

A New World of Retirement with Due Annuities



Over the weekend my siblings and I had our monthly phone call. Usually, it's pretty lighthearted. We check-in on each other, reminisce about our childhood, and make plans to see each other in person – it's been forever thanks to this stinking virus.

Things got a little serious during this call, however, as we began discussing retirement. My sister is hustling in order to retire early. My brother is taking the more conventional path. And, I'm all over the place.

We didn't get into a heated argument. It was just interesting to see how each of us viewed retirement differently. And, maybe that's what made the conversation somewhat awkward.

You see, talking about retirement is a real drag. There's dealing with post-work uncertainty, aging, and the grim inevitability of death. That alone is terrifying. But, you're also probably sweating how you're going to afford your

retirement as well.

Yeah. You have 401(k)s and IRAs. Maybe you're going to use your home as equity or plan to keep on working. Some of us are even banking on Social Security or a big inheritance.

Even if you're being responsible to a 401(k), that alone may not be enough to live off of. And, a lot of the other lies you tell yourself about retirement aren't guaranteed.

As my siblings went on and on about our individual retirement plans, I asked if either has them has ever considered an annuity. To my surprise, they hadn't. I was even more floored by the fact that they knew very little about annuities.

The lowdown on annuities.

Despite the fact that the concept of annuities has been around for centuries, I can't blame people for not being all that familiar with this retirement option. Since the 1980s, 401(k)s have been the de facto retirement plan for both employers and the self-employed.

That's beginning to change though. Because of the SECURE Act, annuities are heading to employer-sponsored plans like 401(k)s. So, right now seems like the best time to quickly explain what annuities are and how they work.

What are annuities?

An annuity is a contract between you and an insurance company. You either pay said insurance company a single payment or series of payments. In return, the insurer you'll give you a regular income stream down the road.

Just like when buying your annuity, you also have the option to receive the payment in one lump sum or a series of payments over time. If you go with the latter, you'll receive monthly payments for the rest of your life.

I should add that there are different types of annuities. Usually, they come in one of three flavors;

- Fixed annuity. With this type, you'll receive a guaranteed interest rate on your contributions from the insurance company. They're also regulated by state insurance commissioners.
- Variable annuity. Here your contributions are invested in a portfolio of mutual funds. As such, your payout will depend on how much you put in and how the market is performing. That means it will fluctuate. Variable annuities are overseen by the SEC.
- Indexed annuity. Also regulated by state insurance commissioners, this type is a hybrid of securities and insurance products. That just means that the insurance company will credit you with a return based on the stock market index.

I'll be honest. Annuities can get complicated real fast. So, if you want to dive in deeper, speak with a trusted financial planner or check out this convenient Ultimate Guide to an Annuity.

Why do people buy annuities?

Short answer? Annuities can be an effective way to “insure” your retirement. Mainly that's because with an annuity you will receive a guaranteed and steady income later in life. Knowing that you have this income to cover your essential expenses in retirement can be a huge sigh of relief.

Another reason? Annuities are tax-deferred. That's just a complicated way of saying that you don't pay taxes on the income and investment gains until you withdraw money from your annuity.

Also, annuities can be customized. For example, if you have a spouse or children, you can name them as a beneficiary. If so,

they'll receive your annuity payments after you pass.

Are the risks involved with annuities?

It might seem like I'm pushing annuities pretty hard. But, there are some drawbacks to be aware of.

First, there's always risk involved with investing. If you buy an annuity, you need to do your due diligence. All that means is making sure that the insurer is reputable and will be around for the foreseeable future.

Second, annuities can come with expensive charges and fees. These include;

- High commissions to the insurer that you purchased the annuity from – they're got to put food on the table too.
- Administrative fees for managing your account.
- Withdraw penalties, usually around 10%, if you take money out before age 59 $\frac{1}{2}$.
- Surrender fees if money is pulled out before a certain period of time.

And, finally, annuities should be considered when after you have addressed and maxed out the following retirement funds;

- Employer plan with matching.
- Roth IRAs
- Employer Plan
- Traditional IRA

If you have addressed the above and are looking to diversify your portfolio, then an annuity might be right for you. And, you can buy an annuity from insurance companies, national banks, brokerage firms, and mutual fund companies.

Of, you can save yourself the trouble and work with Due.

How Due is changing the annuity landscape?

Although the company has been around since 2015, Due are new players to the retirement game. But, don't let that dissuade you from buying an annuity from them.

For starters, the company has spent years putting this together. Why? In order to snag regulatory certificates. That's something that Acorns and definitely Bitcoin can't boast.

Additionally, Due invests your money into a Charles Schwab account. I'm sure you've heard of Schwab, they're a legit financial services company that's been around since 1971. So, I think they're going to stick around. From there, your hard-earned cash will be managed by two of the top investment firms in the nation: Blackstone (NYSE: BX), and ATHOS Private Wealth.

In short, you can trust that Due is reputable and secure. But, if you're still undecided, here's a couple of other reasons on how Due Annuities have ushered in a new world of retirement.

You don't have to meet with a financial advisor.

Who has time for this? Besides, a financial advisor might be steering you in the wrong direction. Not that you can blame them. They probably have a large number of accounts to manage, so you may not always be a top priority for them.

And, they have a tendency to push mutual funds. Or, if they do sell you an annuity, expect to reward them handsomely with a commission fee. That's in addition to the exuberant fees they charge just to meet with you.

That's not the case with Due.

You can open and manage your annuity plan whenever you want. Just simply input your info into the Due Annuity Calculator and you'll know precisely how much *you* need to contribute each month. But, because there are no contribution limits, you can contribute however much you're comfortable with.

I like having that much control of my future.

Due is also upfront that they aren't financial advisors. So, it wouldn't hurt to meet with them on an annual basis. My point is that you don't have to schedule a meeting with them if you know what you want your financial future to look like. And, this will save you time since it will take under 2-minutes to set up your **free** Due account.

You'll get a guaranteed income – for life.

Remember, the main benefit of an annuity is that you'll get a guaranteed income for life. With Due, you'll earn 3% interest on all the money you have in your account. They take on all the risks and promise to deliver monthly payments for the remainder of your life.

If you already used the calculator, then you already know how much money you'll have coming to you. That means you can create and stick to a budget when you retire. And, you'll receive deposits on either the first or fifteenth of the month. You can choose whatever date works best for you.

Experiencing a problem? No biggie.

Excuse my language. But, sh*t happens. Unfortunately, most of us aren't prepared. This is definitely true when it comes to unforeseen expenses as 41% can't even cover a \$1,000 emergency.

As a consequence, we dig ourselves into credit card debt or

just let ignore the problem. Neither is ideal.

For example, if you have a \$2,000 balance at 20% APR and a 1% minimum payment, then it will take 15.5 years to pay off that card! And, pretending that there isn't a problem won't make it magically disappear – sorry to be the bearer of bad news.

There is another option. And that's withdrawing money from your annuity. Financial experts would scoff at this. But, desperate times call for desperate measures.

And, in my opinion, I would rather get slapped with the 10% penalty fee than losing the battle against high-interest rates.

Look, I'm not advocating for you to withdraw your money. I'm just saying that if you're in a pickle, you can log into your account and request a withdraw. You'll then have your money within five business days.

The bottom line.

If you're looking to pad your retirement savings and want to guarantee a secure financial future, then an annuity plan is worth exploring. And, thanks to Due, this has never been easier and more accessible for anyone to enjoy.

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