



## Fixed Annuity Rates Outperform Similar-Termed Bank CD Rates in Today's Economic Climate

*Multi-year guaranteed [fixed annuities](#) have better interest rates than bank certificates of deposit (CDs) due to current economic conditions.*

Medford, OR ([PRWEB](#)) September 25, 2008 -- AnnuityAdvantage.com announced today that, according to a comparison of bank CD rates published on Bankrate.com, multi-year guaranteed (MYG) fixed annuities offer higher interest rates than traditional bank certificates of deposit (CDs) for a similar term. Bank savings rates have declined over the last year; as a result, consumers can find a yield advantage with annuities, such as a recently available 5-year [annuity](#) that pays a guaranteed interest rate of 5.30%. By comparison, the national average 5-year certificate of deposit (CD) rate was only of 4.14%.

"The U.S. is emerging from a bizarre economic climate where until about a year ago, short-term savings rates were yielding more than longer-term savings rates," explained Ken Nuss, CEO of AnnuityAdvantage.com, an online annuity marketplace. "But that all changed when the Federal Reserve began cutting rates in September 2007. With the current climate and the possibility that the Federal Reserve will be cutting interest rates yet again, multi-year guaranteed fixed [annuities](#) will offer better rates and become even more attractive than bank CDs."

Every time the Federal Reserve cuts interest rates, banks are affected. Bank CD rates drop, and become less attractive to long-term savers. Simply put, interest rate cuts by the Federal Reserve serve to stimulate the economy, not to create an attractive haven for savers. Insurance companies, the issuers of annuities, can typically offer better rates to savers on guaranteed fixed annuities in a low interest rate environment induced by the Federal Reserve.

Multi-year guaranteed fixed annuities function similarly to bank CDs; in fact, MYG fixed annuities are often called CD-type annuities. The interest rate is guaranteed upfront for a predetermined period, which can be anywhere from one to ten years. Annuities are safe, stable savings products; funds are never at risk from a stock market downturn or recession. One difference between MYG fixed annuities and certificates of deposit is that the funds in the annuity, the original deposit and any credited interest, are tax-deferred until withdrawal. With a bank CD, you are responsible for paying income tax on your interest earnings yearly.

"Individuals with maturing bank CDs or low-interest savings or money market accounts should consider taking advantage of the higher-yielding MYG fixed [annuity rates](#)," said Nuss. "Locking in these favorable long-term rates is a great savings strategy, especially for those nearing retirement who may not want to put their money at risk in the stock market."

Consumers holding CDs that will soon be maturing should consider using the funds to purchase a higher-yielding annuity instead, especially if the money was earmarked for another CD.

Those interested in getting the most up-to-date multi-year guaranteed fixed annuity rates should visit AnnuityAdvantage.com. Annuity rates continually adjust, so a rate offered one week may not be available the next. AnnuityAdvantage.com also offers free, personalized [annuity quotes](#), available by calling 1-800-239-0356.

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