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The annuity is a mutual contract that the investor and the insurance company draw with each other. In case of such a contract the insurance company makes a group of payments at regular intervals to the investor in return for a single premium or the multiple premiums that the investor has paid. The annuities are mostly invested by people who are looking for an alternative income post their retirement. It is the only income that can pay you back for as long as you live.

The term annuity belongs to the Latin dictionary. It means income. It is not a life insurance or a health care policy although it is sold by the insurance companies. It is neither a savings certificate nor a savings account either. If you have short term financial goals for your future than this sort of investment is not ideal for you.

There are many types of annuities available in the market such as deferred, immediate, fixed, and variable type of annuity. Although the fixed investment does not mean that the rate of interest offered by the investment is fixed. It just means that the premium you pay for this kind of investment earns you a guaranteed rate of interest in return. In case of the variable annuities, the rate of interest varies depending on the fluctuations of the market.

There are also two phases in such kind of investment. The current rate of interest and the minimum guaranteed rate of interest. The minimum guaranteed rate of interest is the lowest rate of interest that your investment can earn you. The amount of the rate of interest is mentioned in the contract that you sign with the insurance company initially whereas the current rate is associated with the interest that the company earns on their portfolio and also the reserves that they have, or for the external index or reference.

You can buy he fixed deferred form of investment and start getting returns just thirty days later. However it is advisable that you wait for the next twelve months and then take the earlier yearâ€™s earned interest along in the second year.

If you have an IRA, you can also opt for an individual retirement account inside such investments. Such investments are safe to make and guarantees return since the insurance companies must have the requisite reserves to back up the guaranteed returns as per the law of the state and the country.

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Robert Jhonson is a Financial consultant who has good information on a annuity quotes and a annuity calculator. For more information, he recommends you to visit a http://www.totalreturnannuities.com.

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