

Access and Complexity

Discover the truth about annuities.

“Some annuities even give you immediate access to your funds or allow you to choose the level of access for an additional cost.”



Debunking Annuity Myths

There's a lot of noise online about annuities — much of it misleading. Learn what's actually true so you can make confident retirement decisions.

Myth 4: My money will be locked up.

Reality: Most annuities let you access a portion of your money — typically up to 10 percent of account value or contract earnings each year (whichever is greater) — during the surrender period.

What varies:

The surrender period depends on the product and the company.

Taxes may apply if you withdraw early. Withdrawals will be subject to ordinary income tax and may be subject to an additional 10 percent federal income tax if taken prior to age 59½.

Smart move:

Ask your financial professional to show you the contract details so you know exactly what's available and when.

What else to know about access:

Some annuities offer even more flexibility:

- Immediate access in certain products
- Customizable access levels (sometimes for an added cost)
- Penalty-free withdrawals in special situations (e.g., long-term care needs)

If you need more than the penalty-free withdrawal amount, you can still access your funds — but there will be a fee, known as a surrender charge. Surrender charges decline over time.

The bottom line:

Annuities are built for long-term, tax-deferred retirement income. If you'll need frequent or flexible withdrawals, this may not be the right product for you. And you shouldn't put all your retirement savings into an annuity — only the portion that supports your goals.

Myth 5: Annuities are too complex.

Reality: Annuities come in many forms — and their variety is actually a strength. It lets you choose the features that match your needs, whether that's:

- Market-downside protection
- Guaranteed lifetime income
- Money you want to leave for your family

Think of it like buying a car:

A base model works, but upgraded features help you travel more safely. Some annuity features exist because they provide value you can't get elsewhere — such as protected lifetime income.

Why complexity isn't bad:

Your annuity may need to support you for 20, 30, even 40 years. Structure matters. The key is to focus only on the features that directly support your personal retirement strategy.

The bottom line:

Annuities aren't one-size-fits-all — but the myths make them seem more rigid and complicated than they really are. With the right guidance, they can provide clarity, income stability, and long-term protection. Sit down with a financial professional to understand whether the benefits fit your retirement plan.

