

## How much should I invest in an annuity?

## **Financial Planning**

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Unlike a 401(k) or an IRA, there are no limits on the amount that you can invest in an annuity.

Whether you?re considering a deferred or immediate annuity, the amount of money you should consider putting into an annuity depends on:

- Your immediate actual and potential financial needs
- Your long-term financial goals
- Your current savings/investment portfolio
- The range of alternatives available to you

Of these, the most important is your immediate actual and potential financial needs. If you?re buying a deferred annuity and you have a sudden need for cash, you can usually withdraw a small amount without

penalty. However, you?ll likely pay a penalty if you make a large withdrawal within a few years after you?ve bought the annuity. If you?re buying an immediate annuity, you usually can?t get any more than the regular payments, no matter how badly you need cash. However, if you have other sources of cash that are sufficient for any emergency or unforeseen needs, then the immediate needs criterion is satisfied and the other criteria become more important.

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