

Annuities vs. CD's

Why is an annuity so much better than a CD?

Bank certificate of deposit or CDs have been a “Safe” investment for retirement for years, backed by FDIC insurance and the promise of locked-in-rates of return. But there are other safe products out there than now offer far better returns, on average, than CDs: **Annuities.**

Here are some of the differences between annuities vs. CDS:

- **Inflation:** Yields on CDs have been lower than the rate of inflation in one of every five years. After accounting for taxes and inflation, the return on any given CD has actually been negative about half the time! Annuities whether fixed-rate, variable or equity indexed have consistently trumped inflation and provide highly competitive rates of return. Relying on CDs to fund your retirement could result in a savings shortfall that could require you to work past age 65.
- **Taxes:** Interest earned on a CD is subject to full federal and state income tax, regardless of whether you use the income or let it compound. Annuities, on the other hand, accumulate returns tax deferred. That is all the money lost to taxes during the accumulation phase of a CD can be kept compounding and growing in an annuity. This can drastically reduce the time needed to reach your retirement goals.
- **Risk:** Though CDs are FDIC insured, in the event of a bank failure you could encounter delays with the FDIC returning your CD principal. Annuities are insurance products underwritten in many cases, by some of the largest insurance companies in the world. Ratings and financial holdings of these companies are public information

CDs (Certificate of Deposit)

- Low return on investment
- Taxed earnings on interest
- Predictable return
- Penalty for early withdrawal
- Insured by the US Government

Annuities

- Higher return than CDs
- Tax deferred earnings
- Predictable return
- Some annuities make cash available
- Guaranteed by the largest insurance Companies in the world

Annuities offer other enhancements and perks that leave CDs in the dust. Equity Indexed annuities for example are linked to an index such as the S&P 500, Dow Jones and participate in the growth of those markets without putting any principal at risk from potential down ticks in the market.

If you are concerned that your retirement savings goals may be falling behind, visit www.beneflexfinancial.com and learn how annuities can, based on your particular needs give you peace of mind.

For more information on retirement planning, please contact us by calling 800-926-9107 or email us at wealth@beneflexfinancial.com Thank you!