BARRON'S

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Annuity Payouts Are Blooming. Their Popularity Is, Too.

Whether your goal is guaranteed lifetime income or tax-deferred savings, our annual guide to the 100 best annuities will help you pick the right one

BY KAREN HUBE | ILLUSTRATION BY MIA NOLTING

Annuity sales are busting out this year. This guide will help you understand the costs of these hybrid insurance investment products and how to pick the right one for your needs. We have included a selection of 100 annuities with the most competitive payouts or guarantees, all offered by insurers with top credit ratings.

Annuity payouts and guaranteed income are the highest they have been in more than a dozen years. Investors, aiming to take some risk off the table as they either build their nest eggs or prepare to live off their savings in retirement, are locking in annuities at an unprecedented rate. Sales of the products surged 23% last year to a record $312.8 billion,

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Best Annuities for Accumulation: Downside Protection With Upside

These annuities are designed to produce fixed or variable returns while providing varying degrees of cushion on the downside.

Registered Indexed-Linked Annuities (RILAs): These contracts, also referred to as variable indexed annuities, combine some loss protection and upside tied to an index with limits set by caps or participation rates. Assume a $200,000 investment tied to the S&P 500.

■ **Buffer-style:** Protects against a certain percentage loss; investors are exposed to any losses greater than the buffer. With a 10% buffer and a 15% market decline, the insurer absorbs 10% of the loss and the investor absorbs 5%. These caps are reset annually.

Company	Rating	Contract	Surrender Charge Period (Years)	Annual Fee	Protected Loss	Cap on S&P 500 Return
Commission-Based						
Athene Annuity and Life	A	Amplify 2.0 NF	6	None	10%	19.5%
Pruco Life	A+	FlexGuard Income Select	6	None	10	19.5
Global Atlantic - Forethought Life	A	ForeStructured Growth	6	None	10	19.0
Lincoln National Life	A	Level Advantage	6	None	10	19.0
Pruco Life	A+	FlexGuard Income Select	6	None	15	16.3
Lincoln National Life	A	Level Advantage	6	None	15	15.3
Athene Annuity and Life	A	Amplify 2.0 NF	6	None	20	12.8
Equitable Financial Life	A	Structured Cap. Strategies Income	6	None	20	12.5
Global Atlantic - Forethought Life	A	ForeStructured Growth	6	None	20	12.5
Lincoln National Life	A	Level Advantage	6	None	20	12.5
Pruco Life	A+	FlexGuard Income Select	6	None	30	12.3
Equitable Financial Life	A	Structured Cap. Strategies PLUS	6	None	40	10.0
Fee-Based						
Lincoln National Life	A	Level Advantage Advisory	None	None	10%	22.0%
MassMutual Life	A+	Index Achiever	None	None	10	22.0
Brighthouse Financial	A	Shield Level Pay Plus Advisory	None	None	10	21.5
Lincoln National Life	A	Level Advantage Advisory	None	None	15	16.3
Brighthouse Financial	A	Shield Level Pay Plus Advisory	None	None	15	15.5
Equitable Financial Life	A	SCS PLUS 21 ADV	None	None	15	15.5
Equitable Financial Life	A	Structured Capital Strategies Inc. ADV	None	None	20	15.0
Lincoln National Life	A	Level Advantage Advisory	None	None	20	13.8
Equitable Financial Life	A	Structured Cap Strategies PLUS ADV	None	None	40	11.0

■ **Floor-style:** Guarantees investors will not lose more than a certain amount. With a 10% floor and a 15% market decline, the investor absorbs 10% of the loss and the insurer absorbs 5%. These caps are reset annually.

