



## CD Shoppers' Guide



Provided to you by:

**Scott Etzel**

CRPC®



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Written by Financial Educators

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Insurance License # 11201116

Disclosures: Converting an employer plan account or Traditional IRA to a Roth IRA is a taxable event. Increased taxable income from the Roth IRA conversion may have several consequences including but not limited to, a need for additional tax withholding or estimated tax payments, the loss of certain tax deductions and credits, and higher taxes on Social Security benefits and higher Medicare premiums. Be sure to consult with a qualified tax advisor before making any decisions regarding your IRA. Investors should consult with their own professional advisor regarding the potential tax, estate, and legal considerations that may arise in connection with entering into a life settlements transaction. Proceeds from a life settlement transaction may be taxable under federal or state law to the extent the proceeds exceed the cost basis. The proceeds from a life settlement transaction may be subject to claims of creditors. The receipt of proceeds from a life settlement transaction may adversely impact eligibility for government benefits and entitlements. The amount received for the sale of the Policy may be impacted by the circumstances of the particular purchaser of the Policy, the insured's life expectancy, future premiums, the death benefit, the terms of the Policy, and the current market for insurance policies, among other factors. The amount received for the sale of the Policy may be more or less than what others might receive for the sale of a similar policy. There may be high fees associated with the sale of a Life settlement. Indices are unmanaged and investors cannot invest directly in an index. Unless otherwise noted, performance of indices does not account for any fees, commissions or other expenses that would be incurred. Returns do not include reinvested dividends. The S&P 500 Index is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent US equity performance. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 actively traded 'blue chip' stocks, primarily industrials, but includes financials and other service-oriented companies. The components, which change from time to time, represent between 15% and 20% of the market value of NYSE stocks. The Russell 2000 measures the performance of small capitalization U.S. stocks. The Russell 2000 is a market-value-weighted index of the 2,000 smallest stocks in the broad-market Russell 3000 Index. Fixed Annuities are long-term

insurance contracts, and there is a surrender charge imposed generally during the first 5 to 7 years that you own the annuity contract. Indexed annuities are insurance contracts that, depending on the contract, may offer a guaranteed annual interest rate and some participation growth, if any, of a stock market index. Such contracts have substantial variation in terms, costs of guarantees, and features, and may cap participation or returns in significant ways. Investors are cautioned to carefully review an indexed annuity for its features, costs, risks, and how the variables are calculated. Any guarantees offered are backed by the financial strength of the insurance company. Surrender charges apply if not held to the end of the term. Withdrawals are taxed as ordinary income and, if taken prior to 59 ½, a 10% federal tax penalty. Neither Asset Allocation nor Diversification guarantees a profit or protects against a loss in a declining market. They are methods used to help manage investment risk.

Fixed Annuities are long-term insurance contracts, and there is a surrender charge imposed generally during the first 5 to 7 years that you own the annuity contract. Withdrawals prior to age 59-1/2 may result in a 10% IRS tax penalty, in addition to any ordinary income tax. Any guarantees of the annuity are backed by the financial strength of the underlying insurance company.

Risk tolerance is an investor's general ability to withstand the risk inherent in investing. The risk tolerance questionnaire is designed to determine your risk tolerance and is judged based on three factors: time horizon, long-term goals and expectations, and short-term risk attitudes. The adviser uses their own experience and subjective evaluation of your answers to help determine your risk tolerance. There is no guarantee that the risk assessment questionnaire will accurately assess your tolerance to risk. In addition, although the advisor may have directly or indirectly used the results of this questionnaire to determine a suggested asset allocation, there is no guarantee that the asset mix appropriately reflects your ability to withstand investment risk. Neither Asset Allocation nor Diversification guarantee a profit or protect against a loss in a declining market.

