An Apples to Apples Comparison

Evaluating the Advantages of a Fixed Deferred Annuity and a Certificate of Deposit (CD)

Did You Know?

Not all retirement products are created equal. Before deciding which product may be best for you, it's important to know what you would like to accomplish in retirement.

CDs are often thought of as the only option to provide security and guaranteed growth. However, fixed deferred annuities offer security, guaranteed growth and tax benefits, making them another attractive option.

It's important to understand how both products work before making a decision about which is the best fit for you. Use the table on the other side to navigate the differences between fixed deferred annuities and CDs.

Evaluate Your Options.

Many strategies exist to help reduce your current tax liability and increase your spendable income.

Genworth Financial companies include:
Genworth Life and Annuity Insurance Company, Richmond, VA
Genworth Life Insurance Company, Richmond, VA
Genworth Life Insurance Company of New York, 666 Third Avenue, 9th Floor, New York, NY

	Fixed Deferred Annuities	Certificate of Deposit
Access to Money	Many annuities allow up to 10% or some other predefined amount of Cash Value to be withdrawn each year without surrender charges.	Withdrawals of principal prior to maturity are generally subject to penalties.
Income Taxation*	Interest grows tax-deferred, allowing funds to grow faster (assuming interest rates are equal to or greater than that offered by the CD). Interest earned is not taxed until withdrawals or annuity payments are made. Withdrawals are taxable as ordinary income to the extent of gains and may be subject to a 10% federal penalty tax if taken before age 59½. Annuity payments are generally taxable partly as interest income and partly as a return of cost basis, in accordance with the "exclusion ratio" determined at the start of payments. Once cost basis has been fully recovered payments are 100% taxable.	Interest income earned is taxed and reported annually as ordinary income.
Lifetime Income Options	Deferred annuities offer annuitization options that can create guaranteed income payments to last a lifetime.	Can be liquidated periodically to create cash flow, but there is no guarantee these funds will last a lifetime.
Payout Options	Multiple payout options available. Withdrawals can be taken (surrender charges may apply), though your income is not guaranteed through taking withdrawals. Guaranteed income is available through various annuitization options.	Funds received in lump sum; many CDs allow monthly interest payments.
Payment Upon Death	Funds pass directly from insurance company to named beneficiary(ies). Contract proceeds in excess of basis are income in respect of a decedent (IRD), and taxed as ordinary income to the beneficiary when received.	Can be subject to delay and costs of probate, paid as a lump sum with interest treated as IRD and fully taxed as ordinary income to the deceased's estate.
Safety of Principal	Fixed annuity guarantees are based on the claims paying ability of the issuing insurance company.	Most CDs are backed by the FDIC and insured for up to $250,000** per depositor, per institution.

* Assumes that the annuity and CD are not purchased in connection with an IRA or tax-qualified plan (which would control the tax consequences of these investments.)

Speak to your financial professional for assistance in finding the right mix based on your goals and needs.

All guarantees are based on the claims-paying ability of the issuing insurance company.

There is no additional tax deferral benefit for annuities purchased in an IRA, or any other tax-qualified plan, since these plans are already afforded tax-deferred status. The other benefits and costs should be carefully considered before purchasing an annuity in a tax-qualified plan.

Withdrawals/surrenders have the effect of reducing the contract value and death benefit.

The discussion of tax treatments in this material is the Genworth Financial companies' interpretation of current tax law and is not intended as tax advice. Your clients should consult the contract and a tax professional.

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** Each depositor is insured up to at least $250,000, by the FDIC.

Insurance and annuity products:	
Are not deposits.	May decrease in value.
Are not guaranteed by a bank or its affiliates.	
Are not insured by the FDIC or any other federal government agency.	