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Fixed Indexed Annuity
Guaranteed Double Digit Returns

Guaranteed Double digit 1st year returns with future returns linked to market index gains and 100% guaranteed against loss.

Three little letters, FIA, or Fixed Indexed Annuity. These annuities have quickly become the #1 selling annuities in the Fixed Annuity marketplace. Many Companies are offer up front Bonus' to attract new investors of 10% and higher. These Bonuses can be coupled with the Annuity's fixed interest account in the 1st year or added to the base annuitization values and gains linked to the performance of a major Index like the S&P 500 or NASDAQ 100.

Either way, the purchase of this type of annuity will afford its owner at least a 10% return guaranteed in the first year if Indexed and around 12.75% of coupled with the fixed account.

Future earnings, it is advised should almost certainly be linked to one of the major market index options.

Unlike the Stock Market, where investors attempt to "time" the market, Equity Indexed Annuities count on "time in the market" to perform best.

The prototypical FIA investor will be someone with at least a 5-year time horizon before they wish to begin receiving some form of Life Income, and simply cannot afford to leave their dollars in a CD, Money Market Account, Savings Account, Poorly Performing Fixed or risky Variable Annuities and Mutual Funds.

Clearly put, FIA's are the product of choice for investors who would like to participate in Market Like returns without the risks of Market Like losses.

FIA's are often considered the Ultimate Defensive Position because they are 100% guaranteed against loss of Principal yet provide upside potential that should outpace inflation.

FIA's can be defined from a quality standpoint by their moving parts. The moving parts in an FIA are the Participation Rate, and Earnings Cap. It is in these arenas you will understand how an FIA can give you only upside and no risk of loss.

In order for the issuing Insurance Carrier to be profitable they must place a cap on how much earnings you can have if they are going to provide a floor against what you can lose. Therefore you have moving parts.

Some companies will offer a 100% participation rate in the Index you choose to participate in for the year, but will by necessity limit the 100% gain by placing a Cap on its total performance of say 10%. So for example, an investor places $100,000 in an FIA product linked to the S&P 500. Over the next year the S&P grows by 12%. According to the plan described above the investor would participate in 100% of the gains (12%) up to the stated Cap of 10%. Therefore, his $100,000 would grow to $110,000 and his $10,000 gain would be forever locked in. The 2% that he did not get was essentially a premium to protect against the Downside if the market lost 12%.

We'll take it out another year. In year two the market drops 17%. If you were in the actual Stock Market you would have had $112,000 at the end of year one vs. $110,000 in the FIA. At the end of year two in the 17% decline your Stock Market account would have fallen back to $92,960 whereas your FIA would still be worth $110,000, a $17,040 difference!

FIA's are not for everyone, but they are a great product for the in between investors that cannot afford to leave money in low yielding investments, but at the same time simply can no longer stomach the risks and fees of the stock market itself.

As a matter of course, we generally recommend FIA carriers that offer at least a 100% Participation rate and No Asset Fees.

A good FIA should also offer liquidity flexibility in such as free withdrawals, withdrawals of interest, free changes of investment accounts, and the opportunity to enhance payout values in annuitization.