Company	Rating	Contract	Surrender Charge Period (Years)	Separate Fee	Maximum Possible Loss	Cap on S&P 500 Return
Commission-Based						
Global Atlantic - Forethought Life	A	ForeStructured Growth	6	None	-10%	14.00%
TruStage (CUNA Mutual)	A	ZoneChoice	6	None	-10	13.25
Protective Life	A+	Market Defender II	6	None	-20	19.25
Jackson National Life	A	Market Link Pro	6	None	-20	18.25
Fee-Based						
Jackson National Life	A	Market Link Pro Advisory	None	None	-10%	14.75%
Jackson National Life	A	Market Link Pro Advisory	None	None	-20	25.00

Fixed-Indexed Annuities: For investors who want principal protection and returns potentially higher than plain fixed-rate products. Returns are linked to an index and capped. These contracts have 100% index participation rates, caps that are reset annually, and five-year surrender charge periods.

Company	Rating	Contract	Protracted Loss	Cap on S&P 500 Return
Commission-Based				
United Life	A-	WealthChoice 5	100% of principal	11.0%
Athene Annuity & Life	A	Accumulator 5	100% of principal	10.5
Corebridge Financial	A	Power Index 5 Plus	100% of principal	10.5
Fee-Based				
Global Atlantic-Forethought	A	ForeAccumulation II	100% of principal	11.3%
Symetra Life	A	Advisory Edge	100% of principal	11.0
Pruco Life	A+	PruSecure Advisor	100% of principal	10.5

Note: AM Best rating

Sources: Cannex; company reports

and the buying spree continued this year, according to the Limra Secure Retirement Institute.

The biggest draw has been fixed annuities, which guarantee principal along with a fixed rate for a specified period, much like bank certificates of deposit. Annuities from highly rated insurers currently pay five-year guaranteed rates as high as 5.20%, compared with about 4.3% on CDs and 3.93% for Treasuries.

Higher interest rates have also boosted guaranteed pension-like income offered by fixed-indexed annuities, which protect principal while tying returns to a stock market index.

For example, assume a 60-year-old invested $200,000 and planned to begin drawing income at age 70. Last year, the top-paying fixed-indexed annuity contract guaranteed an annual $23,400 for life. Now, Eagle Life guarantees a lifelong annual $29,480 on its Select Income Focus annuity with the Lifetime Income Benefit 2 rider, according to Cannex, an independent research firm.

Should you be considering annuities, too? If so, how do they best fit into your portfolio?

If you are part of the tidal wave of Americans approaching or already in retirement—17% of Americans are age 65 or older, and almost four million will hit that milestone this year alone—there are annuities designed to ease whatever concern you have about building and sustaining assets.

Just as regular insurance policies protect against particular risks, such as a flood or an auto accident, insurers design annuities to remove or minimize risks associated with your investments and retirement security. They address not only market-related risks such as losing money in stocks, but behavioral risks, as well.

Variable-Annuity Variations: One-year contracts that provide varying levels of downside protection and opportunities for growth.

Company	Rating	Contract	Surrender Charge Period (Years)	Annual Fee	Protected Loss	Upside
New York Life	A++	Premier VA FP Series	7	1.2%; 0.5% [1]	110% of principal [2]	Unlimited
New York Life	A++	IndexFlex VA	5	Indexed sleeve: None; Variable sleeve 1.3%	100% of principal in indexed sleeve	7.50% cap rate or 6.75% trigger rate based on the S&P 500; unlimited upside in variable sleeve
Allianz Life	A+	Index Advantage+	6	1.25%	10% buffer	Uncapped; 140% of S&P 500's six-year return.
TruStage (CUNA Mutual)	A	ZoneChoice	6	None	10% buffer	Uncapped; 125% of S&P 500's six-year return
Symetra	A	Trek Plus	6	1.0%	20% buffer	Uncapped; 120% of S&P 500's six-year return
Symetra	A	Trek Plus	6	None	20% buffer	Uncapped; 108% of S&P 500's six-year return
MassMutual Life	A++	Index Summit 6 Pro	6	None	Half of any loss	14.5% cap or 75% participation on S&P500's annual return; 1-year term
Equitable	A	SCS Plus Dual Direction	6	None	10% buffer	S&P 500 six-year losses within -10% give the equivalent positive return (-8% turns into 8%). Six-year returns capped at 750%/800% (commissioned/fee product)
Equitable	A	SCS 21 Plus Step-Up	6	None	10% buffer	If the six-year S&P 500 return is flat or positive, you get a 55%/65% return (commissioned/fee product)
Lincoln	A+	Level Advantage	6	None	10% buffer	If the S&P 500 annual return is zero or positive, you get an automatic 12% return
Symetra	A	Trek Plus	6	None	15% buffer	If the S&P 500 annual return is zero or positive, you get an automatic 9.75% return