They are methods used to help manage investment risk Etzel Financial Resources, Inc. does not offer legal or tax advice. Please consult the appropriate professional regarding your individual circumstance. Asset protection plans should be developed and implemented well before problems arise. Due to the fraudulent transfer laws, asset transfers that occur close in proximity to the filing of a lawsuit or bankruptcy can be interpreted by the court as a fraudulent transfer. Proper structuring of these assets is imperative. Please seek proper legal and tax advice prior to engaging in re-titling/structuring of any assets. Please note that laws are subject to change and can have an impact on your asset protection strategy. Pursuant to requirements imposed by the Internal Revenue Service, any tax advice contained in this communication (including any attachments) is not intended to be used, and cannot be used, for purposes of avoiding penalties imposed under the United States Internal Revenue Code or promoting, marketing, or recommending any tax-related matter to another person. Please contact us if you wish to have formal written advice on this matter. Not associated with or endorsed by the Social Security Administration, Medicare or any other government agency. Maximizing your Social Security Benefits assumes foreknowledge of your date of death. If as an example you wait to claim a higher monthly benefit amount but predecease your average life expectancy, it would have been better to claim your benefits at an earlier age with reduced benefits.

## Where to Obtain Higher Paying CDs

Are you disturbed by the rates on CDs issued at your bank? There's something you can do about it.

Many banks are FDIC insured, just like your local bank. Shop around for the best Certificates of Deposit. Check out other banks and saving institutions in your neighborhood, and in other states. Their rates could be higher than what you can get locally. In fact, the highest rates offered by some banks could be 50% higher than national averages... sometimes more.<sup>1</sup>

How do you shop for a competitive rate? You could spend hours searching the Internet and maybe find a few. Or, you could call us and get a more comprehensive listing of CDs available right now. That list will show you CDs of various maturities and types. Just like at your local bank, your principal is returned at maturity. You receive interest every month or calendar quarter, depending on your desires.

To get a current list, you can contact the representative that provided this booklet. Before we get started, please note that some CDs may be callable prior to maturity and therefore carry interest rate risk. Brokered CDs are typically subject to transaction costs not generally associated with bank CDs. Early withdrawal from any CD prior to maturity may be subject to early withdrawal penalties. Also, interest earned from a CD that is not held in a qualified retirement account is subject to federal and sometimes state income taxes.

To learn more about CDs that pay higher rates, turn to the next page and read about callable CDs...

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<sup>1</sup> Average one year CD=1.93%, highest=4.15%, Bankrate <https://www.bankrate.com/banking/cds/cd-rates/#recent-news-on-cd-rates12/8/25>

# Callable CDs

"Callable CDs" are a variety of CDs that often pay more than regular (non-callable) CDs. The Federal Deposit Insurance Corporation insurance, full principal repayment at maturity and above-average yields appeal to safety-conscious retirees looking for income.

Although FDIC insured, they have features you must understand. Before you jump at the rate offered by some ad in the Sunday newspaper, here's what you need to know about the features offered:

## **High Rate:**

The higher rate could be temporary. Some callable CDs are callable after a year or two, which means you can get paid off and your high rate stops. Although your principal may still be insured by the FDIC, you may be required to find another place to invest your money which could subject your investment to interest rate risk. Although the bank could have the option to pay you back after one or two years, you do not have the same flexibility.

Banks offer callable CDs to shift interest-rate risk to the depositor. Because the depositor is taking on this interest-rate risk, a callable CD will have a higher yield than the same maturity CD without a call provision. The additional yield is partial compensation for the depositor accepting the interest-rate risk. They may have terms of 10 or 20 years. Therefore, these CDs are typically suitable for someone who does not need liquidity and wants higher returns than a non-callable CD and the safety afforded by the FDIC protection. Consider that earning more on your money could reduce the need for you to tap into your principal investments. If you buy such higher-paying CDs, it might be wise to keep other money for liquidity available in a money market account or bank account. Although money market accounts are typically considered to be safer than many equity investments, money-market shares are redeemable at net asset value, which may be more or less than original cost. An investment in a money market fund is not insured or guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in such a fund.

## **These callable CDs are suitable for:**

- People who want to protect their "core" principal that they never want to spend
- People who want to leave money for heirs
- People who need to safely maximize income
- People who have adequate liquid resources

## **Take these precautions:**

Someone may tell you that you can sell these CDs at any time. It is true that most banks will buy back the CD from you but it could be at a steep discount. With respect to principal repayment, the bank's obligation is to pay you back at maturity.

You may be told that if you pass away before the CD matures, your heirs can "put" the CD back to the bank and get the principal. This offer however is dependent upon the bank having enough funds in the "put" pool. Your heirs will have priority but could wait to see cash.

Call for a free checklist to use before buying high rate or callable CDs.

Want to hear about a CD that allows you to participate in the movement of the market? Please give us a call.

