

# MYGAs

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## Multi-Year Guaranteed Annuities

A safe, guaranteed and tax-deferred way to grow your retirement savings

## Introduction

Like many Americans, you've taken your retirement seriously and have been contributing to your 401(k) and IRA. As qualified retirement savings vehicles, they allow us to save pre-tax money and let it accumulate on a tax-deferred basis until retirement. But, there are limits to how much we can contribute annually.

Let's say you are getting closer to your retirement age goal, you've maxed out your contributions but have more money you'd like to invest. A decent return with a minimal amount of risk would be ideal. You like the security of a CD but wish you could get a better return. The good news is there is another option.

A Multi-Year Guaranteed Annuity, or MYGA, is essentially a Certificate of Deposit (CD) sold by an insurance company. While CDs are great for low-risk short-term savings, MYGAs are more suited to retirement savings, offering:

- Higher crediting rates over longer time horizons,
- tax-deferred growth,
- the ability to annuitize upon maturity, and
- liquidity via penalty-free partial withdrawals.

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*Multi-Year Guaranteed Annuities (MYGAs) are also known as fixed rate annuities, fixed deferred annuities, and single premium deferred annuities.*

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In this guide, we'll provide an overview of MYGAs, covering how they work, what makes them an appropriate (or inappropriate) investment for you, and how to approach the buying process.

## What is a MYGA?

A Multi-Year Guaranteed Annuity (MYGA) is a tax-deferred retirement savings vehicle that provides fixed asset accumulation, much like a CD. With a MYGA, you can invest your savings over a specified time horizon (typically 3 to 10 years), earning a fixed return. The interest earned in your MYGA is not taxed until withdrawn, and your principal is guaranteed.

Because annuity terminology – and the fact that a MYGA is an annuity in the first place – is confusing, let's break it down:

A MYGA is... an **annuity**.

An annuity is an insurance vehicle where a lump-sum amount is exchanged for a stream of payments going forward. What makes a MYGA an annuity is that it has the *option* to annuitize at the end of the contract term. You can also choose to leave your money invested at a renewable rate, withdraw all or a portion, or roll it over into a new MYGA. The distinction of being an annuity gives it tax-deferred status.

More specifically, a MYGA is... an **accumulation** annuity.

An accumulation annuity is bought for the growth potential of the money invested, and not as much for the ability to turn that money into income (as is the case with an income annuity). During the accumulation, or deferral, period your money will be invested with an insurance company and grow on a tax-deferred basis. You will have some access to your money – typically 10% of your balance – while it's invested. Accumulation annuities grow either at a fixed rate (like MYGAs) or grow based on market performance (as with VAs and FIAs).

And finally, a MYGA is... a **multi-year guaranteed** annuity.

MYGAs earn a fixed rate over a multi-year time horizon. The interest rate will be specified upfront and will vary based on the amount you're investing, your investment horizon, the credit rating of the insurer, and market conditions at the time of purchase. At the end of the guarantee period, the rate may change.

In summary, a MYGA is an annuity that operates much like a CD, offering low-risk tax-deferred accumulation at a fixed rate.

## MYGAs vs. CDs

Multi-Year Guaranteed Annuities operate very similarly to CDs. Both vehicles offer a safe way to save money, crediting higher interest rates than available through savings accounts by requiring you to lock your money away for a period of time. However, MYGAs have longer-term investment horizons and tax-preferential treatment, making them a better choice for retirement savings. As CDs are the more well known of the two products, it can be easier to understand MYGAs using a side-by-side comparison:

	MYGA	CD
Sold By	Insurance Companies	Banks
Size	\$2,500 - \$1,000,000	Virtually any denomination
Term	3 years - 10 years	3 months - 5 years
Interest Rates	Vary by term and size but typically higher than CD rates	Vary by term and size but typically lower than MYGA rates
Taxes	Taxes on interest gains deferred until money is withdrawn	Interest taxable annually as earned
Liquidity	Typically, a portion of the account balance is available for withdrawal annually	Generally no (free) access to account balance is available
Withdrawal Provisions	Can generally withdraw accumulated interest or 10-15% of cash value for free if aged-59½ or older	All withdrawals are charged, typically equal to a portion of the interest you've earned
Financial Protection	MYGAs are backed primarily by the issuing insurance company, and additionally by State Guaranty Funds	CDs are insured by the FDIC (up to \$250,000 total per bank)
Legacy	Asset passed directly to beneficiary without going through probate process	Probate process required to pass asset to heirs

Does not cover all products or all companies. Specific information available by product upon request. Updated as of January 1, 2018.

