

Bridging the Gap Between Risk and Reward

By James Schuett

There are many ways for you to save money, each with its own pros and cons. The stock market and mutual funds offer the potential for high rates of return, but with a higher risk level to match. Traditional savings accounts or certificates of deposit (CDs) offer safety and no investment risk, but at the lowest interest rates in years.

Have you invested in the stock market and lost, but still want the potential for a higher return than most saving accounts or CDs can offer? An indexed annuity may be the answer you're looking for. Indexed annuities are fixed annuities offering a combination of benefits to help you achieve potentially higher returns, with downside protection. This is accomplished many ways:

Linking to a popular stock market index. Indexed annuity interest rates are usually linked to a popular market index such as the S&P 500 Index. With interest rates linked to the changes in a popular stock market index there is opportunity to share in the potentially higher returns of the market.

Indexed Annuities also have an interest-locking feature, which locks in your interest when it is credited. If the index value later falls, you don't have to worry about losing interest you have already earned, and you will *never* be credited with a negative return.

Offering a minimum guarantee. A guaranteed minimum cash surrender value protects your money in the event of consistent market losses.

Providing tax-deferral.* Federal and state taxes are deferred on interest earnings until the money is withdrawn—allowing your money to grow faster in three ways: Your principal earns interest, your interest earns interest, and you earn interest on the money you would have spent on taxes.

If you want to bridge the gap between stock market risk and low traditional savings rates, ask a financial adviser if an indexed annuity is right for you.

*Interest earned is taxed upon full or partial surrender.

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