



## Safe Money Places

**Annuities are:**  
**Not FDIC/NCUA Insured • Not A Deposit Of A Bank • Not Bank Guaranteed •**  
**May Lose Value • Not Insured By Any Federal Government Agency**





## How Money Gets Organized:

### **Safe Money Places**

As Americans, we're fascinated with organizing our things. In fact, there are entire industries dedicated to showing us how to arrange our closets, fine-tune our garages, and stock our refrigerators. Whether it zips, snaps, or locks, it seems that everything has a place and that there's a place for everything! But when was the last time you thought about how you store, protect, and hopefully grow your money – especially your savings?

**When it comes to money, organization starts with learning about your savings options.**

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# What Are Your Savings Needs?

That depends on whether you need to readily access your cash for short-term objectives or pack it away for long-term goals. It also depends on whether the portion of savings you're storing is safe money or risk money.

**Safe money** is savings you cannot afford to lose.

**Risk money** is savings you are willing to expose to risks for potential gains.

Once you decide what portion of your savings is safe money and what portion is risk money, you can begin making decisions about the places you'll keep it. **You have two basic options: Safe Money Places and Risk Money Places.**

## ■ Safe Money Places

In a Safe Money Place, you have control over loss. Here either your principal is protected or your money is guaranteed a certain amount of interest. As long as you comply with the provisions of the safe money vehicle, you'll know exactly what you can expect to withdraw when you need your money.

## ■ Risk Money Places

In a Risk Money Place, you do not have control over loss. Here your principal is subject to potential gains and losses that are beyond your control. When it comes to withdrawing money from these Places, you don't know what you'll get back. Sometimes, you may not get anything back.

## Looking for the right storage space?

The following chart explains where to find Safe Money Places and Risk Money Places. It also highlights some basic advantages and disadvantages of each option.

Portion of Savings	Places	Advantages
<b>Safe Money*</b>	<ul style="list-style-type: none"><li>• Savings Accounts</li><li>• Savings Bonds</li><li>• Certificates of Deposit</li><li>• Fixed Annuities</li><li>• Index Annuities</li></ul>	<ul style="list-style-type: none"><li>• Principal protection or Guaranteed interest</li><li>• Access to cash</li></ul>
<small>*FDIC protection does not apply to all Safe Money Places. Annuities are not FDIC insured and are long-term financial products.</small>		
<b>Risk Money</b>	<ul style="list-style-type: none"><li>• Money Market Accounts</li><li>• Mutual Funds</li><li>• Commodities</li><li>• Real Estate</li><li>• Stocks</li><li>• Bonds</li></ul>	<ul style="list-style-type: none"><li>• Growth potential</li><li>• Investment Options</li></ul>



## Disadvantages

- Charges and penalties apply for early withdrawals
- Sometimes lower interest rates
  
- Penalties for early withdrawal
- Potential to lose some or all of principal

# Taking a Closer Look **Safe Money**

Let's examine the earnings/yields, tax features/treatment, liquidity, penalties, and guaranteed interest rate features of Safe Money Places.

## ■ Savings Accounts

Savings accounts are conservative, low yielding bank accounts that accumulate interest.

### Advantages

- Minimum amounts to open these accounts are often low.
- Money you store in these accounts is Federal Deposit Insurance Corporation (FDIC) insured up to insurance limit.
- You have easy access to your cash when you need it.

### Disadvantages

- Returns on savings accounts are often so low that they don't keep pace with inflation.
- Interest is fully taxable.
- Maintenance fees may exist.

## ■ Savings Bonds

Savings Bonds are issued and guaranteed by the U.S. Treasury and earn monthly interest that is compounded twice a year. There are different kinds of savings bonds.

### Advantages

- Interest compounding grows tax-deferred until it is redeemed or until it reaches final maturity in 30 years, whichever comes first.
- Earned interest can be excluded from federal income taxation if it is used to pay for college tuition and fees and if your income meets certain IRS guidelines.

### Disadvantages

- Money placed in saving bonds cannot be withdrawn for one year.
- If you redeem your bond within five years of purchase, you'll have to pay a penalty for early withdrawal – equal to the last three months of earned interest.



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## ■ Certificates of Deposit (CDs)

CDs can be found at banks and brokerages. They are savings accounts with specified maturities that usually range from three months to five years.

### Advantages

- Most CDs are Safe Places because they are offered by banks and are FDIC insured up to \$100,000.
- CDs, depending on their length to maturity, often produce higher returns than money market accounts.

### Disadvantages

- Money you store in CDs is off-limits until it reaches its specified maturity.
- Penalties exist for early withdrawals; the average penalty for early withdrawal is six-months' interest.
- Interest you earn in a CD is fully taxable.



# Taking a Closer Look **More Safe Mo**

## ■ Fixed Annuities

A fixed annuity is a contract between you and an insurance company. You agree to store your premiums with the insurer, and the insurer agrees to pay you a fixed rate of interest for a certain time period.