# Index-Linked CDs

These CDs pay interest based upon the overall performance of a stock market index, and your principal deposit is FDIC insured up to current limits. Here's an example of how one of these CDs work. Please note, however, that the various features of these CDs vary from company to company (e.g., maturity, interest rate determination, withdrawal penalties).

Here's a hypothetical example. You make a deposit, say \$10,000. The CD has a 3.75 year maturity, non-callable. At the end of 3.75 years, you would receive your deposit back plus interest based upon the movement of a pre-selected stock market index, such as the S&P 500.<sup>2</sup> Let's assume that the index increased 2% per calendar quarter over the next 3.75 years. In this hypothetical example, you would receive \$13,458 (interest rates are subject to change and your actual results will vary). Please note that this example is used for illustration purposes and is not a prediction of future market performance.

The attractive feature of such CDs is that you could earn a higher amount of interest. However, you could earn zero if the stock market falls during the term of the CD. Your full deposit is always returned to you at maturity no matter what occurs in the stock market. Index-linked CDs are subject to early withdrawal penalties, and an investor is not guaranteed to receive 100% of his or her principal investment if funds are withdrawn prior to maturity. Also, an investor's right of early withdrawal can be limited to certain dates.

Note that some varieties have a "cap" limiting the gain. For example, a 100% cap would mean that a \$10,000 CD would not provide more than \$20,000 no matter how large the gain in the index. Others may have a call feature allowing the issuing bank to redeem the CD before maturity at pre-stated prices.

Yet others may have a "participation rate" where you partially participate in the index gain. For example, if the stock index rises by 100% and your participation rate is 50%, you enjoy only half of the market gain. All of these features are included in the descriptive materials. So read and understand them carefully before you invest.

If you think that the stock market performs well over the long term, index-linked CDs could interest you. It's an opportunity to participate in potential market gains and to protect your principal from market losses. But some people may still opt for the traditional CD with its fixed payment of 4.15% (Schools First FCU, \$500 minimum deposit, as of 12/8/25 Bankrate.com's top rate for five year CD <https://www.bankrate.com/banking/cds/best-5-year-cd-rates/>).

If today's CD rates leave you yearning for a higher return with safety, index-linked CDs could be for you. Call the phone number on the last page of this booklet for some valuable information regarding these types of CDs.

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<sup>2</sup> The S&P 500 is an unmanaged group of 500 widely-held securities considered to be representative of the stock market in general. An index cannot be invested in directly.

## FDIC Insurance - Do You Really Understand It?

Most people realize that their bank deposits are insured up to \$250,000 per person, per institution. To ensure that all your accounts are fully insured, you could just spread your money among different banks. However, you can also keep accounts at the same banks and get several hundred thousands of dollars of insurance if your accounts are organized correctly.

One strategy is to use trusts or "pay-on-death" designations. Accounts that have named beneficiaries are insured \$250,000 per named beneficiary. Here's an example of how two parents and one child can insure \$3 million of deposits using the correct designations on accounts:

### How a husband, wife and one child may have insured amounts totaling \$3 million

<b>Individual Account:</b>	
Husband	\$250,000
Wife	\$250,000
Child	\$250,000
<b>Joint Accounts:</b>	
Husband and Wife	\$250,000
Husband and Child	\$250,000
Wife and Child	\$250,000
<b>Revocable Trusts:</b>	
Husband as a Trustee for Wife	\$250,000
Husband as a Trustee for Child	\$250,000
Wife as a Trustee for Husband	\$250,000
Wife as a Trustee for Child	\$250,000
Child as a Trustee for Father	\$250,000
Child as a Trustee for Mother	\$250,000
<b>Total</b>	<b>\$3,000,000</b>

To make sure you have the protection you want, the representative providing this booklet will be happy to review your list of CDs and explain how to designate each account.

# Are Fixed Deferred Annuities a Good Alternative to CDs?

If you have accounts at banks, you may have been pitched on fixed deferred annuities as an alternative. But you need to understand the differences. Under the right circumstances annuities may in fact be a great way to get higher income, get a tax benefit and reduce or eliminate tax on your Social Security income. Let's explore the differences:

## Safety

Bank deposits are FDIC insured and annuities are not. Annuities are guaranteed by the claims-paying ability of the issuing insurance company. Therefore, select annuity companies that are at least "A" rated or higher. You can call for the current rating on any annuity you may now own or when considering such an investment in the future.

