FIXED INDEX ANNUITY COMPARISON GUIDE

A clear, simple way to understand how fixed index annuities differ — and what matters most.



RETIREMENT INCOME STRATEGIES PRO

What Is a Fixed Index Annuity (FIA)?

A Fixed Index Annuity is an insurance product designed to:

- ☑ Protect principal from market losses
- ☑ Provide the opportunity for interest linked to a market index
- ☑ Offer predictable rules for growth and income planning

➤ *FIAs are not investments and are not directly invested in the stock market.*

Why Comparing FIAs Matters

Not all fixed index annuities are the same.

Differences in:

- ☑ Crediting methods
- ☑ Caps, spreads, and participation rates
- ☑ Income features
- ☑ Fees and surrender periods

Can significantly impact long-term outcomes.

➤ *The "best" FIA depends on the goal — not the headline rate.*

Core Comparison Categories

Use this guide to compare any fixed index annuity you're sidering.

1 Primary Objective

- ☐ Income planning
- ☐ Growth with protection
- ☐ Legacy / death benefit
- ☐ Combination of goals

➤ *Some FIAs are designed primarily for income, others for accumulation.*

2 Index Options

Common indexes include:

- ☑ S&P 500®
- ☑ Proprietary or volatility-controlled indexes
- ☑ Multi-asset indexes

Compare:

- ☐ Number of index choices
- ☐ Index design (simple vs complex)
- ☐ Historical behavior (not performance promises)

➤ *The index determines how interest is calculated — not how money is invested.*

3 Crediting Method

Common methods:

- ☑ Annual point-to-point
- ☑ Monthly sum
- ☑ Monthly average
- ☑ Trigger / fixed rate strategies

Compare:

- ☐ How gains are measured
- ☐ How often interest is credited
- ☐ How losses are treated (usually zero floor)

➤ *Different methods perform differently in different market environments.*

4 Caps, Spreads & Participation Rates

Caps determine how much of the index gain is credited.

Compare:

- ☐ Cap rate (maximum credited return)
- ☐ Participation rate (% of index gain credited)
- ☐ Spread (amount subtracted from index gain)

➤ *Higher is not always better, consistency matters.*

5 Downside Protection

Most FIAs offer:

- ☐ 0% floor (no market loss credited)
- ☐ Principal protection (subject to surrender terms)

Important:

- ☑ Protection applies when held as designed
- ☑ Withdrawals above free limits may incur charges

➤ *Protection works when the contract rules are followed.*

6 Income Riders (If Applicable)

If income is a goal, compare:

- ☐ Guaranteed income rider availability
- ☐ Income base vs account value
- ☐ Roll-up or bonus rates
- ☐ Income payout factors
- ☐ Joint vs single life options

➤ *Income riders are about lifetime cash flow — not account balance.*

7 Fees & Charges

Compare:

- ☐ Rider fees (if any)
- ☐ Annual contract charges
- ☐ Cost of optional benefits

➤ *Some FIAs have no explicit annual fees unless riders are added.*

8 Liquidity & Surrender Period

Compare:

- ☐ Length of surrender period
- ☐ Annual Free withdrawal amount (often ~10%)
- ☐ Annual reduction in surrender charge schedule
- ☐ Access for emergencies (nursing home, terminal illness)

➤ *Liquidity needs should match the surrender schedule.*

9 Company Strength

Compare:

- ☐ Insurance company financial ratings
- ☐ Longevity and stability
- ☐ Claims-paying history

➤ *Guarantees are backed by the issuing insurance company.*

10 Tax Considerations

Compare:

- ☐ Tax-deferred growth
- ☐ Ordinary income taxation on withdrawals
- ☐ Potential penalties if withdrawn early (before age 59½)

➤ *FIAs are tax-deferred, not tax-free.*

Quick Comparison Snapshot

Feature	FIA A	FIA B	FIA C
Primary Objective	☐	☐	☐
Index Type	☐	☐	☐
Crediting Method	☐	☐	☐
Cap / Participation Rate	☐	☐	☐
Income Rider	☐	☐	☐
Fees	☐	☐	☐
Surrender Period	☐	☐	☐
Company Rating	☐	☐	☐



Key Takeaway

A fixed index annuity should be chosen based on purpose, not hype.

Understanding how each contract works helps ensure it fits into a broader retirement income strategy.



Common Mistakes to Avoid

- Choosing based on the highest illustrated return
- Ignoring surrender periods
- Confusing income base with account value
- Overlooking liquidity needs
- Assuming all FIAs work the same

Next Step

If you're considering a fixed index annuity, comparing features **before making decisions** can help clarify whether — and how — it fits your retirement income plan. Always seek the advice of a seasoned professional. Preferably, someone who has 20 Million or more in experience.

IMPORTANT DISCLOSURES

This material is provided for educational and informational purposes only and is not intended to provide investment, tax, or legal advice.

Fixed index annuities are insurance products, not securities, and are not directly invested in the stock market. Interest, if any, is credited based on the performance of an external index, subject to caps, participation rates, spreads, or other contract provisions.

Guarantees are backed solely by the claims-paying ability of the issuing insurance company. Product features, benefits, limitations, and availability may vary by state and by carrier. Not all products or riders are available in all states.

Withdrawals in excess of free withdrawal provisions may be subject to surrender charges and may reduce benefits. Withdrawals prior to age 59½ may be subject to an additional IRS tax penalty. Riders, if elected, may incur additional costs and may impact contract values.

Index performance does not reflect dividends and does not represent actual market participation. Past index performance is not indicative of future results.

This guide does not compare all available products and should not be considered a recommendation, solicitation, or offer to purchase any specific annuity contract. Suitability and best-interest determinations depend on individual circumstances, including financial objectives, risk tolerance, liquidity needs, and time horizon.

Consult with a licensed insurance professional and/or a qualified tax advisor before making any financial or insurance decisions.

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