

Annuity – Definition

An annuity is a life insurance product that pays periodic income benefits for a specified period of time or over the course of the annuitant's lifetime. There are two basic types of annuities: deferred and immediate. Deferred annuities allow assets to grow tax-deferred over time before being converted to payments to the annuitant. Immediate annuities allow payments to begin within about a year or less of purchase.