Another key difference is that MYGAs can be annuitized at the end of the contract term. Annuitization is the process of turning a lump-sum of savings into a stream of steady income, guaranteed to last a number of years or for life. This feature is what makes annuities good for retirement income and qualifies them for tax-preferential treatment.

## Benefits

MYGAs are a useful tool for retirement savings. They provide a safe, tax-advantaged way to earn a good return on savings needed in the near future. They are very similar to CDs, with added benefits:

### ✓ Guaranteed, Strong Return

The money you invest in a MYGA will accumulate at a fixed rate, which is specified upfront and guaranteed for the entire contract. MYGAs generally offer higher rates than CDs with the same contract length.

### ✓ Tax-Deferred Growth

From the government's perspective, an annuity is a retirement savings vehicle. As such, it receives similar tax treatment as IRAs: no taxes are paid until distributions are made. For a MYGA, this means that interest will accumulate and compound without incurring annual taxes, as is the case for a CD.

### ✓ Principal Protection

Unlike with most other investments, there is no market risk associated with a MYGA. Your principal is protected and guaranteed to accumulate at a fixed rate, making MYGAs a good place to park retirement money you'll need in the near future.

### ✓ Some Liquidity

MYGAs provide some liquidity, typically making 10% of the contract's cash value available penalty-free annually if you're over 59½.

### ✓ Simple & Easy To Understand

There are a lot of complex products, but a MYGA is one of the simple ones. Assuming you leave your money in the MYGA until maturity, all you need to know is (1) how long until your money is available and (2) what your return will be over that period of time. There are no hidden fees that you need to worry about.

## Drawbacks

Despite these benefits, MYGAs are not good for everyone or for all situations. Here are some of the drawbacks:

### X Penalties For Withdrawals Under Age 59½

MYGAs are really meant to be used for retirement savings. The IRS issues a 10% penalty on gains withdrawn from a MYGA for account holders under age 59½.

### X Not For Generating Income

While the MYGA has a lot of great benefits, it's not the most effective way to generate income in retirement. Instead, MYGAs are typically used for accumulation. There are other products that are better for converting assets into income, like DIAs, SPIAs and QLACs.

## Typical Buyers

Just like with any product, MYGAs might make sense for you, or they might not. We've compiled a quick checklist to help you figure out whether a MYGA fits your investment needs.

### Consider buying a MYGA if...

- ✓ You have money to invest for at least 3 years but want access to it within 10 years
- ✓ The money you're investing is earmarked for retirement or to be passed on to heirs
- ✓ You've already maxed out your IRA or 401(k) contributions
- ✓ You want greater certainty and principal protection
- ✓ You have other assets in the market exposed to higher expected returns
- ✓ You want to preserve some liquidity

### A MYGA is probably not the right product for you if...

- X You need to access your money within 3 years or before age 59½
- X You aren't maxing out IRA or 401(k) contributions
- X You're interested in high risk investments and willing to risk principal to achieve it
- X You're interested in generating income in retirement

## MYGA Rates

MYGA interest rates will vary over time as market conditions change, being driven most notably by longer-term Treasury and investment grade corporate bond yields. In addition, the size of your investment, length of time you're willing to lock away your money, and the credit rating of the carrier will impact the rate. As of January 2018, highly-rated carriers are offering the following MYGA rates, shown below as the annual yield to maturity.

A.M. Best Credit Rating	Investment Term							
	3-yr	4-yr	5-yr	6-yr	7-yr	8-yr	9-yr	10-yr
A+	1.75%	1.90%	2.70%	2.35%	2.65%	2.65%	3.00%	2.85%
A	1.75%	1.90%	2.70%	2.70%	2.80%	2.65%	3.00%	2.95%
A-	2.15%	2.65%	3.00%	3.10%	3.00%	3.25%	3.10%	3.15%

MYGA yields to maturity shown for high-band contracts with the MVA option offered by carriers with at least credit rating shown. Rates as of 1/4/2018.

Understanding how the premium, investment term, and carrier's credit rating drive interest rates will help you to select the MYGA that best suits your needs. Expect to have to think about the following:

**Premium:** The higher the premium, the higher the rate. Larger MYGA premiums will have access to higher interest rates. A portion of the insurance company's expenses are fixed per contract such that incremental premium can essentially be invested without costing more. Said another way, there is a bonus for larger premium deposits.

**Investment Term:** The longer the contract term, the higher the rate. When an insurance company invests your funds, a longer time horizon gives them more flexibility for investing your money and weathering any market fluctuations. As is the case for bonds and other fixed income instruments, investors have the right to demand higher returns the longer their money is locked away.

