



## Why use an annuity in the Clergy Advantage 403(b)?

### It's all about when, why & how.

**Annuities have a bad reputation mainly because they're so widely mis-used.** They're often sold to people in lieu of alternative products that would be as effective and cost less. In that regard we believe most annuities are not appropriate for many people who have them.

**With that said, there are appropriate and valuable benefits to using certain annuities in some cases.** About 85% of all US retirement 403(b)'s are built on an annuity platform and these are qualified retirement products. Likewise, the "chassis" of the Clergy Advantage Retirement 403(b) uses the elements of an annuity to provide the features and special benefits, like Structured Investment Options and Guaranteed Income Options with diverse money managers and funds without the negative side effects associated with annuities. The 'annuity' element of this particular retirement plan allows it to provide more features and actually cost less than a typical annuity.

**Additionally, 403(b) money does not ever have to be "annuitized."** *The money exists and grows in the account as in a mutual fund and can be withdrawn in any fashion the investor chooses.* Thus it is possible to produce as much income as if the principal had been 'annuitized' while preserving the corpus to be passed on to the next generation.

### More important distinctions between this plan and a regular annuity:

- The costs inside the Clergy Advantage 403(b) Retirement Plan are often less than owning a mutual fund. Very often when a church moves from their old plan to this plan, both the church and individual participants save on internal costs.

- The Clergy Advantage retirement plan offers over 90 investment options from some of the best money managers in the business. In this case, bigger is better; because of its size many of the funds in the plan cost less for our clients. Essentially, we're a 'preferred' customer so you can get them at a discount. *The Guaranteed Interest Option and Structured Investment Options are available without any fee at all to you.* Participants can move money from fund to fund or manager to manager as often as they like without fees or trading charges.
- There is no real insurance component to this plan. While most options are free, there are some that can be added for a fee, like a Guaranteed *Income* Option for life on assets that do not require the participant to annuitize. Although it's not necessary to use these options, it costs nothing extra to have them available if and when you decide to use them.
- As with all retirement plans that are considered "pre-tax," whoever inherits the account will eventually pay tax on the money. This plan has built-in provisions so that whoever does receive the money upon death can spread out payments and often reduce the amount of tax paid.
- The periodic account statements generated from a 403(b) are no more complex than a 401k or IRA or most other investment statements.
- The money in the 403(b) account is as liquid as any employer sponsored retirement plan. There are no fees ever to move money out of the plan. The only restrictions are those imposed by the IRS for early withdrawals.
- 403(b) withdrawals count as taxable income just like regular IRAs, 401k's or any other retirement plan except a Roth IRA. However, the Clergy Advantage plan does have a Roth option where \$18,000 a year or more can go in without tax deductions and come out tax-free for any purpose in retirement.
- This unique plan was designed by the Clergy Advantage Tax Experts and is backed by AXA, one of the largest 403(b) providers in the country, expressly for ministry professionals, churches and religious organizations. It's the only one of its kind.
- **The purpose of a 403(b) retirement account is mainly to provide retirement savings with *pretax or tax deductible dollars*. One great advantage of the Clergy Advantage 403(b) is that it can convert after-tax dollars or even tax defer money, as well.**
- *The hallmark of this specialized retirement plan is that ministry professionals can actually learn about and apply individual strategies available only to clergy. Personal coaching, at no additional cost to you, can help you use your housing allowance benefits in a personal retirement strategy that grows with you.*