

Life Insurance and Annuity Investments: Choosing The Right Balance

Life insurance is an important protection for your family, but it can also be a valuable investment. There are a number of life insurance options that are also wise financial choices which provide you with a return on your premiums. An annuity investment is one option in the insurance market that can not only help you protect your investment, but can usually be included with your life insurance policy, making investing safer and easier.

What Is An Annuity?

An annuity is a contract between you and an insurance company in which you pay a premium or lump-sum payment with the promise of a protected retirement income in the future. It is just one of the many types of investment opportunities available through an insurance company. It is essentially the opposite of life insurance-it covers you during the additional expenses of living longer than expected, as opposed to life insurance which covers you should you die earlier.

Types Of Annuity Investments

Fixed Annuities-These types of annuities offer either a fixed payment or a payment based on a fixed interest rate. While these may not yield the best investment growth, they can offer security to those who prefer it. They offer payments for a fixed term, or until death.

Variable Annuities-These types of annuities can give you the option of investing in a more risky environment, but potentially yield higher returns and function more like traditional investment opportunities. These investments provide you with the option of passing the remainder to your heirs after your death.

Annuities And Insurance

Life insurance protects you in the event you pass away earlier than expected; annuities protect you should you live longer than you expect or have a greater financial need in your retirement than planned for. Creating a balance between these two types of insurance products is an important part of financial and retirement planning. Both annuities and life insurance are important purchases, but finding the right balance will depend on a number of circumstances such as your age, your family size and marital status, and your income. It is also a good idea to balance your investments in general. Annuities can protect you in your retirement, but should not be your only retirement investment.

If you are looking for the right balance between insurance and annuities, contact an insurance agent who will help you get the information you need to make the best choice.