



# Protection When You Need It Most

## A FOUNDATIONS ANNUITY ACCUMULATION AND INCOME CASE STUDY

- Are today’s volatile equity and bond markets of concern?
- Looking for ways to protect, but also grow retirement savings?
- Looking for more reliable sources of income in retirement?

Foundations Annuity, a Fixed Index Annuity, can help.

### HEAD START

1% bonus on all Purchase Payments made within the first year of the contract; benefits from tax-deferred accumulation

### GUARANTEED PROTECTION

Zero market loss risk because your contract is never invested in the market

### INTEREST-EARNING POWER

Choose from a guaranteed Fixed Account and 11 index crediting strategies based only on the positive performance of benchmarked financial indices

### ACCESS TO FUNDS

10% Free Withdrawals during surrender charge period\*  
\*Beginning in the second year. Withdrawals are subject to ordinary income tax and, if made before age 59½, subject to a 10% penalty tax.

### LEGACY PLANNING

Remaining contract value passes to beneficiary and may avoid probate; non-qualified contracts allow non-spouse beneficiaries to stretch payments of an inherited annuity over their life expectancy.

## Interest-earning Power: How Index Crediting Strategies Work

On each index crediting term, Index Accounts receive a portion of the positive percent change of an index, subject to Caps, Participation Rates (Par Rates) and Spreads, explained below.

	SAMPLE CAP: 8%	SAMPLE PAR RATE: 150%	SAMPLE SPREAD: 2%
CHANGE IN INDEX VALUE	A Cap is the maximum interest percentage you may receive based on the positive percent change in an index.	A Par Rate is a set percentage amount multiplied by the positive percent change in an index to calculate the interest credit you may receive. A Par Rate may be lower or higher than 100% but will never be negative. The higher the Par Rate, the higher the interest credit.	A Spread is a set percentage amount subtracted from the positive percent change in an index to calculate the interest credit you may receive. The higher the spread, the lower the interest credit.
20%	YOUR INTEREST CREDIT: 8%	YOUR INTEREST CREDIT: 30.00% (20% Index Change x 150% Par Rate)	YOUR INTEREST CREDIT: 18% (20% Index Change – 2% Spread)
5%	YOUR INTEREST CREDIT: 5%	YOUR INTEREST CREDIT: 7.50% (5% Index Change x 150% Par Rate)	YOUR INTEREST CREDIT: 3.00% (5% Index Change – 2% Spread)
-20%	When there is a negative percentage change in an index’s value, your account receives 0%, but doesn’t lose value. Your account value, and any previous interest credited, remains locked in for the next crediting term.		

# An Accumulation and Income Case Study

## HOW FOUNDATIONS COMPARES TO A TRADITIONAL 60/40 INVESTMENT PORTFOLIO

### ACCUMULATION EXAMPLE 2004–2023

As of 12/31	TRADITIONAL 60/40 INVESTMENT PORTFOLIO			FOUNDATIONS 50/50 ANNUITY CONTRACT		
	Equity Return	Bond Return	Equity/Bond Portfolio Value	MARC 5 Index Account Credits	Wide Moat Index Account Credits	Foundations Contract Value
2003			\$100,000			\$101,000
2004	8.99%	4.34%	\$107,130	7.07%	12.73%	\$110,996
2005	3.00%	2.43%	\$110,106	4.40%	0.21%	\$113,492
2006	13.62%	4.33%	\$121,131	7.04%	2.93%	\$119,135
2007	3.53%	6.97%	\$126,941	12.60%	3.27%	\$128,667
2008	-38.49%	5.24%	\$98,945	1.61%	6.89%	\$133,937
2009	23.45%	5.93%	\$113,351	10.37%	2.13%	\$142,482
2010	12.78%	6.54%	\$124,518	19.77%	9.78%	\$164,037
2011	0.00%	7.84%	\$128,961	16.77%	10.64%	\$187,091
2012	13.40%	4.22%	\$140,632	8.93%	10.39%	\$204,967
2013	29.60%	-2.02%	\$162,121	0.00%	8.55%	\$212,556
2014	11.39%	5.97%	\$177,204	9.72%	9.88%	\$233,371
2015	-0.73%	0.55%	\$176,757	0.00%	0.00%	\$233,371
2016	9.54%	2.65%	\$189,039	6.48%	8.29%	\$250,409
2017	19.42%	3.54%	\$214,912	16.07%	15.47%	\$289,956
2018	-6.24%	0.01%	\$205,918	0.00%	0.16%	\$290,167
2019	28.88%	8.72%	\$251,139	20.55%	16.16%	\$343,976
2020	16.26%	7.51%	\$285,251	12.42%	3.59%	\$373,098
2021	26.89%	-1.54%	\$338,469	0.42%	4.75%	\$381,574
2022	-19.44%	-13.01%	\$277,901	0.00%	0.00%	\$381,574
2023	24.23%	5.53%	\$332,005	5.19%	2.94%	\$397,617
Avg.	7.55%	3.17%	6.18%	7.77%	6.32%	7.09%

#### INVESTMENT PORTFOLIO GROWTH

- This portfolio rides the ups and downs of the market.
- Investments do not take into account the reduction of any management fees, advisory fees, commissions or taxes.
- The ending portfolio balance is just over \$332,000.

#### FOUNDATIONS CONTRACT ACCUMULATION

- Foundations receives a 1% Bonus.
- Contract value isn't subject to management fees, plus it grows tax deferred.
- Foundations never has to recover from market loss — the lowest interest credits are floored at 0%.
- The Foundations contract's ending balance is nearly \$400,000, 20% higher than the investment portfolio.

