A CONSUMER GUIDE · FROM THE FIDUCIARY POINT OF VIEW

Is Your Annuity Any Good?

A Fiduciary's Guide to Reviewing What You Already Own

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First, the one idea under this whole series

You worked your whole life trading *life for money* — by the hour or by the year. Retirement reverses the exchange: from here on, you trade *money for life*, and the job flips with it. While you worked, the right obsession was the wage — the most money for the life you traded. In retirement it is the **exchange rate** — the most life for the money you trade back — and that is a **cost** question. The industry aims your attention at earnings on money; this series aims it at the costs that quietly set your rate, because your capital can only compound on what the costs leave behind. This guide prices a cost you may already own.

Why this guide exists

Somewhere in a drawer, you have an annuity contract. Maybe you bought it years ago at a dinner seminar. Maybe you inherited it, or rolled into it, or said yes to a persuasive person you mostly trusted. You send in nothing, it sends you a statement, and once a year you wonder the quiet question this guide is named for: *is it any good?*

Here is the honest answer: nobody can tell you from across the room — not the person who sold it, not the person offering to replace it, and not this guide. But you can find out, and most of the work takes one afternoon with your own paperwork. This guide shows you what to look up, what the numbers actually mean, and how a fiduciary — an adviser legally required to put your interest first — judges an annuity that already exists.

One thing to know about us before you read on, because you should know who is talking: The WealthKare Investment Center is a fiduciary advisory firm that charges a disclosed flat fee. Insurance products, when a plan genuinely calls for one, may be offered through an affiliated insurance firm, and commissions are earned when they are. That relationship is disclosed in writing. We tell you this on page one because the first rule of judging any annuity opinion — including ours — is knowing how the person giving it gets paid.

First, find out what you actually own

Annuities come in a handful of species, and the review is different for each. Your contract's first pages, or one call to the insurer's service line, will tell you which you have:

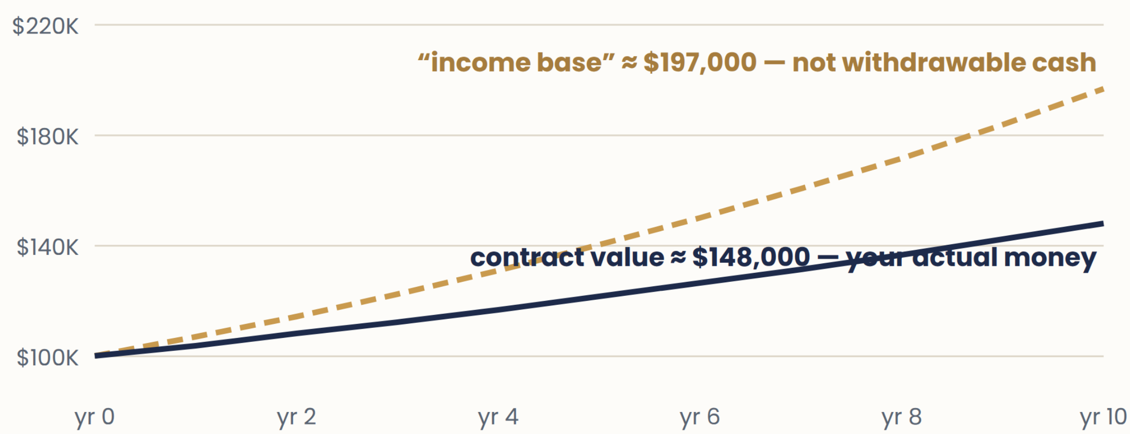
Type	What it is, in one line	The review question that matters most
MYGA (multi-year guaranteed)	A CD-like contract paying a fixed rate for a set term	What is my rate now, and what could the same money earn today?
Fixed	A declared interest rate the insurer can reset annually	What is my renewal rate versus the guaranteed minimum?
Fixed indexed	Interest linked to an index, with caps and floors — never invested in the market	What are my current caps and participation rates, and have they been ratcheted down?
Variable	Actual market investments inside an insurance wrapper	What is the all-in annual cost, and what am I getting for it?
Income annuity (SPIA/DIA)	A pension you bought: payments for life, little or no cash value	Is the payment doing its job? (These rarely need "fixing.")
RILA / buffered	Market exposure with partial downside protection	Do I understand exactly where my protection ends?

