

# WHY CHOOSE AN ANNUITY OVER A LUMP SUM OPTION? PART 2



**Did you miss PART 1? Access [PART 1 here](#).**

Before a decision can even be made on whether or not to choose a lump sum or an annuity, individuals that are ready to retire need to find out when they can comfortably do so. According to research, only half of Americans have calculated how much they need to save for retirement.<sup>1</sup> Many also express fears that they have not saved enough for the funds to be sufficient to last them through their retirement. When retirement typically lasts anywhere from 15 to 20 years, pre-retirees are fearful that with the amount they have saved it will not withstand the entirety of their retirement.

A recent study showed that many retirees and pre-retirees feel that they have overestimated how long their retirement savings would last and underestimated the amount they should have saved.<sup>2</sup> With an almost overwhelming number of retirees depleting their retirement savings, these concerns are more than justified.

In order to combat these fears, a large number of individuals who have yet to retire plan on staying in the workforce longer and pushing back their initial date of retirement.

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So, the question remains: How can we help mitigate retiree's fears of using up all or most of their retirement savings? The answer is simple, and the research is there to back it up. Annuities. Thankfully, at American National, there are several types of annuities to choose from to help clients utilize their money in a cost-efficient manner throughout their retirement should they choose to do so. Whether that's through an indexed, fixed, or immediate annuity. Annuities can help lessen the headache of having to figure out how to navigate a bulk of their life savings with a lump sum amount of money, and more importantly, can provide a stable stream of income that will not be exhausted quickly.

[Learn More](#)

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1) Top Ten Ways To Prepare For Retirement, Employee Benefits Security Administration, September 2021. 2) 2022 Paycheck or Pot of Gold Study, MetLife, 2022

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