Misconceptions about annuities stem largely from a lack of information. The key to dispelling fixed annuity myths and breaking the mythology is to be educated. By taking a closer look at some of the myths, we can uncover the underlying benefits and product features of a product that has evolved, but at its core been around for centuries. Let's demystify your fixed annuity.

INVESTMENT CENTERS OF AMERICA, INC.
We know the territory®

First National Bank of
Moose Lake
20 Hartman Dr
Moose Lake, MN 55767

Investor's Update NEWSLETTER

Craig Prudhomme
a Registered Representative of
Investment Centers of America, Inc.
Located at:
First National Bank of Moose Lake
20 Hartman Dr
Moose Lake MN 55767

INVESTMENT NEWS YOU CAN USE

TIMELY INFORMATION PROVIDED BY YOUR INVESTMENT REPRESENTATIVE

Demystifying Fixed Annuities

Here are 5 myths and realities you should know about Fixed annuities:

MYTH #1: Fixed annuities are expensive.

REALITY: Fixed annuities may be more expensive than other investment options, but they also offer a variety of benefits that may be valuable to investors. Fixed annuities are long-term, tax-deferred vehicles designed for retirement. As contracts with insurance companies, fixed annuities can provide death benefit protection for your heirs should you die prematurely. You can custom build some of today's unbundled fixed annuities so you pay only for features and benefits that are important to you. So are the benefits worth the price? Yes, if things like tax-deferred growth potential, and benefits are appealing.

MYTH #2: Fixed annuities provide no additional value.

REALITY: Many people argue that qualified money doesn't belong in individual annuities because you end up paying for the benefit of tax deferral. But what an investor is actually paying for are the additional benefits that an annuity can provide. Annuities offer guaranteed standard benefits as part of the contract.

MYTH #3: Fixed Annuities are not good investments because gains, when withdrawn, are taxed at higher income tax rates than other investments.

REALITY: The truth is the long-term tax treatment is much more favorable than many people might believe, plus tax-deferred Fixed Annuities have the added potential to accumulate more than vehicles that may be subject to taxation each year.

MYTH #4: Fixed Annuities are a poor asset to inherit, as they are subject to double taxation.

REALITY: The tax treatment of an annuity at the owner's death is often misunderstood. Many fear that because an annuity may be subject to both estate and income taxes upon the death of an affluent owner, its tax advantage is often sacrificed. Most people will never owe estate taxes unless their current estate and past gifts exceed $5.34 million (2014). Fixed Annuities can have advantages over other investment types allowing beneficiaries to receive substantial sums with a fair measure of tax efficiency.

MYTH #5: If a trust owns an annuity, then the annuity loses its tax-deferred treatment.

REALITY: In a nutshell, if the beneficial owner of the trust is a person, then the tax-deferred treatment of the annuity has generally stood. And it makes sense. Fixed Annuities are long-term vehicles designed for retirement, and the rules under the Internal Revenue Code 72(u) usually deny tax-deferred treatment for non-natural beneficial owners. However, a trust can generally retain its tax-deferred treatment if you can establish that the trust's beneficial owner is a person.

Fixed Annuities have been around hundreds of years, with the concept stretching all the way back to ancient Rome. Fixed Annuities have survived the Middle Ages, the American Revolution and the Great Depression. While the annuity sold throughout history has changed, the benefits haven't. Contact your financial representative today to discuss how an annuity can help you reach your goals in retirement.

For more information please call.

Craig Prudhomme
Investment Representative,

218-485-5725
866-485-5725