

GET MORE MONEY WITH LESS RISK AND LOWER TAXES

Fixed Annuity: The Best Alternative to a CD in Today's Low Interest Environment

The Fixed Annuity is an interesting insurance vehicle for the conservative investor. The behavior of a Fixed Annuity is often compared to that of a bank CD (Certificate of Deposit). The advantages of a Fixed Annuity are generally more favorable for those that wish to keep their money safe from market risk long term or simply want to get more interest than the bank is offering in a low interest environment.

The Main Advantages of Fixed Annuities:

Tax Deferral

Annuity earnings grow tax deferred until withdrawn, reducing your current taxes and allowing your money to grow faster. This is an added benefit if you are in a lower tax bracket when retirement income payments begin.

Protection of Principal

Unlike other investment vehicles, the principal of the account is protected from downward loss. Variable annuities, securities and other investments can lose value. The Fixed Annuity has a **guaranteed** fixed interest rate and the value can only grow.

Fixed Interest Rate

A Fixed Annuity guarantees a fixed interest rate for a specific period of time. A minimum interest rate is guaranteed for the life of the contract.

Guaranteed Income and Lifetime Payout Provisions Possible

One of the more obvious features of an annuity, the opportunity to annuitize, shouldn't be overlooked. The distributions can create an income to be spread out over a set period or may continue for the life of the annuitant (and the beneficiary). This creates an additional income you can't outlive. The Fixed Annuity can be established to provide a guaranteed income for the life of the annuitant and beneficiary. This again provides safety and peace of mind.

Not Vulnerable to Market Volatility

Can you say "recession proof"? Because of the fixed rate nature of the annuity, the investor need not worry about account values during periods of recession.

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Access to Money

Most annuities allow withdrawals at least once annually (up 15% of the contract value) without a withdrawal or surrender charge. Monthly withdrawals of interest and free withdrawals for special needs such as confinement to a nursing home are also widely available.

Estate Planning

A beneficiary receives the annuity's entire account or contract value upon the death of the annuitant. With fixed annuities, your beneficiary can avoid the delays, expense and publicity of probate.

Retirement Boost

If you're taking full advantage of employer plans and IRAs, a Fixed Annuity's combination of unrestricted contributions and tax deferral can be a retirement boost. In addition, non-qualified annuities do not require you to take distributions at age 70-1/2, allowing your money to continue compounding.

Note: All deferred fixed annuities have no income tax requirement on interest earnings until withdrawal. This is a definite advantage over many investments like CDs, mutual funds, stocks and bonds when considering a long term retirement investment. A fixed annuity investment may out-perform CDs, bonds and treasuries. Reinvesting money that would otherwise be paid out in tax over an extended period of years is always an advantage. They allow you to get, in essence, "triple compounding: Interest on the principal, interest on the interest and interest on the tax-savings.

***If you're interested in learning more about getting
GUARANTEED 3.5% interest or higher or in
increasing your monthly income call me!
336-292-3875 or 336-509-0690***

*Pritchett Retirement Services, ♦ 4600 Perquimans Road E. Greensboro, NC 27407
336-292-3875 (O) 336-509-0690 (C) ♦ LLPritchett@gmail.com*

Why Would I Want to Own an Annuity

Not all annuities are created equal. You would not want to own a variable annuity, as it's primarily an expensive way to own mutual funds; they usually come with annual fees of 2-5%, and your principal can be lost.

Traditional fixed annuities are very safe, currently offering guaranteed returns of 2.5 – 3.5%, and can provide lifetime income.

Fixed Indexed Annuities are another excellent option. They are very safe, your principal cannot be lost to the stock market, and your gains are locked in annually and can never be given back. They also can provide an income you can't outlive.

Additionally, you can receive **guaranteed** 5-7% gains annually in your income account, if another future lifetime income is one of your financial goals.

The guarantees come from the claims paying ability of the insurance company. These companies are highly regulated, and all Fixed and Fixed Indexed Annuity Companies have kept their promises with zero failures. The income account can only be taken as income, and that's okay because in retirement, **income is the only outcome that matters.**

Your withdrawal rate will be 2-3 times what a market portfolio can sustain at an average of 5% annually, depending on what age you start, and whether you take the income as a single payout or joint.

And of equal importance, your money is not tied up in the stock market, where you are often waiting to get back to your high point after significant losses. With the FIA, you can't have any market losses, so you never have to spend time working to get back to what you once had. You are always at your high point.

Why Would I Want to Own an Annuity (continued)

FIA's are designed for people who enjoy getting the ups in the market but don't enjoy the downs. Safely linking to an index, such as the S&P 500, is how you get the ups, but it's important to note you won't get ALL of the upside. Keep in mind, however, that diversified portfolios don't get all of the upside either. The huge advantage of the FIA is that it **never** gets any of the down. We call it "sleep insurance."

Your broker or banker may not be supportive of you owning an FIA. This might be because his or her own lifetime income plan is for you to continue to pay their fees for as long as you live.

And do they manage private pensions? If not, they may not have the experience in creating income streams for life for their clients.

Nothing else competes with the longevity credits that are only issued by insurance companies. These credits increase your monthly income far beyond what is sustainable in a market portfolio devoid of an FIA.

The FIA offers safety and opportunity on the same dollar, at the same time. You cannot get this anywhere else. Add lifetime income to this, so that even when your principal is exhausted, your income will continue.

Now you have a number of very compelling reasons to own an FIA in your portfolio. My advice? Don't delay!

An FIA in your portfolio will allow you to never worry about outliving your life savings again.

Perhaps this *Wall Street Journal* headline says it best, **"The Secret to a Happier Retirement: Good Friends, Good Neighbors and a Fixed Annuity."**

Retire happy and secure with sustainable monthly income; retire with an FIA in your portfolio.