



Flip a coin






How diversifying allocations can lead to better life insurance outcomes

You have two options. I can give you 50 cents, guaranteed, every time I flip a coin.

Or, if you want to go for a bigger return - as much as double the guarantee - you can try to call it in the air. If you're right, I'll give you a dollar. If you're wrong, though, you get nothing. That means you could end up with anywhere from \$0 to \$5.

Which would you choose?

To put some numbers to the analogy, we flipped some coins ourselves. Here's what we found:

	Tails 	Tails 	Tails 	Heads 	Tails 	Money earned
Sure thing	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$2.50
Guesser 1	Heads X	Tails ✓	Heads X	Tails X	Heads X	\$1.00
Guesser 2	Heads X	Heads X	Heads X	Heads ✓	Heads X	\$1.00
Guesser 3	Tails ✓	Tails ✓	Tails ✓	Tails X	Tails ✓	\$4.00
Guesser 4	Heads X	Heads X	Heads X	Heads ✓	Tails ✓	\$2.00
Guesser 5	Tails ✓	Heads X	Tails ✓	Heads ✓	Tails ✓	\$4.00

X = \$0 earned ✓ = \$1 earned

What's the lesson?



Add up the totals, and our random scenarios would have averaged \$2.40 per guesser. Only two of the guessers did better than the person who took the guaranteed 50 cents per flip.



What comes next is *entirely* unpredictable, even in such a simple scenario. Would you be comfortable with that uncertainty? Think about it like a weather forecast. Meteorologists have tons of data, sophisticated computer models and decades of experience.

If they say it'll be partly cloudy with 10% chance of rain on an April day, would you leave your umbrella at home or take it with you, just in case?

What does this have to do with life insurance?

Like our coin flip analogy, each time you pay your premium in a fixed indexed universal life (FIUL) insurance policy from F&G, you get to decide how to allocate it amongst a diverse set of indexes and crediting methods.

There's a fixed option that provides a guaranteed return, but not many go that route. **Indexed crediting options provide greater upside potential while guaranteeing a minimum interest credit of 0.25% each year** – potentially higher if you earn a bonus.

By diversifying amongst these allocation options instead of guessing which single index is going to be the winner that year, you can **see steadier returns over time and increase your likelihood of getting a return greater than the minimum.**

Try it for yourself

Now you get to give it a shot. Grab a coin and a pen or pencil.

	Flip 1	Flip 2	Flip 3	Flip 4	Flip 5	Total earned
Sure thing	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$2.50
Your guess	Heads/Tails	Heads/Tails	Heads/Tails	Heads/Tails	Heads/Tails	—
Result						

For every correct guess, add \$1 to your total. For every incorrect guess, you get zero.

Did you earn more than \$2.50? If so, seeking upside potential paid off in your case.

If not, diversification may have been the better move.

**Talk to your financial professional today
about diversification within an FIUL.**

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Even though contract values may be affected by external indexes, the life insurance contract is not an investment in the stock market and does not participate in any stock, bond, or equity investments. Indexed growth rates are subject to caps, spreads and participation rates which may change at the discretion of Fidelity & Guaranty Life Insurance Company.