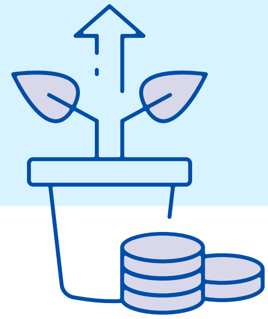
50/30/20 Is the New 60/40

Investors have enjoyed above-average returns in the stock market over the past five years. If the strong run in equity markets slows and bond performance doesn't make up for lower returns, what's your strategy?



A fixed index annuity, or FIA, may be the right solution to help meet your financial goals. A FIA can complement a balanced portfolio and potentially improve results in challenging markets. A potential compelling strategy is a 50/30/20 allocation model. Instead of a typical 60% equity, 40% fixed income portfolio, consider a portfolio with 50% stocks, 30% bonds and 20% fixed index annuities.

Here are four reasons to consider diversifying a portfolio with a FIA:

1. A FIA can help preserve excess S&P 500® Index gains.

In the five years that ended in 2024, the S&P 500® Index experienced 14.53% annualized growth. This fund is a broad representation of the overall U.S. stock market.[1]

This annual return was far higher than the 10.46% 100-year average return in the stock market, including dividends.[2] For some, reducing equity exposure from 60% to 50% and protecting some of the recent outsized gains in a FIA may make sense.

2. A FIA's annual point-to-point credit can turn a negative into a positive.

FIAs add interest to your account every year and you won't lose the interest that's already been added. So even if the stock market index it follows goes down for five years, a FIA could still end up making money.

For example, this chart shows that the S&P 500® Index lost value from 2007 – 2011. However, a FIA using that index for annual crediting enjoyed a positive result.

Index and FIA Comparison

-0.25%	4.61%
S&P 500® Index	5-Year FIA, S&P 500® Index, 10% cap, annual point-to-point crediting

Sample compound annualized total return rates for 2007 – 2011.

3. Unlike bond funds, FIAs protect against downside risk.

Bond funds enjoy capital appreciation when interest rates are declining. Bond funds often lose value in rising-rate environments, which is what happened in 2022. In contrast, FIAs don't have the same interest rate risk. The worst outcome is when no interest is credited but no value is lost. In that sense, FIAs are a good diversifier when added to a balanced portfolio.

Look at this performance comparison from 2022. While the bonds fund lost value, the FIA did not:

Investment Fund	Change
iShares Core U.S. Aggregate Bond ETF (AGG)	-13.02%[3]
5-Year FIA, S&P 500® Index, 10% cap, annual point-to-point crediting	0%

4. FIAs offer tax control — and no fees, in many cases.

With FIAs, no taxes are due on gains until money is withdrawn, which often happens once the owner is in a lower marginal tax bracket. Compare this to nonqualified bond or stock funds. These may produce taxable events, such as dividends or capital gains distributions, even if money isn't withdrawn. Many FIAs have no annual fees, meaning gross and net performance are one and the same.

What are the benefits? A FIA can help:

- Protect gains from markets similar to the last few years
- Add diversification to traditional balanced portfolios
- Take advantage of current high rates

Want to explore FIAs? Get to know The Standard's annuities.

For example purposes only and not intended to represent how your annuity may actually perform.

Performance data provided by Rafferty Annuity Framing LLC, 2024.

1 S&P 500 Return Details, Slickcharts, July 16, 2025
2 Historical Average Stock Market Returns for S&P 500, TradeThatSwing, June 12, 2025
3 iShares Core U.S. Aggregate Bond ETF (AGG), Yahoo Finance, August 22, 2024

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