



GUIDE TO FINDING YOUR

5 STAR ANNUITY





5 Star Mission

To answer the question,
“Which Annuity is Right for Me?”

In this Report you'll discover

- #1 - What metrics determine a Star Rating.
- #2 - The fundamentals of a 5 Star Annuity compared to a 1 Star Annuity!
- #3 - How to avoid, “Too Good to be True” Annuities!
- #4 - What to focus on when comparing Annuities to eliminate all the confusion.

**Do you have an annuity question?
Email info@SWAFIRM.com with your
top annuity questions!**

For your report, call an Annuity Fiduciary at (480) 597-4729

Confident Choices in Quality Annuities

5 Star Annuity “Star Ratings” – Discovering excellence among Annuities.

Our "Star Ratings" were first developed to assist financial advisors in educating their clients. But, our Mission inspired us to adopt the client first approach, and put the power of knowledge directly in your hands. We help people navigate through the small print of annuities by eliminating all the confusion and highlighting the critical terms.

5 Star Annuity adopted an academic grading scale where a 5 Star Rating is an “A” student and a 1 Star Rating is an “F” student.

- **8 Measurable Metrics combine to produce an Annuity's Star Rating:**

- #1 – Insurance Company Rating
- #2 – Rate of Return
- #3 – Premium Bonus
- #4 – Income Base Guaranteed Growth Percentage
- #5 – Income Base Growth Duration
- #6 – Liquidity
- #7 – Guaranteed Income Payout Percentage
- #8 – Fees And Unknown Charges

The importance of each Metric is explained throughout this guide.

5 Star Annuity Ratings are calculated using public data derived from each insurance company and the Terms of each account. You should consider these factors when deciding if an Annuity is right for you, and if so, which Annuity fits in your portfolio before making the decision to invest.

We may be able to save you from making a very expensive mistake!

8-Measurable Metrics to Live by

The 5 Star Annuity Rating is a measure of an Annuity's Accumulation phase, Income phase, and Legacy phase.

	★ F	★★ D	★★★ C	★★★★ B	★★★★★ A
1 - Insurance Company Rating	★ F	★★ D	★★★ C	★★★★ B	★★★★★ A
2 - Rate of Return Most Recent 10 Year Average Rate of Return	★ 1%	★★ 2%	★★★ 3%	★★★★ 4%	★★★★★ 5%
3 - Premium Bonus 1st Year Bonus Applied to 1st Year Premium	★ 0%	★★ 3%	★★★ 5%	★★★★ 8%	★★★★★ 10%
4 - Income Base Guaranteed Growth Percentage Compounding % and/or Simple %	★ 5%	★★ 6%	★★★ 7%	★★★★ 8%	★★★★★ 9%
5 - Income Base Growth Duration Number of Years Roll Up % is Guaranteed	★ 7	★★ 10	★★★ 15	★★★★ 18	★★★★★ 20
6 - Liquidity Penalty Free Withdrawals Years 1 & Beyond	★ 0%	★★ 5%	★★★ 7%	★★★★ 10%	★★★★★ 20%
7 - Guaranteed Income Payout Percentage Age Based Distribution @ FRA <small>figures will be reduced based on joint life</small>	★ 4.7%	★★ 4.8%	★★★ 4.9%	★★★★ 5.1%	★★★★★ 5.3%
8 - Fees And Unknown Charges Annualized Fees	★ 4%	★★ 3%	★★★ 2%	★★★★ 1%	★★★★★ 0%



Features and Benefits of Annuities

While Annuities can differ based on a range of factors, common features and benefits can include the following:

Hedge against market fluctuations

Depending on the type of annuity and the features you select, annuities can offer several different guarantees that provide protection during market downturns.

Guaranteed income for life

An annuity is the only investment product that can provide a guaranteed stream of income for life. The amount of the regular annuity payments you receive depends on the type of annuity you select, how much you invest, how your investment performs prior to receiving payments, and which features you add (such as opting to continue your payments to your spouse in the event of your death).

Tax benefits

Annuities offer tax-deferred growth potential, which means your money can compound and grow tax-deferred until a withdrawal or an annuitized payment is made. Payments may also provide tax advantages because the portion of a payment that is principal is typically excluded from income tax.

Higher payouts than comparable investments that provide income

Annuity payments include interest and a portion of your principal contribution, and may even continue after you've recouped your principal. That's because the insurance company pools together people who own an annuity, subsidizing those who live longer with money from those with shorter lives.



Types of Annuities we review.

Annuities have three phases: Accumulation, Income and Legacy. The type of annuity you purchase impacts how each phase works for you.

