

SPIA Sales Solutions

Overcoming Objections to Single Premium Immediate Annuities



Single Premium Immediate Annuities (SPIAs): Their Place in the Market

Planning for retirement will continue to be a hot topic for the unforeseeable future.

And while clients will seek guarantees and assurances that their money will fund a lengthy retirement, many factors could disrupt the best-laid plans. One strategy that you should consider that can help provide stability to your client's retirement portfolio is a SPIA.

It's safe to say that many consumers are not aware of SPIAs. Consequently, if you suggest a SPIA as part of distributing retirement assets, you may hear several objections, such as:

- A SPIA, what is that?
- I don't want to lose access to my assets by placing them in a SPIA.
- What is the rate of return on the annuity?
- What if I die five years from now, then will I have wasted all that money?
- Will there be anything left to give my heirs?

How to Answer Client Objections

A single premium immediate annuity, what is that?

Focus on its positive qualities. In exchange for a one-time single premium payment, the SPIA provides guaranteed income during retirement that can last as long as the annuitant lives. It's "immediate" because the income payments start within 13 months of purchase.

I don't want to lose access to my assets

Not all SPIAs require losing access to the client's money. United of Omaha offers SPIAs with access to the premium. If an emergency arises or an unexpected change in the client's retirement plans occurs, the client can receive a refund of the remaining premium from the insurance company*



Underwritten by
United of Omaha Life Insurance Company
A Mutual of Omaha Company

What is the rate of return on the annuity?

Focus your client's attention on the cash flow the annuity provides rather than the rate of return. A SPIA provides a source of cash that your clients can use. If your clients think of the annuity in terms of what percent of the premium the annuity provides annually, they may value the product more.

What if I die five years from now, then will I have wasted all that money?

Let your clients know about the payout options available, which include life only, life with a period certain or period certain only. If the annuitant dies before the guaranteed period expires, income payments continue to the named beneficiary.

A joint and survivor annuity is also an option. The joint and survivor annuity provides income payments for as long as one of the annuitants is living. This type of annuity provides income for life with a smaller risk that both annuitants will die before they've received their premium back. Certain periods are also available with the joint and survivor option.

Will there be anything left to give my heirs?

SPIAs are designed to provide income during retirement. They are not created as a means of passing on wealth. The SPIA, however, may provide enough stability in the retirement portfolio to preserve other assets so that they may be transferred to others.

*Surrender charges may apply.

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Annuities are insurance products therefore not a deposit, not FDIC insured, not insured by any Federal Government Agency, not guaranteed by the bank, not a condition of any banking activity, may lose value and the bank may not condition an extension of credit on either: 1) The consumer's purchase of an insurance product or annuity from the bank or any of its affiliates; or 2) The consumer's agreement not to obtain, or a prohibition on the consumer from obtaining, an insurance product or annuity from an unaffiliated entity.

Withdrawals before age 59½ are subject to a 10% federal income tax penalty. Consult with a professional tax advisor before taking any action that may have tax and legal consequences.