For more information, contact:

CPS Annuities
(800)326-5433

selling point

Fixed-Income Options

Choosing a fixed-income option depends on the prospect's particular circumstances.

	Cash Equivalents[1]	Bonds	Bond Mutual Funds	Certificates of Deposit	Fixed Annuities
Guaranteed principal	Y	Y[2]	N	Y	Y[3]
Set interest rate	N	Y	N	Y[4]	Y[4]
Potential for appreciation beyond set interest rate	N	Y	Y	N	N
FDIC-insured	Y/N[5]	N	N	Y[5]	N
Tax-deferred earnings	N[6]	N[6]	N[6]	N[6]	Y[7]
Access at any age	Y[6]	Y[6]	Y[6]	Y[6]	N[7]
Option for lifetime income	N	N	N	N	Y[8]

Which fixed-income product is best?

It depends on the investor's circumstances. If he/she is looking for potential lifetime income, a fixed annuity might fit the bill. If an individual wants the certainty of FDIC insurance, certificates of deposit may be appropriate. If an investor wants an opportunity for appreciation beyond a set interest rate—and is willing to take the risk of possible loss of principal—a bond mutual fund may be the answer. As always, talk to your prospects about their goals, risk tolerance level, tax bracket, financial situation and other factors to determine which product(s) might best fit their needs.

[1] Checking and savings accounts, money market accounts, and Treasury bills.

[2] Based on the creditworthiness of the issuing firm or government entity.

[3] Backed by the claims-paying ability of the issuing insurance company.

[4] Initial interest rates are fixed for a given period of time; thereafter, renewal rates may be higher or lower than initial rates.

[5] Bank accounts are FDIC-insured up to $100,000 per depositor.

[6] Unless held in an IRA or qualified retirement plan. Municipal money market mutual funds may be tax-exempt.

[7] Distributions taken prior to annuitization are generally considered to come from the gain in the contract first. If the contract is tax qualified, generally all withdrawals, which may be subject to surrender charges, are treated as distributions of gain. Withdrawals of gain are taxed as ordinary income and, if taken prior to age 59½, may be subject to an additional 10% federal tax penalty.

[8] A portion of each payment will be considered taxable and the remaining portion will be a non-taxable return of investment in the contract, which is also called the "basis." Once the investment in the contract is depleted, all remaining payments will be fully taxable. If the contract is tax qualified, generally, all payments will be fully taxable. Payments taken prior to age 59½ may be subject to an additional 10% federal tax penalty.

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