

Beyond Rate

There's a lot more to a fixed annuity than its current interest rate.

Take a look at a fixed annuity's benefits beyond its interest rate:

1. Earnings are not currently taxed, which may allow a larger nest egg to accumulate.^{1,4}
2. Safety of principal is guaranteed by the issuing insurance company.^{2,4}
3. The fixed annuity's account value does not fluctuate with the stock or bond market.
4. Tax deferral on earnings may help protect Social Security benefits.³
5. Current taxes may be reduced if money is moved from an investment generating currently taxable income to fund the tax-deferred annuity, where future earnings are tax deferred.¹
6. A fixed annuity may be available with no upfront fees or charges, which means that 100 percent of the premium can go to work immediately.⁴
7. Various payout options are available, including payments that last your lifetime. The amount of the payments depends on the amount invested, the interest applied, and the income option chosen, and may not be enough, by itself, to meet your income needs.¹
8. A fixed annuity may offer access to a certain percentage of the account value each year free from surrender charges.¹
9. Renewal rates cannot drop below a preset minimum, offering some protection against generally lower interest rates in future years.
10. Proceeds can be paid to a named beneficiary without the expense and delay of probate.
11. Surrender charges may be waived to help in the case of an emergency, such as nursing home confinement, terminal illness, or unemployment.⁵

If you're interested in a conservative retirement savings vehicle, check out fixed annuities. You'll find they offer benefits that go far beyond competitive interest rates.

¹ Withdrawals of earnings are taxed as ordinary income and, if taken prior to age 59½, may be subject to an additional 10% federal tax penalty.

² Subject to the claims-paying ability of the insurance company.

³ Earnings accumulating in an annuity are not counted as income when determining tax on Social Security benefits, unless earnings are withdrawn (in contrast to a certificate of deposit's taxable interest or a municipal bond's tax-free interest).

⁴ Surrender charges apply in the early years after a payment.

⁵ Certain restrictions apply; may not be available on all products or in all states.

■ Not FDIC, NCUA/NCUSIF insured ■ No bank or credit union guarantee
■ Not insured by any federal government agency ■ Not a deposit ■ May lose value

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