

RETIREMENT INCOME · GUARANTEED GROWTH

What Is a Guaranteed 5.85% Worth?

Not every dollar in retirement has the same job. For the dollars that can't afford a bad year, here's how a guaranteed 5.85% stacks up, and where it fits.

A standalone Forte Life piece · about 4 min · with a calculator to run your own numbers.

When you're close to retirement, or already in it, the question changes. It's no longer just how much your money can earn. It's which money you'll need, and when, and what happens if the market has a bad year right before you need it.

That's where a Multi-Year Guaranteed Annuity, or MYGA, earns its place.

THE BASICS

What a MYGA is

Think of a MYGA as an insurance company's version of a CD. You put in a lump sum. The insurance company guarantees a fixed rate for a set number of years, and the interest compounds. There are **no fees** taken out and **no market** involved. The rate is locked for the full term and can't drop.

Guaranteed Annual Rate, Locked for the Term

One A+ rated insurer, November 2026

AMOUNT	3 YEARS	5 YEARS	7 YEARS
Under $100,000	5.05%	5.60%	5.35%
$100,000 and up	5.45%	**5.85%**	5.65%

*At 5.85%, $100,000 grows to **$132,878** in five years, guaranteed.*

Rates vary by insurer, term and amount, and they change often, so I compare carriers for each client. These are one A+ (Superior) rated insurer's rates, as an example; others pay in the same range.

COMPARED TO WHAT?

How 5.85% stacks up

Five Places to Put the Money

Annual rate, November 2026

	RATE	GUARANTEED?
Average 5-year bank CD	1.8%	Yes
5-year U.S. Treasury	4.84%	Yes, if held to maturity
Top 5-year bank CD	5.00%	Yes
5-year MYGA	**5.85%**	**Yes**
Stock market, after costs*	7.6%	No

**Typical 25-year result for the S&P 500 since 1926.*

Notice the market row isn't the 10–12% you usually hear. That's the **Average Gross**, the number on the brochure. What investors actually keep, the **Actual Net**, is lower once volatility, fund costs and fees take their share (and taxes, which this table leaves out of every row). The full story: *The Number Wall Street Shows You Is Not the Number You Will Retire On*.

Among the guaranteed choices, 5.85% leads. Over the long run, after costs, the market has typically earned about **1.8 points more**. That's the price of the guarantee. But money you'll need soon doesn't get the long run. In about **1 of every 3** five-year stretches since 1926, the market came in below 5.85% after costs, and in about **1 of every 5** it lost money.

It also beats a CD on taxes. Outside an IRA, CD interest is taxed every year, while a MYGA's growth isn't taxed until you take it. On $100,000 at a 22% bracket, that's about **$125,600** after tax in five years, versus about **$121,100** in the top CD.

THE JOB

Why it matters near retirement

While you're saving, a bad market year is a dip you can wait out. Once you're drawing income, it's different. A dollar you have to sell at the bottom to pay the bills is gone, and it isn't there for the recovery.

How much can that cost? In *The Good Market That Ran Out*, the first read in my Distribution series, a couple retires at 67 with $1,000,000, into a market that averaged 10.32% a year. They draw a careful $48,000 a year, and the account is empty at 90, with both of them still alive. Not because of the average. Because of the **order** the years arrived in.

So the dollars you'll need in the next several years don't need to earn the most. They need to **be there**. A MYGA can serve as that reserve, what the Distribution series calls the **Buffer**: in a year after the market falls, you draw from the guaranteed money instead of selling investments low. Splitting it across the 3-, 5- and 7-year terms (a "ladder") means some of it comes due every few years.

> *A return isn't good or bad by itself. It's good or bad at the job it's been given.*

THE PLAN

One asset, inside the whole picture

Here's the mistake I see most: judging one asset by its own return, as if it lived alone. Next to the stock market, a MYGA can look slow. Next to a CD, it looks great. Neither comparison tells you how much belongs in *your* plan.

A better test: every asset can be judged on four traits, and three of them decide where a dollar can live at all: **Growth**, **Safety**, and **Access**. Among those three, you get to pick two and give up the third. The market gives you growth and access, but no safety. A savings account gives you safety and access, but no growth. Real estate gives you growth, but ties up your access. A MYGA gives you growth and safety, and gives up access during the term. Then it adds the fourth trait: **Tax Efficiency**, because its growth isn't taxed until you take it.

Giving up access is exactly why it fits some of your money, not all of it. In a Comprehensive Coordinated Plan, money is sorted by when you'll need it, and each piece goes where its trade-off costs you the least. The right amount of MYGA might be a little or a lot.

Matching Money to Its Job

Sorted by when you'll need it

When it's needed	What matters most	Where it often fits
Immediate (under a year)	Access	Cash, savings
Short term (1–5 years)	Safety	**MYGA**, CDs
Medium term (5–10 years)	Safety and growth	**MYGA ladder** (5- and 7-year terms)
Long term (10+ years)	Growth and tax efficiency	Stock market, permanent life insurance

Underneath all four: guaranteed lifetime income (Social Security, a pension, an income annuity) covers the bills that never stop. A framework, not a prescription.

BEFORE YOU BUY

Know the Trade-offs

- **It's for money you can leave in place.** Taking out more than the free amount during the term costs a surrender charge, typically 5% to 10%, and some contracts add a market value adjustment. Each year's interest can generally come out free.
- **Only the growth is taxed,** as ordinary income, and only when you take it out. Before age 59½, growth you withdraw can also owe a 10% IRS penalty, but most people reading this are already past that age. Inside an IRA, it follows your IRA's normal rules.
- **The guarantee is the insurance company's.** It isn't FDIC-insured. It's backed by the claims-paying ability of the issuing insurer, which is why the carrier's strength matters.
- **At the end of the term,** you can take the money with no charge, renew, or move it and keep deferring the tax. Once locked, the rate is yours for the full term.

YOUR TURN

Run your own numbers

YOUR NUMBERS, NOT MINE

What Would Mine Grow To?

Enter your amount and see what it grows to at each term, year by year, guaranteed. It takes about a minute.

RUN THE MYGA CALCULATOR →

WHERE TO BEGIN

See it inside your whole plan

The bigger question is how much of your money should be guaranteed, and which money. That's what a Retirement Income Diagnostic is for: we sort your money by its job, and you leave knowing what each dollar should be doing and why.

A guarantee is one piece of a retirement plan. Give it the right job, inside the whole plan, and it does that job every year.



Nate Butler

Forte Life · A Complete Financial System

nbutler@fortelife.net · 801-997-6861

BOOK A RETIREMENT INCOME DIAGNOSTIC →

SCAN TO BOOK

About this piece. *Example rates are one A+ rated insurer's guaranteed rates, November 2026, subject to change until application; the contract governs, and terms vary by carrier and state. Bank and Treasury rates are as of November 2026. Market figures are S&P 500 total returns, 1926–2025, compounded, less the 1.5% activity drag and 1% fee from* The Actual Net Return*, before tax (median of 76 25-year stretches). Tax example: 22% bracket, non-IRA. Annuities are not FDIC-insured; guarantees are subject to the claims-paying ability of the issuing insurer.*

Sources. *Forte Life MYGA Calculator · Bankrate, CD rates (Oct. 29, 2026) · Federal Reserve, 5-Year Treasury yield · S&P 500 annual total returns (Damodaran).*

Nate Butler · Retirement Income Specialist · Forte Life

nbutler@fortelife.net · 801-997-6861 · calendly.com/nbutler-fortelife

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