



Why fixed indexed annuities are continuing to increase in popularity

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A lot has changed in recent years in the world of indexed annuities. Much like the evolution of variable annuities in the 1990s, today's indexed annuities offer many more features and benefits than what many people may still associate with these products.

Among the options in the marketplace, fixed indexed annuities (FIAs) offer a strong suite of features that are hard to ignore, including access to potential market upside, a 0% floor to protect principal, guaranteed income, extended care and death benefit options, and a flexible way to transition from accumulation to income distribution.

As thousands of baby boomers retire each day — and increasingly fewer with pensions — demand for products that provide guaranteed retirement income continue to accelerate. In fact, a recent survey conducted by Saybrus Partners found that 65% of financial professionals identified "retirement income distribution planning" as the

Even with the Fed's recent rate hike, the relatively low interest rates we expect to see in 2016 will continue to make FIAs an attractive alternative to typical fixed offerings such as CDs, fixed income investments and money market accounts.

Simultaneously, uncertainty abounds in the financial landscape. Investors pulled \$24 billion from equity funds in the first three weeks in January, according to Bank of America. With increasing volatility in equity markets, growing concerns around the global economic environment, and political changes on the horizon, many investors are looking for alternatives.

Everyone knows there are huge numbers of Americans approaching retirement age and increasingly fewer able to rely on the traditional guarantees of employee-sponsored pensions. Given the recent product evolution in the indexed annuity landscape, these products act as a great complement to a portfolio, helping balance out many facets of protection that weren't available in years past.

NO TIME LIKE THE PRESENT

It is time to revisit what fixed indexed annuities have to offer. Today's FIAs are not the indexed annuities of the past. In the last decade, there have been many innovations brought to market that can provide unique solutions to multiple needs and significantly benefit you.

From an accumulation perspective, carriers today have gone beyond traditional capped strategies. Some real innovation has taken place on this front with the introduction of participation-rate and spread-rate strategies, which allow for greater upside potential by removing the cap, or the ceiling. Recently introduced customized indices also give access to greater diversification alternatives versus traditional S&P 500 strategies.

From a protection perspective, carriers have introduced many optional guarantees that can be tailored to address a wide array of needs in retirement. FIAs today offer a variety of income, extended care and death benefit options that would allow you to receive multi-dimensional levels of protection previously unavailable.

Additionally, the flexibility now offered through these products allows you the ability to adjust the levels of income over time.

FIAs can seem complex — and some of the features require careful explanation. We are beginning to see innovation in illustrative tools in a couple different areas. These include technologies that allow you to better

understand how a product's performance and guarantees work together, and how distributions impact other benefits.

STARTING THE CONVERSATION

Conversations about retirement planning and annuities generally focus on four basic planning needs in retirement: accumulation, income, funding for healthcare expenses and leaving a legacy for loved ones.

But also, you should ask yourself:

- Are you worried about outliving your retirement nest egg?
- What are your existing sources of retirement income?
- Are you concerned about a possible future health issue?
- Do you plan to leave assets for your loved ones?

Your answers to these questions will help reveal protection gaps and can enable advisers to match you with the product that will best fill those gaps. With enhanced product introductions, broadening areas of protection and better technology, today's fixed indexed annuities offer a new set of solutions for your retirement concerns.