

Increase Yields For Clients Who Like CD's But Are Willing To Step Away From FDIC Guarantees Into Insurance Guarantees!



Suggest A
MYGA
Fixed Rate
Annuity



Maximize Yield Tax Deferred

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Safely Maximize Yield For Your Clients Retirement Savings Tax Deferred!

By: Jeff Affronti

The Multi Year Guarantee Annuity (MYGA) is a great product for introducing traditionally bank CD minded clients to the Fixed Annuity marketplace. The ability to show the clients exactly what their premiums will grow to guaranteed! A great way to illustrate the benefits of a MYGA is simply to compare guaranteed future values. Below is a summary of a client with \$200,000 of premium and three savings rates over a three year term. A client who simply chooses the highest possible rate can see **406% more interest** in 3 years! A client with a rate of 0.50% would earn \$3,015.04 of interest over 3 years compared to a client with a rate of 2.00% who would earn **\$12,241.60!**

Results Summary			
	Rate 1	Rate 2	Rate 3
Starting amount	\$200,000	\$200,000	\$200,000
Number of years to save	3 years	3 years	3 years
Additional contributions	\$0 per month, at the start of each period	\$0 per month, at the start of each period	\$0 per month, at the start of each period
Annual percentage yield (APY)	0.5%	1.6%	2%
Total amount you will have contributed	\$200,000.00	\$200,000.00	\$200,000.00
Total at end of investment	\$203,015.04	\$209,754.43	\$212,241.60

Savings Balance by Year

Year	Additions	0.5% APY		1.6% APY		2% APY	
		Interest	Balance	Interest	Balance	Interest	Balance
1	\$0.00	\$1,000.00	\$200,000.00	\$3,200.00	\$203,200.00	\$4,000.00	\$204,000.00
2	\$0.00	\$1,005.00	\$202,005.00	\$3,251.21	\$206,451.21	\$4,079.99	\$208,079.99
3	\$0.00	\$1,010.04	\$203,015.04	\$3,303.22	\$209,754.43	\$4,161.61	\$212,241.60

Clients who purchase a MYGA regularly re-up at the end of the term. Why wouldn't they? The clients see that the MYGA works just as described! The end of term options with the MYGA allow the agent and client to shop the market and see if a better product and rate are available. Some carriers even offer clients and their agents the new business money rates and commissions for internal transfers. The internal transfer is one of the easiest sales to make. The ability to go to your client at the end of the term and offer a better rate with the carrier that they are now familiar with and know honors the guarantees!

Agents are often asking if we have any good areas to look for new clients. I feel the bank customers who are holding long term funds at historically low rates are a great segment to review. Getting a client to just try a MYGA, even just a \$2,000 IRA to start, will likely be the gateway to them using additional fixed rate annuities in the future. Conservative clients will find the MYGA a comfortable change from a CD or simple savings account since they work so similarly.

Here are some great features available on MYGA's:

- NO FEES
- Fixed Interest Rate For A Set Period Of Time
- Lifetime Income Annuitization Options
- Available Free Withdrawals Options
- Tax Deferral
- Available Nursing Home Waivers
- Available Non MVA Adjusted Surrender Charges

Here is how to calculate the final accumulation value of a MYGA with rate of 3.00% guaranteed for 7 years and a single premium of \$100,000 using a HP 12C calculator.

1. Turn on the 12C and Press (CLX)

2. Type **100000**
 3. Press (**PV**) Button - The Present Value
 4. Type **3**
 5. Press (**I**) Button - Interest Rate
 6. Type **7**
 7. Press (**N**) Button - The Term
 8. Type **0 "Zero"**
 9. Press (**PMT**) Button - Payments
 10. Press (**FV**) Button - Future Value
 11. -122,987.38 should be on the screen (\$122,987.38 is the Future Value)
 12. Note: Press (**CHS**) Button - Change Signs to remove minus sign.
 13. Note: Press (**F**) (**9**) for more decimal places.
- So, \$100,000 premium at 3.00% for 7 years will grow \$122,987.38 or by 22.99% after 7 years **GUARANTEED!**

Knowing this calculation allows you to quickly compare between products as well. Armed with all this knowledge you can now go out and show the clients who have never seen a MYGA, just how much a taxed deferred fixed rate annuity can increase their retirement saving yield in a short time!

Jeff Affronti -

Marketing, illustrating, studying and selling fixed annuities since 1995.

Thinking about a using a Fixed Rate Annuity?

Get MYGA contracting, illustrations, case design assistance and more. |

Call 800-373-9697 or [Click | www.fsdfinancial.com](http://www.fsdfinancial.com)

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