Guardian Eagle

Tax Deferred Annuities

ELCO MUTUAL
LIFE & ANNUITY

Guardian Eagle

Multi-Year Guaranteed Annuities (MYGA)

MYGAs are a form of tax-deferred annuities that guarantee an interest rate for a fixed period. An individual can purchase these products by using a single premium. The funds put into these contracts will accrue interest on a tax-deferred basis, meaning taxation doesn't occur until the owner withdraws the funds. After the guaranteed term ends, some contracts will offer a non-guaranteed interest rate, the option to annuitize, or the choice to transfer the funds to a new annuity.

A Great Alternative to Certificates of Deposit

Certificates of Deposit (CD) are a commonly used savings vehicle. Similar to deferred annuities, CDs typically guarantee an interest rate for a specific period and provide steady, secure growth. Most will also purchase CDs because they are FDIC insured (up to certain amounts), whereas deferred annuities are backed by the claim paying ability of the company issuing the contract.

There are two prominent reasons why you should consider MYGAs as an alternative to these certificates:

- ☑ **INTEREST RATES:** Multi-year guaranteed deferred annuities will usually offer a higher interest rate than CDs, providing more growth for the owner.
- ☑ **TAX-DEFERRAL:** Owners of CDs normally pay taxes on their earnings each year. Deferred annuity owners do not pay taxes on their earnings unless they withdraw the funds.

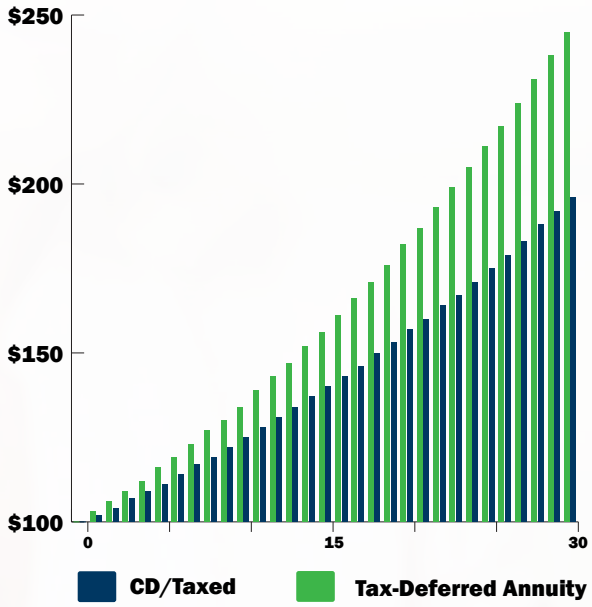
Compound Interest

This type of interest accrues on the total contract value, which is a benefit to the owner as the annuity grows using both the principal and interest earned. All of ELCO Mutual's deferred annuity products utilize this form of accumulation to provide the owner with the best growth possible.

The Power of Tax-Deferral

The tax-deferred advantage is especially beneficial to contract owners who have an annuity that utilizes compound interest because it helps the funds grow at an accelerated rate. To illustrate, the graph to the right shows two products that are earning the same interest rate. The tax-deferred product shows a much higher return because the value of the contract isn't reduced every year from having to pay

CDs vs. TAX-DEFERRED ANNUITIES



Premium Payment Options

SINGLE PREMIUM: All of ELCO's MYGAs are purchased with a single premium (a lump sum). Contract owners do have 90 days to make additional contributions to their annuity, but no additional funds can be added once that window passes.

FLEXIBLE PREMIUM: ELCO offers a flexible premium deferred annuity that provides owners with a current interest rate (non-guaranteed) that can be adjusted by the board of directors at any time. However, contract owners are provided with a guaranteed minimum which can be found in the contract. Just like the single premium option.

This contract also offers a nursing home/terminal illness feature that can waive all withdrawal charges for qualifying conditions at no additional cost. Please refer to the contract for more information regarding the qualifying conditions.

This brochure is not a contract. Descriptions of policy provisions are only partial. In the event of a conflict, the policy will govern. Any guarantees are backed by the claims paying ability of the company. Form Numbers: (2-Yr) ICC19-MYGA2-19, (3-Yr) ICC19-MYGA3-19, (5-Yr) ICC19-MYGA5-19, (7-Yr) ICC19-MYGA7-19 & (10-Yr) ICC19-MYGA9-19. Policy forms may vary by state. ELCO Mutual and its representatives do not offer tax or legal advice. Not FDIC insured. Rates subject to change.

ELCO's Customer Service

At ELCO Mutual, every call is answered by a real person at our home office, which is a trend that is quickly disappearing. You can expect fast turnaround times on all facets of the business with an average processing time of under 48 hours.

A Little Bit About Us

ELCO Mutual has been assisting seniors with our financial planning for over 75 years. Our goal has remained the same throughout its long history: to provide personalized service, consumer friendly products, and stability for its policyholders.

Contact Us

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