

# MVFG ADVISOR

M A R T H A ' S V I N E Y A R D F I N A N C I A L G R O U P

W W W . M V B A N K . C O M

Welcome to the October issue of MVFG Advisor. Fall is a wonderful time to live in New England.

A note of thanks to everyone that attended our first Brown Bag Lunch Series. We had a great time meeting many new friends and look forward to future visits.

Shortly, we will be announcing a new series that will take place in the evening to allow those that could not attend during the day. As part of the series we will be adding a session on small business. Stay tuned for details.

Our guest writer this month is staff member Steve Ansara, Infinex Financial Advisor. Steve's article is entitled "Annuities are insurance products with all kinds of bells and whistles attached". Steve joined the Martha's Vineyard Financial Group in 2008. With day-to-day responsibility for managing client accounts Steve provides investment

advice, daily stock trades, long-term care insurance and life insurance options, and portfolio review.

Prior to joining the Financial Group Steve worked in the Loan Department of Martha's Vineyard Savings Bank as a mortgage processor where he started in 2007. Prior to joining the bank Steve was a mortgage broker in Western Massachusetts. Steve graduated from the Isenberg School of Management at the University of Massachusetts-Amherst with his B.B.A. in Investment Finance. Steve holds Series 7, Series 66 registrations and Life and Health Insurance licenses.

An excerpt from our article. "Many articles have been written recently about annuities and their guarantees as the capital markets plunged last year and yet certain annuity holders actually saw their accounts increase in value anywhere from 4% to 5% of more!"

As with all investment vehicles be sure

to consult with an investment professional. To learn more about annuities and how they could benefit you, or to schedule a no-cost, no-obligation visit to learn about all our services please call us at the number listed below. We would be pleased to meet with you.

Thank you for your business and as always, please do not hesitate to call me at 508-693-8850 or email me at rripley@mvpbank.com - Bob Ripley

Robert G. Ripley, Jr.  
Senior Vice President & Group Manager



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## **Annuities are insurance products with all kinds of bells and whistles attached.**

Many articles have been written recently about annuities and their guarantees as the capital markets plunged last year and yet certain annuity holders actually saw their accounts increase in value anywhere from 4% to 5% or more! Annuities can easily confuse people because under one name there are two types – Fixed and Variable and these come in many variations. This realization becomes very evident as soon as you begin shopping for them. Considering the prospects for renewed marketing of annuity products by the insurance and financial services community, we thought an overview of the differing annuity types and products seemed appropriate for this issue.

- **Indexed annuities** This type of annuity provides for a variable fixed-income return from a complex formula. The formula often limits the upside of investing in common stocks with downside protection that usually excludes receiving dividends. The downside protection can be costly with this product type.
- **Life annuities** Sometimes referred to as immediate life annuities, these are insurance contracts for which you pay a sum of money for a guaranteed regular payment back to you for the rest of your life. Some of the money you receive will be considered a return of your original money and therefore tax-free. The income you receive can be guaranteed for your lifetime, your life or a specified amount of years (whichever is greater), or for your lifetime and the lifetime of another - following your death. The most common form of life annuity is a company pension or social security benefit.
- **Variable annuities** Variable annuities are pooled investment accounts in an insurance product wrapper. The returns from variable annuities are directly related to asset performance. Variable annuities have tax deferred status on all contributions and gains. Distributions come in two forms years later based on the performance of those investments. The money invested inside the contract is either in stock or bond mutual funds, the performance of which determines the amount distributed either in installments or lump-sum. Added to the investment op-

tions is a guaranteed death benefit. Variable annuities jazz up a product designed for safety with many investment options. Other options can include, for a fee, providing for a guaranteed withdrawal amount in the future. This type of annuity offers tax-deferred growth and exposure to equities, the cost of which is investing commissions, insurance fees and surrender penalties. Closely examine the fees related to these type of contracts to ensure the benefits outweigh the expenses.

- **Certificate of Deposit-equivalent annuities** These annuity contracts are the most basic type of annuity and are similar to bank certificates of deposit but issued by an insurance company. In buying this contract you would make a commitment for a certain period of time for a stated interest amount, tax-deferred and guaranteed by the issuing company.

In addition to these annuities you can find annuity swaps, guaranteed minimum withdrawal benefit annuities, IRA rollover annuities and other insurance-type products with similar structures. Which annuity products are the best for you, or seem to be the most useful for your particular situation requires research and in many cases objective professional input.

If you find yourself wondering where to invest your hard earned money for retirement or otherwise and are facing performance and fee questions that you want answered objectively, please contact Martha's Vineyard Financial Group at 508-693-8850. We promise to present clear and simple explanations, and products for your consideration.

*Article submitted by: Martha's Vineyard Financial Group*



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