



Single Premium Immediate Annuity

ELCO Agency: 888-240-3351 • ELCO New Business: 888-872-7954 • The Krause Agency: 800-255-1932

Single Premium Immediate Annuity



What is a SPIA?

A Single Premium Immediate Annuity (SPIA) is a financial instrument used to create a stream of income derived from a single premium, usually placed with an insurance company. Different payout options allow for a customized design of the annuity to fit an individual's particular circumstances. Payout options include payments for a fixed period, payments for life, or a combination of life with a guaranteed period of payments.



How do SPIA's work?

A lump sum (single premium) is paid to the insurance company. In return, the company pays monthly benefits to the annuitant with the funds from the applicant including interest from the investment of the premium funds. When payments for life is chosen, the monthly benefits are the highest possible, but there are no benefits payable to any beneficiaries when the annuitant dies. The popular phrase "you can't outlive your money" definitely applies when a life option is selected.

Alternately, when a fixed period of payments is chosen, any payments remaining after the annuitant dies are paid to the annuitant's beneficiaries. Similarly, life benefits with a period certain also guarantees a fixed number of payments, regardless of when the annuitant's death occurs.



How are SPIA's used?

Funds earned over a lifetime of hard work are often placed into a SPIA to provide payments to an individual over his/her retirement years. Fixed period SPIA's can be used to plan for future payments of life insurance or long-term care insurance premiums.

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Government Benefits.

When properly structured, a SPIA with payments for a fixed period can be used to achieve eligibility for certain government benefits including Medicaid.



Why choose ELCO Mutual?

ELCO Mutual is a financially stable insurer that has been assisting seniors with their financial planning needs for over 72 years. ELCO writes over \$300 million a year in SPIA business and has paid out over a billion dollars in benefits to clients. Directed by an experienced and diverse executive staff, ELCO is consistently working toward offering the best possible solutions for its current and future clients.



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