



Center for Wealth Management
 Susan A. Myers, CPA, CFP®, CLTC
 Robert J. Moore
 Justin M. Williamson
 50 W. Big Beaver Rd, Suite 400
 Troy, MI 48084
 (248) 680-0490 x329
 smyers1@metlife.com
 www.center4wealthgmt.com



Funding Your Future with a Fixed Annuity

A fixed annuity is a contract between you and an annuity issuer, usually an insurance company. In its simplest form, you pay money to the annuity issuer; the issuer invests the funds and pays the principal and its earnings back to you or to your named beneficiary. What's fixed about a fixed annuity? The issuer guarantees (subject to its claims-paying ability) a minimum rate of interest on your investment and a fixed benefit amount if you elect to annuitize.

When is an annuity appropriate?

Annuity contributions are made with after-tax dollars and are not tax deductible. That's why it's often advisable to fund other retirement plans first. However, if you've already contributed the maximum allowable amount to other plans and want to save more toward your retirement, an annuity can be an excellent choice. There's no limit to how much you can invest in an annuity, and the funds grow tax deferred until you begin taking distributions.



Once you begin withdrawing from your annuity, you'll pay taxes (at your regular income tax rate) only on the earnings, since your contributions to principal were made with after-tax dollars. Like a qualified retirement plan, a 10% tax penalty may be imposed if you withdraw from an annuity before age 59½, unless an exception applies.

Annuities are designed to be very-long-term investment vehicles. In most cases, if you take a withdrawal, including a lump-sum distribution of your annuity funds within the first few years after purchasing your annuity, you may be subject to surrender charges imposed by the issuer. However, many companies allow options for withdrawals or distributions without incurring a charge. As long as you're sure you won't need the money until at least age 59½ and you understand the costs (including fees) involved, an annuity is worth considering.

Two distinct phases to an annuity

There are two distinct phases to an annuity contract: the accumulation phase and the distribution phase.

In the accumulation phase, you're putting money into the annuity. You can choose to pay your premiums in one lump sum, or you can make a series of payments over time. These payments can be of equal amounts made at equal intervals, or of variable amounts at irregular intervals, depending on the terms of the contract.

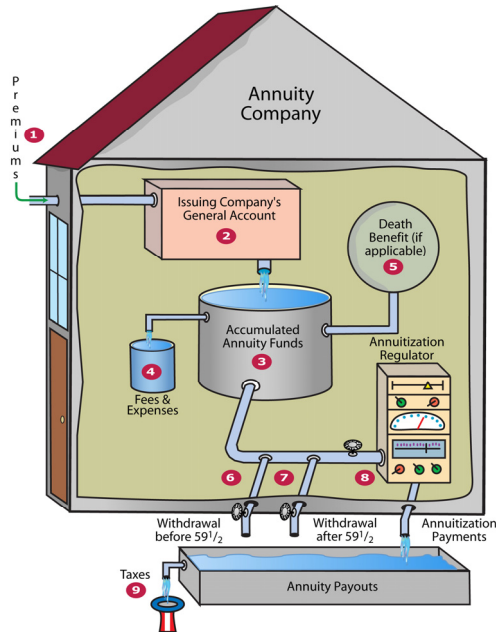
Annuities may be either immediate or deferred; the terms simply refer to when the distribution phase begins. Immediate annuities are typically purchased with a single payment and the distribution phase usually begins within a year of the purchase. While deferred annuities may be purchased with a single lump sum premium payment, they are most often purchased with a series of periodic payments. The distribution period is deferred until some time in the future.

In the distribution phase, you begin taking money out of the annuity. You may withdraw some or all of the money in lump sums, or you may annuitize. Subject to the claims-paying ability of the issuer, annuitization provides a guaranteed income stream for either a specified period or for life.

Why buy an annuity?

- *To provide income to supplement what you receive from Social Security, pension plans, and other employer-sponsored retirement plans.*
- *To create a lifetime income stream.*
- *To maintain financial independence. For example, you can use annuity funds to pay for long-term care expenses and stay in your own home, rather than rely on your children for care.*
- *To invest for any specific purpose or long-term goal, such as providing a legacy for your heirs or making a charitable gift.*
- *To grow funds on a tax-deferred basis.*

How a Fixed Deferred Annuity Works



1. In the accumulation phase, you (the annuity owner) send your premium payment(s) (all at once or over time) to the annuity issuer. These payments are made with after-tax funds, and you may invest an unlimited amount.
2. The annuity issuer places your funds in its general account.* Your annuity contract specifies how your principal will be returned as well as what rate(s) of interest you'll earn during the accumulation phase. Your contract will also state what minimum interest rate applies.**
3. The compounding interest on your annuity accumulates tax deferred. You won't be taxed on these earnings until funds are withdrawn or distributed.
4. The issuer may collect fees to manage your annuity account. You may also have to pay the issuer a surrender

fee if you withdraw money in the early years of your annuity.