Note: AM Best rating (1) 1.2% mortality & expense fee applies to contract value; 0.5% applied to amount guaranteed by a rider with a 15-year holding period. (2) Can relock guarantee level annually Sources: Cannex; company reports

Best Annuities: Tax-Deferred Savings

These annuities are used for accumulating assets on a tax-deferred basis. Like in a 401(k), there is a 10% penalty for withdrawing assets prior to age 59 1/2. These fees and rates assume a $200,000 investment.

Traditional Variable Annuities: Assets are invested in underlying mutual fund-like subaccounts.

Company	Contract	Annual Contract Fee	Avg. Expense Ratio on Subaccounts**	Surrender Charge	Total Investment Options (Total Alternatives Options)	5-Yr. Avg. Annual Return for Best-Perfoming U.S. Growth Fund***
Equitable	Investment Edge ADV	None	0.90%	None	130(7)	14.29%
Lincoln National Life	Investor Advantage Advisory Pro	0.10%	0.83	None	143(13)	14.73
Jackson National Life	Elite Access Advisory II	$240 [1]	0.79	None	123(8)	13.65
Nationwide	Monument Advisor	$240 [1]	0.54	None	340(63)	15.01
Nationwide	Advisory Retirement Income (NARIA)	0.20%	0.61	None	151(7)	18.29
Fidelity Investments Life	Personal Retirement	0.25	0.55	None	67(2)	15.19

*Fee includes administrative and mortality and expense charges. There is no added fee on these contracts for return of contract value at death. **Asset-weighted average expense ratios on underlying mutual fund-like investments
***Through June 30, 2023. (1) Flat annual fee for any size investment; equivalent to .12% on a $200,000 investment.
Source: Company reports

Fixed Annuities With a Multiyear Guarantee: These are tax-deferred contracts similar to certificates of deposit in that they lock in an interest rate for a specified period. Assumed minimum is $200,000.

Company	AM Best Rating	Contract	Fixed Rate Period / Surrender Period (Years)	Guaranteed Rate
Midland National Life	A+	Oak Advantage	3	5.05%
MassMutual Life	A++	Stable Voyage	3	4.90
Athene Annuity & Life	A	Apex MYGA	5	5.20
Midland National Life	A+	Stable Voyage	5	5.10

Note: AM Best rating Source: Cannex

"The behavioral aspects of investing are just as important to address as the financial aspects," says Kimberlee Orth, an advisor at Ameriprise Financial in Wilmington, Del., who is both a fee-based financial planner and licensed to sell insurance. "Pulling money out of stocks when the market tumbles or being too conservative is a real risk to retirement security. Annuities can help build a portfolio with a high chance of success and let you sleep at night."

Depending on the type you choose, an annuity can protect investments against losses while delivering either a fixed or variable return, provide tax-deferred savings opportunities beyond individual-retirement-account and 401(k) contribution caps, or create a guaranteed pension-like income in retirement.

Annuities can be mind-numbingly complicated and expensive. Investors should do a detailed analysis of benefits and costs, or they could end up with a product that doesn't address their needs while giving them a "false sense of security," says Gal Wettstein, senior research economist at the Boston College Center for Retirement Research. For example, certain variable annuities tout guaranteed income, but the level is guaranteed only as long as account assets haven't been depleted.

While many advisors have avoided annuities due to their complexity and costs, more are finding that when selected and used wisely, annuities can improve outcomes. It helps that in recent years fees have trended down and insurers have created a new crop of no-commission annuities designed to be used by fee-based advisors.

Traditionally, annuities were sold primarily through an insurance agent who would collect a commission for a sale. Commissioned products often have higher fees and a surrender period, usually about seven years, during which you must pay a fee to withdraw assets.

