

Would a fixed annuity be better than a CD for my long term goals?

Use this questionnaire to determine your best option.

A fixed deferred annuity may be a great alternative to a certificate of deposit (CD). Ask yourself the following questions to determine if a fixed deferred annuity might better meet your long term savings goals.

Do your answers indicate that you have a long term horizon for your savings currently held in a CD? If yes, now would be a great time to explore the advantages and disadvantages of a fixed deferred annuity vs a CD.

Remember, annuities are long term retirement products and may not be appropriate for everyone. Beware of comparing short-term interest rates to long-term rates that are available only when you make a long-term financial commitment. Work with your financial advisor to determine what is best for you. Your advisor can complete a needs analysis before recommending the best products for your needs.

QUESTION	ANSWER
Do you currently hold any savings in a certificate of deposit?	Yes or No
Are any of these CDs maturing in the next 90 days?	Yes or No
Do you have these dollars earmarked for use in the next 5 years?	Yes or No
Do you have sufficient liquid assets should an unexpected family or medical emergency arise in the next 5 years?	Yes or No
Have you looked at the interest rates being offered at your bank today?	Yes or No
Have you been informed by your bank representative of the expected renewal rate? If yes, what is rate _____?	Yes or No
Could deferring taxes on the interest earned help you in your current financial situation?	Yes or No
Would you consider an alternate fixed interest product if you could earn a better rate of return?	Yes or No

## Annuities vs. CDs

Many people are familiar with traditional certificates of deposit and may purchase them because CDs are what they've always used. But tax-deferred fixed annuities can be an alternative to CDs for the right person. As with any financial product, issues such as age, income and suitability should be considered when making financial decisions.



	Tax-Deferred Annuities	Certificates of Deposit
<b>Reporting and Taxing of Interest Income</b>	The interest income from a tax-deferred annuity is neither reportable nor taxable until it is withdrawn, when clients are no longer in their peak earning years and most likely are in a lower tax bracket. <sup>1</sup>	The interest income from a traditional certificate of deposit is both reportable and taxable as it is earned, regardless of whether it is received or left to accumulate. <sup>1</sup>
<b>Effect on Social Security Benefits</b>	Interest income from a tax-deferred annuity is not reportable until withdrawn; it is not included in the calculations for Social Security crossover taxation, preserving the value of Social Security benefits.	The interest income from a traditional certificate of deposit is included in the calculations used to determine taxation on Social Security benefits. Both taxable and tax-free earnings are reportable and must be included in this calculation.
<b>Withdrawal Charge Schedule</b>	Generally, tax-deferred annuities are long-term instruments and have no maturity date. Instead, the insurer imposes a schedule of declining early withdrawal charges, which are generally entirely eliminated after a designated period of time.	Traditional certificates of deposit are generally intended for short-term investment and have preset early withdrawal penalties that vary according to the term. These penalties are renewed every time the certificate is renewed.
<b>Emergency Access</b>	Depending on the type of annuity selected and its provisions, penalty-free withdrawal options may be available to clients so they can access a portion of their funds. <sup>1</sup>	Funds in a certificate of deposit cannot be accessed in full or in part during its term without incurring withdrawal penalties. <sup>1</sup>
<b>Loss Protection</b>	Tax-deferred annuities are not FDIC-insured; however, they are backed by the financial strength of the insurer, without federal limitations as to denomination or styling.	Certificates of deposit are insured by the FDIC up to \$100,000 per account, per institution.

## Tax-Deferred Accumulation Brings Strength to Your Retirement

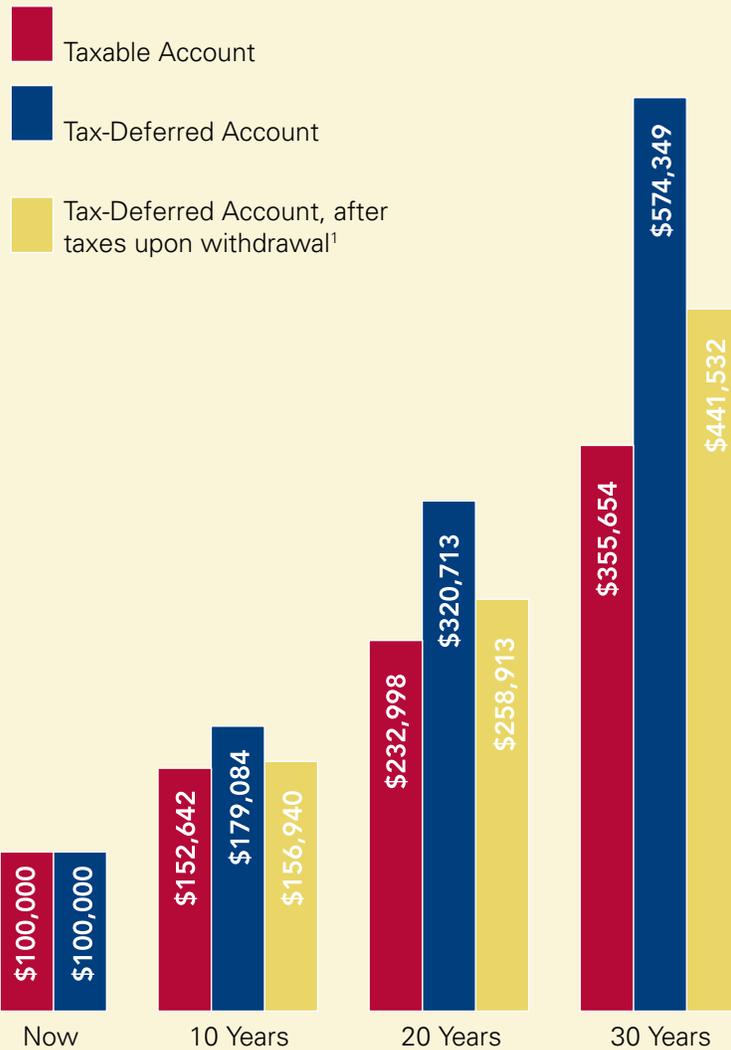
This example is used for illustrative purposes only. The return is not indicative of any specific product and is not intended to be a projection of future values. Sales charges and administrative fees are not taken into account and would reduce the tax-deferred performance shown if they were. Actual results will vary.

Actual returns will vary depending on your specific tax rate (which may be more or less than the figures shown). A lower tax rate on capital gains and dividends would make any gains in the taxable account more favorable. You should consider your investment time horizon and tax brackets, both current and anticipated.

For specific tax advice, please speak to your tax advisor.

### SCENARIO:

\$100,000 Principal  
6% hypothetical net rate of return<sup>2</sup>  
28% federal tax bracket



<sup>1</sup> Withdrawals from tax-deferred annuities prior to age 59 ½ may result in a 10 percent federal income tax penalty based on current federal tax law. This information should not be construed as legal or tax advice. Customers should consult their attorney, accountant or tax advisor on specific points of interest.

<sup>2</sup> Hypothetical rate used for illustrative purposes only. Not intended to project future incomes.