

A 1-2-3 For Positioning Fixed Annuities

POSITIONING FIXED ANNUITIES

By: Jeff Affronti

August 6, 2015

Fixed Annuities are often referred to as investments and associated with variable annuities. Similar to a savings account being a banking product and not an investment, fixed annuities are actually insurance products. They are not really investments at all. A risk averse client who understands this is likely to be okay with the less than exciting single digit guarantees and assumption of a fixed annuity. Presenting a fixed annuity is a viable "safe money" option for ones "must retain" retirement savings. Since the fixed annuity offers protection while still accumulating at a reasonable yield, it may be the most aggressive option the clients will encounter. When compared to equally guaranteed and low risk, non investment options the fixed annuity regularly has the best guarantees and upside potential.

So, now that you have a low risk outlet for the clients, how do you find the most appropriate fixed annuity? Comparing these 3 categories of fixed annuities may help.

1. The MYGA - Multi Year Guarantee Annuity

This is a really basic product with few moving parts. A high level of client understanding can be obtained in a short period of time. Retirees who are familiar with Bank CDs often become owners of MYGAs and not only for the tax deferral. A client who would like guaranteed, compounded and constant fixed rate accumulation year after year would likely be interested in hearing about a MYGA. Once a client owns a MYGA they tend to stick with MYGAs.

2. The SPIA - Single Premium Immediate Annuity

The **Mother** of all annuities, the SPIA is for the clients who want/need systematic and financially sound guaranteed income. Payments of principal and interest allow for higher payout percentages than just interest withdrawals. Additionally, these payments could have a favorable tax exclusion on non qualified premium contracts. Clients looking for the maximum immediate guaranteed lifetime income should be presented a SPIA.

3. The FIA - Fixed Indexed Annuity

The FIA has a wider client base than the MYGA and SPIA. FIA's can be for the client who just wants a chance at higher than current fixed rates with low to no risk of premium. A client who is more hands on and will take an active roll by reviewing crediting methods and strategies annually. Even a client who wants a minimum guaranteed income years in the future is a possible FIA candidate. Upside potential with downside guarantees is what an FIA client may like to hear more about.

Presenting insurance as a tool for protecting, growing and guaranteeing ones retirement savings will aid in connecting the right clients to the fixed annuity they may be lacking.

Jeff Affronti | Marketing, Illustrating, Building Fixed Annuities since 1995.

The idea is to not outlive your money.

Maximizing it at the same time does not hurt.

Call 800-373-9697 | www.fsdfinancial.com | www.annuityexperts.com

California Insurance License #0B91910 | Twitter [@MrFixedAnnuity](https://twitter.com/MrFixedAnnuity)