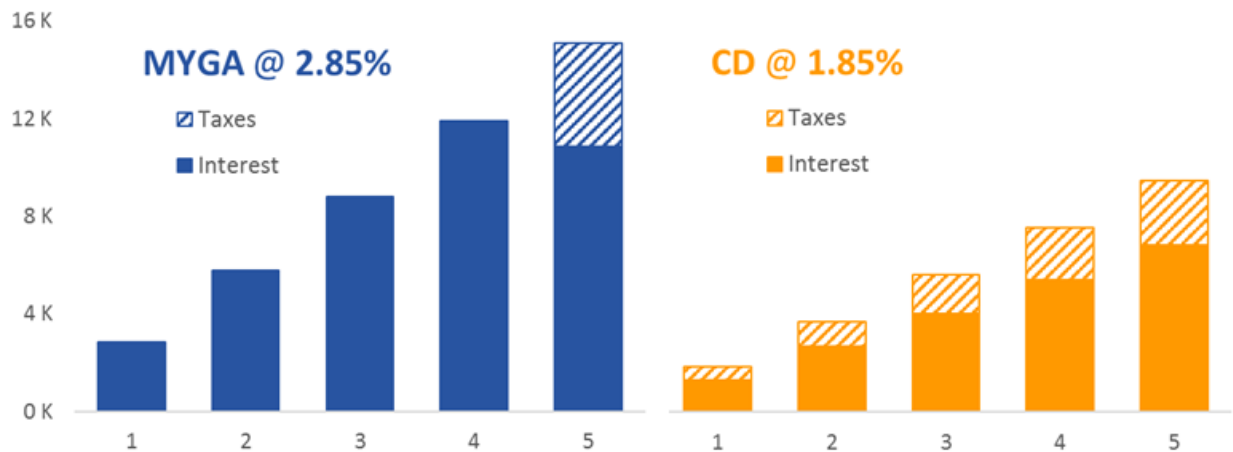
**Insurer's Credit Rating:** The higher the insurer's credit rating, the lower the rate, but the safer the investment. Given that MYGAs are not backed by the FDIC and instead by guaranty funds which vary by state, it's an important factor to consider.

## Financial Value

A MYGA is a CD-like investment which credits a fixed interest rate over a specified period of time. On a pre-tax basis, the value of the MYGA is understood simply by its interest rate, or the rate at which you'll earn a return. But, MYGAs are even more valuable on an after-tax basis. Unlike CDs, interest earned on a MYGA is not taxed until money is withdrawn from the contract. This not only means lower taxable income for you during the accumulation period, but also additional compounded interest.

To illustrate the value of a MYGA, let's take Kelli, a 55-year-old starting to prepare for retirement, as an example. Kelli has \$800,000 of post-tax savings that she's set aside for retirement. It's currently invested in the stock market, but she'd like to move \$100,000 to something safer. She's considering a 5-year CD or MYGA.

During her search, Kelli finds a 5-year MYGA returning 2.85%, significantly more than the 1.85% her bank is offering for a 5-year CD. This chart compares the growth of the two products and illustrates the power of the MYGA's tax-deferred growth.



Charts show cumulative interest and taxes. MYGA rates based on a \$100,000 MVA policy from Athene. CD rates based on a \$100,000 investment with Goldman Sachs. Rates as of 2/2/2017.

The MYGA will produce an extra \$5,600 pre-tax (\$4,000 post-tax) over the 5-year period.

Considering Kelli's age, timeline, and her plans to use the money for retirement, the MYGA is the more sensible investment for her. Plus, if she decides to roll the money over into another annuity in 5 years, she'll be able to extend the tax-deferral.



## Taxation

In our discussion of MYGAs thus far, we've assumed that the purchase was made with after-tax personal savings. However, it's also possible to buy a MYGA with qualified funds, such as within an IRA. In this case, the MYGA doesn't provide any additional tax benefits beyond what the IRA offers, which is tax-deferral of gains until money is withdrawn.

Continuing with the original assumption that the MYGA is being purchased with non-qualified funds, let's dig deeper into the tax treatment at each phase of the contract:

- **There are no taxes due during the contract term.** Your money isn't subject to taxation while it's growing. Not paying taxes means that you're able to keep more money invested and earning interest. And, this benefit continues as long as you keep your money in the contract, which can be beyond maturity.
- **Instead, you pay taxes once money is withdrawn** whether during, at the end of, or after maturity of the contract. Assuming the MYGA was purchased with after-tax savings, only the interest gain portion of your withdrawal will be taxable at ordinary income rates. (If your MYGA is held in an IRA, all withdrawals will be taxable.) Waiting until you're in retirement, or in a lower tax bracket, to withdraw can reduce the taxes you owe. Note that you will incur penalties if you withdraw money before age 59½ or more than what's allowed in your contract.
- **You can continue your tax-deferral by rolling over your MYGA into a new annuity.** When your MYGA matures, you're not obligated to withdraw your funds. You can choose to roll it over into another MYGA or a different type of annuity through a tax-free 1035 exchange.