The two numbers people confuse — and salespeople let them

If your annuity has an income rider, your statement shows two balances, and the larger one is the one most often misunderstood. The **contract value** is your actual money — what you could walk away with (minus any surrender charge). The **income base** or "benefit base" is a bookkeeping number used only to calculate a future income payment. It often "rolls up" at a handsome guaranteed rate — 6%, 7%, 8% — and that is the number that gets quoted at dinner seminars as if it were growth. It is not. You cannot withdraw it, transfer it, or leave it to your children.

Two numbers that are not the same

$100,000 premium · 7% "rollup" on the income base vs. 4% growth on contract value (illust



Illustrative only: a $100,000 premium with a 7% rollup on the income base and 4% growth on contract value. Both numbers are real; they answer different questions. Knowing which is which is half of every annuity review.

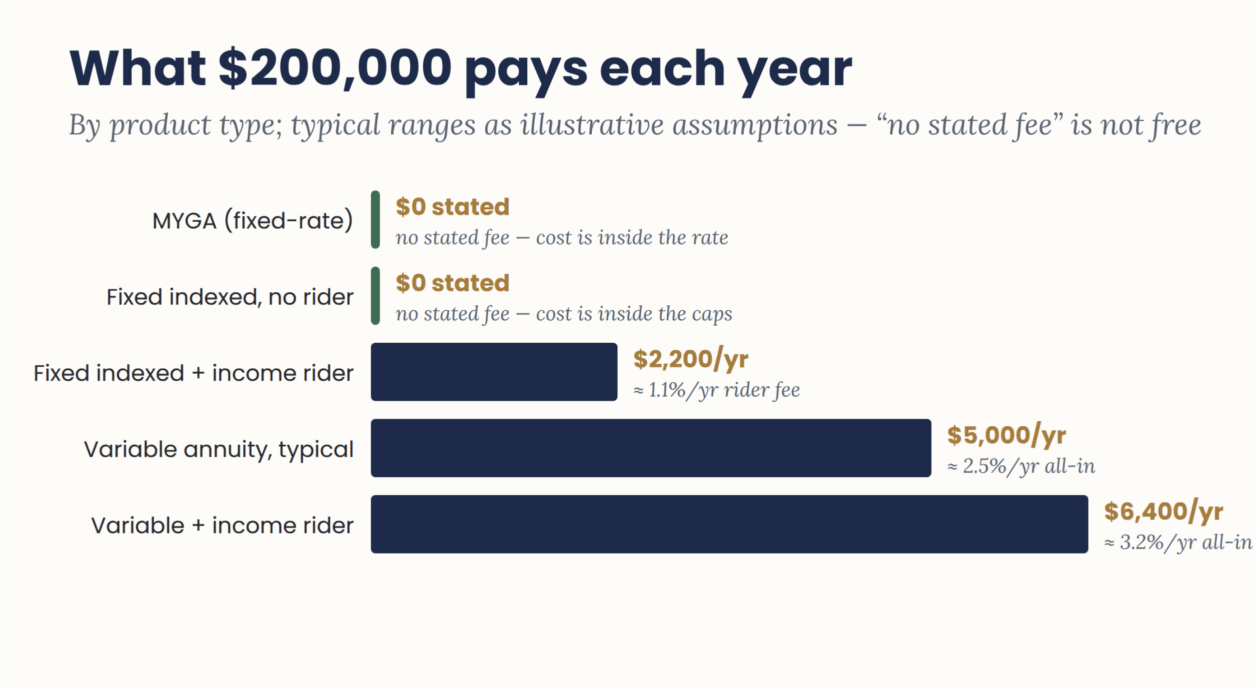
The five tests of an annuity you already own

1. The job test — what was it hired to do?

Every annuity was bought to do a job: guarantee income, protect principal, defer taxes, or grow safely. Name the job first, because "good" only means *good at the job*. A contract that is a poor grower may be a superb income guarantee, and vice versa. If nobody can name the job — if the honest answer is "the salesperson was convincing" — that is itself a finding.

2. The cost test — what does it charge every year?

Add up what leaves the contract annually: rider fees, mortality & expense charges, administrative fees, and (in variable annuities) the fund expenses inside. Products with "no fees" are not free — their cost lives inside the caps, spreads, and participation rates. The question is never "is there a cost?" It is "what am I getting for it, and could the same job be done for less?"



Typical annual costs on a $200,000 contract, stated as illustrative assumptions. Your contract's numbers are in its prospectus or rider schedule — the review uses yours, not these.

3. The rate test — is your money earning what it could?

Fixed and indexed contracts age in a specific way: the rates, caps, and participation offered to keep you are often lower than the ones used to win you. Compare your current renewal rate or cap against your contract's guaranteed minimum — and against what the open market pays new money today. A contract paying near its guaranteed floor while the market pays multiples of it is a contract relying on your inattention.