A commission structure isn't necessarily more expensive than a fee structure, when factoring in the fees that advisors charge. But commissions can invite unscrupulous agents to sell pricey products to people who don't need them.

Investors should ask advisors how they are getting compensated and what their all-in costs will be, says Mark Cortazzo, a financial advisor at Wealth Enhancement Group in Parsippany, N.J., who uses both fee-based and commissioned products.

"Also, ask how many companies they looked at," Cortazzo says. "If an advisor only looks at one or two, they might say a 3.4% rate is good, when the range is 4.9% to 3.4%."

Most annuities fall into one of two buckets: those used to accumulate assets for retirement, and those used for creating a lifelong income stream.

Barron's assembled 100 annuity contracts by category and objective in the neighboring tables. Each section highlights competitive offerings and was compiled with the help of Cannex's database.

Principal Protection With Upside

Higher rates make plain fixed annuities an attractive component of a fixed-income portfolio, says David Faskas, a fee-only advisor at KMH Wealth Management in Victoria, Texas. Called

Best Annuities: Guaranteed Income. No Frills.

Fixed-income annuities are tools that turn a lump sum into a lifelong income stream, either immediately or sometime later. Single-life contracts pay for one person's lifetime. Payments are generally lower for women and couples because their life expectancies are longer. Joint life contracts are for couples and continue to pay during a surviving spouse's lifetime.

Immediate-Income Annuities: Called SPIAs, these contracts turn guaranteed income on right away. Assumes a $200,000 investment at age 70. Payments for "joint life" assume a man is 70 and his spouse is 65.

■ **10-year certain:** If an investor dies within 10 years of starting income, payouts go to heirs for what's left of the 10-year period.

	Company	Rating	Annual Income for Life	Annual Payout Rate	Total Income by Age 90
Single-Life Man	TruStage (CUNA Mutual)	A	$16,740	8.4%	$334,800
	Nationwide Life	A+	16,670	8.3	333,391
Single-Life Woman	TruStage (CUNA Mutual)	A	$16,008	8.0%	$320,160
	Nationwide Life	A+	15,705	7.9	314,100
Joint Life	TruStage (CUNA Mutual)	A	$13,778	6.9%	$275,560
	Nationwide Life	A+	13,461	6.7	269,220

■ **Cash refund:** When an investor dies, any remaining principal is paid to heirs in a lump sum.

	Company	Rating	Annual Income for Life	Annual Payout Rate	Total Income by Age 90
Single-Life Man	TruStage (CUNA Mutual)	A	$16,067	8.0%	$321,340
	Nationwide Life	A+	15,970	8.0	319,400
Single-Life Woman	TruStage (CUNA Mutual)	A	$15,424	7.7%	$308,480
	Nationwide Life	A+	15,150	7.6	303,000
Joint Life	TruStage (CUNA Mutual)	A	$13,682	6.8%	$273,640
	Nationwide Life	A+	13,365	6.7	267,300

Note: AM Best rating. Single life pays for one person's lifetime; joint life pays for both spouses' lifetimes. Source: Cannex

Deferred-Income Annuities: Called DIAs, these contracts pay out future income. The longer income is deferred, the higher the annual payouts.

■ **Personal pension:** Assumes a 60-year-old invests $200,000 and turns income on at age 70. Any remaining principal at death is paid to heirs. Joint life assumes a married man and woman are ages 60 and 55.

	Company	Rating	Annual Lifetime Income	Total Income by Age 90
Single-Life Man	TruStage (CUNA Mutual)	A	$27,345	$546,900
	MassMutual Life	A ++	26,245	524,900
Single-Life Woman	Integrity Life	A	$26,062	$521,240
	TruStage (CUNA Mutual)	A ++	25,028	500,560
Joint Life	TruStage (CUNA Mutual)	A	$21,554	$431,080
	Brighthouse Financial	A	21,206	424,120

■ **Personal pension as longevity insurance:** Assumes a 60-year-old invests $200,000 and turns income on at age 80. Any remaining principal at death is paid to heirs. Joint life assumes a man is 60 and his spouse is 55.

