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EQUITY INDEXED ANNUITIES: SMART MONEY MANAGEMENT

Everybody wants to find the winning secret to investing on Wall Street. But the truth is, you don't have to be a genius to be a successful investor. And CONTRARY to popular opinion, you don't have to put your money at risk or directly in the volatile stock market to get a good return on your investment.

Would you like upside potential with no risk to your principal investment?

Are you concerned about how your investments will perform over the next few years?

Would you like to profit when the stock market rises and protect your principal and profit when it declines?

Has the value of your nest egg fallen off a cliff and your sure you don't want the next few years to be like the previous few years?

Imagine not having to worry about your investments or the gyrations in the stock market. There is a better way that will allow you to sleep at night without the fear of some tragedy devastating you financially. There is a better way that will relieve your financial stress and increase your comfort.

It's not every day you find an opportunity for potential growth combined with true safety. Usually you have to give up a degree of safety in exchange for greater growth potential or accept less growth in exchange for a higher degree of safety.

Equity Indexed Annuities (EIA's) offer both the potential for higher returns available in the stock market plus the security of protecting your principal and gains that have been locked in from loss.

The gains in your Indexed Annuity are tied to the gains in a stock market index such as the S&P 500, NASDQ 100 or Bond index. There are various methods for calculating gains on an EIA's. They all in some way, shape or form offer a monthly or annual maximum in exchange for maximum downside protection, namely the guarantee that you will never lose your principal and once gains have been locked in, you will never lose your profits either. Equity Indexed Annuity owners see this as a WIN WIN, a have your cake and eat it too safe way of investing.

Now imagine this scenario: Suppose I took you on a trip to Las Vegas for a week and made you an offer you couldn't refuse. You could gamble at the casino of your choice as much as you wanted for an entire week and I will guarantee you in writing that no matter how bad you do, you will not loose any money. In fact, I will guarantee you will walk away from the tables with no less than what you started with plus a little more. If you win, you get to keep the majority of your winnings.

Would you take me up on my offer? I would imagine given the opportunity you would load up on casino chips as soon as possible. And this is a very general concept on how Equity Indexed Annuities work.

There are many ways EIA's credit interest. One of the more popular ways of crediting interest to your Indexed Annuity is to put an annual maximum on the interest you can earn. For example some EIA's may have a 12% annual earnings maximum. So if the index goes up 9% you get 9%. If the index goes up 12% you get 12%. If the index goes up 15% you get 12%. BUT, if the index goes down lets say 15%, 25% or more, your principal and any gains that have been credited are protected. So you give up a little on the upside to protect EVERYTHING on the downside.

What happens if the index was flat or went down every year you owned your Indexed Annuity? Your protected here too. At the end of the term (which varies depending on the EIA you own) you will be credited with a guaranteed minimum amount of interest or the actual interest gained whichever is higher.

Last year Dalber Inc. reported the results of a study showing that from 1984 through 2002 the S&P 500 averaged an annual return of 12.22%, while the average investor earned 2.57% (The Economist 7/5/03 "the Law of Averages" pg7). How could investors generate passbook savings returns during the greatest bull market in history?

The main reasons investors earned lousy returns and continue to make the same mistakes over and over again are a lack of understanding about the realities of risk, and even when they do understand, their decisions are usually driven by a Maalox moment or their heart instead of their head. Investors got in the market when they should have stayed out and got out of the market when the should have stayed in. Or they just got caught up in the hype and euphoria and let fear and greed guide them.

An Equity Index Annuity does not eliminate uncertainty, but simply removes the risk of loss from the equation, improving the odds of receiving a competitive return by making it less likely that one will try to control the market by buying and selling at the wrong times.

CD's vs Annuities

Are you a CD owner or thinking about buying a CD? Four years ago CD owners were earning close to 7% on their certificates of deposit, three years ago rates were down to nearly 5%, but for the last 2 years yields have hovered near 2%. Think about the magnitude of the drop. From May 2000 to May 2002 certificates of deposit rates fell 72% then dropped another 40% from the 2002 point over the next two years. If you were retired and attempting to live off your CD interest, you've seen your income drop over 83% since the turn of the millennium. And yet $800 billion of consumer money remains in CD's. And if this isn't bad enough, CD owners had to pay income tax on the interest they earned whether they took the interest our or not! Annuity owners never pay taxes on interest until they make a withdrawal.

Most CD owners find comfort in knowing their money is FDIC insured. Let's look at some hard numbers. From 1993 through 2003 there were 104 bank failures. Although CD deposits were protected up to the FDIC limits of $100,000, the same did not hold true for account balances over the FDIC limits. Bank account balances over the $100,000 FDIC limits were treated like other creditors of the bank and these customers stood in line to get paid just like other creditors. Savings customers were at the front of the line, but not every CD owner was made whole.

What if a insurance company goes belly up? An annuity contract is an asset of the insurer, and another insurer usually buys the annuity contracts of the troubled company and life goes on. Additionally, every state has a state guarantee fund to dip into if necessary which is designed to protect annuity owners if a company fails. This makes the safety of annuities even stronger than CD's held in banks.

Added Protection

The financial books of insurance companies are examined by states on a regular basis. Independent rating companies such as A.M. Best, Standard & Poors, Fitch, and Weiss vigilantly assess the financial strength of Insurers and assign ratings based on their assessment.

The Crystal Group is driven by its commitment to raising the standards of excellence in the insurance and financial - service industry and only offers annuities from the highest rated and financially strongest insurance carriers in the industry.

For additional information or questions regarding Equity Indexed Annuities, current fixed annuity interest rates or carrier ratings, please call us toll free at 877-822-5678.