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Performance in perspective: F&G SecureBuilder™ 5 Fixed Indexed Annuity

The four-decade long bull market in fixed income that began in 1981 may be coming to an end.¹ As a result, there are new considerations when creating portfolio allocations especially for clients at or nearing retirement.

Fixed income funds may not present the same risk/reward proposition in a portfolio as they have historically.

- Finding fixed income options to meet client needs can be difficult in today's market given that many cannot tolerate portfolio fluctuation in the years at or nearing retirement.
- Allocating a portion of fixed income assets to a fixed indexed annuity (FIA) may provide both growth and stability for clients in those later years.
- While past performance is not an indication of future results, it may provide perspective when considering an alternative to bonds and other fixed income funds for a portion of the fixed income allocation in a portfolio.



Now may be a good time to consider **alternatives or complements**, such as a **fixed indexed annuity**, to replace part of a **fixed income allocation**.

¹ "Analysis: U.S. bond investors worry deep slide will end 40-year bull market." Reuters.com. April 28, 2022.

A complement or alternative to traditional fixed income

The chart below compares the returns of multiple F&G one-year index crediting options. The returns of the Bloomberg US Aggregate Bond Index, often known as “the Agg”, are also displayed for comparison purposes. The Agg is a widely known benchmark used by bond traders and mutual fund and ETF managers as a benchmark for broad bond market performance.¹

The Compound Annual Growth Rate (CAGR) for each option is also shown over a 5 and 10 year period to show the 5 and 10 year returns for each index crediting option.

Performance in perspective

F&G SecureBuilder™ 5 Crediting Options										CAGR	
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	5 Year	10 Year
1Y BA5 Par 20.72%	1Y BA5 Par 32.44%	1Y BA5 Par 0.00%	1Y SPX Cap 10.46%	1Y BA5 Par 35.49%	1Y BA5 Par 0.00%	1Y BA5 Par 29.59%	1Y BA5 Par 11.75%	1Y BA5 Par 15.57%	1Y BA5 Par 0.00%	1Y BA5 Par 10.85%	1Y BA5 Par 14.82%
1Y SPX Par 14.80%	1Y SPX Cap 11.25%	1Y BA5 Trg 0.00%	1Y BA5 Par 9.80%	1Y SPX Cap 11.25%	1Y BA5 Trg 0.00%	1Y SPX Par 14.44%	1Y SPX Cap 11.25%	1Y SPX Par 13.45%	1Y SPX Trg 0.00%	1Y SPX Par 7.02%	1Y SPX Cap 7.67%
1Y SPX Cap 11.25%	1Y BA5 Trg 9.75%	1Y SPX Cap 0.00%	1Y BA5 Trg 9.75%	1Y BA5 Trg 9.75%	1Y SPX Cap 0.00%	1Y SPX Cap 11.25%	1Y BA5 Trg 9.75%	1Y SPX Cap 11.25%	1Y SPX Par 0.00%	1Y SPX Cap 6.61%	1Y SPX Par 7.00%
1Y BA5 Trg 9.75%	1Y SPX Trg 7.75%	1Y SPX Par 0.00%	1Y SPX Trg 7.75%	1Y SPX Par 9.70%	1Y SPX Par 0.00%	1Y BA5 Trg 9.75%	1Y SPX Par 8.13%	1Y BA5 Trg 9.75%	1Y SPX Cap 0.00%	1Y BA5 Trg 5.74%	1Y BA5 Trg 6.73%
1Y SPX Trg 7.75%	1Y SPX Par 5.70%	1Y SPX Trg 0.00%	1Y SPX Par 5.23%	1Y SPX Trg 7.75%	1Y SPX Trg 0.00%	1Y SPX Trg 7.75%	1Y SPX Trg 7.75%	1Y SPX Trg 7.75%	1Y BA5 Trg 0.00%	1Y SPX Trg 4.58%	1Y SPX Trg 5.36%

Bloomberg US Aggregate Bond Index Returns										CAGR	
2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	5 Year	10 Year
-2.02%	5.97%	0.55%	2.62%	3.27%	0.30%	8.72%	7.51%	-1.54%	-12.70%	0.15%	1.09%

Key

1Y BA5 Par = CIBC Balanced Asset 5 Index One-Year Annual Point-to-Point with Participation (255%)

1Y BA5 Trg = CIBC Balanced Asset 5 Index One-Year Annual Point-to-Point Performance Trigger (9.75%)

1Y SPX Cap = S&P 500 Index One-Year Annual Point-to-Point with a Cap (11.25%)

1Y SPX Par = S&P 500 Index One-Year Annual Point-to-Point with a Participation Rate (50.00%)

1Y SPX Trg = S&P 500 Index One-Year Annual Point-to-Point Performance Trigger (7.75%)

The chart includes hypothetical returns for the one-year crediting options available in the F&G SecureBuilder 5 Fixed Indexed Annuity, for the same time periods and using High Band rates (meaning premium amount is \$100,000 or more). Two-year crediting options may also be available. The caps, participation, and trigger rates for the annuity are assumed to be renewed at the beginning of each interest crediting term at the same level as those described in the key and are current as of September 8, 2023.

¹ <https://www.barrons.com/articles/bloomberg-us-aggregate-bond-index-name-51629758170>

Fixed Income Option Features

Fixed indexed annuities may provide some value over mutual funds or ETFs in a client portfolio.

A comprehensive analysis of a client's needs and risk tolerance would be necessary prior to determining the value of any of these options in a portfolio.

	Mutual Fund/ETF	FIA
Premium protection from market decline	X	✓
Provide lifetime income	X	✓
Tax deferred growth	✓	✓
Tax-deferral	✓	✓
Unrestricted surrender before end of term	✓	X
Ability to make additional deposits	✓	✓
Diversification	✓	✓
Death benefit	X	✓
Access to funds in the event of specific health care needs	X	✓

A more comprehensive comparative analysis of all products would be necessary prior to determining their value in a portfolio.

For more information on [SecureBuilder™ Fixed Indexed Annuity](#), contact F&G today at AnnuityDesk@fglife.com or [1.866.477.7938](tel:18664777938). We'd love to discuss your next case.

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Interest rates subject to change at insurer's discretion and are effective annual rates.

Surrender charges [and market value adjustment] may apply to partial and full surrenders. Surrenders may be taxable and may be subject to penalties prior to age 59 ½.

Volatility control seeks to provide smoother returns and mitigate sharp market fluctuations. While this type of strategy can lessen the impact of market downturns, it can also lessen the impact of market upturns, potentially limiting upside potential.

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For more information on the Balanced Asset 5 index, see indices.cibccm.com/CIBQB05E.

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