

Variable Annuity

With the turmoil in the economy and the daily rise and fall of the market, it is hard to determine which investments to put your money into. When investing your money for mid- and long- range investment goals, insurance companies offer different types of annuities to plan for retirement or even college educations.

Choosing the correct annuity for your preference takes a lot of research and even with annuities you can choose a bad investment. There are two primary types of annuities, variable and fixed, and each has distinctively different traits that either gains money or loses money based on the market's activity.

A Variable Annuity offers a wide range of options to invest in, and the value will vary depending on the option you choose to invest. The choices for a Variable Annuity can be anywhere from money market options, stocks, [performance bonds](#), or a combination of all three.

A Variable annuity also offers payments for the life of the insured, and can even be designated to make payment to a spouse or other person. It also offers a death benefit, which can be paid to the beneficiary of the policy when the insured passes away. Last, the Variable Annuity is tax-deferred which means that taxes are not paid until the money invested is withdrawn.

The drawback to the Variable Annuity is that the performance of your investment is based on market performance. In this day in age that is not a safe investment as the market is rising and falling daily. Yet, there are other annuities available to invest, which provide a much safer return on your money. Insurance companies also offer Fixed Indexed Annuities for clients to invest. In today's market, this is a reasonably safe investment without the potential for total loss. A client can invest a lump-sum payment, and in return the insurance company guarantees the annuity will never go down due to market failure. The client now has the potential to gain on their investment if the market is performing well, but also has the piece of mind that they will never lose all their money due to market downturn.

The Fixed index annuity also offers payments for life, tax deferral until money is withdrawn. Based on current market performance, the Fixed Index Annuity is a reasonably safe investment as investors can have piece of mind that if there is a total market collapse, their insurance company has guaranteed they cannot lose their initial investment.

About the Author

[Performance bonds](#), financial tracking and other financial information is available on request from [Bryant Surety Bonds](#).

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