Tax treatment of these payments can be tricky, so be sure to reach out to a tax advisor for a complete explanation.

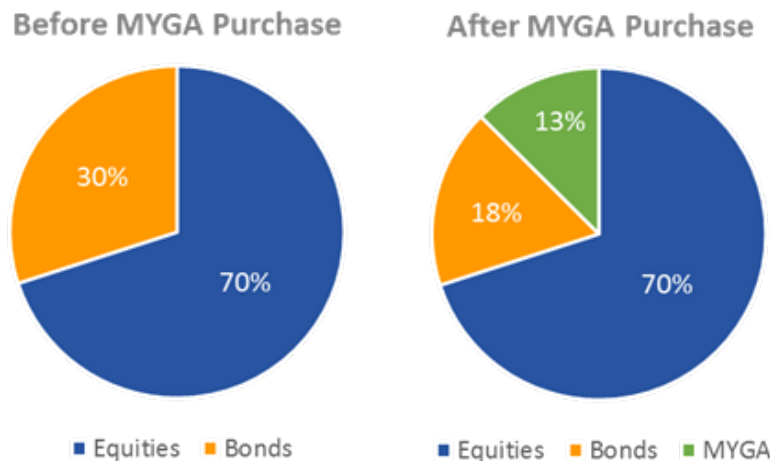
## Portfolio Strategies

Investment decisions should not be made individually or in isolation. Instead, consider your entire financial portfolio and situation when investing. Here are some ways to think about a MYGA fitting into your portfolio strategy.

### Diversification

When diversifying your retirement portfolio, you will likely select a combination of equities and bonds that's appropriate for both your risk-appetite and your age/investment horizon. As a fixed income investment, MYGAs have a place in any well-diversified portfolio. Consider your MYGA purchase as portion of your assets you'd otherwise have allocated to bonds.

55-year-old Kelli's \$800,000 in savings are currently invested at a 70/30 mix of stocks and bonds. She wants to maintain her equity exposure and overall investment mix when she purchases a \$100,000 5-year MYGA.



How does she do it? At a 70/30 mix, Kelli had \$560,000 (70%) invested in equities and \$240,000 (30%) invested in bonds. After transferring \$100,000 to a MYGA, Kelli will have to rebalance the remaining \$700,000 to an 80/20 mix. Doing so maintains her \$560,000 exposure to equities and decreases her investment in bonds to \$140,000. Once adding back in the \$100,000 MYGA, which acts as a fixed income investment, Kelli has maintained her desired 70/30 portfolio diversification.

## Laddering

Breaking up your purchase into multiple MYGAs with different contract terms is a useful strategy in a low interest rate environment. A MYGA laddering strategy accomplishes two things: you're able to secure a higher interest rate today that's only available for longer time commitments while also creating multiple opportunities to reinvest at potentially higher future rates. For example, instead of buying one 5-year MYGA, you could buy 3 MYGAs with maturities of 4-years, 5-years, and 6-years. The money locked in for longer will be eligible for higher rates today. And, you'll have liquidity available at multiple dates in the future, which makes it more likely that you'll catch rising rates.

If Kelli employs this strategy, she'll split her \$100,000 purchase into multiple smaller purchases, keeping the average investment term close to 5 years. Based on current rates and her personal circumstances, Kelli decides to split her investment evenly between 4-year, 5-year, and 6-year MYGAs, crediting 2.45%, 2.70%, and 2.90% respectively. This way, she'll have funds maturing annually for 3 years, giving her more reinvestment opportunities.