	Company	Rating	Annual Lifetime Income	Total Income by Age 90
Single-Life Man	Symetra Life	A	$76,054	$760,540
	Brighthouse Financial	A	66,898	668,980
Single-Life Woman	Symetra Life	A	$65,323	$653,230
	Brighthouse Financial	A	61,747	617,470
Joint Life	Brighthouse Financial	A	$45,849	$458,490
	Guardian	A++	43,724	437,240

■ **Personal pension within IRA:** Up to $200,000 of IRA assets can buy an annuity. Required distributions in the annuity can be deferred until age 85. Assume a $200,000 investment at 60, income at 73; what's left at death goes to heirs. Joint life assumes a man and wife are ages 60 and 55.

	Company	AM Best Rating	Annual Income at Age 73	Total Income by Age 90
Single-Life Man	TruStage (CUNA Mutual)	A	$35,403	$601,851
	Symetra Life	A	34,859	592,603
Single-Life Woman	TruStage (CUNA Mutual)	A	$33,485	$569,245
	Brighthouse Financial	A	31,803	540,651
Joint Life	TruStage (CUNA Mutual)	A	$26,696	$453,832
	Brighthouse Financial	A	26,244	446,148

Note: AM Best rating. Single life pays for one person's lifetime; joint life pays for both spouses' lifetimes. Source: Cannex

multiyear guaranteed annuities, or MYGAs, these simple contracts pay a fixed rate for one to 10 years. If you pull money out within the fixed period, you will be subject to a surrender charge.

"We use them as one of three legs in fixed income," Faskas says. "Another leg is individual bonds, and the third is a series of bond mutual funds for liquidity and flexibility."

Annuities are tax-deferred vehicles, making them ideal for fixed income, which would be taxed as ordinary income each year in a taxable account. Assets in annuities can't be withdrawn without a 10% tax penalty until after age 59½.

To figure out how much to allocate to fixed annuities, Faskas recommends first determining how much liquidity and flexibility you want and ensuring that the mutual fund leg will cover that. "You back into the numbers for how much you can put into the longer-duration investments. Most annuities we use are in the three- to six-year range," he says.

Consider fixed-indexed annuities alongside plain fixed annuities. Fixed-index annuities guarantee principal, but the annual payout is tied to an index's performance, usually with a cap that is reset annually.

Current cap rates are higher than in recent years because of rising interest rates, but be sure to look under the hood of the account for all details. For example, sometimes there is both a cap and limit on how much of an index's return you can participate in. If you have an 80% participation rate and a 10% cap, and the S&P 500 returns 11%, the participation rate limits your maximum return to 8.8%.

Opportunity for Tax-Deferred Savings

If you want to sock more away on a tax-deferred basis, an ultralow-cost variable annuity can be a solution.

Variable annuities, like 401(k)s, have a menu of investments and allow assets to grow tax-deferred.

While variable annuities can be expensive, with total account fees nearing 2% annually or more, there is a subset called investment-only variable annuities, or IOVAs, which are cheaper to own than most 401(k)s and have no investment limits.

"You can put $1 million in. There are no caps," says David Lau, founder and CEO of DPL Financial Partners, a marketplace for commission-free, fee-based annuities for advisors.

"The additional alpha you can generate through tax deferral is significant."

Consider the half-dozen IOVAs listed in the accompanying table. All have annual account fees of 0.25% or less. Equitable Life's Investment Edge Advisory has no annual fee for the basic contract. Nationwide's Monument Advisor stands out not only for its low $20 monthly flat fee—the equivalent of a 0.12% annual fee on $200,000—but also for its 63 alternative investment options alongside 340 traditional ones.

These contracts are sold by fee-based advisors.

Stock Market Returns With a Cushion

One of the more popular annuity types—a registered indexed-linked annuity, or RILA—is designed for conservative investors as part of a stock portfolio.

