Mutual Funds vs Annuities

Let’s Compare

“Non-Qualified”

Mutual Fund	Annuity	Equity Indexed Annuity
Mutual funds can be exciting in a bull market, but so can a roulette wheel at a casino.	Because of the many added benefits, features and accessibility, annuities are rapidly becoming the most popular investment.	Stock Market Performance with no downside risk. Fixed annuity with credited gains based upon the performance of stock market and 100% guarantee of your principal.
Guarantees		
There are no guarantees of any kind.	State Guaranty Fund. Minimum interest rate guarantee.	State Guaranty Fund. Minimum interest rate guarantee. Principal guaranteed.
Assets Insured		
No Insurance	Covered by The State Guaranty Fund. Backed by company’s Legal Reserve as required by Federal Regulation (the FDIC is on the Standard and Poor’s Credit Watch as a “…negative credit implications…”)	Covered by The State Guaranty Fund. Backed by company’s Legal Reserve as required by Federal Regulation (the FDIC is on the Standard and Poor’s Credit Watch as a “…negative credit implications…”)
Value Fluctuation		
Severe in a down market or in bond funds when interest rates rise in a Bear Market.	Principal always guaranteed, if not prematurely surrendered, and will always earn at least the guaranteed minimum interest rate, even if interest rates fluctuate.	If the market crashes every year, you get all your money back. If the market goes up, you get all your money back & participation of all the gain. If the market goes up, up, up then down, down, down, you get all your money back plus all the ups and none of the downs.
Net Value		
All earnings (or losses) are reported to the I.R.S. each year.	All earnings are tax-deferred and not taxed until actually withdrawn or surrendered. This feature helps reduce taxation on Social Security Benefits since the earnings are not figured in calculation for Social Security taxation until withdrawn.	All earnings are tax-deferred and not taxed until actually withdrawn or surrendered. This feature helps reduce taxation on Social Security Benefits since the earnings are not figured in calculation for Social Security taxation until withdrawn.
Liquidity		
Current market value will determine the withdrawal value.	Penalties from I.R.S. on withdrawals prior to age 59 1/2 are 10% of the withdrawal amount, but the value is not subject to “current market value” as in mutual funds. Withdrawals are allowed from most insurance companies penalty free, such as: earned interest; 10% of contract value each year, full contract value if confined to a licensed nursing care facility; full contract value if diagnosed with a disease causing fatality within one year; surrender penalties reduced to 0 over a stated number of years.	Penalties from I.R.S. on withdrawals prior to age 59 1/2 are 10% of the withdrawal amount. Most products have unlimited access to fund values penalty free based upon market gains. However, it must be noted that these products are designed for growth, not for liquidity.
Interest Rates		
Annual taxable income whether you take money out or not.	Tax deferred (no taxes paid) until actually withdrawn, if ever withdrawn.	Tax deferred (no taxes paid) until actually withdrawn, if ever withdrawn.