

How Annuities Are *Actually* Used in Modern Portfolios

It's common to have assumptions about annuities, like:

"I'm locking up my money forever."

"The fees are always high."

"Once I'm in, I can't get out."

"I can only get my money back from installments."

But in reality, most annuities used in modern financial planning look very different.

Benefits of Modern, Short-Term Annuities

Tax-Deferred Growth

Your earnings grow tax-deferred, allowing compounding without immediate tax penalties which is particularly valuable for long-term accumulation.

Principal Protection

Fixed Annuities are designed to protect your principal while providing steady, predictable growth (often used as a conservative complement to bonds or equities).

Liquidity & Flexibility

Short surrender periods (e.g., 3-6 years) mean funds are not committed indefinitely. Most contracts also allow partial annual withdrawals and have clearly defined exit points once the surrender period ends.

Annuity Laddering

By spreading funds across multiple short-term annuities with staggered maturity dates, you maintain regular access to capital while reducing your interest rate and reinvestment risk.

Annuities Are:

- Used selectively within a broader plan
- Designed for growth, protection, or income, depending on the structure
- Customizable based on your goals and time horizon

Annuities Are NOT:

- Automatically lifetime income products
- Permanent or irreversible decisions
- One-size-fits-all solutions



If you'd like to understand how this type of strategy could fit into your broader plan, our team is always available to help you walk through the options.

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