$100,000.00 Premium, ANNUITY 3.00% vs. CD 1.25% with 15% tax rate

Year	Rate	Accum	Rate	Interest	Taxes	Net
1	3.00%	103,000.00	1.25%	1,250.00	187.50	101,062.50
2	3.00%	106,090.00	1.25%	1,263.28	189.49	102,136.29
3	3.00%	109,272.70	1.25%	1,276.70	191.51	103,221.49
4	3.00%	112,550.88	1.25%	1,290.27	193.54	104,318.22
5	3.00%	115,927.41	1.25%	1,303.98	195.60	***105,426.60 net CD after taxes***

115,927.41
100,000.00
Gain 15,927.41
Taxes 2,389.11
Net 113,538.30 ANNUITY after taxes

This may help your client to see the advantage of the ANNUITY vs. the CD. Even with the annuity being "tax deferred" rather than "taxable" EVERY YEAR on the gain of the CD, the ANNUITY will outperform the CD over the 5 year period, even if both were paying the SAME rate.

Being the national average of a 5 year CD is 1.25% for $100,000.00 and under, there is no way the CD can come close to the ANNUITY over 5 years. The national average above $100,000.00 is 1.35%. A local bank may beat these averages, say to 1.40-1.50% but still won't come close to the ANNUITY rate of 3.00%.

For a comparison we ran a 5 year ANNUITY at 3.00% vs. a 5 year CD at 1.25% for $100,000.00

At the end of 5 years the ANNUITY will have grown to $115,927.41, TAXES TO BE PAID $2,389.11.

Therefore, THE ANNUITY value would still be….$113,538.30, AFTER TAXES.

At the end of 5 years the CD will have grown to .....$105,426.60, AFTER TAXES.

The longer the time, the higher spread between the two and the higher the tax bracket, the more return to the client becomes very clear.