

Bank CD



Fixed Annuity

Which option is right for you?



CD = Certificate of Deposit; **MYGA** = Multi-Year Guaranteed Annuity, the most common type of fixed annuity

CD

SAFETY

MYGA

FDIC insured up to \$250k

Backed by the state guaranty fund, which is \$250k in most states

CD

TIMELINE

MYGA

Maturity periods as short as **one month** or as long as several years

Maturity periods as short as **one year** or as long as several years

CD

INTEREST

MYGA

Example: 5 year rates ranging from **0.01-0.5%**

Example: 5 year rates ranging from **4-5.85+%**

No minimum interest rate, varies with market conditions

Guaranteed minimum interest rate, regardless of market conditions

CD

TAX SAVINGS

MYGA

Earnings are taxable in the year the interest is earned, even if you don't take the money out

Earnings accumulate **tax deferred**, and are not treated as taxable income until they are withdrawn

May be subject to probate

Not subject to probate

CD

LIQUIDITY

MYGA

If you need access to the funds in a CD prior to the maturity date, you may pay an interest penalty ranging from 30 days to one year

Most companies allow withdrawal of a portion of your account value, usually 10% each year, without a surrender charge

CD

MATURITY

MYGA

Take lump-sum value in cash or renew it

Renew, withdraw money in a lump sum, or 1035 exchange into new contract



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