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Difference Between Annuity and Perpetuity

1. An annuity is paid or received for a fixed period. On the other hand, Perpetuity is paid for an indefinite time.
2. The Future Value of an Annuity can be determined. But the Future Value of a Perpetuity cannot be calculated.
3. Compound interest is used in the calculation of the present value of an annuity. Whereas in the case of Perpetuity compound interest has no use.
4. An annuity is a wide concept since perpetuity is a type of Annuity.
5. The annuity has more applications compared to Perpetuity, which has a limited application.
6. In the case of Annuity, the payment can be made or received but in Perpetuity it is only made.
7. Life insurance premiums, retirement plans, etc. often include Annuity. While bonds without a maturity date, long terms lease contracts, etc. include the concept of Perpetuity.



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Source and more details: <https://askanydifference.com/difference-between-annuity-and-perpetuity/>