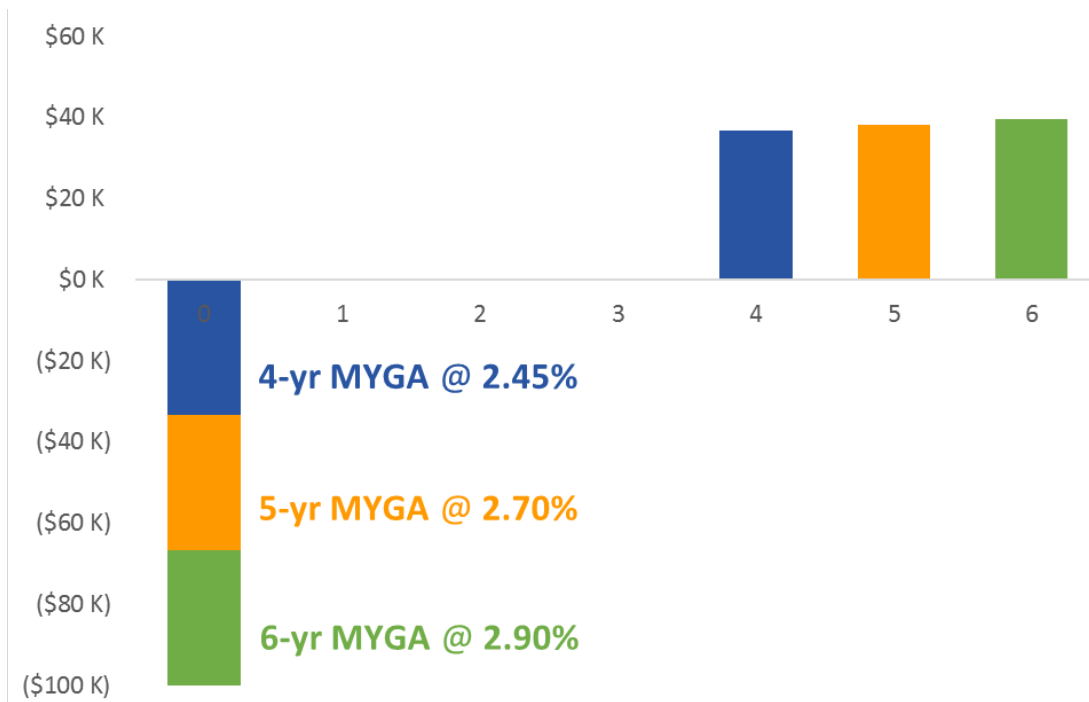
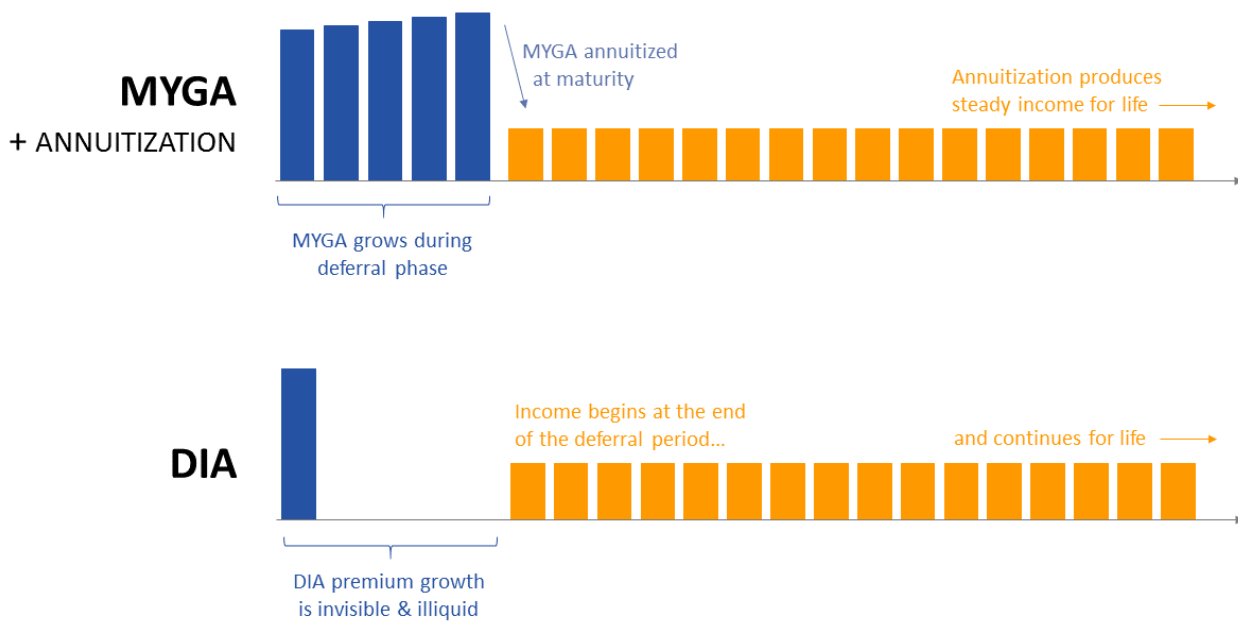


Chart shows investment and cumulative pre-tax interest. MYGAs rates based on three \$33,333 MVA policies from Oxford Life. Rates as of 2/2/2017.

