



# Busting the Top 5 Myths About Fixed Index Annuities

It's hard to shake the myths and misperceptions that might prevent your clients from exploring fixed index annuities. It's time for a script that separates the myths from the facts.

Busting the myths can help:

- Overcome out-of-date views
- Elevate standout features
- Pivot the discussion to retirement income

**In your next client meeting, use these insights to guide a thoughtful discussion.**

**Myth No. 1:** Fixed index annuities are not tax efficient.

**Fact:** FIAs are highly tax efficient. Because FIAs grow tax-deferred, owners accrue interest over time and taxes aren't due until they begin withdrawing money. Retirees can also minimize their tax liability by planning strategic withdrawals, like when they're in a lower tax bracket.

**Myth No. 2:** FIAs can't keep up with inflation.

**Fact:** FIAs can protect against market losses while offering more growth potential, and this can help offset inflation over time. Because they're tied to a market index, such as the S&P 500®, they have the potential for growth based on market performance. At the same time, they're protected from market downturns. The long-term expected return for FIAs is typically higher than other guaranteed accounts, like certificates of deposit.

**Myth No. 3:** FIAs are directly tied to the market, which raises fears about volatility.

**Fact:** FIAs aren't directly tied to the stock market. Instead, FIAs earn interest based on market performance of an index. Tracking the performance of one or more market indices, gives funds the opportunity to experience market gains. At the same time, they are protected from market downturns. This allows investors to benefit from the gains without worrying about losses.

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#### **Myth No. 4:** FIAs are complex and confusing.

**Fact:** An annuity, including an FIA, can be explained in simple terms: it's a financial product that allows you to save now and draw a steady income later. A FIA is simply one that earns interest based on the market performance of an index.

#### **Myth No. 5:** FIAs contain hidden fees.

**Fact:** Annuity issuers are required to disclose all fees and costs. FIAs, like all annuities, are regulated at the state level. Most state insurance commissioners adopt model laws created by the National Association of Insurance Commissioners, or NAIC. The model laws are designed to protect the interests of consumers. One way they do so is by requiring annuity issuers to provide a clear explanation of charges and fees. These amounts are provided in the annuity contract itself.

Want to explore FIAs? Get to know [The Standard's annuities.](#)



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