TABLE BAY
FINANCIAL NETWORK

The Power and Protection of Index Annuities

Why Are Billions Flowing Into These Unique Investments?

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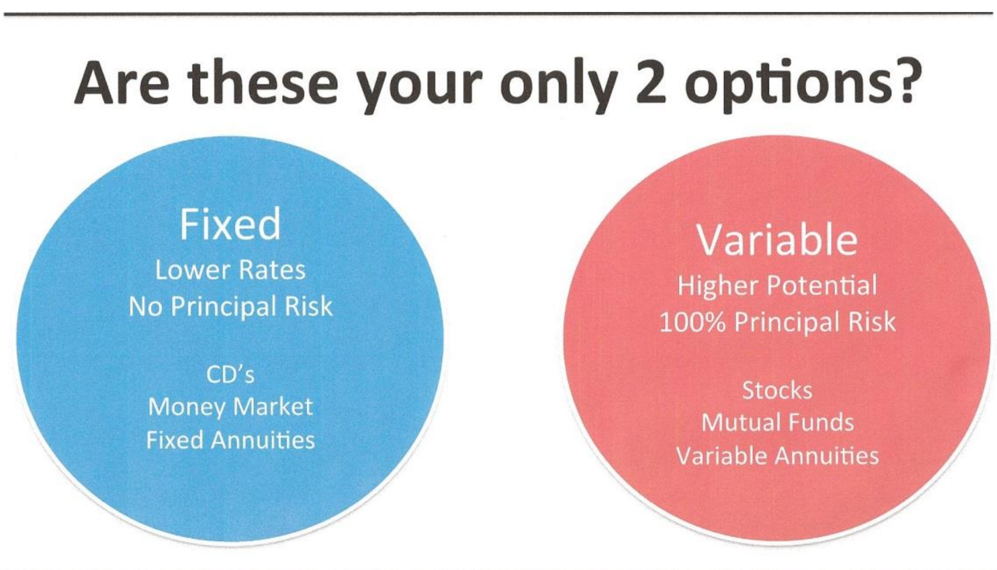
For years, if Americans wanted opportunity, they would put their savings in the stock market. If they wanted safety, they used bank CDs or government bonds. The problem was you could have money positioned for opportunity or safety, but not both on the same dollar at the same time.



Americans believe essentially that they have two choices. The bank world which requires them to accept a low fixed rate in return for safety of principal or Wall Street which gives them the potential for higher returns but at the risk of losing 100% of their investment.

This presents a conundrum for Americans who are simultaneously attracted to yet frightened by what the stock market can do to their investments.

Just this year the government reported that $10.6 trillion was sitting on the sidelines in CDs and money market accounts earning essentially zero.

Today, billions of dollars annually are finding how to have safety and opportunity on the same dollar at the same time. The vehicle that has filled the gap between the stock market and banks is the Fixed Indexed Annuity.

CAPURING THE UP IN THE MARKET

When the market rises, the fixed indexed annuity (FIA) delivers interest. When the market declines, instead of losing money, the FIA just delivers 0% interest. Since owners of FIAs would've suffered a loss if they had been in the market with mutual funds or stocks, they called zero their hero!

Depending on the FIAs design and current interest rates, as well as market volatility, the FIA may credit from only a small percentage of the up, to in some cases, ***all*** of the up. According to a study by the Wharton Financial Institutions Center, FIAs have credited an average of 8% since their inception 20 years ago. Not all FIAs are created equal however and therefore it's important to talk to well-qualified unbiased individuals who thoroughly understand FIAs and their design. Different designs may be better suited for one type of client's needs versus another client. For example, one client may need accumulation while another client needs sustainable streams of guaranteed income that will last a lifetime. Different FIA designs are available to meet both of their needs.

Although FIAs typically do not allow for 100% of the up, often the average investor didn't get all of the up either. According to Dalbar, a respected Wall Street research firm, an average equity fund investment from 1984 to 2014 earned 3.79%, or a little over one third of the available 11.09%, as the S&P 500 averaged over the same period. From 1995 to present, many FIAs credited higher interest. Today, there are FIAs that credit 100% of the S&P 500 including dividends.