Interest is credited to fixed annuities using one of two methods:

### Fixed Rate

Many fixed rate annuities declare a new interest rate each year; others lock in a rate from two to ten years. The minimum guaranteed interest rate is set at the time the annuity is issued. **Regardless, the minimum guaranteed interest rate won't change for the terms indicated in the annuity contract.**

### Linked Rate

An **index annuity** is a fixed annuity that earns interest by being linked, in part, to the performance of an external market index, usually an equity index. You may want to consider placing a portion of your safe money in an index annuity if you are attracted to potential higher returns of the stock market index. An index annuity offers you the potential to earn more interest than you might receive from bank products or fixed rate annuities, while it offers interest protection through minimum guarantees.



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## Advantages

- Fixed annuities offer credited interest protection through minimum guarantees.
- Fixed annuities may have earnings that can outperform bank products, like CDs.
- Index annuities offer an alternative to concerns over rising interest rates by linking earnings, in part, to changes in an equity index; even if the market index goes down, you are protected with a minimum guaranteed interest rate.
- Minimum guarantee interest rates offered through Index Annuities allow your money to grow no matter what the market does.\*
- As a fixed annuity owner, you can convert your contract into a guaranteed stream of fixed payments for a period of time.
- Taxes are deferred until you withdraw your money.

## Disadvantages

- Withdrawals may be subject to Federal/State income tax, and if taken prior to age 59½, a 10% Federal penalty tax.
- Although most companies allow you to withdraw at least your earned interest each year without surrender charges, the fixed annuity may have a surrender charge for early withdrawal.
- Specific participation rates and caps may exist.
- May have additional fees for optional features.

\* This statement assumes a fixed annuity with minimum guaranteed interest on 100% of premium and no withdrawals or surrender charges. Caps, spreads and/or participation rates and minimums may limit the earning credited to index annuities.

## More About Index Annuity Places...

Index annuities offer the potential for your money to earn more interest than it might receive from bank interest or fixed rate annuities. Index annuities are designed to provide potential earnings linked in part to an equity index, while protecting your credited interest with a minimum guaranteed interest rate.

# With all of the Safe Money Places available to you, what are the **best choices** for organizing your savings?



Depending upon your short-and long-term savings goals, it likely will take more than one Safe Money Place to effectively organize your safe money.

Here is a chart that summarizes the benefits of your Safe Money Place options.

	Safety of Principal or Guaranteed Interest	Tax Deferral Advantages	Interest Strategies that Keep Pace with or Outpace Inflation	Benefit of Guaranteed Periodic Income for Specified Amount of Time	Earnings Linked to an Equity Index
Savings Accounts*	●				
Certificates of Deposit (CDs)*	●				
Savings Bonds	●	●			
Traditional Fixed Annuities	●	●	●	●	
Fixed Index Annuities	●	●	●	●	●

\*FDIC insured



If you are looking for long-term storage in a Safe Money Place that can provide you with unique features and guarantees, fixed and/or index annuities may be the viable choice for you. Not only do they offer tax deferral; they also provide you the most attractive potential earnings of the Safe Money Places.

Find out more about the benefits of fixed and index annuities by consulting your financial advisor or insurance agent. He or she will suggest personalized strategies that can help you effectively store, protect, and grow your safe money in places that are right for you!

## Client Services

Our friendly Customer Service staff is ready to help you. You will receive annual statements and access to 24-hour, automated, telephone customer service.

ING USA Annuity  
and Life Insurance Company  
909 Locust Street  
Des Moines, IA 50309

Contracts issued by ING USA Annuity and Life Insurance Company.

Guarantees based upon claims-paying ability of the ING USA Annuity and Life Insurance Company.

Withdrawals may be subject to Federal income tax and, if taken prior to age 59 ½, a 10% Federal penalty tax. All distributions from qualified annuities may be taxable. State premium taxes may reduce the final value of your annuity. IRAs/qualified plans are already tax deferred; consider other annuity features. Neither the company nor its agents offer tax or legal advice. Please consult your tax advisor or attorney on your specific situation. The contract does not directly participate in any stock or equity products.

This is a summary only. Annuity products/features not available in all states. Withdrawals do not participate in index earnings. Federal law requires that withdrawals be taken first from interest earnings.

This brochure is not intended to serve as a comprehensive analysis of all financial vehicles, but rather to serve as an overview. Please see your financial professional for complete information.

**Annuities are: Not FDIC/NCUA insured - not a deposit of a bank - not bank guaranteed - not insured by any government agency - may lose value.**

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- Employs 113,000 people in over 50 countries
- Has \$609.8 billion in assets under management as of June 30, 2005
- Ranks 9th in the 2005 *Forbes 2000* as measured by a composite ranking of sales, profits, assets and market value.
- Ranks 17th in the 2005 *FORTUNE Global 500* as measured by revenue.

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