net worth (HNW) individuals are looking for income and for safety of principal.

Diversification of investments, investment media, safety of principal, and limited market exposure are all part of the lexicon in which HNW individuals find themselves. Insurance and annuities have always been fundamental building blocks of personal financial planning but have been underutilized by the HNW market.

## Reasons for HNW individuals to consider fixed annuities as part of their financial plan:

- HNW individuals often take their pensions in a lump sum and do not have sufficient income for retirement, thus needing a source of funds for fixed expenses.
- Fixed annuities can provide guaranteed income through conversion to a Single Premium Immediate Annuity (SPIA) in the future.
- Provide guaranteed income with the ability to earn interest.
- Provide shelter income from being taxed until the owner decides to take the income.
- Provide limited risk to principal.
- Individuals avoid taking the money they need each year out of investments due to a fear of running out of money. Fixed annuities with minimum guarantees help individuals overcome this fear by providing withdrawal options that may be free of surrender charges.
- Provide the future principal required to take care of a surviving spouse, a child, or even charity.
- Provide can help protect capital, maintain access to funds (subject to surrender charge), and may provide a superior rate of return when compared to CDs and treasury bonds.

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- Split annuity strategies can replace CDs by replacing and enhancing the income through a SPIA, while the remaining principal grows back to the original sum in a fixed deferred annuity.
- Annuity wealth transfer allows individuals who have had annuities for a long period of time to use these annuities to fund a life insurance policy out of the HNW client's estate.
- Using an existing fixed annuity to fund a life insurance policy for loved ones can benefit family members while providing potential retirement income.
- May provide the security and financial comfort HNW individuals seek when they retire and should be a part of each individual's financial strategy.

**Fixed annuities should have a place in every HNW individual's situation!**

**Income that cannot be outlived and the ability to earn interest  
without the risk of loss make annuities a safe bet.**

The tax laws vary between spousal and non-spousal beneficiaries. Beneficiaries also have the flexibility to take out more than the minimum distribution at any time. Tax laws may change in the future. Neither American National Insurance Company nor its agents provide legal or tax advice. Consult your attorney or advisors before entering into any transaction. American National Insurance Company, headquartered in Galveston, Texas is licensed to conduct business in all states except New York. Business is conducted in New York by American National Life Insurance Company of New York, headquartered in Glenmont, New York. Each company has financial responsibility for only the products and services it issues.

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