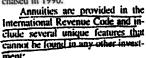
Annuities grow on tax deferred basis, provide income for life

What investment is safe, tax deferred, can be partially tax-free and guarantees you a lifetime of income? This investment comes in three distinct classes to fill the needs of most investors. If you are curious as to what type of investment this is, read on to find the answer and to find an interesting way to save no matter if you are already retired or planning for it.

What is an annuity? Annuities must be catching on because last year, according to LIMRA International Inc., a company

tional Inc., a company that researches insurance companies, there were \$127.8 billion worth of annuties purchased. This is up 13.2 percent from the \$112.9 billion purchased in 1996.



IT Annuities are tax deferred; you never receive a 1099 for income or capital gains while your funds remain in your secount.

Depending on the program you select, and like a CD, your principal never fluctuates in value (except in variable annuities).

2) When you withdraw money, or "annuitize," your money is partially tax-free, Annuitization is the process

of taking anywhere from 60 equal payments to a lifetime of payments, partially tax-free. A 77-year-old will receive lifetime income 7 percent

3) They pass to your beneficiary without going through probate.

rofitable

roducts

4) They guarantee the total return of your principal and interest to your beneficiary in case of death.

5) Fixed and index annuities do not have management

fees, so all your money works for

When comparing annuities sold at banks, remember that banks are in business to sell CDs, and if they offered annuities as the one described above, no one would buy a CD!

When shopping, look for a high bonus with a good base interest rate. Insurance companies that issue annuities want to increase business, and some companies want your business more than others. Make sure A.M. Best, an insurance-rating service, rates the company.

The safety of the insurance companies that issue annuities is regulated by two organizations. The majority of states belong to the National Association of Insurance Commissioners. They set guidelines for what the insurance companies can and cannot invest your money in, and audit them each year.

All insurance companies that issue annuities are required to carry "legal reserves" in excess of the dollar amount held by policy-holders. The National Organization of Life, Health Guarantee Association, like the FDIC – although not belonging to the federal government – is the insurance provider for the insurance companies themselves.

If you count the past insolvencies of insurance companies and compare them to S&Ls and banks, you might want your money at an insurance company.

Shopping for an annuity vs. a CD can be confusing, says Van Brewer, a nationally renowned speaker who has helped thousands across the country guarantee they won't outlive their income:

"Safety heads the list of some very important features, and rightly so. Clients want to know their funds are safe. Annuities are backed by legal reserves. Annuities grow on a tax-favored or (tax) deferred basis, thus a client's money cumpounds itself in a much more rapid process, be said

"Liquidity is always an important factor, and annuities have many beneficial assects that allow fargreater access to one's money over the heavy penalties that CDs will incur. Last, only annuities can guarantee an income for life."

Annuities are catching on:

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- This figure is up by 13.2 percent from the \$112.9 billion purchased in 1996.

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