5. Your annuity contract may contain a guaranteed** death benefit or other provisions for a payout upon the death of the annuitant. (The annuitant provides the measuring life used to determine the amount of the payments if the annuity is annuitized. As the annuity owner, you're most often also the annuitant, although you don't have to be.)
6. If you make a withdrawal from your deferred annuity before you reach age 59½, you'll not only have to pay tax (at your ordinary income tax rate) on the earnings portion of the withdrawal, but you may also have to pay a 10 percent premature distribution tax, unless an exception applies.
7. After age 59½, you may make withdrawals from your annuity without incurring any premature distribution tax. Since annuities have no minimum distribution requirements, you don't have to make any withdrawals. However, your annuity contract may specify an age at which you must begin taking income payments.
8. To obtain a guaranteed** fixed income stream for life or for a certain number of years, you could annuitize which means exchanging the annuity's cash value for a series of periodic income payments. The amount of these payments will depend on a number of factors including the cash value of your account at the time of annuitization, the age(s) and gender(s) of the annuitant(s), and the payout option chosen. Usually, you can't change the payments once you've begun receiving them.
9. You'll have to pay taxes (at your ordinary income tax rate) on the earnings portion of any withdrawals or annuitization payments you receive.

* These funds are invested as part of the general assets of the issuer and are therefore subject to the claims of its creditors.

** All guarantees are subject to the claims-paying ability of the issuing company.

Disclosure Information -- Important -- Please Review

Pursuant to IRS Circular 230, we are providing you with the following notification: The information contained in this document is not intended to (and cannot) be used by anyone to avoid IRS penalties. This document supports the promotion and marketing of MetLife products and services. You should seek advice based on your particular circumstances from an independent tax advisor. MetLife, its agents, and representatives may not give legal or tax advice. Any discussion of taxes herein or related to this document is for general information purposes only and does not purport to be complete or cover every situation. Tax law is subject to interpretation and legislative change. Tax results and the appropriateness of any product for any specific taxpayer may vary depending on the facts and circumstances. You should consult with and rely on your own independent legal and tax advisers regarding your particular set of facts and circumstances. This document is provided to you for informational purposes only, and is not intended to represent any specific product or service offered. Unless noted, insurance policies and annuity contracts contain exclusions, limitations, reductions of benefits, surrender charges and terms for keeping them in force. Not all strategies or concepts can be used with all MetLife products. You may need to check with your representative to determine whether any limitations (administrative or otherwise) may apply. This material and any estate, gift or generation skipping transfer ("GST") tax (together referred to as "transfer tax") calculations reflects the law established under the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). Among other things, EGTRRA provides for a one year estate and GST tax repeal beginning January 1, 2010. Under EGTRRA, the federal estate and GST tax will be reinstated as of January 1, 2011 with the laws that were in effect in 2001 (e.g. as of 2011, there will be a \$1,000,000 estate and GST tax exemption equivalent amount). As of the date this material was drafted, Congress had yet to pass any estate, GST or other transfer tax laws to amend EGTRRA. While there has been a great deal of discussion about Congress reinstating the estate and GST tax retroactively for 2010 and/or amending the transfer tax laws for years beyond 2010, it is unclear if or how Congress will address these transfer taxes in the future and how any new law will affect any estate planning implemented in the meantime. Due to this uncertainty, you should consult with and rely on your own independent legal and tax advisers to confirm the current status of these laws, to discuss your current estate plan and to discuss what options are available during the upcoming year. Securities products, including mutual funds and variable annuities are sold by prospectus, which is available from your registered representative. For information about a securities product please obtain a prospectus and read it carefully before you invest to consider investment objectives, risks, charges, and expenses. This material is prepared by Forefield, Inc. MetLife and its affiliates are separate entities from Forefield, and do not guarantee the accuracy of the information presented. Any calculations contained in this document are for hypothetical purposes only and may be calculated off information you provide. Performance figures are for illustrative purposes only, do not represent actual past or projected future investment results and do not guarantee future results. Unless noted, costs are not included, and may reduce projected figures. Results should be used as educational and may not contain all variables specific to your situation. Please see your representative for questions specific to your own situation. Metropolitan Life Insurance Company (MLIC), New York, NY 10166. Securities products and investment advisory services are offered through registered representatives and investment advisor representatives, respectively, of MetLife Securities Inc. (MSI), Member FINRA/SIPC and a registered investment advisor, 1095 Avenue of the Americas, New York, NY 10036. MetLife Auto & Home is a brand of Metropolitan Property and Casualty Insurance Company (MPCIC) and its affiliates, Warwick, RI. Not available in all states. Some health insurance products offered by unaffiliated insurers through the Enterprise General Insurance Agency, Inc. (EGA), Somerset NJ 08873. MLIC, MSI, MPCIC and the EGA are MetLife companies. L0410102515[exp0511][All States]DCI