RILAs provide a buffer or floor under a stock index's

Best Annuities: Guaranteed Income With Some Flexibility, Liquidity, and Growth Potential

Annuity contracts with income riders are designed to pay monthly income for life, covering either a single person's or couple's joint lifetime. Payouts can be higher than guarantees based on growth of assets in the contract, and assets are more liquid and accessible to investors than in SPIAs and DIAs.

Fixed-Indexed Annuity Income Guarantees: These riders are purchased on S&P 500-linked fixed-indexed annuity contracts with seven-year surrender charge periods. Assumes a $200,000 investment by a 60-year-old. Payout begins at age 70. Joint life assumes a married man and woman are ages 60 and 55.

■ **Best guaranteed minimum annual income:** The minimum income is paid for life regardless of the value of the underlying investments.

	Company	Rating	Annuity Contract	Rider	Annual Income at Age 70	Toal Income by Age 90
Single Life	Eagle Life	A-	Select Income Focus	Lifetime Income Benefit 2	$29,480	$589,600
	American Equity Investment	A-	IncomeShield 7	Lifetime Income Benefit 3	28,524	570,480
	Midland National Life	A+	Summit Edge 7	IncomeStrategy	28,260	565,200
	Athene Annuity & Life	A	Ascent Pro 7	Income Rider 1	27,450	549,000
Joint Life	Eagle Life	A-	Select Income Focus	Lifetime Income 1	$25,080	$501,600
	Midland National Life	A+	Summit Edge 7	IncomeStrategy	24,252	485,040
	American Equity Investment	A-	IncomeShield 7	Lifetime Income Benefit 3	23,724	474,480
	Corebridge Financial	A	Power Index Plus Income	Lifetime Income Max	23,600	472,000

Variable-Annuity Income Guarantees: These riders are sold as add-ons to variable annuities. Assumes a $200,000 investment by a 60-year-old. Payout begins at age 70. Joint life assumes a married man and woman are ages 60 and 55.

■ **Best minimum guaranteed annual income for life:** Even if the value of underlying investments declines to zero, the annuity keeps paying the minimum guarantee for life. There is potential for higher payouts depending on performance of underlying investments.

	Company	AM Best Rating	Annuity Contract	Rider	Annual Contact Fee*	Maximum Allowable Stock Fund Allocation	Annual Guaranteed Income for Life	Total Income by Age 90
Single Life	Lincoln National Life	A	ChoicePlus Assurance	Secure Core	2.8%	80%	$20,160	$403,200
	Nationwide Life	A+	Destination 2.0	Lifetime Income	2.8	60	20,060	$401,200
	Corebridge Financial	A	Polaris Preferred Solution	Income Max 3	2.45	56	19,040	$380,800
	Protective Life	A+	Aspirations	SecurePay Protector	2.6	80	18,468	$369,360
Joint Life	Corebridge Financial	A	Polaris Preferred Solution	Income Max 3	2.5%	56%	$17,680	$353,600
	Nationwide Life	A+	Destination 2.0	Lifetime Income	2.8	60	17,680	$353,600
	Lincoln National Life	A	ChoicePlus Assurance	Secure Core	2.9	80	17,440	$348,880
	Jackson National Life	A	Perspective II	LifeGuard Freedom Flex III	2.9	100	17,000	$340,000

Note: AM Best rating *Includes the contract mortality and expense charge and the rider fee; does not include costs on underlying fund-like investments.

Sources: Cannex; company reports

performance. In exchange, you forgo dividends and your index return is capped. Some charge an annual fee, but most insurers embed the cost of the downside protection in their caps.

For example, two of the most competitive RILAs with no fees—offered by Athene Annuity and Life and Pruco Life Insurance—will absorb the first 10% of any losses in the S&P 500 and cap returns at 19.50%.

Another option is to set a floor under your investments. In this case, you eat losses up to 10% or 20%, and the insurer absorbs any excess losses.

For someone who needs portfolio growth but sits out of stocks fearing losses, RILAs can remove some anxiety and potentially provide the needed growth as part of a stock portfolio.

