

QUESTION 25 (NEW)

Which of the following is a characteristic of a variable annuity?

The diagram illustrates the flow of funds from a variable annuity contract to various investment options and then to the annuity payment. The flow starts with 'Variable Annuity Contract' leading to 'Investment Options' (Equity, Fixed Income, Money Market, Bond, Cash, Other). These options lead to 'Investment Manager' and 'Investment Advisor'. The flow then goes to 'Investment Company' and 'Investment Vehicle' (Mutual Fund, Hedge Fund, Private Equity, Real Estate, etc.). Finally, the flow goes to 'Annuity Payment'.

Variable Annuity Contract

Investment Options

Equity

Fixed Income

Money Market

Bond

Cash

Other

Investment Manager

Investment Advisor

Investment Company

Investment Vehicle

Mutual Fund

Hedge Fund

Private Equity

Real Estate

Other

Annuity Payment

Variable annuities are subject to market risk, which means the value of the investment can go up or down. This is different from fixed annuities, which have a guaranteed value.