## MYGA + Annuitization vs. Deferred Income Annuity

With your MYGA, you have several options upon maturity. If you are planning to annuitize your MYGA, you may be better off purchasing a Deferred Income Annuity (DIA) today. The money you invest in a DIA will produce a guaranteed lifetime income stream starting at some point in the future, resembling what your annuitized MYGA will look like.

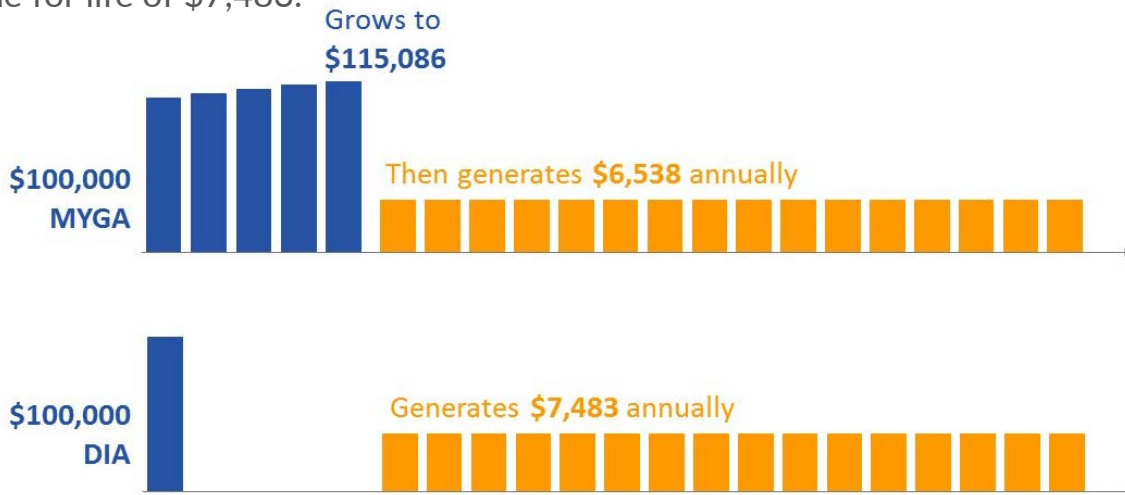


Whereas the MYGA will become liquid at the end of the contract term, the DIA is locked-in, and its value can only be accessed through income payments. A MYGA plus annuitization strategy has more liquidity and optionality, but a DIA will offer higher income payments.

Let's revisit Kelli's decision to buy a \$100,000 5-year MYGA at age 55, maturing at age 60. Kelli is aware of the MYGA's annuitization option and thinks it might be a good way to convert a portion of her retirement savings into lifetime income. Knowing that generating income is important to her, Kelli is advised to consider purchasing a DIA instead today, which – all else being equal – will offer higher future income paychecks.

To compare the two strategies, let's assume that income annuity rates remain constant over the next 5 years. Kelli's first option is to purchase a \$100,000 5-year MYGA today and in 5 years convert the proceeds into a single premium immediate annuity (SPIA). Kelli's second option is to use the \$100,000 to purchase a DIA with income payments starting in 5 years.

If she goes with the first option, her \$100,000 will accumulate in a MYGA at 2.85% to \$115,086 in 5 years. Then, she will annuitize by converting the \$115,086 to a SPIA, which pays \$6,538 annually for life. In the second option, Kelli buys a \$100,000 DIA today, gives up her liquidity, but is able to get a 14% higher annual income for life of \$7,483.



(1) 5-year MVA MYGA from Athene offering 2.85% then buys a American National SPIA life with cash refund policy for a 60-year-old female. (2) Mutual of Omaha DIA life with cash refund policy for a 55-year-old female with income starting at age 60. All rates as of 2/2/2017.

The two strategies are summarized in the table below.

	MYGA + Annuitization	DIA
Purchase	Money is invested in a MYGA	Money is invested in a DIA
Deferral Phase	Account accumulates with interest. Some liquidity is available.	Insurance company invests your money, but its growth is invisible and illiquid.
Maturity	Money is as available. Annuitization option elected, effectively purchasing a SPIA.	N/A
Payout Phase	Income payments begin immediately and continue for life.	Income payments begin at the end of the deferral period and continue for life.

## Features & Riders

MYGAs are relatively simple investments, but there's still some terminology, features, and riders that you'll need to understand. We've outlined some key concepts for you here.