Accumulation phase:

During the first phase of an annuity you make contributions in order to build the annuity's value, and it can also grow from interest and market gains. Depending on the type of annuity you have, you may be able to make withdrawals on the contributions and earnings during this time.

Income phase:

In this phase, your income options vary. **Period Certain** guarantees regular payments of a certain sum for a specific number of years. If the annuitant dies before the completion of a specified period, the payments are made to a designated beneficiary until the end of that period. **Single Life** guarantees regular payments of a certain sum for the rest of the annuitant's life, but the payments stop upon his/her death. **Joint Life** guarantees regular payments of a certain sum until the death of the last surviving annuitant.

Legacy phase:

The tax-deferred Annuity value is passed on to the beneficiaries either as a lump sum, or in a series of installment payments. ***Be careful as not all annuity types provide the Legacy phase!**

Single Premium Immediate Annuity (SPIA):

Purchased with a single, lump-sum payment in exchange for a stream of guaranteed income that begins almost immediately, thereby skipping the accumulation phase.

Fixed Index Annuity (Hybrid, NextGen):

A fixed indexed annuity is a contract you buy from an insurance company to help you accumulate assets for retirement. It offers returns based on the changes in an index, such as the Standard & Poor's 500R composite price index. Regardless of index performance, indexed annuity contract values will not be impacted by negative index returns.

Fixed Annuity (MYGA):

Earns interest at a rate that is guaranteed by the insurance company and locked in (or "fixed") for a specific period of time.

Variable Annuity:

The only annuity type where principal is at risk and can be lost due to poor stock market performance. Offers tax-deferred growth potential with sub-accounts (mutual funds). Common fees are; Administration, M&E, Sub-Account, Income Rider & Death Benefit Rider.

Note: Annuity payments are subject to income taxes. In addition, withdrawals made before age 59 ½ are subject to all taxes and have a 10 percent early withdrawal penalty on gains and pretax funds. However, there is no penalty on the principal amount funded with after-tax dollars.

Which Annuity is right for you? <<

When thinking about which kind of Annuity can work for your long-term financial goals, you may want to consider when you'll need access to the money, what your risk tolerance is, and whether or not you want to leave a legacy for your heirs. Use this chart to help you determine which type of annuity is best suited for your goals based on these and other variables.

Pros & Cons	Single Premium Immediate Annuity (SPIA)	Fixed Index Annuity (Hybrid, NextGen)	Fixed Annuity (MYGA)	Variable Annuity
Principal Protection	○	✓	✓	○
Offers guaranteed income for life	✓	✓	○	●
Mortality & Expense Fee	○	○	○	●
Can provide a steady, guaranteed stream of income immediately	✓	✓	✓	●
Can provide a steady, guaranteed stream of income at some point in the future	○	✓	✓	●
Locks in higher payout rates the longer you wait to receive payments	○	✓	○	●
Growth potential tied to performance of underlying accounts	○	✓	○	●
Asset growth compounds tax-deferred	○	✓	✓	●
Beneficiaries can inherit your account value	✓	✓	✓	●
Offers access to your funds (prior to annuitization)	○	✓	✓	●
Additional tax penalty if receiving payments before age 59 ½	○	○	✓	●

✓ STRONG ALIGNMENT ○ NO ALIGNMENT

Green = Deposit (deposits are guaranteed by claims paying ability of the insurance company)

Red = Investment (there is no guarantee to an investment, and all principal can be lost)



Whether you already own an Annuity or are looking to purchase one, our Annuity Fiduciaries will be your personal guide to finding, “Which Annuity is Right for you”!

For your report, call an Annuity Fiduciary at (480) 597-4729

Our Annuity Fiduciaries can help:

- Cut through jargon and provide answers
- Explain an Annuity’s benefits and drawbacks (SPIA,FA,FIA,VA)
- Determine if an Annuity is appropriate for your situation (SPIA,FA,FIA,VA)
- Review existing annuities to obtain their Rating (SPIA,FA,FIA,VA)
- Choose optimal Mutual Fund or Indexing strategies offered (FIA,VA)
- Access principal in the least costly way (FA,FIA,VA)

**Do you have an annuity question?
Email info@SWAFIRM.com with
your top annuity questions!**

Actual performance of any 5 Star rated Annuity may vary, regardless of the Annuity Rating given. To obtain Rates, Terms and Guarantees to any annuity you will need to reference the account specific Statement of Understanding (SOU) of that policy. Be sure to consult with a licensed financial professional to confirm the accuracy of the insurance product you are considering.

