Fixed Interest Options

Comparing CDs to Multi-Year Guaranteed Annuities (MYGAs)

	CDs	MYGAs
Safety	●	●
Guaranteed Rates	●	●
Variety of Term Lengths	●	●
Liquidity During Terms		●
Tax-Deferred Growth		●
Generally Higher Rates		●

Liquidity During Terms:

With Multi-Year Guaranteed Annuities, several offer the owner options to access a portion of their account without penalty. This varies by product, but common options are 10% of the account value, accrued interest, or RMD amounts.

Tax-Deferred Growth:

Often considered the focal point of annuities, funds grow tax-deferred. This means that you do not owe taxes on any growth until you withdraw the funds. Essentially, your would-be tax money is earning interest as the account grows.

Generally Higher Rates:

Though this is not a rule, annuities are most often offering higher rates than CD with similar terms. With this generally the case, it is valuable to many to compare rates when considering the purchase of a CD to see if they can increase their rate with an annuity.

Why it all Matters? Both CDs and Multi-Year Guaranteed Annuities are great options for fixed interest rates. If the term one is looking for is available for each, annuities are worth the look as they can bring additional benefits into the conversation. Even with equal rates, withdrawal privileges and tax-deferral can bring the annuity solution to the forefront.

foundationalincome.net
763-463-9590

FOUNDATIONAL INCOME ASSOCIATES