

CDs & MYGAs - The Cost of Waiting

"I'm waiting for interest rates to go back up so I don't want to put my money in anything long-term."

In a low interest rate environment, many consumers are opting for guaranteed short-term rates waiting for improved rates in the future. While guaranteed interest rates offer some level of security, did you know there are financial solutions, other than Bank Certificates of Deposit (CDs), that provide a guaranteed interest rate? For example, Multi-Year Guarantee Annuities (MYGAs) offer guaranteed interest and show that "waiting" for a higher rate may not be the best option.

How do CDs compare to MYGAs?

Features	Certificate of Deposit	Vs.	MYGA Fixed Annuity ²
Safety of premium ³	●		●
Tax deferred compounded earnings on non-qualified premium ⁴			●
A guaranteed lifetime payment option			●
Penalty-free withdrawal options ⁵			●
May pay to an heir generally without probate			●
Early withdrawal penalties or surrender charges	●		●

What is the Cost of Waiting?

Below we compare two fixed rate products to a Multi-Year Guaranteed Annuity (MYGA) and what rate you would need to match the MYGA interest if you waited in a shorter term product. The first fixed rate product credits 0.30% and the second product credits 0.80%. This illustration is based on hypothetical data and does not show any applicable tax implications.

Year	5 Year MYGA North American Guarantee Choice SM and North American Guarantee Choice SM II Fixed Annuities ^{2,3} 2.50%* ⁶	Vs.	Fixed Rate Product at National Average 1 Year CD Rate ⁷ 0.30%*	Fixed Rate Product at National Average 5 Year CD Rate ⁷ 0.80%*
0	\$200,000		\$200,000	\$200,000
1	\$205,000		\$200,600	\$201,600
2	\$210,125		\$201,202	\$203,213
3	\$215,378		\$201,805	\$204,839
4	\$220,763		\$202,411	\$206,477
5	\$226,282 ³		\$203,018 ⁷	\$208,129 ⁷
			A Return of 3.99% ⁸ would be needed in years 3 through 5 to equal the total return of the MYGA	A Return of 3.65% ⁸ would be needed in years 3 through 5 to equal the total return of the MYGA

* Rates based on \$200,000 of initial premium and no withdrawals.

Call your licensed independent insurance professional to learn more!

This product is issued by North American Company for Life and Health Insurance®, West Des Moines, IA. Product features and riders may not be available in all states or appropriate for all clients. See product brochure for further details and limitations. The North American Guarantee ChoiceSM is issued on form ICC17-NA1011A/NA1011A (contract) ICC17-AE587A/AE587A, ICC17-AE615A/AE615A, ICC15-AE577A/AE577A (riders/endorsements) or appropriate state variation. The North American Guarantee ChoiceSM II is issued in California on form NA1000A04.0510 (contract) LR427A, LR433A, LR441A-1, AE515A, and AE612A04 (riders/endorsements). 1. North American is rated A+ (Superior) by A.M. Best - effective July 14, 2016. A+ is the 2nd of 15 categories. 2. Annuities are not deposits of, or guaranteed by, any bank and are not insured by the FDIC or any other agency of the U.S. All guarantees are subject to the financial strength of North American Company for Life and Health Insurance®. 3. Assumes no withdrawals. A surrender during the Surrender Charge period may result in loss of premium. 4. Under current law, annuities grow tax deferred. An annuity is not required for tax deferral in qualified plans. Annuities may be subject to taxation during the income or withdrawal phase. North American, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice. 5. Withdrawals prior to age 59 ½ may be subject to IRS penalties. Withdrawals taken during the Surrender Charge Period above the penalty-free amount will be subject to Surrender Charges and possibly an Interest Adjustment (also known as Market Value Adjustment, see flyer 18681Z for further details). 6. Rate is based on current rates and subject to change at any time. Rate may vary by guarantee period selected and/or premium band. 7. Rate comparison to current CD rate average is believed to be accurate based on Bankrate.com information at the time of publication. Rate information is effective 6/9/17. 8. Return assumes 1 Year CD renewed annually at national average of 0.30%. This comparison is not intended to be a comprehensive evaluation of product guarantees. Clients should examine all features and options of the annuity product prior to purchase. Information is believed to be current and accurate to the best of our knowledge as of 6/9/2017. The data shown is taken from a company illustration and published rates on Bankrate.com. Product features and rates are subject to change. Comparative results are not guaranteed; the use of alternate assumptions could produce significantly different results.