Guaranteed Income for Life

With traditional company pensions nearly extinct, creating a guaranteed income stream to supplement Social Security payments can be a salve to investors' fears of living longer than expected and depleting their assets. "It diversifies the income stream, so when savings are impacted by the markets you can have peace of mind," says Barbara Selig, a wealth management advisor at TIAA.

Selig recommends that two-thirds of one's retirement income come from a combination of Social Security and an annuity stream. Another approach is to arrange for all fixed nondiscretionary expenses—mortgage payments or rent, utilities, car payments, basic living costs—to be covered by Social Security and guaranteed annuity income.

Peace of mind can have both lifestyle and financial payoffs. "We've found that when people have protected income, they have the confidence to spend more in retirement," says Michael Conrath, head of the retirement insights strategy team at J.P. Morgan Asset Management. "They also have confidence to invest more aggressively in the nonannuity part of the portfolio, which can give more growth and income."

Usually, the simplest options—a single premium immediate annuity, or SPIA, and deferred income annuity, or DIA—pay the highest income. SPIAs take a lump sum and turn it into guaranteed income immediately; DIAs turn income on later. The trade-off for high payouts is that they are irrevocable and illiquid.

But today, fixed-indexed annuities with income riders are offering more-competitive deals than SPIAs and DIAs, and also variable annuities, thanks primarily to high interest rates.

"This is a big advantage to investors, because these products are highly liquid and flexible," Cortazzo says. Unlike the irrevocable SPIAs and DIAs, once a fixed-indexed annuity's surrender period expires, you can pull your money back or roll it into a more competitive annuity.

Variable annuities with lifetime riders are also liquid and flexible, and you can potentially increase payouts based on the performance of investments. But their guaranteed minimum payouts are lower because their benefit levels don't depend as heavily on interest rates as fixed annuities guarantees.

For a 60-year-old investing $200,000 and taking income at age 70, the top four variable annuity income riders guarantee a minimum annual income ranging from $18,468 to $20,160. In contrast, the top fixed-indexed annuity contracts guarantee $27,450 to $29,480.

Be wary if an advisor is presenting only variable annuity options, without comparing them with different types of fixed annuities. While variable annuities have a higher income potential if the markets have a stellar run, it isn't a sure thing, says DPL's Lau. "If you're looking for guaranteed income, you may not want to try to hit home runs."

Important Information:
A variable annuity is a long-term financial product designed to help you save for retirement. In essence, annuities are contractual agreements in which payment(s) are made to an insurance company, which agrees to pay out an income or a lump sum amount at a later date. Variable annuities are subject to market risk, including the possible loss of principal invested, and they have mortality and expense charges, account fees, investment management fees, administrative fees, charges for special contract features, and restrictions and limitations. Earnings are taxable as ordinary income when distributed and may be subject to a 10% additional tax if withdrawn before age 59½.

You are protected against some downside risk but if the negative return is in excess of the Segment Buffer there could be substantial loss of principal because you agree to absorb all losses to the extent they exceed the protection provided.

Guarantees are based on the claims-paying ability of the issuing life insurance company.

If you are purchasing an annuity contract to fund an IRA or employer-sponsored retirement plan, you should understand that such annuities do not provide tax-deferral benefits beyond those already provided by the Internal Revenue Code.

Variable annuities are sold by prospectus only, which contains more complete information about the policy, including risks, charges, expenses and investment objectives. You should review the prospectus carefully before sending any money. Contact a financial professional for a copy of the current prospectus.

Equitable Financial Life Insurance Company, Equitable Financial Life Insurance Company of America and their affiliates do not provide tax or legal advice or services. Clients should consult with their own professional tax and legal advisors regarding their particular circumstances.

Variable annuities are issued by Equitable Financial Life Insurance Company (Equitable Financial) (NY, NY) and, depending on the particular contract and its distributor, by Equitable Financial Life Insurance of America (Equitable America), an AZ stock corporation. Distributed by affiliate Equitable Distributors, LLC, and Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI & TN). The obligations of Equitable America and Equitable Financial are backed solely by their own claims-paying abilities.

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