Mitigating Market Volatility With Downside Equity Protection

Limiting losses from major market declines can improve wealth compounding and risk adjusted returns

Traditional Portfolio

To offset potential equity drawdowns, investors typically own bonds and cash equivalent securities.

However, the yields in today's fixed income markets are drastically smaller than historic yields, and investors are still exposed to all market losses.

Defined Outcome Structure

A Defined Outcome Structure, or Buffer Annuity, allows the client to invest funds and secure guaranteed levels of protection against market losses while still providing the opportunity to capture market gains.

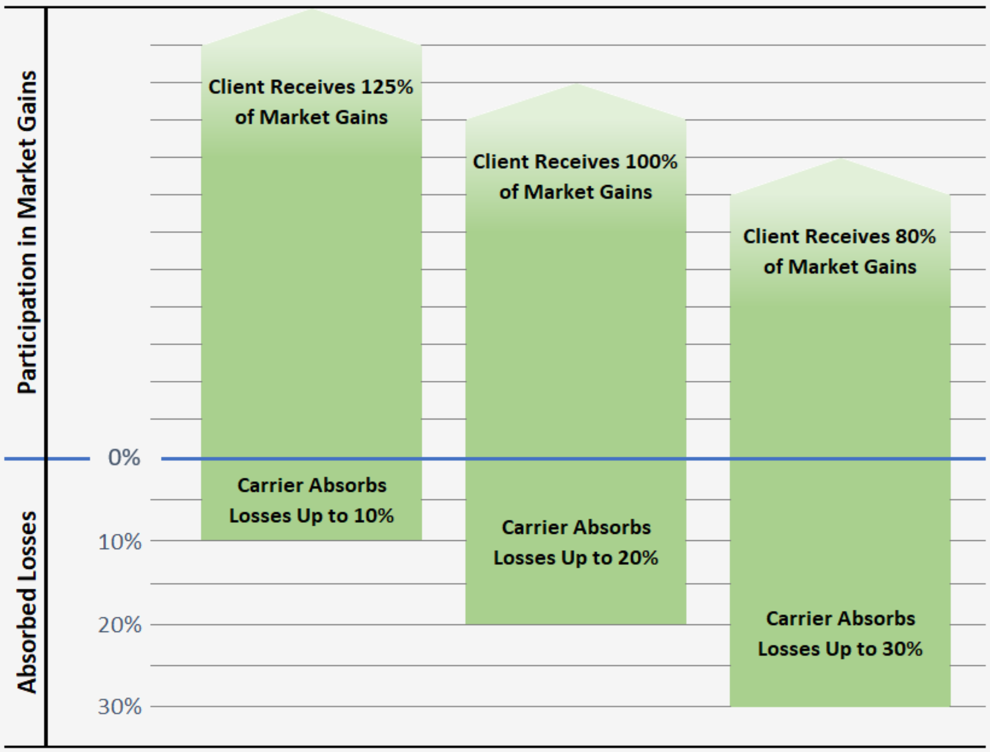
- The client chooses a 3 or 6 year contract
- Contracts have investment segments of varying durations
- Investment segments typically track the S&P 500 price return
- The client determines
    - funding amount
    - duration of the investment segment(s)
    - level of protection and a corresponding participation rate
- Most Defined Outcome Structures have no annual fees
- Gains are tax deferred

Protection From Investment Losses and Participation in Market Gains

The client only realizes losses beyond the protection level. However, the client also receives the benefit of participating in market gains.

For example, in a 6-year investment segment, if the client chooses a 20% protection level, the insurance company will absorb all losses up to 20%. At that level of downside protection, the client still participates in 100% of the market gains.

Protection	Participation
10%	125%
20%	100%
30%	80%



The protection and participation rates may vary by Insurance Carrier.
Hypothetical example for illustrative purposes only. Actual results will vary.

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