



# Fixed Index Annuity Basics

Determining whether fixed index annuities (FIAs) are appropriate begins with understanding their design, purpose, and how they can fit with your financial goals. So, what are FIAs?

## FIAs:

- ✓ Are a type of fixed annuity
- ✓ Are insurance contracts
- ✓ Offer a minimum guaranteed interest rate<sup>1</sup>
- ✓ Offer potential for higher interest crediting than traditional fixed rate annuities
- ✓ Are linked to the performance of a specific stock index such as the S&P 500
- ✓ Do not have fees on the base contract
- ✓ Are long term products
- ✓ May be subject to surrender charges and holding periods
- ✓ Vary by state and carrier
- ✓ Offer indexed accumulation potential, but they are never invested directly in any market index

## FIAs are NOT:

- ✓ Replacements for mutual funds, variable annuities, equities, or other non-guaranteed financial products or investments
- ✓ Short term financial vehicles
- ✓ Bank products
- ✓ Designed to earn high interest rates

## FIAs are designed to meet long term needs for retirement, NOT compete with the market.

FIAs are not exposed to market risk. They provide the opportunity to potentially earn more interest than a traditional fixed annuity by basing the interest rate, in part, on a select index. This amount may be subject to a cap, spread, and/or participation rate. If a client has the risk tolerance and time horizon to handle an investment downturn, a securities product might be better suited.

## Retirement Income Planning

Retirement income is especially important today.

### Did you know?

- 56% of Americans admit they are unsure if their retirement savings will last their lifetime?<sup>2</sup>
- 1 in 5 Americans have nothing saved for retirement at all?<sup>2</sup>
- Less than  $\frac{1}{3}$  of Americans have a retirement plan that guarantees lifetime income?<sup>2</sup>



FIAs can also provide income in retirement through traditional annuitization or through the flexibility of optional income riders (optional riders may have fees and charges) with guaranteed minimum withdrawal benefits. Fees and charges do not apply to traditional annuitization but can apply for optional income riders. Check with the carrier for details. Both offer single or joint income that you cannot outlive. Some also have features for increasing income through retirement. Income riders can provide steady interest growth in deferral and lifetime income when the guaranteed minimum withdrawal benefit is activated. Policy riders are available at an additional cost and may not be available for all products. Terms and conditions apply.

<sup>1</sup> All guarantees subject to the terms and conditions of the contract at time of issue and to the claims paying ability of the issuing insurer.

<sup>2</sup> Indexed Annuity Leadership Council, 2017: A Year of Uncertainty, 2017

**Contact your insurance professional for additional information about Fixed Index Annuities.**

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