



Retirement Planning

FIXED ANNUITIES VS. CDs



Fixed annuities and certificates of deposit (CDs) are both excellent vehicles to save for retirement. You've probably heard about CDs, but did you know that fixed annuities offer benefits and features that CDs do not?

The chart below compares some of the advantages fixed annuities have over CDs. Please consult your tax advisor to help determine which product best meets your financial situation and investment objectives.

	Fixed Annuity	CD
You will earn a stated, fixed rate of interest	Yes	Yes
Your principal is guaranteed*	Yes	Yes
Your money is protected from stock market volatility	Yes	Yes
Your earnings will grow tax deferred	Yes	No
Deferred income may help you reduce or eliminate income taxes paid on Social Security	Yes	No
You have access to your money through built-in liquidity features	Yes	No
You can select from various income options, including lifetime payments that you can never outlive	Yes	No
Proceeds passed to your heirs avoid the cost and expense of probate upon your death	Yes	No**

*Fixed annuities provide guarantees, including safety of principal, from the issuing insurance company. CD's provide guarantees from the FDIC.

**A CD may avoid probate only if the account contains a payable on death designation or was owned as joint tenant with rights of survivorship.

Fixed annuities provide numerous benefits to help you achieve your retirement goals.

Fixed Annuities vs. CDs

The Power of Tax Deferral

During the accumulation phase interest earned in a fixed annuity grows tax deferred – the interest you earn isn't taxed until you withdraw money from the policy. This means you control when you pay income taxes on your annuity interest. Tax-deferred retirement savings can help your money grow faster than taxable savings vehicles.

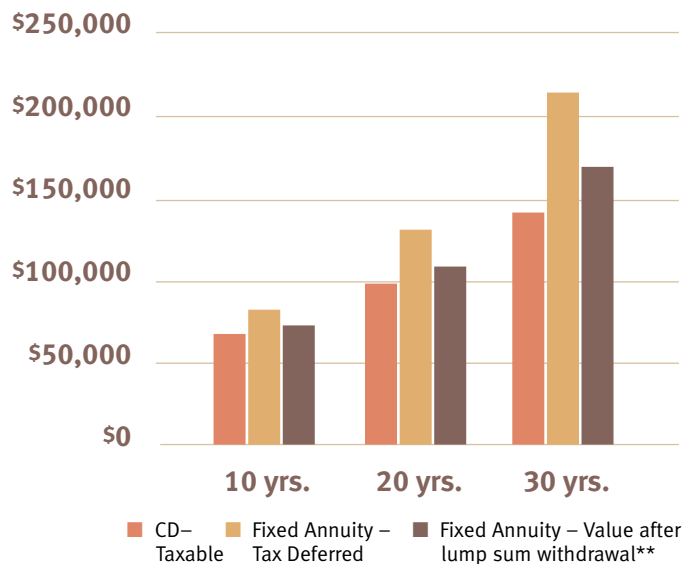
Fixed annuities allow your savings to grow by earning interest on:

- your principal
- your interest
- money you would otherwise have paid in taxes

CDs are taxable savings plans that do not offer tax deferral. Consequently, the accumulated value of a CD does not compound as quickly. In addition, annuity payments from a non-qualified fixed annuity may be received on a tax-advantaged basis.

Annuity payments from a non-qualified annuity are taxed according to an exclusion ratio formula. A portion of each payment is treated as a non-taxable return of premium. The remaining portion of each payment is considered gain and is taxable.

The chart below is an example of how a fixed annuity investment compares with a similar CD investment over a 30-year time horizon.*



*Chart assumes a one-time \$50,000 purchase payment, 27 percent tax bracket, 5 percent interest rate.

**Lump sum payments are taxable at the end of years 10, 20 and 30.

This chart is for illustrative purposes only. Withdrawals from fixed annuities may be subject to surrender charges, as well as a 10 percent IRS penalty if taken before age 59½.

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Policy form 5614L-1194 or state equivalent (in ID 5681L-1194 and 5692L-1194; in OK 5761L-1194 and 5762L-1194; in TX 6407L-0197 and 6408L-0197; in PA 6344L-1194 and 6345L-1194). Policy form 7061L-0203 or state equivalent (in ID 7069L-0203; in TX 7146L-0203; in OK 7082L-0203; in PA 7084L-0203). Policy form 7235L-0204 or state equivalent (in ID 7354L-0204; in OK 7367-0204; in TX 7237L-0204). In NY, Policy forms 695Y-0596, 704Y-0893, 748Y-1297, 761Y-0400.