Annuity Suitability

Prepared for: **Great Southern Bank**
Presented by: **Marketing Financial**
Advanced Case Design

First of all, an annuity should be considered as a longer-term investment. If, for example, your objective is to save for retirement and you are already contributing the maximum to an IRA and/or employer-sponsored retirement plan, an annuity might be right for you. But which type of annuity? The answer to that question depends primarily on your investment objectives and risk tolerance.

Fixed interest annuities may be best suited for individuals who:

- Prefer to rely on fixed rates of return
- Focus on preservation of assets
- Want protection from market volatility
- Prefer to delegate investment decisions and risks to the insurance company
- Understand that a fixed rate of return may not provide a good hedge against inflation

Variable annuities may be best suited for individuals who:

- Prefer to invest in equities
- Want to make their own investment decisions
- Understand that assets can decline in value
- Are willing to assume the risk of loss of principal in exchange for the possibility of greater asset growth and a stronger hedge against inflation

Indexed annuities may be best suited for individuals who:

- Are adverse to risk
- Understand that a rate of return linked to stock market performance provides the potential for higher returns than fixed interest investments, together with the risk of losing money if the issuing company does not guarantee 100% of the principle and no index-linked interest is credited, or if the indexed annuity is surrendered while a surrender charge is in effect
- Prefer to delegate investment decisions to others
- Want less market risk than with a variable annuity

Annuity Comparisons

Prepared for: **Great Southern Bank**
Presented by: **Marketing Financial**
Advanced Case Design

Fixed Interest Annuities vs. Variable Annuities vs. Indexed Annuities

	Fixed Interest Annuities	Variable Annuities	Indexed Annuities
Minimum guaranteed return?	Yes [1]	No [2]	Yes [1]
Choice of investment options?	No	Yes	No
Opportunity to earn a higher return?	No	Yes	Yes
Possibility of losing principal?	No [1]	Yes	Maybe [3]
Tax-deferred growth?	Yes	Yes	Yes
Minimum death benefit?	Yes [1]	Yes [1]	Yes [1]

[1] Subject to the claims-paying ability of the issuing insurance company.
[2] Unless 100% of premiums are placed in a guaranteed fixed interest subaccount.
[3] It is possible to lose principal in an indexed annuity if, for example, the issuing insurance company does not guarantee 100% of the principle and no index-linked interest is credited to the contract because the index linked to the annuity declines, or if an indexed annuity is surrendered while a surrender charge is in effect.

Immediate Annuities vs. Deferred Annuities

	Immediate Annuities	Deferred Annuities
Premium payments?	Single premium only.	Either a single premium or a series of installment premiums.
Annuity payout?	Begins immediately or shortly after premium is paid.	Begins at a future annuity payout date, providing time for annuity accumulation.
Partial withdrawals?	Possibly; review the features of the contract you are considering to determine if withdrawals may be made and under what conditions.	Yes, subject to the terms of the contract and possible charges, partial withdrawals can be made from a deferred annuity; partial withdrawals may be subject to a premature withdrawal tax if made prior to age 59-1/2. Withdrawals will reduce the value of the death benefit and any optional benefits.
Surrender value?	None; the contract cannot be surrendered.	Yes, a deferred annuity can be surrendered for its value, subject to surrender charges and a possible premature withdrawal tax if surrendered prior to age 59-1/2.