### Interest Rates

When you buy a MYGA, you are locking in a return that's guaranteed for the contract term. The MYGA could be structured to offer the same crediting rate every year or a different rate in the first year, which is higher than in subsequent years. Ultimately, and assuming you won't be cashing out early, what matters is the yield to maturity/surrender, or the annual effective return you're earning over the full locked-in period. Finally, at the end of the contract, you'll have the option for continue the MYGA with an annually renewable rate. Here's how the rates will be identified:

- **Base Rate:** annual interest rate credited to your account during the contract term
- **Additional First Year Interest Rate Bonus:** additional interest rate that might be added to the base rate in the first year
- **Yield To Surrender/Maturity:** the effective annual interest rate when spreading the bonus rate evenly over every year
- **Renewal Rate:** after the contract term ends, your money will continue to earn interest at the prevailing renewal rate, which moves according to market conditions
- **Guaranteed Minimum Renewal Rate:** the lowest renewal rate possible (floor)

### Surrender/Contract/Guarantee Period & Rates

The contract term for a MYGA is actually the period during which surrender charges apply. During these years, if you withdraw more than what's allowed – typically 10% of your account value – fees will be assessed. Most MYGAs have pre-set declining surrender charge schedule which can start as high as 10% in the first year and will then decline by typically 1% per year. Here's how the surrender charge period will be identified:

- **Surrender Charge Period:** years during which you'll be charged to access anything greater than the free withdrawal
- **Surrender Charges:** Rates applied to amount surrendered above free allowance for each year of the surrender charge period

Note that typically the surrender charge period will be the same as the rate guarantee period, but products are occasionally structured to have a longer surrender charge period. In this case, the guaranteed rate will be in effect for only a few years, after which you'll earn the renewal rate until the surrender charge period ends. This option could make sense if you expect interest rates to increase, but it's generally not something we'd recommend.

## Free Withdrawals

MYGAs typically allow you to access a portion of your money penalty-free. The allowance will differ from carrier to carrier, but it's often 10% of the account balance. You should only plan to take advantage of these withdrawals if you're at least 59½, as the IRS imposes a 10% penalty on withdrawals made before you reach that age.

Note that if your MYGA is qualified and was purchased within a 401(k) or IRA, any applicable Required Minimum Distributions will be withdrawable penalty-free.

## Market Value Adjustment vs. Book Value

There are two types of MYGAs: those with a market value adjustment (MVA) or without, known as book value (BV). The MVA or BV classifications only impact you if you decide to withdraw funds early. In the case of a book value MYGA, the amount you're able to withdraw will simply be the account value less surrender charges described above. However, a MYGA with a market value adjustment could reduce the amount you're able to access upon surrender.

The market value adjustment will, as the name suggests, adjust the amount you're able to surrender based on market conditions at that time. If interest rates have gone up since purchase, an additional fee will be assessed that lowers the withdrawal value. The reverse is also true. If interest rates have gone down since purchase, the amount you're able to withdraw will actually increase.

While seemingly bizarre, MYGAs with MVAs are actually very common and well-liked, offering higher interest rates than their BV counterparts. The market value adjustment protects the insurance company from adverse behavior by charging you for surrendering in a rising rate environment. That's because the insurance company would otherwise lose money liquidating assets to fund your surrender (bond prices go down when interest rates go up). Having this downside protection means they can offer you a higher rate.

For example, let's assume that Kelli decides to surrender her 5-year MYGA with MVA at the end of year 4 to take advantage of the increasing interest rate environment. To measure the change in interest rates over those 4 years, the insurance company uses a corporate bond index. At purchase, that index showed a rate of 3%, which 4 years later has increased to 5%. For simplicity, we'll assume that the insurance company calculates the MVA adjustment as  $\{(1 + \text{Initial Index}) / (1 + \text{Current Index}) - 1\}$ , which in this case produces  $\{1.03 / 1.05 - 1\}$ , or -0.019.

At the end of year 4, Kelli's MYGA is worth \$111,897, of which she's allowed to take 10%, or \$11,190 for free. The rest, \$100,707, will be subject to a surrender charge and the MVA adjustment calculated above. If the applicable surrender charge rate is 2%, then Kelli's charges would be:

Surrender:  $-0.02 * \$100,707 = -\$2,014$   
 MVA:  $-0.019 * \$100,707 = -\$1,918$

giving her a net surrender of  $\$111,897 - \$2,014 - \$1,918 = \$107,964$ .

