

What the Federal Reserve's Steady Rates Mean For Annuity Investors

By keeping interest rates unchanged, the Federal Reserve has effectively preserved the current rate environment, extending the window of opportunity to lock in higher annuity rates.

While the Federal Reserve has held interest rates steady, [the Federal Open Market Committee \(FOMC\) has projected short-term rates will be lower each year over the next several years](#). If rates do eventually move lower, those saving for retirement may experience reduced interest rates on their conservative financial assets such as bonds, CDs, and savings accounts, and continue to face an annual tax liability on any interest credited for assets not held in tax-deferred accounts.

Over the past couple of years, interest rates on 5-Year Multi-Year Guarantee Annuities (MYGA) have risen from an average of 4.24% in November 2022 to a peak of 4.94% in December 2023 before dipping to 4.64% in April 2024.¹ Security Benefit's Advanced Choice annuity is currently higher than the national average, with its 5-year rate holding steady at 5.05% (effective 4/29/2024). [See current Advanced Choice annuity rates](#).

Locking in a higher rate on a MYGA on a tax-deferred basis can be a prudent financial strategy for many consumers. While the Federal Reserve's decision may be temporary, it offers a valuable opportunity for consumers to take advantage of the current rate environment before any potential reductions occur. By acting proactively, consumers can shield themselves from future declining rates for several years and secure a more favorable financial position.

Of course, it's important for consumers to carefully evaluate their individual financial goals, risk tolerance, and overall retirement strategy before committing to an annuity purchase. Annuities come in various forms, including fixed, variable, and indexed, each with its own set of features and considerations. Consulting with a financial professional can help investors navigate the complexities of annuities and find the most suitable choice based on their unique circumstances.

¹ According to data from Annuity Rate Watch.

The Security Benefit Advanced Choice Annuity, form ICC13 5200 (9-13) and 5200 (9-13), a single premium deferred annuity, is issued by Security Benefit Life Insurance Company. Product features, limitations, and availability vary by state.

Guarantees provided by annuities are subject to the financial strength of the issuing insurance company. Annuities are not FDIC or NCUA/NCUSIF insured; are not obligations or deposits of and are not guaranteed or underwritten by any bank, savings and loan, or credit union or its affiliates; and are unrelated to and not a condition of the provision or term of any banking service or activity.