

CD Early Withdrawals Can Erase Earnings *AND* Drain Principal

With so much money on the sidelines right now, many clients are focused on the interest rate and term of a CD and don't pay enough attention about how much money they'll give up if they cash in the CD early. As we all know life can be full of surprises and if you need to withdraw cash early you might not be surprised but shocked at the penalties imposed by many banks. **What's worse than forfeiting interest you've earned? Forfeiting interest you haven't earned.**

I walked into a big blue chip bank this morning to verify this example. Let's suppose your client buys an 18 month CD and decided to cash out after four months. You would have to pay six-months interest even though you only earned four. That means your clients will be digging into their principal paid for the CD. Banks have a vested interest in making sure you don't yank your money out from underneath them. These are trying economic times and many of your clients and prospects don't need a surprise like this when they need access to their hard earned money. Herein is the rub with CDs; you can access your money earlier than the prescribed term, but penalties can be steep.

Federal law requires a minimum penalty of seven days interest for early withdrawal on any account classified as a time deposit. Since the law doesn't set a maximum penalty, banks are free to, and usually do charge much more.

This is a great time to sell clean & simple deferred annuities. Call us today.

1-800-825-5279

Annuities 101

Even though a deferred annuity has far superior tax deferred yields than CDs, don't forget to discuss the flexibility and liquidity that a clean and simple annuity can give your clients.

For example, many annuity contracts offer a 10% to 15% FREE withdrawal, a return of principal guarantee and contractual waivers that cover:

Terminal illness

Nursing Home

Hospital stays

Death

Disability

Call us for rates, contract features and new business forms.

Pat Way CLU, ChFC

your annuity resource

800-825-5279

pway@patrickway.com

www.patrickway.com