

TYPES OF ANNUITIES

Type of Annuity	Definition
Charitable Gift Annuity	An annuity purchased through a charitable organization that lists the charity as the beneficiary and the donor as the payee.
Deemed IRA Annuity	A qualified employer plan that maintains a separate annuity to receive voluntary employee contributions to facilitate employee retirement savings planning.
Payroll Deduction IRA Annuity	A IRA annuity in which an employer sets up a payroll deduction to fund an individual retirement account program with a financial institution, such as a bank, mutual fund or insurance company. The employer establishes either a traditional or Roth IRA (based on the employee's eligibility and personal choice) with the financial institution. The employer withholds the payroll deduction amounts that the employee has authorized and transmits the funds to the financial institution. The employee and the financial institution are responsible for the amounts contributed.
Roth IRA Annuity	An IRA annuity is designated as a Roth IRA (annuity) when it is set up. It allows a person to make contributions after age 70.5 in certain circumstances.
Savings Incentive Match Plan for Employees IRA Annuity (SIMPLE IRA)	A Savings Incentive Match Plan for Employers (SIMPLE) IRA annuity is an IRA-based retirement savings plan designed specifically to make it easier for small employers to establish a retirement plan for enrollees. It is a salary-reduction plan that allows employees to divert some of their compensation into retirement savings. Each employee has a separate IRA annuity.
Simplified Employee Pension IRA Annuity (SEP IRA)	A Simplified Employee Pension (SEP) IRA annuity can be established by an employer or by a self-employed person. Designed for small businesses, SEP IRAs have many of the characteristics of qualified pension plans, but are much simpler to set up and administer. Under an SEP IRA, each participant has his or her own Traditional IRA to which the employer contributes. The contributions are excluded from the employee's pay and are not taxable until distributed from the plan.
Spousal IRA Annuity	An IRA annuity set up by an employed spouse to make contributions for a non-working spouse or for a spouse who has little or no income.
Traditional Annuity	An IRA annuity purchased as a personal savings plan which does not fall under any other IRA definitions listed on this handout.