



Finding Success With An Index
Protector 7 Fee-Based Annuity
A Case Study



It pays to keep things simple.®

If you're an investment advisor wondering how a fee-based annuity could fit into your practice, consider Stan's story.



Meet Stan

Stan is an experienced investment advisor who specializes in comprehensive fee-based financial planning. In today's market, some of Stan's clients are concerned about the unpredictable interest rate environment. If rates decrease, their equity investment yields could suffer, forcing them to take on more risk in order to maintain growth opportunity. If rates increase, their fixed income investments may lose value. Either scenario could put their financial futures at risk — what Stan needed was a solution that could offer growth opportunity *and* principal protection.

Having attended a seminar on fee-based annuities, Stan approached the Great American team with some common questions:

- What is a fee-based annuity?
- Why is a fee-based annuity a viable fixed income alternative?
- Can it be integrated into my current practice?

Learning the basics

Annuities are sometimes thought of as complex products. At Great American, we're committed to transparency, our annuities included.

In our initial meeting with Stan, we covered the basics, like how fixed-indexed annuities work. Then, we asked Stan to tell us more about his business and clients' needs — with this information, we were able to offer a viable solution to address some of these needs.



Key Takeaways

- Stan is an experienced investment advisor who specializes in comprehensive fee-based financial planning
- Stan was seeking a solution to combat the risks of fluctuating interest rates, such as their negative impact on fixed income investments
- Stan now uses the Index Protector 7 as a fixed income alternative in his practice

Stan's clients who allocated money to the Index Protector 7 S&P 500 Risk Control Strategy for the past three years realized an average return of **8.30%**.

The Morningstar Core Bond Index **averaged 4.56%** over the same 3-year period.²

Identifying a solution

Knowing that Stan was seeking a fixed income alternative offering principal protection and growth opportunity, we introduced him to the Index ProtectorSM 7 fee-based fixed-indexed annuity. The Index Protector 7 offers competitive upside potential, meaning Stan's clients won't have to take on an aggressive equity allocation to maintain growth opportunity. Additionally, the Index Protector 7 provides principal protection, meaning it won't lose value due to rising interest rates.

Stan put this solution to the test with the Portfolio Simulator on GreatAmericanRIA.com. This tool uses Monte Carlo simulations to compare two customized investment portfolios, including one with an Index Protector 7 annuity. This was the proof-of-concept that Stan needed.

Integration and implementation

Stan could see that the Index Protector 7 had potential to add value to a portfolio. Next, he wanted to know how the annuity would work within his business model.

Stan was pleasantly surprised to learn that Great American has the ability to feed Index Protector 7 data to all major portfolio and billing management programs. This meant that after integration, the Index Protector 7 would appear in consolidated statements, creating a seamless process for both Stan and his clients. Additionally, these integration capabilities would allow Stan to bill according to his business model and manage revenue in the same way he does with other assets – simple as that.

Helping clients find success

It's been a few years since our initial conversation with Stan. Now, he regularly considers how an Index Protector 7 fee-based annuity can strengthen a portfolio. To date, he's placed over \$9.9 million in premium in the Index Protector 7 with average initial purchase payments of \$550,000.

Stan saw the advantage of including the Index Protector 7 in a portfolio during the market volatility experienced in December 2018. Even though many of his clients' equity portfolios were flashing red, the value of their Index Protector 7 contracts remained steady. In fact, over the past three years, his clients would have realized average returns of 8.30%¹ – the Morningstar Core Bond Index averaged 4.56% over the same 3-year period.²

In addition, Great American's advanced integration technologies have provided a seamless experience for both Stan and his clients. He and his clients enjoy the simplicity of online applications, e-delivery of contracts and other important documents, and the ability to reallocate among interest strategies on the Great American website. Plus, Stan's clients can rest assured that they have a solution in their portfolios that can reduce uncertainty in today's unpredictable market.

Stan is just one of many advisors who have found success using a fee-based annuity to elevate their practices. Visit [GreatAmericanRIA.com](https://www.GreatAmericanRIA.com) to get started.

¹ Based on Index Protector 7 annual returns from 2017, 2018 and 2019. Assumes purchase payment is allocated to the S&P 500 Risk Control 1-year point-to-point strategy with a 70% participation rate. Past performance is no guarantee of future results.

² 3-year return as of December 31, 2019.



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