

# FIXED Annuity

## Quick-Reference Guide



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## Resources

- [Top MYGA Rates](#)
- [PSM Annuity Portfolio](#)



# What is a Fixed Annuity?

- A fixed annuity is a contract between an individual and an insurance company.
- The individual makes a lump-sum payment or a series of premium payments to the insurance company.
- In return, the insurance company guarantees a fixed interest rate on the principal investment.
- The interest accumulates on a tax-deferred basis, meaning taxes are not paid until withdrawals are made.
- Fixed annuities are primarily used for retirement planning to provide a steady income stream during retirement.

## Types of Fixed Annuities:

### Immediate Fixed Annuity:

- An immediate fixed annuity starts making regular income payments shortly after the initial premium payment.
- It is suitable for individuals who want to convert a lump sum into an immediate income stream.

### Deferred Fixed Annuity:

- A deferred fixed annuity delays income payments to a future date.
- During the deferral period, the funds in the annuity accumulate and grow on a tax-deferred basis.
- It is commonly used for long-term retirement planning to accumulate savings and generate income in the future.

# Features of Fixed Annuities:

## Guaranteed Interest Rate:

- Fixed annuities provide a guaranteed interest rate specified in the contract.
- The rate remains fixed for a specific period or throughout the term of the annuity.

## Principal Protection:

- Fixed annuities guarantee the return of the principal investment.
- Regardless of market performance, the insurance company ensures the preservation of the original investment amount.

## Tax-Deferred Growth:

- The interest earned in a fixed annuity grows on a tax-deferred basis.
- Taxes on the earnings are deferred until withdrawals are made.

## Payout Options:

- Annuity contracts offer various payout options to the annuitant.
- Options include lifetime income, joint and survivor income, or fixed period income.

## Death Benefit:

- Fixed annuities typically include a death benefit provision.
- If the annuitant passes away before receiving all payments, the remaining balance is paid to the beneficiary.

## Benefits of Fixed Annuities:

**Guaranteed Income:** Fixed annuities provide a reliable and predictable income stream during retirement.

**Principal Protection:** The insurance company guarantees the return of the principal investment, safeguarding against market downturns.

**Tax Advantages:** Tax deferral allows earnings to grow faster, and individuals have control over the timing of tax payments.

**Retirement Planning:** Fixed annuities can be an effective tool for retirement planning, providing a stable income source.

## Considerations and Limitations:

**Lower Potential Returns:** Fixed annuities generally offer lower returns compared to more market-based investments like stocks.

**Surrender Charges:** Annuity contracts often have surrender periods during which early withdrawals may incur penalties.

**Inflation Risk:** Fixed annuities may not keep pace with inflation, potentially reducing purchasing power over time.

**Fees and Expenses:** Some fixed annuities may have fees associated with the contract, such as administrative fees or surrender charges.

Remember, this guide provides general information about fixed annuities. It's important to review specific annuity contracts, understand their terms and conditions, and seek personalized advice before making any financial decisions.

**MYGA**

# Selling Mult-Year Guaranteed Annuities

**If you're interested in selling fixed annuities, here's a general guide to help you get started.**

Remember, selling fixed annuities involves working with individuals' financial well-being, so it's crucial to act ethically, provide accurate information, and always prioritize the best interests of your clients.

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# Guide to Selling Multi-Year Guaranteed Annuities

Selling Multi-Year Guaranteed Annuities (MYGAs) requires a solid understanding of the product, its features, and the needs of potential buyers.

Here's a guide to help you sell MYGAs effectively.

## **Understand MYGAs:**

Familiarize yourself with the concept of MYGAs, which are fixed annuities that offer a guaranteed interest rate for a specific period, typically ranging from 3 to 10 years. Learn about the features of MYGAs, such as guaranteed interest rates, principal protection, tax-deferred growth, and various payout options.

## **Licensing and Compliance:**

Ensure that you possess the necessary licenses and certifications required by your jurisdiction to sell MYGAs. Stay up-to-date with compliance regulations and guidelines to ensure you adhere to legal and ethical standards.

## **Identify Target Market:**

Determine your target market for MYGAs, such as individuals nearing retirement, risk-averse investors, or those seeking a guaranteed income stream. Understand the specific needs and concerns of your target market to tailor your approach accordingly.

## **Build Product Knowledge:**

Gain in-depth knowledge about the MYGA products you offer, including the issuing insurance company, interest rates, surrender periods, fees, and other terms and conditions. Be able to explain the benefits and drawbacks of MYGAs compared to other annuity products or investment options.

**Conduct Client Needs Assessment:**

Engage potential buyers in conversations to understand their financial goals, risk tolerance, time horizon, and income needs. Assess whether MYGAs align with their objectives and explain how these products can meet their needs for principal protection, guaranteed income, or tax advantages.

**Effective Communication:**

Clearly articulate the features and benefits of MYGAs to clients, emphasizing their stability, guaranteed returns, and potential tax advantages. Explain complex concepts in simple terms, ensuring that clients understand how MYGAs work and how they can support their financial goals.

**Provide Comparative Analysis:**

Conduct a comparative analysis of MYGAs against other investment options, such as savings accounts, certificates of deposit (CDs), or other fixed-income instruments. Highlight the potential advantages of MYGAs, such as higher interest rates, tax-deferred growth, or the ability to customize income options.

**Illustrate Potential Income Streams:**

Use annuity illustration tools or software to demonstrate to clients how their investment in MYGAs can generate a predictable income stream over time. Show how different payout options, such as lifetime income or fixed-period income, can meet their income needs during retirement.

**Address Client Concerns:**

Anticipate and address common concerns or objections, such as liquidity, surrender charges, fees, or potential inflation risks. Provide transparent and accurate information, allowing clients to make informed decisions.

**Compliance Documentation:**

Ensure that you maintain proper documentation for each sale, including suitability forms, disclosures, and client signatures. Adhere to compliance requirements, record-keeping, and any necessary reporting procedures.



### **Ongoing Client Support:**

Provide ongoing support and service to clients who purchase MYGAs. Stay in touch with clients to address any questions, concerns, or changes in their financial circumstances.

### **Continuous Education:**

Stay updated on industry trends, regulatory changes, and new product developments related to MYGAs. Engage in ongoing education and training to enhance your expertise in selling annuity products.

Remember, it's crucial to act ethically, provide accurate information, and prioritize the best interests of your clients.

### **Resources:**

[Top MYGA Rates](#)



[PSM Annuity Portfolio](#)



## Questions?

Please contact us for assistance.

Call us at 1-800-998-7715 or email us at [info@psmbrokerage.com](mailto:info@psmbrokerage.com).

Hours of operation: 8 a.m.–5 p.m. (CST), Monday–Friday.

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