



## **21. UNDERSTANDING ANNUITIES**

**This Course Provides:**

**3 CE Credits Life**

**3 CE Credits A&S (All Provinces except Alberta)**

**What will the Advisor learn by taking this course?**

Annuities have a strange reputation. Some advisors view them unfavorably, while others see them as a useful planning tool in the financial planning process for retirement income.

But behind all that emotion, they should be seen for what they are: a transfer of risk from the investor to an insurance company. The insurance company will provide a range of “guaranteed” rates of return without opening an investor up to the entire risk of the market.

Historically low interest rates have put the squeeze on potential returns for bonds and term deposits. At the same time, the unsteady economic recovery and volatile markets have combined to make consistently growing your capital difficult. If you rely on dividends, you've likely learned that even blue-chip firms can reduce or eliminate payouts in times of uncertainty.

Company pensions you can count on are getting harder to find as defined-benefit plans with guaranteed payouts continue to go the way of the dodo bird. And to top it off, we're spending more years in retirement, so income must last longer than ever before.

There's a lot that goes into determining a retirement income plan that's right for your clients and prospects, including their lifestyle, assets, health, risk tolerance and goals. In this kind of market, tax-advantaged guaranteed income through an annuity can be a key part of an overall income strategy.

This course is designed to provide the advisor with an overview of annuities and how they can help the client supplement any retirement income.

This course covers:

- What an annuity is and how they work.
- Retirement factors that should be considered when recommending annuity options to your clients and prospects. Are they right for the client? How much money is required?
- Types of annuity contracts and options.
- When and how do you buy an annuity? How is the annuity income arrived at? When do they start?
- Who are the parties to an annuity contract?
- The annuitization process.
- Advantages and disadvantages of annuities.
- Taxation of annuities.
- Annuity terminology that the advisor should know.
- The various Regulatory and industry protection agencies for your clients and prospects and what type of information and coverage they offer.