INDEX ANNUITIES

The Advantage of an Index Annuity’s Downside Protection

When creating a strategy for your financial future, you generally face a tradeoff between risk and reward.

An index annuity offers returns linked to the performance of an underlying index. When the index rises, owners earn a portion of the gain – and when the index falls, the value is protected. That’s because once an index credit is added to an annuity contract’s value, it cannot be taken away; index credits can never be less than zero.

Protection from the downside comes at a cost – which is a limit on the upside, based on either a cap or participation rate. When a declining index has no effect on the annuity value, the tradeoff for scaled-back upside makes perfect sense.

20-Year Historical Example
The chart below compares three values:
- Annual changes to the S&P 500 Index
- Index annuity value changes for a 1-year point-to-point strategy with a 5.0% annual cap rate
- Minimum Guaranteed Surrender Value

Observations
- In years of negative changes to the S&P 500 Index, the index annuity value remains unchanged
- In years of strong increases to the S&P 500 Index, the index annuity value rises but at a lower rate
- Changes to annuity values that are only positive or zero result in competitive long-term accumulation
Why an Index Annuity?

• Upside index-linked accumulation with downside protection
• Growth is income-tax deferred until withdrawn or surrendered
• Contract may be continued beyond the end of the surrender-charge period
• Surrender-charge-free annual withdrawals facilitate access to a portion of premium
• Variety of indices and crediting strategies facilitates diversification and more stable long-term returns

Why EquiTrust?

EquiTrust index annuities are simple and easy to understand. Four contract offerings are designed to meet a broad spectrum of financial needs and objectives. Index accounts feature index strategies linked to the performance of the S&P 500 Index as well as volatility-control indices for more stable returns. We take very seriously our commitment to strong renewal rates, so our products are competitive as long as you own your contract. If you need income, each index annuity features an income benefit rider that provides lifetime income – even if the contract’s accumulation value is depleted. You can rest assured that our service to you will be prompt, fair, reliable and accurate.

Historical performance of the S&P 500 Index should not be considered a representation of current or future performance of the index or annuity. The example cap rate is hypothetical and not specific to any annuity; please contact the Company for current rates. Example assumes $100,000 initial premium with no withdrawals. This material is not intended to provide investment advice to you or to your specific situation. EquiTrust does not offer investment advice to any individual and this material should not be construed as investment advice. Products underwritten and issued by EquiTrust Life Insurance Company, West Des Moines, Iowa. Products distributed by EquiTrust Insurance Marketing Services; in California doing business as EQT Insurance Marketing Services.