## Case Study Assumptions<sup>1</sup>

#### INVESTMENT PORTFOLIO

- 60% Allocation into the S&P 500® Index (representing the equity portion of the portfolio; however, it is not possible to invest directly into the S&P 500®)
- 40% Allocation into the Bloomberg US Agg Bond Index (represents the bond portion of the portfolio)

#### FOUNDATIONS CONTRACT

- Purchased on Dec. 31, 2003, for \$100,000
  - 1% Bonus of \$1,000
  - 50% allocation into the S&P MARC 5% Annual Point to Point Index Account; 150% Par Rate
  - 50% allocation into the Morningstar Wide Moat Focus VC 7% Barclays Annual Point to Point Index Account; 100% Par Rate
- Allocation and rates for demonstration purposes only — rates are subject to change. Work with your financial professional on your particular contract's allocation strategy.

## INCOME EXAMPLE 2004-2023

In the example below, we show the same accounts, but with retirement income starting in 2004. For demonstration purposes, we show 5% annual withdrawals from each account.<sup>2</sup>

As of 12/31	TRADITIONAL 60/40 INVESTMENT PORTFOLIO			FOUNDATIONS 50/50 ANNUITY CONTRACT		
	Equity/Bond Portfolio Value Before W/D	5% Annual Withdrawal	Balance	Foundations Contract Value Before W/D	5% Annual Withdrawal	Balance
2003	\$100,000		\$100,000	\$101,000		\$101,000
2004	\$107,130	\$5,357	\$101,774	\$110,996	\$5,550	\$105,447
2005	\$104,601	\$5,230	\$99,371	\$107,818	\$5,391	\$102,427
2006	\$109,321	\$5,466	\$103,855	\$107,519	\$5,376	\$102,143
2007	\$108,836	\$5,442	\$103,394	\$110,316	\$5,516	\$104,800
2008	\$80,591	\$4,030	\$76,562	\$109,093	\$5,455	\$103,638
2009	\$87,709	\$4,385	\$83,323	\$110,250	\$5,512	\$104,737
2010	\$91,532	\$4,577	\$86,956	\$120,582	\$6,029	\$114,553
2011	\$90,058	\$4,503	\$85,555	\$130,653	\$6,533	\$124,120
2012	\$93,298	\$4,665	\$88,633	\$135,979	\$6,799	\$129,181
2013	\$102,177	\$5,109	\$97,068	\$133,963	\$6,698	\$127,265
2014	\$106,099	\$5,305	\$100,794	\$139,728	\$6,986	\$132,741
2015	\$100,540	\$5,027	\$95,513	\$132,741	\$6,637	\$126,104
2016	\$102,149	\$5,107	\$97,042	\$135,311	\$6,766	\$128,546
2017	\$110,323	\$5,516	\$104,807	\$148,846	\$7,442	\$141,404
2018	\$100,421	\$5,021	\$95,400	\$141,507	\$7,075	\$134,432
2019	\$116,350	\$5,818	\$110,533	\$159,361	\$7,968	\$151,393
2020	\$125,547	\$6,277	\$119,269	\$164,210	\$8,211	\$156,000
2021	\$141,521	\$7,076	\$134,445	\$159,544	\$7,977	\$151,566
2022	\$110,386	\$5,519	\$104,867	\$151,566	\$7,578	\$143,988
2023	\$125,283	\$6,264	\$119,019	\$150,042	\$7,502	\$142,540
Total Income: \$105,694				Total Income: \$133,001		
INVESTMENT PORTFOLIO - AFTER 20 YEARS				FOUNDATIONS CONTRACT - AFTER 20 YEARS		
<ul style="list-style-type: none"><li>The investment portfolio pays just over \$105,000 over 20 years, with a remaining balance of \$119,000.</li></ul>				<ul style="list-style-type: none"><li>The Foundations contract pays \$27,000 more in income than the investment portfolio.</li><li>The Foundations contract's ending balance is \$23,500 higher than the investment portfolio.</li></ul>		

**Consider allocating a portion of your “safe” money into a Foundations Annuity for protection, potential growth, and a reliable source of income that remains protected from the negative impacts of market loss.**

<sup>1</sup> The Foundations Annuity was not available until December 2012. Performance of the S&P Multi-Asset Risk Control (MARC) 5% Index prior to 2017 is simulated. Performance of the Morningstar Wide Moot Focus Barclays VC 7% Index prior to 2019 is simulated. Simulated index performance uses backward looking projections and should not be relied on as a predictor of future index performance, which may differ substantially from the simulated performance reflected in this example. The actual participation rates may be different than what is assumed for this example, which is provided for demonstration purposes only. Caps, spreads, and participation rates are set at our discretion at the beginning of each Index Term based upon factors we consider relevant, including market conditions. It was not possible for a consumer to have received the interest credits shown in this retrospective example. Actual interest credits for a purchased annuity contract will be

based on the allocations selected by the owner, the performance of the underlying indices for any index accounts to which contract value is allocated, and the respective caps, spreads, and participation rates applicable to those index accounts. The hypothetical values assume no additional Purchase Payments. All returns shown are cumulative and not on an annualized basis. Withdrawals are subject to ordinary income tax and if made before age 59½, may incur a 10% IRS penalty tax and may be subject to product-specific charges.

<sup>2</sup> 5% annual withdrawal is for demonstration purposes only and is not a recommendation of an annual withdrawal percentage. Individuals should select a withdrawal rate that best fits their financial goals.

Talk to your financial professional to see whether a Foundations Annuity can complement your retirement portfolio or contact us at 800.888.2461.



To view current rates for Foundations Annuity, go to [SecurityBenefit.com/FoundationsRates](https://SecurityBenefit.com/FoundationsRates) or scan the QR code.

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