



CDs vs. FIXED DEFERRED ANNUITIES

Are you concerned that CDs do not pay sufficient income? Do you feel that your CD income is heavily reduced by taxes? If so, it may be time to consider a deferred annuity.

Differences between CDs and tax deferred annuities:

	<u>CD</u>	<u>ANNUITY</u>
Will this product provide safety of principal?	✓	✓
Access to principal? (subject to surrender charges) ¹	✓	✓
Does the entire principal remain unreduced by commissions?	✓	✓
Will the product provide tax deferred growth? ²	✗	✓
Does the product provide for flexible contributions?	✗	✓
Can earnings on the product be automatically recontributed without being currently taxed?	✗	✓
Can the product provide guaranteed lifetime income without the principal first being taxed?	✗	✓
Can the product provide social security advantages by reducing taxable income that would make social security benefits taxable?	✗	✓
Can the product provide potentially higher yields?	✗	✓

Other Considerations:

- ▶ With CDs, early withdrawals may result in a loss of interest. With annuities, early withdrawals may result in surrender charges.
- ▶ Annuities avoid the costs and delays associated with probate however, that is not always the case with CDs. For CDs, the use of joint ownership may avoid probate and state law may allow for a beneficiary designation that avoids probate

FOR MORE INFORMATION CONTACT

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CDs are typically held in bank accounts which are FDIC insured up to \$250,000. Annuities are not FDIC insured. 1 - Penalties apply on early withdrawals. For annuities significant charges apply during Surrender Charge Period, which may last for several years. Some annuities offer free withdrawals if the withdrawal does not exceed 10% of the contract value each year. A 10% federal income tax penalty may apply for withdrawals before age 59½. 2 - Income and growth on accumulated cash values are deferred until withdrawn. Current U.S. tax laws provide that earnings from an annuity are taxable only upon withdrawal as ordinary income. In contrast, interest earnings from a CD may be taxed annually and at rates that vary depending upon the nature of the earnings and the individual's tax bracket. Lower maximum tax rates on capital gains and dividends could make the return for the CD more favorable, thereby reducing the difference between a taxable product and a tax deferred product. Neither American National Insurance Company nor its agents give tax advice. Clients should contact their attorney or tax advisor on their specific situation. American National Insurance Company, headquartered in Galveston, Texas is licensed to conduct business in all states except New York. Business is conducted in New York by American National Life Insurance Company of New York, headquartered in Glenmont, New York. Each company has financial responsibility for only the products and services it issues.

Not FDIC/NCUA insured | Not a deposit | Not insured by any federal government agency | No bank/CU guarantee | May lose value



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