LIQUIDY

The second concern some have about FIAs is that the FIA is not 100% liquid until the liquidity charge period has elapsed, ranging from five years to 16 years. While an FIA is not an appropriate place to park emergency funds or monies needed for short-term liquidity, FIAs are highly appropriate for nest egg dollars. These are the funds that you need to always be there no matter how long you live.

There are, however, a number of ways to access your money inside and FIA. First, these vehicles allow for 5-10% liquidity annually of the account balance (this includes all growth), or in some designs 10% of the original deposit (excluding growth) after 12 months.

Think of it this way. If you deposited $100,000 and then withdrew 10% – $10,000 – annually for the next 10 years you would have spent all your original investment in just 10 years. Ask yourself, do you have a plan in place to spend your life savings over the next 10 years? For most, this is far too fast to spend your nest egg, yet the FIA would allow for this without penalty. Keep in mind that Wall Street recommends we not spend more than 4% annually so as to not run out of money before we ran out of life.

Another way to increase liquidity is that in some designs you receive a bonus fully credited to your account on day one. These bonuses may be as much as 10%. You can use the company's bonus to offset the company's liquidity fee should you need to exceed the free withdrawal in any year. Additionally, many FIAs offer 100% liquidity should you be terminally ill or confined to a nursing facility.

INCOME

Perhaps one of the most powerful methods for taking funds from your FIA is to take income from the account. Unlike past designs, FIAs do not require you to lose ownership or control of your principal while taking income. Today's income features have the potential to increase to fight inflation by linking your income to stock market increases or in some cases, offer guaranteed increases tied to the CPI to help offset inflation. The income will pay out for as long as you and your spouse live if you elect the spousal payout provision. The income will continue to pay should you outlive the balance in your account. Only annuities can pay and increasing income on a decreasing asset.

CONFINEMENT

For many Americans one of the biggest risk in retirement is the added income that will be needed during a time of confinement in a hospital, hospice, or nursing home. Three out of four Americans will suffer a long illness requiring them to live in a qualified care facility prior to their death. For most of them these times of need will threaten to bankrupt the retirement nest eggs. One FIA has the ability to provide the client and spouse with increased income (triple the income, in fact) if they are ever confined to a qualified care facility. For consumers looking for an extra way to help with potential expenses during the retirement years fixed indexed annuities can offer extraordinary opportunity by tripling income during times of need.

A BARGIN

Today's FIAs are a bargain. These newer designs of the well-established concept (fixed annuities were created in 1913) offer you the opportunity to potentially credit interest based on 100% of the upside[1] of the S&P 500 index including dividends while having 100% of their principal guaranteed. In an imperfect world, where most people get some of the up and some of the down, you might want to consider instead getting all of the up and none of the down.

For the right kind of money (typically nest egg dollars), despite the fact that you have less than 100% liquidity, and FIA is hard to beat. The closest competitor, a diversified portfolio, also does not get all of the up and also was not always fully liquid due to market losses that can take a decade or longer to recover from.

SAFTEY

Not one fixed indexed annuity owner has ever lost their principal or profits from the market volatility or insurance company failure. Not one time, not one dime!

Now might be a perfect time to get fully informed about Fixed Indexed Annuities - the ultimate safe-growth startegy.

WHAT's COMFORT COSTING YOU?

Many investors, driven by economic uncertainty, are concentrating their investments in areas that feel safe. But they may not be fully calculating their real costs and risk. And, in this changing environment, these are only likely to rise. The result? Investors are actually putting at risk the comfortable futures they're trying to secure.

SELLING QUOTES

- Zero is your HERO!
- In this investment landscape, you need an all-terrain strategy
- In an imperfect world, where most people get some of the up and some of the down, you might want to consider instead getting all of the up and none of the down.

[1] If the strategy is uncapped there will be other modifiers or fees that result in your getting less than 100%.