Help Clients Diversify Their Portfolio with Fixed Index Annuities

Case Study: The Fixed Index Annuity Opportunity

Susie, aged 77 years-old, prefers investing in 1-year CDs but is concerned the returns will not be enough to support her retirement income. Considering her concerns, a diversified plan with a fixed index annuity for higher growth potential and downside protection may be a solution for her. Let's take a look at her options:

1-year CD	Diversified Plan with a Fixed Index Annuity
\$100,000 in a 1-year CD with 5.00% guaranteed rate	\$50,000 in the Fixed Interest account with 4.75% guaranteed rate \$50,000 in the Index Interest account with 10.25% rate cap
If the S&P 500® Index	**If the S&P 500® Index**
Increases by 12%: Account Value = \$105,000 Decreases by 12%: Account Value = \$105,000	Increases by 12%: Account Value = \$107,500 Decreases by 12%: Account Value = \$102,375

Susie's decision:

Susie decides to purchase a fixed index annuity and splits her funds between the Fixed Interest and Index Interest accounts. By linking the Index Interest returns to the positive performance of the S&P 500® Index, she can take advantage of the higher growth potential if the market goes up. Susie still feels secure because her earnings are locked into the account value and will never decrease if the market goes down.

Annuities can help diversify clients' funds to meet their goals — while providing growth potential and safety.

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