## Rate

Before investing, you should find out how long the rate will be effective, and what the guaranteed rate is after that. After all, some companies have a guaranteed rate of 0%.

Annuities and CDs often pay comparable rates. On 12/8/25, Schools First FCU was offering a 5-year CD at 4.15 % interest (<https://bankrate.com/banking/cds/best-5-year-cd-rates>, \$500 minimum deposit). At the same time, at least one highly rated insurance company, rated A by AM Best, was offering a five-year fixed-rate annuity for 5.35% (Americo Platinum Assure Series 5 MVA \$25,000 minimum deposit <https://immediateannuities.com/a/myga.html>).<sup>3</sup>

## Term

Some people think that annuities force you to lock in your money. Annuities in fact come in terms from one year to 20 years and all terms in between. Of course, the term of the annuity or CD will typically affect the interest rate for the product. Even on a long-term annuity, you can cash it at any time. However, surrender charges and fees will apply. The amount of these surrender charges is typically based upon the time you have been invested in the annuity and these charges can last for 10 or more years in some cases.

Some annuities apply surrender charges only to interest earned so you always get your principal returned. A common feature is the free withdrawal of 10% of the balance each year. This provides sufficient access to funds for many policyholders. At the end of the term, you can cash in the entire annuity or exchange it for a new annuity. Note that withdrawals from an annuity prior to age 59½ may be subject to income taxes and a 10% tax penalty on the withdrawn amount.

## Taxes

CDs can affect your taxes adversely because you pay tax even if you reinvest the income. Taxes on deferred annuities, however, are not paid until money is withdrawn. There is an additional tax benefit. Because deferred annuity interest is not included on your tax return, you may find that the tax on your Social Security income is reduced or eliminated.<sup>4</sup> That's because your Social Security income is taxed only if your reportable income exceeds

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<sup>3</sup> Annuities and CDs alike tend to pay higher interest rates for products that are issued for longer maturities. The rates of these products can vary greatly among companies and banks. CDs are FDIC insured while annuities are guaranteed by the claims-paying ability of the issuing insurance company.

<sup>4</sup> IRS Publication 17

specific amounts.<sup>5</sup> Call for an analysis on saving Social Security taxes.

### **Lifetime Income**

Annuities can be "annuitized" or converted for a fixed monthly income that you cannot outlive. You can obtain a monthly income for as long as you live (note that the annuity principal is surrendered in exchange for the lifetime income).

### **Index Annuities**

Similar to the index-linked CDs described earlier, you can obtain fixed annuities that have their annual interest based upon increases in an established market index (e.g., S & P 500).<sup>6</sup> Your principal is guaranteed by the claims-paying ability of the issuing insurance company when held to the maturity date.<sup>7</sup> When the market declines, your principal is protected, less applicable fees and charges. When the market increases, you get a percentage of the increase in the market. Such annuities typically provide a minimum guaranteed return.

Annuities may be an alternative to CDs but understand the above differences before you invest. If someone has suggested an annuity, call for a second opinion. Equity indexed annuities are long-term investments subject to possible surrender charges and 10% IRS early withdrawal penalty prior to age 59½. **Please note the application of surrender charges could result in a loss of principal, the minimum guaranteed return may be 0%, and investment return based on market increases may be capped. The guaranteed account value of an equity-index annuity only applies if the annuity is held until the end of the contract term and that loss of principal is possible if the annuity is surrendered before the end of the contract term. Equity-index annuities are not FDIC insured, unlike index-linked CDs.**

Please also note that ordinary income taxes are paid on withdrawals from an annuity, and withdrawals prior to age 59½ are subject to an additional 10% income tax penalty.

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<sup>5</sup> This is not a comprehensive discussion of tax issues and you should consult a tax advisor.

<sup>6</sup> The S&P 500 is an unmanaged group of 500 widely-held securities considered to be representative of the stock market in general.

<sup>7</sup> Note that withdrawals prior to maturity may not participate in growth of the S&P 500 and may incur surrender charges.

## Are Your CDs Titled Correctly?

CDs are a popular investment among retirees because of CD safety. But some people do not give adequate attention to how the CD is titled and this can create problems.

If you register the CD in your own name, it will need to be probated before your heirs can get it. That could be a delay of months. To avoid probate, some seniors register their CD as joint tenants with their children. However, did you know that by including their names as joint tenants, you could expose the CD to claims of your children's creditors?

