Title:
Annuity 101

Word Count:
556

Summary:
If a person has a lot of money and decides not to spend it, there are ways of making this grow. One option is keeping it in the bank and letting it grow interest. The other is investing it in the stock market with the help of a financial consultant. This professional will be able to know what stock is worth buying and when is the best time to sell.

Another way of making the money grow especially if the person does not have medical insurance will be in the form of an annuit...

Keywords:
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Article Body:
If a person has a lot of money and decides not to spend it, there are ways of making this grow. One option is keeping it in the bank and letting it grow interest. The other is investing it in the stock market with the help of a financial consultant. This professional will be able to know what stock is worth buying and when is the best time to sell.

Another way of making the money grow especially if the person does not have medical insurance will be in the form of an annuity.

An annuity is a deal made between the insurance firm and the person. This arrangement allows the insurance company to invest the money of an individual in various business ventures with a percentage of growth to be returned in a number of years. This money can also earn interest on it’s own which will be given back over a period of time.

The disadvantages of this deal may make the person wait longer than expected to be able to get the money back due to surrender periods. Rules set by the IRS may reduce how much the person can get back due to taxes.

In the event of the untimely death of the individual, the beneficiaries will also not be able to get the entire payment because of tax deductions.

It is advisable for the person to pick a strong and stable insurance company. If this money was invested in a firm that suddenly goes bankrupt, the individual will not be able to get anything.

To be sure that the insurance company is in good standing with the industry, one should only go for a firm that has been given a good rating from agencies such as Standard & Poors, Moody’s Investor Services, Duff & Phelps or AM Best.

Should the person still want to person an annuity, there are some things that have to be decided upon to make it work. The name of the person, the insurance company and who are the beneficiaries in the event something happens.

Since a selling agent will probably be the one who will approach the individual and present this proposition, the individual should consult and be accompanied by the family attorney and a financial consultant to make sure the deal is perfectly safe.

The person should be aware of the pro’s and cons of an annuity. When this is done, the individual should carefully read the contents of the document before signing it.

The person should then be ready to make the first deposit in the form of a check addressed to the insurance company.

At the same time, this document should be stored in a safe place together with other papers that the person may need to bring out in the future. Changes in the document may happen at any time which makes it important to have this document stored in a safe place.

An annuity is something that people who are either rich or poor can invest on. Since this works like an insurance plan, the individual may choose to give the payment in one lump sum or do it on a monthly basis.

Since it is probably not wise to invest the money in one place, one should keep some money elsewhere that is easily accessible in case of emergencies.