

# It's a good year for a one-year

## Delivering better results through a one-year strategy

When you look at it in terms of growth, performance and client experience, a one-year strategy offers several advantages compared to two- and three-year strategies. Let's compare how a 3-year vs. 1-year crediting option would perform during different time periods based on a \$100,000 investment in a fixed indexed annuity.

### Running the numbers

In the table below, the example on the left assumes an 18% return over three years and the example on the right assumes a 6% return each year for three years.

3-year strategy	1-year strategy
Year 1: \$100,000	Year 1: \$106,000
Year 2: \$100,000	Year 2: \$112,360
Year 3: \$118,000	Year 3: \$119,102
18% over 3 years = <b>18%</b> credited to the account	6% per year = <b>19.1%</b> credited to the account



The 1-year strategy outperformed the 3-year strategy since the interest was applied, locked in, and compounded each year.

The table below shows how a 3-year strategy with a 55% participation rate compares to a 1-year strategy with a 40% participation rate tied to the S&P 500 Index.<sup>1</sup> Interest was credited every three years, and every year respectively, over the time periods shown.

3-year strategy	1-year strategy
1/1/1999 – 1/1/2011	
14% return Account value: <b>\$113,725</b>	49% return Account value: <b>\$148,514</b>
1/1/1999 – 1/1/2023	
117% return Account value: <b>\$217,088</b>	171% return Account value: <b>\$271,248</b>



Even with a lower participation rate, the 1-year strategy outperformed the 3-year strategy with the help of more frequent compounding interest.

A participation rate is the percentage of the index's return the insurance company credits to the annuity. The examples on the right are results based on the participation rate and are total returns over the time periods shown.



Talk to your financial professional today about the power of a one-year fixed indexed annuity strategy.

<sup>1</sup> The S&P 500 Index results are actual performance for the full period, without dividends. Past performance is not indicative of nor does it guarantee future performance. A participation rate is the percentage of the index's return the insurance company credits to the annuity. The actual rate will be determined at contract issue and is declared annually by the issuing company at its discretion. Subsequent interest rates may be higher or lower than the initial one and may be different from those used for new contracts.

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