

He won the Nobel Prize, how about quantum annuities?

Written by 'Layin' it on the line' By Lawrence Castillo Guest Columnist
Thursday, 24 November 2022 22:21



Albert Einstein was ahead of his time. He revolutionized physics thinking, and his theory beginning with the breakout year of 1905, is still the basics of quantum physics today, over 100 years later. When Einstein is remembered for his work, it is almost always $E = mc^2$, the theory of relativity. However, I think a more interesting part of Einstein's life was his view on compound interest.

Albert Einstein called compound interest *"the greatest mathematical discovery of all time."*

The Power of Tax Deferral

Compound interest allows an account to grow by earning interest on the original investment and any accumulated interest. Here is a generally accepted definition of compound interest: *The interest is calculated on the initial principal and the accumulated interest of prior periods. Compound interest differs from simple interest in that simple interest is calculated solely as a percentage of the principal sum.*

Compound interest is offered by banks and savings institutions and is also referred to as Double Compounding. The interest is credited, but it is taxable. The downside is when the interest is credited to your account and comes with tax liability.

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Insurance companies offer products that allow for tax deferral and compounding but, under certain situations, can also defer the tax liability. These products are called annuities and life insurance. If the accumulated funds are left untouched, the tax liability is deferred.

This concept is referred to as Triple Compounding. If some of your savings are placed in an annuity, the benefit of tax deferral provides for:

Interest on your principal

*Interest on your interest **and***

*Interest on your tax saving, because your interest is **free** from current income tax in an annuity, can all continue to compound instead of being withdrawn for tax payments.*

Is that all there is? No! There is also Quantum Compounding.

Quantum Compounding is building on Triple Compounding by adding features only found on certain insurance company annuities:

A bonus of 5% to 10% may be available on funds deposited immediate and guaranteed

Long-term care benefit riders may be available

Lifetime income provisions

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Annual moveable minimum guarantees

Full guarantees against loss and risk based on the insurance company's ability to pay.

Probate avoidance using a named beneficiary

Consider the use of Quantum Annuities for added benefits and added value for yourself and your heirs.

Lawrence Castillo is a member of *Syndicated Columnists*, a national organization committed to a fully transparent approach to money management.

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Interested in additional information? Register for my FREE Newsletter at 888-998-3463 or click my newsletter link: <https://annuity.com/lawrence-castillo-newsletter/>

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