

Annuities

Flexible Premium Deferred Annuity

What is a Flexible Premium Deferred Annuity?

Annuities are unique investment products that can help you save more for retirement, generate a guaranteed stream of income in retirement, or both. People saving for retirement may want to invest in this annuity after they have maxed out their 401(k) and IRA contributions. Assets in a fixed annuity offer a guaranteed rate of return for a number of years.

Why should I invest in a Flexible Premium Deferred Annuity?

Low minimum start up: A Flexible Premium Deferred Annuity can be started with only \$25.

Tax-deferred: All of the interest earnings accumulated in your annuity remain tax-sheltered until withdrawn.

Flexibility: You can make a single contribution or a series of contributions of at least \$25 each whenever you'd like. There is no contribution limit.

Lower tax bracket in retirement: Most people have a lower income in retirement than during their working years allowing your withdrawals to be taxed at a lower rate.

Who can contribute to a Flexible Premium Deferred Annuity?

Anyone can contribute, as long as you are between the ages of 0 through 85. You do not need to be employed or earning an income. You may also start an annuity for a child or grandchild.

How much may I contribute?

Tax-deferred annuities have no IRS contribution limits so you can contribute as much as you want.

Are the contributions deductible?

No. Contributions are not deductible, but earnings are tax-deferred.

When can funds be withdrawn from an Annuity?

Anytime. However, if you withdraw funds before age 59½ you will be assessed a 10% penalty tax by the IRS unless the funds are taken for:

- Death or permanent disability;
- Distribution of equal periodic payments over your life expectancy or the joint life expectancy of you and your beneficiary.

Federal law requires that the interest portion of your annuity be withdrawn and taxed first.

There is a UTUIA surrender charge of 5% for the first through third policy years, decreasing 1% per year through the seventh policy year. After seven years, 100% of the annuity value can be withdrawn without a UTUIA surrender charge. In addition, after the first policy year, 10% of the annuity value may be withdrawn once per policy year without a UTUIA surrender charge.

Do I have to be retired to make a withdrawal?

Absolutely not! It is not necessary to be retired to make withdrawals. After age 59½, you will be taxed only on the amount you withdraw each year on which taxes have not previously been paid. The remaining funds continue to accumulate tax deferred. You will benefit at retirement when you will most likely be in a lower tax bracket, therefore paying less tax.

When must I begin taking the required distribution?

There is no IRS required distribution with the Flexible Premium Deferred Annuity. Income payments are not mandated to begin at age 70½ like the Traditional IRA.

How may I receive annuity payments?

The UTUIA offers several options for how long you can receive payments from your annuity. You may choose one of several payment options to best serve your needs. Payments are made the first day of the month. If you, the owner, die prior to receiving a chosen payment option, the annuity value shall be paid to any surviving joint or contingent owner. If no joint or contingent owner has been named, then the annuity value shall be paid to the beneficiary named. This avoids expenses, delays and frustrations of probate.