Annuities Remedy

Complete Step-by-Step Retirement-Cost and Product-Fit Guide

THE FAST VERSION

• Define the need before choosing the product.

• Ask exactly how the seller and firm are paid.

• Classify the exact annuity type before comparing costs.

• Separate cash value, surrender value, tax basis, death benefit, and benefit base.

• Do not replace or surrender a contract until the lost benefits, new restrictions, and tax facts are documented.

THE COMPLETE STEP-BY-STEP PROCESS

STEP 1 - Define the actual retirement need

Identify whether the goal is accumulation, principal protection, lifetime income, legacy, tax deferral, long-term-care features, or planning service. Do not start with a product name.

STEP 2 - Classify the exact product

Determine whether it is fixed/MYGA, FIA, RILA, variable annuity, SPIA, DIA, or another form. These products cannot be evaluated with one universal calculator.

STEP 3 - Identify the seller's legal capacity

Ask whether the person is acting as an investment adviser, broker, insurance producer, or in more than one capacity for this recommendation.

STEP 4 - Get the compensation statement

Ask how the individual, firm, and affiliates are paid if you proceed: commission, trail, AUM fee, flat fee, spread, bonus, revenue sharing, or other compensation.

STEP 5 - Collect the controlling documents

Obtain the contract, prospectus where applicable, illustration, disclosure forms, surrender schedule, rider terms, Form CRS/Form ADV where applicable, and replacement paperwork if relevant.

STEP 6 - Separate every value

Do not merge account value, cash surrender value, tax basis, death benefit, benefit base, and guaranteed withdrawal amount. They are different numbers.

STEP 7 - Extract every explicit fee and fee base

Record contract charges, administrative fees, underlying fund expenses, riders, AUM fees, fixed charges, transaction costs, and exactly what dollar base each percentage applies to.

STEP 8 - Do not add percentages with different fee bases

When fees use different bases, calculate dollars by fee and show only a labeled equivalent rate where mathematically valid.

STEP 9 - Check surrender, MVA/IVA, and withdrawal restrictions

Know what you can actually receive today and what changes on an early exit. Do not rely on the free-withdrawal percentage alone.

STEP 10 - For qualified retirement money, separate tax deferral from insurance value

An IRA or qualified plan is already tax advantaged. Ask what non-tax insurance or guarantee benefit justifies the annuity's restrictions and cost.

STEP 11 - For fixed/MYGA, compare matched carrier quotes

Compare guaranteed rate, term, maturity value, surrender value, renewal risk, insurer, quote date, and liquidity. Do not compare a MYGA with a lifetime-income product as though they solve the same job.

STEP 12 - For FIA, model the actual crediting formula

Use the actual cap, participation rate, spread, index method, crediting term, and dividend treatment. Do not substitute headline index return.

STEP 13 - For RILA, model both upside limits and downside exposure

Apply the actual cap/participation plus buffer or floor and any interim-value adjustment. A RILA can lose money.

STEP 14 - For variable annuities, run periodic fee-drag scenarios

Use the actual fees, fee bases, contributions, withdrawals, riders, and visible return assumptions. Do not silently subtract one generic annual fee from one assumed return.

STEP 15 - For SPIA/DIA, analyze income rather than calling payout rate a return

Compare contractual income, payout option, period certain/refund features, break-even ages, survival-age IRRs, inflation effect, and estate tradeoff.

STEP 16 - For living-benefit riders, compare benefit base with cash value

Model guaranteed withdrawals, rider fees, account-value paths, benefit-base rules, and what happens if the account value declines or is depleted.

STEP 17 - For advisor fees, calculate annual dollars and service value

Apply tiered AUM breakpoints correctly and include underlying fund/platform costs. Compare AUM, flat, hourly, subscription, and transaction arrangements against the service actually needed.

STEP 18 - Compare like with like

A fair comparison matches risk, guarantees, liquidity, tax status, cash flows, payout option, state, age, and quote date. Otherwise present separate scenarios rather than a winner.

STEP 19 - Stress-test liquidity and early exit

Model surrender values, free withdrawals, MVA/IVA, tax consequences requiring review, and lost benefits at several plausible exit dates.

STEP 20 - Treat replacements and 1035 exchanges as separate decisions

Compare old and new contract values, surrender, tax basis, lost benefits, new surrender period, compensation, and alternatives. Lower annual cost alone does not justify an exchange.

STEP 21 - Verify insurer and regulatory records

Use the appropriate state insurance, IAPD, BrokerCheck, and Form ADV/Form CRS routes based on product and seller capacity.

STEP 22 - Stop when material facts are missing

If basis, ownership, surrender value, benefit loss, product terms, or compensation cannot be established, the correct output is verification or professional review, not a personalized buy/sell instruction.

HARD STOPS / MAJOR RED FLAGS

• Seller will not state capacity or compensation in writing.

• Benefit base is presented as though it were cash available to withdraw.

• Fees are quoted without fee bases or underlying product costs.

• Replacement is sold as automatically better because it is a 1035 exchange.

• Qualified-plan rollover is justified mainly by 'extra tax deferral' with no non-tax benefit analysis.

• Current caps/participation rates are presented as guaranteed for the life of the contract when they are not.

• A personalized buy/sell/surrender/exchange recommendation is being made without the information needed to support it.

BUYER / CONSUMER WORKSHEET

A. Need and product

Field	Your entry
Primary retirement need	
Product type	
Security? yes/no/unknown	
State	
Quote date	

B. Seller and compensation

Field	Your entry
Seller capacity	
Firm	
Commission	
Trail	
AUM fee	
Flat/hourly fee	
Other compensation/revenue sharing	

C. Contract values

Field	Your entry
Account value	
Cash surrender value	

Tax basis	
Death benefit	
Benefit base	
Guaranteed withdrawal	

D. Costs and restrictions

Field	Your entry
Contract/admin fees	
Fund expenses	
Rider fees	
Advisor/platform fees	
Surrender schedule	
MVA/IVA	
Free withdrawal	

E. Replacement review

Field	Your entry
Old contract value	
Old surrender value	
Lost benefits	
New surrender period	
New fees	
New guarantees	
Professional review needed?	

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SOURCE AND SCOPE

Built from the canonical Annuities & Advisor-Fees Remedy v2.1 master. The canonical expressly requires separate calculator paths for fixed/MYGA, FIA, RILA, variable annuities, SPIA/DIA, riders, advisor fees, and replacements. This PDF therefore teaches the sequence but does not pretend one quick percentage calculator can evaluate every annuity.

Educational arithmetic and issue-spotting only. This guide is not investment, insurance, tax, legal, actuarial, surrender, replacement, or allocation advice. The actual contract, prospectus, state law, tax facts, and seller capacity control.

