What's the difference between a fixed annuity and certificate of deposit (CD)?

Deciding between a fixed annuity and CD depends on your personal financial strategy for the future. A fixed annuity can be an attractive option that offers guaranteed growth potential and tax-deferred benefits for your portfolio. CDs or tax-deferred annuities? What's the best option? It's a topic you and your financial professional may want to discuss.

FEATURES AND BENEFITS	FIXED ANNUITIES	CERTIFICATES OF DEPOSIT (CD)
Do I have access to my money?	Many annuities allow a percentage of the contract value to be withdrawn annually without penalty.	Withdrawing part of the principal before the CD matures generally includes penalties.
Is my money protected?	Your premium is guaranteed by the claims-paying ability of the issuing insurance company.	Most CDs are backed by the FDIC and insured up to $250,000 per depositor, per institution.
When do I pay taxes on the money?	Your money grows tax deferred and earns compounding interest without taxes due until there's a withdrawal or annuity payments begin. Withdrawals may be subject to federal and/or state income taxes. A 10% federal early withdrawal tax penalty may apply if taken before age 59$^1/_2$ in addition to ordinary income tax. Partial withdrawals may reduce benefits and contract value.	Interest earned on CDs is taxed and reported each year as ordinary income unless the CD is held as an IRA.
What are my income options?	There can be several income payment options to choose from, including annuitization (the process of permanently converting the fixed annuity into a series of fixed payments) that can provide guaranteed lifetime payments.	As a rule, CDs are paid out in a lump sum, however some also allow monthly interest payments. A CD can be liquidated occasionally, but there's no guarantee for lifetime income.
Are my beneficiaries protected?	There can be a guaranteed death benefit that provides income payments to your beneficiary. Generally, designating beneficiaries other than the estate avoids the costs and delays of probate.	CDs may be subject to probate and are paid as a lump sum. In many cases a beneficiary can be selected to avoid probate.

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