<b>MYGA Balance</b>	<b>\$111,897</b>	
- Free Withdrawal	(11,190)	← 10% x MYGA Balance
<b>Chargeable Balance</b>	<b>100,707</b>	
- Surrender Charge	(2,014)	← 2% x Chargeable Balance
- MVA Charge	(1,918)	← -0.019 x Chargeable Balance
<b>Surrender Value</b>	<b>107,964</b>	

$$= \frac{1.03}{1.05} - 1 \left[ \begin{array}{l} \text{Purchase Index: 3\%} \\ \text{Today's Index: 5\%} \end{array} \right]$$

MVA calculation for illustration purposes only and not representative of any particular insurance company's process. Assumes \$100,000 5-year MVA accumulates at 2.85% per year, 10% free withdrawal provision, and year 4 surrender charge of 2%. Makes use of simplified MVA of  $(1 + \text{Purchase Index}) / (1 + \text{Today's Index}) - 1$ , with assumed index of 3% at purchase and 5% today.

Note that this is a basic, simplified illustration of the MVA functionality. Each insurance company will have its own formula and underlying index. Also not illustrated here but potentially applicable is a floor for the surrender value of the premium accumulated at the guaranteed minimum interest rate in the contract.



Finally, some MYGAs offer a return of premium (ROP), which guarantees that you'll always be able to get at least your original premium out of the contract at any time. In other words, surrender charges and market value adjustments will be capped at the interest you've accumulated.

## Payout Options

When your contract matures, you have several options:

- **Lump-Sum Withdrawal:** You can take entire balance of your matured MYGA in a one-time payment.
- **Periodic or Scheduled Withdrawals:** You can leave your money in the MYGA earning the renewal rate and withdraw as needed or following a pre-determined schedule.
- **Annuitization:** You can convert your account balance into a Single Premium Immediate Annuity (SPIA) that offers a guaranteed lifetime paycheck you can't outlive.
- **Rollover:** Through a 1035 exchange, you can rollover your MYGA into another annuity, MYGA or otherwise, penalty- and tax-free.

## Riders

While it varies from carrier to carrier, MYGAs can offer riders that are either included or added to the contract at an additional cost. Here are some of the options you might see:

- **Living Needs Benefit/Unemployment Rider:** Should you start living at a health care facility, become terminally ill, become disabled, or lose your job, additional or full liquidity of your contract will be available.
- **Home Health Care Rider:** If you begin to receive home health care recommended by your doctor, you may be able to access your balance without penalty.
- **Interest Opportunity Rider:** For a fee or a lower guaranteed rate, you may be able to participate in a rising rate environment.
- **Enhanced Beneficiary Benefit Rider:** Your beneficiaries may receive additional funds to help offset death expenses, such as tax obligations.
- **Enhanced Spousal Continuation Rider:** If your spouse is your sole primary beneficiary, he or she can continue your policy upon your death as the new owner.

## Buying Tips

Buying a MYGA is easier when you're equipped with the right information. In addition to being available to help walk you through the process, Blueprint Income has compiled a list of things to keep in mind:

### Ways To Buy A MYGA

MYGAs are sold via insurance agents, brokers, and financial advisors. Blueprint Income is registered with insurance companies in all 50 states and can help you with your purchase. In addition to finding the MYGA with the best return at the credit rating you're comfortable with, we can help you optimize your retirement strategy.

### Focus On Interest Rate & Credit Rating

MYGAs are largely uniform from carrier to carrier, meaning you can make your decision based on just two things: the interest rate being offered and the insurer's credit rating. An insurer's credit rating, similar to a bond's rating measures their financial strength and ability to meet future obligations. Like bonds, the higher the credit rating, the lower the rate. Buy the product that offers the best rate at the rating that's right for you.

### Consider Your Agent/Broker's Incentives

The Department of Labor has been working for nearly a decade to reform the requirements for giving financial retirement advice. The goal is to ensure that advisors, agents, and brokers put their clients' best interests before their own. Regardless of whether the reforms are implemented, make sure you consider your agent or broker's incentives. How are they compensated on the sale? How do they select the products they're showing you? Do they work with only one or a handful of insurance companies? Are they acting in your best interest?

### Laddering Strategy

Just like with CDs, you can use a laddering strategy by buying multiple MYGAs with staggered terms, i.e. 3-, 4-, 5- and 6-year terms. Because they come due at different dates, the hope is that you'll be able to take advantage of an upswing in interest rates.

**Don't Be Scared Of Market Based Adjustments**

If you know you'll be able to keep your money invested for the full MYGA term, go with a market value adjusted (MVA) MYGA. You'll get a better rate and will only be penalized if you surrender early (which we just decided you're not going to do!).

**Your Plans At Maturity Might Change What You Buy Today**

What are you going to do with your money when your MYGA matures? You could roll it over into a new annuity, annuitize it, or withdraw it. Plan ahead so that you can anticipate the taxes you'll owe under each scenario. And, if annuitization is a possibility, you'll generally do better by buying a DIA today instead.