For example, let's assume your son is a building contractor. One of his buildings falls down and someone is killed. He gets sued for limits exceeding his insurance and his assets are attached **including your CD!** You then have to prove that the CD was your money and incur legal expenses to protect your CD. Therefore, consider not listing other people as joint tenants unless absolutely necessary.

An alternative approach is to name them as "pay-on-death" beneficiaries. With this designation, the CD becomes immediately available (upon proof of identity) to those beneficiaries named upon death of the account holder.

Another alternative is to have a living trust and have it own the CD. This also avoids probate and can allow you to place further restrictions such as distribution of only a portion of the funds annually.

Titling of the CD also affects how much of the CD is insured as explained earlier in this booklet.

Even simple investments can often require more complete understanding. Please call if you have any questions about CDs or other income alternatives.

## About Scott Etzel



Scott T. Etzel, CRPC®, is an Investment Advisor Representative and founder of Etzel Financial Resources. He earned a Bachelor's degree in Business Administration from Grand View University and obtained the Chartered Retirement Planning Counselor® designation through the College for Financial Planning. Scott also holds Series 7 (General Securities Representative) and Series 66 (Uniform Investment Advisor - Combined State Laws) securities registrations along with state insurance licenses, allowing him to provide a broad range of investment, retirement, and insurance solutions to his clients.

Scott specializes in helping high-net-worth individuals, professionals, and closely held business owners navigate the complexities of wealth management. His advisory process integrates investment consulting, advanced financial planning, and ongoing relationship management to help clients pursue their financial objectives with clarity and confidence. By focusing on tax efficiency, disciplined portfolio design, and long-term planning strategies, Scott works to help clients grow, protect, and transfer their wealth effectively.

Through a collaborative approach that often includes coordination with attorneys, accountants, and other trusted professionals, Scott delivers integrated solutions tailored to each client's unique circumstances. His goal is to simplify complex financial decisions and help clients build a sustainable financial future while protecting the financial security of their families and the legacy they intend to leave behind.

I have years of specialized training in areas such as: Business owner and continuation planning - Asset growth & tax-efficient investment strategies - High-net-worth estate planning - Wealth transfer Strategies - Social Security optimization - Long-term care planning - Retirement income strategies - Employer 401(k) plan rollovers - College savings planning - --You can study and read more about Scott Etzel at [www.EtzelFinancialResources.com](http://www.EtzelFinancialResources.com)

# About

## Etzel Financial Resources, Inc. /

### [www.EtzelFinancialResources.com](http://www.EtzelFinancialResources.com)

Etzel Financial Resources is an independent wealth management firm dedicated to helping individuals, families, and business owners make confident financial decisions through comprehensive planning and disciplined investment management. The firm's process integrates investment consulting, advanced financial planning, and ongoing relationship management to address the full scope of a client's financial life, including portfolio management, tax-efficient strategies, retirement income planning, estate and wealth transfer considerations, and risk management. Etzel Financial Resources works closely with clients' accountants, attorneys, and other professional advisors to coordinate strategies and deliver integrated solutions tailored to each client's goals. By combining sophisticated planning techniques with personalized service, the firm focuses on helping clients build, protect, and transition wealth while maintaining clarity and confidence about their financial future.

- **Portfolio Performance Analysis: Regularly evaluating investment performance to ensure alignment with your goals. - Retirement Plan Rollovers: Employer 401(k), 403(b), 457(b) TSP, SEP, etc., plan rollovers -**
- **Risk Evaluation: Identifying and managing risks to preserve wealth and enhance growth. - Maximizing and optimizing Social Security Income**
- **Asset Allocation: Tailoring diversified portfolios to match your unique objectives. - Annuity Income Education.**
- **Assessment of Impact of Costs: Minimizing fees and other expenses to optimize returns. - Life Insurance needs analysis, education, and coordination with your financial plan.**
- **Assessment of Impact of Taxes: Structuring investments for tax efficiency and wealth preservation. - Long-term care insurance needs analysis, education, planning, & coordinating with your financial plan.**
- **High Net Worth estate transfer and planning. Read and learn more at [www.EtzelFinancialResources.com](http://www.EtzelFinancialResources.com) -**

**Phone today with questions or to see if we can help you.  
There is no charge for an initial meeting.**

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