4. The liquidity test — what would leaving cost?

Find your surrender schedule — the declining percentage the insurer keeps if you leave early — and your free-withdrawal provision (commonly 10% a year). Where you sit on that schedule changes everything about your options. Inside the surrender period, patience is often the best strategy even when the contract is mediocre. At or past zero, you hold every card — which is exactly when a real review pays.

5. The fit test — are you still the person who bought it?

Contracts do not change; lives do. The annuity bought at 58 for growth may now belong to a 70-year-old who needs income — or the income rider bought for a spouse who has since passed may now be a fee for a benefit nobody will use. Riders you no longer need can sometimes be dropped. Benefits you paid for and forgot — enhanced death benefits, long-term-care doublers — are found in reviews more often than you would think.

The verdict most people don't expect: keeping is often right

Here is where the fiduciary lens differs most from the sales lens. Some older annuities carry guarantees that no longer exist in today's market — minimum crediting rates of 3% or 4%, income riders priced before insurers learned better, payout factors written in a different interest-rate world. Those contracts are, bluntly, treasures — and the industry's replacement machinery is aimed straight at them, because a replaced contract pays a new commission and a kept one pays nothing.

> *A review that always ends in "replace it" is not a review. It is a sales process wearing a review's clothes.*

A legitimate review reaches “keep it” regularly. It also reaches “keep it, but stop paying for that rider,” and “keep it until the surrender schedule ends in year two, then decide,” and sometimes “this one genuinely should be exchanged.” The honest distribution of outcomes is spread across all of those — so if every annuity a reviewer touches somehow needs replacing, you have learned about the reviewer, not the annuity.

If replacement is on the table: the 1035 rules of the road

Swapping one annuity for another through a **Section 1035 exchange** preserves the tax deferral — done directly between insurers, it triggers no current tax. But three cautions belong in writing before anyone signs anything. First, a new contract almost always means a **new surrender schedule**: years of liquidity you had earned reset to zero. Second, benefits do not transfer — an income base larger than your contract value, an old death benefit, a grandfathered rate: gone at the moment of exchange. Third, the mathematics must be shown **side by side**: your contract’s guarantees, costs, and values against the proposed one’s, on paper, with the losses listed as plainly as the gains. Anyone unwilling to produce that page has answered your question already.

Bring these questions to any review — including ours

- What type of annuity do I own, and what job was it hired to do?
- What is my contract value, my surrender value, and (if different) my income base — and which did you just quote me?
- What do I pay per year, in dollars — riders, wrapper, and everything inside?
- What is my current rate or cap, my guaranteed minimum, and what does new money earn today?
- Where am I on the surrender schedule, and what is my free-withdrawal amount?
- What guarantees would I lose if I moved — and can you show me the comparison in writing?
- How are you paid on each outcome: if I keep it, change it, or replace it?

That last question is the fiduciary test in miniature. An adviser whose pay is the same whether you keep or replace can afford to tell you the truth. An adviser paid only on replacement has to be extraordinary to tell it. Some are. The question finds out.

What a fiduciary review looks like

A proper review takes your statements and contract — not a questionnaire about your worries — and produces findings you can hold: what you own, what it costs, what it guarantees, how it compares to the open market, and a recommendation with the reasoning shown. At WealthKare the review is part of flat-fee planning work: the advice does not change price based on what you decide, and if an insurance change is genuinely warranted, the disclosure on page one of this guide tells you exactly how that side of our firm is paid. Bring the questions in the box above. We expect them.

IMPORTANT DISCLOSURES

This guide is educational material, not individualized investment, insurance, tax, or legal advice, and not a recommendation to buy, keep, exchange, or surrender any product. Whether any annuity suits a particular household is a specific question with a specific answer; decisions should be made with your own documents, numbers, and professional advisers. Figures in the charts and examples are arithmetic on stated illustrative assumptions; actual products, rates, fees, caps, schedules, and tax outcomes differ by contract, insurer, and state.

All annuity guarantees, including income riders and death benefits, are backed solely by the claims-paying ability of the issuing insurance company — not by any bank, not by the FDIC, and not by any adviser. State guaranty associations provide limited protection that varies by state; ask your insurance department for details. Withdrawals of gains are generally taxed as ordinary income, and withdrawals before age 59½ may incur an additional federal tax; annuities held in IRAs receive no extra tax deferral. Exchanging one annuity for another (a "1035 exchange") can preserve tax deferral but may start a new surrender-charge schedule and forfeit existing benefits; compare in writing before acting.

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