MONETTA MONEYTALK *family edition*

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Annuities: May the Odds Be Ever in Your Favor

If you've ever watched *The Hunger Games*, you know that survival in the arena depends on strategy and resources. In the movie, tributes fight to survive and are often helped with care packages sent by a sponsor. Annuities can work the same way in retirement by providing steady, reliable payments that show up when you need them most.

An annuity is a contract you make with an insurance company. You give them a sum of money upfront, and in return, they promise to send you steady "care packages" of income later—monthly, quarterly, or annually—for a set period or even the rest of your life.

But just like in *The Hunger Games*, every sponsor gift comes with strings attached and annuities are no different. Many carry high fees and commissions that reduce returns, have steep penalties for early withdrawal and can often be very complex, making it hard to know exactly what you're getting.

However, annuities can be especially valuable for retirees who worry about outliving their savings. The key is knowing exactly what kind of promise you're signing up for, because not all annuities work the same way. When it comes to annuities, there are a few main types:

- A **fixed annuity** is like having a sponsor who guarantees you'll always get the same food every week—dependable, predictable, no surprises.
- A **variable annuity**, on the other hand, is riskier: sometimes your care package might be overflowing, other times it's a little thin, depending on how the markets perform.
- Then there are **immediate annuities**, where you hand over your money and the care packages start right away, versus deferred annuities, where you have to wait before the income begins.

In the end, an annuity is both a gift and a gamble. It can keep you supplied when the arena gets tough, but the wrong choice can leave you vulnerable. The question isn't whether annuities are good or bad—it's whether they fit your survival plan. Either way, the odds are better when you understand the rules before you enter the arena.

That reminds me of a *story...*

A man called his best friend and said he needed money to buy his mother medicine. His friend said, "Don't worry, call me later today."

When the man called his friend back, he never answered—his phone seemed to be switched off. Disheartened and disappointed, he called other friends, but no one could help. When he went to see his mother, he found a bag of medicine near her pillow. He asked his brother, "Who purchased mom's medicine?" The answer was, "Your friend came by, took mom's prescriptions, and filled them. He just left."

With tears of happiness, he smiled and went over to his friend's house to thank him. The man said, "I tried to reach you all day, but my calls didn't go through!"

His friend said, "I decided to sell my phone to buy the medicine your mother needed."

Moral of the Story: **Not everyone that goes silent has abandoned you.**

Successful *entrepreneur*

Andre Agassi

Andre Agassi grew up in Las Vegas facing "The Dragon," a homemade ball machine that fired thousands of balls a day. Young Andre's job was simple—hit every single one, because his father, Mike Agassi, was determined to make his son a champion.

Those endless hours gave Andre the foundation that would later make him one of the greatest players the sport has ever seen.

At 13, Andre was sent to the Nick Bollettieri Tennis Academy in Florida, a place known for shaping legends. Far from home, he found himself surrounded by other rising stars. And eventually, by way of perseverance, he learned that tennis could be more than his father's dream.

Andre Agassi would go on to win eight Grand Slam titles, earn Olympic gold, and inspire millions with both his game and his honesty about the struggles behind it.

As Andre said, "It's not what you achieve, it's what you overcome." Whether in sports or in business, what matters is showing up, pushing through the hard days, and recognizing that challenges can shape your greatness.

Capital Gains Distributions: The Hidden Tax

When you invest in a mutual fund or exchange-traded fund (ETF), you may encounter something called a "capital gains distribution." Capital gains occur when a fund realizes a net gain from its securities sales during the year. These gains are required to be paid to shareholders at least once per year, usually near the end of the year. The distributions are required even if the fund value declines and apply to all shareholders at the declared "record date," regardless of how long you held your shares.

There are two types of capital gains: short-term and long-term.

- **Short-term capital gains** arise from investments the fund held for one year or less before selling. These distributions are generally taxed as ordinary income, subject to your regular income tax rate.
- **Long-term capital gains** come from investments held for more than one year. These gains are typically capped at 0%, 15%, or 20%, depending on your taxable income.

SCHEDULE D (Form 1040)

Capital Gains and Losses

Part I Short-Term Capital Gains and Losses—Generally Assets Held

Capital gains distributions are reported to investors each year on Form 1099-DIV and are generally taxable whether received in cash or reinvested as additional shares of the fund.

(Note, however, capital gains distributions are generally not taxable in tax-advantaged accounts like traditional or Roth IRAs or 401(k)s.)

Therefore, a key decision is whether you want to receive the distributions in cash or have them reinvested into shares in the fund. The cash option can be used to pay your tax liability. The reinvestment option buys more shares and accelerates compounding over time, an option for long-term investors who don't need the cash right now.

LAUGH *studio*

What kind of band never plays music?

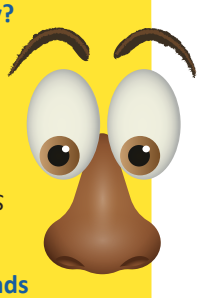
A rubber band!

Who makes money by driving their customers away?

Uber drivers!

What did the nose tell the finger?

Stop picking on me!



What superhero spends too much time in the sun?

Cap-tan America!

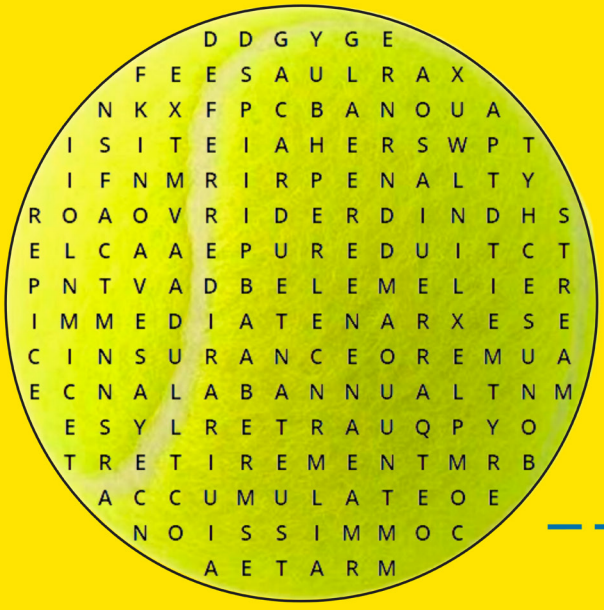
Why are ghosts bad liars?

You can see right through them!

KIDS: If you have a joke you'd like to share, please send it to info@monetta.com. If we use your joke, we'll send you a special prize!

YOUNG *investors*

Complete the word search using the word bank below. The letters not used will spell out a hidden phrase. Email the phrase to info@monetta.com or submit it online at www.kidsnewsletters.com and be entered in a drawing to win a $10 Target Gift Card! (Entries must be received by December 1, 2025)



FIXED	EARLY	RIDER	VARIABLE
COMMISSION	BALANCE	PLAN	DUE
RATE	ANNUAL	RISK	GUARANTEE
RETIREMENT	BONUS	FEES	PENALTY
QUARTERLY	INSURANCE	INCOME	GROWTH
PAY	IMMEDIATE	STREAM	
COMPLEX	SCHEDULE	DEFERRED	
TAX	TERM	ACCUMULATE	

THE HIDDEN PHRASE IS...

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