

# The truth about income annuities in your retirement plan



## Guaranteed income for life<sup>1</sup>

Like most people approaching retirement, you probably have questions about what to do with your retirement savings and how to make it last. The good news is that your employer offers a lifetime income solution (also known as an income annuity)—a valuable solution that can help you retire confidently by guaranteeing an income stream in retirement.<sup>1</sup> You can elect this option at the start of retirement using all or a portion of your retirement plan savings.

Much like a pension, lifetime income solutions provide you with a monthly payment that's guaranteed for the rest of your life.<sup>1</sup> The income you receive from your income annuity will never run out, so you'll have the security you need to live the retirement that you want.

## Income annuities: Separating fact from fiction

There is a lot of misinformation about lifetime income solutions, and since they're not all alike, it's important to understand the facts about the income annuity available through your employer.

**Fiction** "Income annuities are bad investments compared to other financial options. I can do better on my own."

**Fact** While many people think that income annuities are a type of investment (like a stock or a bond) this is actually not the case. The income annuity available through your employer is an insurance product. Purchasing this product provides protection for all or a portion of your retirement savings and converts it into a reliable monthly paycheck that cannot be outlived. Even if the stock market goes up or down, you can rest easy knowing that your income will never change.



About nine in 10 retirees and pre-retirees feel it's valuable to have a guaranteed monthly income to pay their bills.<sup>3</sup>

**Fiction** “I will lose control over my finances if I purchase an income annuity.”

**Fact** You may actually gain more control over your finances. Purchasing an income annuity allows you to create a guaranteed stream of monthly payments that will last as long as you live.<sup>1</sup> The payment amount will never change and will allow you to budget for day-to-day living expenses.

**Fiction** “If I die after purchasing an income annuity, the insurance company keeps my money.”

**Fact** Your chances of living a long life are increasing all the time. And there are a number of flexible payment options available should you die before receiving the full amount you paid into the annuity.<sup>2</sup> For example, you may elect to have the balance of the premium you used to buy the annuity (minus any income payments you already received) returned to your spouse or beneficiary. In this instance, your spouse or beneficiary is guaranteed to receive at least as much as you put into the annuity. Another option is to have your income payments continue to your spouse upon your death. In this event, your spouse will continue to receive guaranteed income for the rest of his or her life.<sup>1</sup>

**Fiction** “It is not smart to purchase an income annuity product because it ties up my money.”

**Fact** Earmarking just a portion of your retirement plan savings to purchase an income annuity can provide you the security unavailable through investments alone. This way, you can keep the remainder of your retirement assets invested, yet accessible, for the financial flexibility you may need in retirement.

**Fiction** “Income annuities are overly complex and confusing.”

**Fact** Income annuities are simpler than you think. The predictable cash flow provided by a lifetime income product makes it easy to turn some of your assets into a steady “retirement paycheck” that replaces some of the monthly income you received while you were working. There are no investment decisions that you need to make or ongoing fees that you need to pay. And your monthly income payments will never change.

Contact your HR department to learn more about the guaranteed income options available in your retirement plan.

1. All guarantees are based on the claims-paying ability and financial strength of the issuing MetLife company.
2. The cost to elect these features is generally higher and the initial payments lower than for payment options selected without these features. Electing these features may also affect the tax calculation in payments received. Please consult your tax advisor.
3. MetLife 2022 Paycheck or Pot of Gold Study.

[metlife.com](https://www.metlife.com)

