learn about annuities.

Is a Market Value Adjusted Annuity Right for You?

A market value adjusted annuity can be an excellent choice for the right individual.

Annuities with a "market value adjustment" (MVA) come in several flavors. Some are fixed annuities, carrying MVA options and a traditional minimum guaranteed interest rate. Others are registered products, with only MVA options but **no** minimum guaranteed interest rate. Still others are variable annuities, offering MVA options along with variable subaccounts invested in portfolios of stocks or bonds.

A market value adjustment occurs only if you withdraw money before the guarantee period ends. Since annuities are intended to be held for the long term, most individuals will probably hold their annuities through the guarantee period they initially select—never experiencing a market value adjustment during the guarantee period.

MVA products may be appropriate if you...

1. Have invested in bonds (particularly municipal bonds)	BECAUSE	You understand the relationship between interest rates and bond values, which is the concept behind market value adjustments (and, if invested in municipal bonds, also have indicated an interest in tax breaks).
2. Believe interest rates might go down	BECAUSE	You might be able to lock in a positive market value adjustment.
3. Want downside protection	BECAUSE	MVA annuities guarantee a return of principal plus interest if held until the end of the selected period.
4. Are a moderate risk-taker	BECAUSE	MVA annuities offer upside potential through interest rate plays and downside protection by holding the annuity until the selected term expires.
5. Are concerned about taxes	BECAUSE	Taxes are not owed until withdrawals are made or the contract is surrendered.
6. Contribute the maximum allowable to your 401(k) plan or IRA	BECAUSE	Annuities offer a way to save for retirement with essentially no contribution limit (typical limit $1 million), unlike your 401(k) plan or IRA .
7. Reinvest interest, dividends or capital gains	BECAUSE	If income is not needed to meet current expenses, it could be reinvested for a longer term with tax deferral.
8. Want regular future income	BECAUSE	Annuitization offers lifetime income or other income choices.
9. Want emergency access to your money	BECAUSE	A certain percentage of the premium or account balance is typically available to withdraw free from surrender charges (see note).
10. Want to provide for loved ones	BECAUSE	MVA annuities offer a death benefit and avoid probate if there is a named beneficiary.

Withdrawals of earnings are taxed as ordinary income and, if taken prior to age 59½, may be subject to an additional 10% federal tax penalty. Market value adjustment formulas differ greatly by contract and are described in detail in each registered product's prospectus. Market value adjusted annuities are one type of annuity product; other types of annuities are also available and may be more appropriate under certain circumstances. This article describes general annuity characteristics as well as features specific to market value adjusted annuities.

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