

In a volatile market environment, many consumers are opting for a fixed rate. While guaranteed interest rates offer some level of security, did you know there are financial solutions, other than Bank Certificates of Deposit (CDs), that provide a guaranteed interest rate option, as well as options with more upside potential? For example, Multi-Year Guaranteed Annuities provide a guaranteed interest rate for a specified period of years and Fixed Index Annuities often provide an annual fixed rate strategy as well as indexed strategies that offer potential upside.

How do CDs compare to Fixed Annuities?

Features	Certificate of Deposit	Fixed Annuity ²
Safety of premium ³	●	●
Tax deferred compounded earnings on non-qualified premium ⁴		●
A guaranteed lifetime payment option		●
Penalty-free withdrawal options ⁵		●
May pay to an heir generally without probate		●
Early withdrawal penalties or surrender charges	●	●

Matching Guaranteed Interest PLUS Upside Potential!

The hypothetical example below shows how a Fixed Index Annuity (FIA) and Multi-Year Guarantee Annuity (MYGA) can potentially match the guaranteed growth of a Certificate of Deposit (CD) while also providing more upside potential. Note that while the rate for the 7-year MYGA is guaranteed for 7 years, interest credited to the FIA depends on rates that are declared annually and may also depend on the performance of an index (if funds are allocated to an index account).

	7-Year CD	Fixed Annuity Combination Scenario 1: Guaranteed Rates		Fixed Annuity Combination Scenario 2: Hypothetical Growth	
		7-Year MYGA	8-Year FIA	7-Year MYGA	8-Year FIA
Premium	\$100,000	\$60,000	\$40,000	\$60,000	\$40,000
Hypothetical Rate	1.50%	2.50%	0.00%	2.50%	3.00%
1-year Interest Credits/Growth	\$1,500	\$1,500	\$0	\$1,500	\$1,200
End of Year 1 Value	\$101,500	\$61,500 + \$40,000 = \$101,500	\$40,000	\$61,500 + \$41,200 = \$102,700	\$41,200
Interest Credits/Growth After 7 Years	\$10,984	\$11,321	\$0	\$11,321	\$9,195
End of Year 7 Value	\$110,984	\$71,321 + \$40,000 = \$111,321	\$40,000	\$71,321 + \$49,195 = \$120,516	\$49,195

This example is based on hypothetical interest rates, assumes no withdrawals or rider charges and does not show any applicable tax implications. Note that surrender charges apply to an 8-year FIA until the end of the 8th contract year.

Call your licensed independent insurance professional to learn more!



Annuity

CDs & Fixed Annuities

Rated A+ (Superior) by A.M. Best¹

See product specific brochures for further details and limitations.

Fixed Index Annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. They may not be appropriate for all clients.

1. North American is rated A+ (Superior) by A.M. Best - effective June 3, 2015. A+ is the 2nd of 15 categories.
2. Annuities are not deposits of, or guaranteed by, any bank and are not insured by the FDIC or any other agency of the U.S. All guarantees are subject to the financial strength of North American Company for Life and Health Insurance[®].
3. Assumes no withdrawals or rider charges. Surrender during the Surrender Charge period may result in loss of premium.
4. Under current law, annuities grow tax deferred. An annuity is not required for tax deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase. North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice.
5. Withdrawals prior to age 59 ½ may be subject to IRS penalties. Withdrawals taken during the Surrender Charge Period above the penalty-free amount will be subject to Surrender Charges and possibly an Interest Adjustment (also known as Market Value Adjustment, see flyer 18681Z for further details).

Rate comparison to current CD rate average is believed to be reasonable based on ratebrain.com information at the time of publication. Clients should examine all features and options of the annuity product prior to purchase. Product features and rates are subject to change. Comparative results are not guaranteed; the use of alternate assumptions could produce significantly different results.

Call your licensed independent insurance professional to learn more!
