



# Discovering New Opportunities

An Annuity for Every Type of Investor

**HADDON TOWNSHIP GROUP**  
of Oppenheimer & Co. Inc.



Understanding that you may be concerned about investing during volatile markets, an annuity can be a great solution to help protect a portion of your portfolio.

Annuities have evolved over the years to offer strategies to fit almost every retirement planning need.

The enclosed booklet offers solutions to help you prepare for retirement no matter what stage of life you are in.

# Variable Annuity



## An Annuity for Every Type of Investor

Whether you are in the height of your working career, beginning to plan for retirement or are in retirement, an annuity could be a possible solution to help grow and protect your hard earned assets.

*Are you are looking for equity exposure to grow your assets, but may want some guaranteed income in the future?*

### A balance of investment freedom and protected income for life

A variable annuity could be a solution for you. In certain variable annuity products you have the ability to custom build your annuity based on your unique timelines, investment goals and the level of market risk that you are comfortable with. Lifetime income and death benefits can also be added to these products allowing you to customize your contract and pursue your individual goals whether it be growth, income or protection for your family.

### They can offer:

- Equity exposure with the ability to choose from a lineup of well-known portfolios, managed by some of the most highly regarded asset managers in the industry
- Tax-deferred growth on non-qualified assets
- Protected income for life
- Estate planning opportunities

### Speak to an Oppenheimer Financial Professional today to discuss how an annuity can be a strategy for you.

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## A Decade Later: Variable Annuities only Getting Better with Time

*“You buy insurance for your house and cars; why not for your investments?”*

If you, like many Americans, were invested in the stock market during 2008- 2009 chances are you experienced some loss. One of the most often debated investments over the past decade, Variable Annuities, continue to gain traction amidst these uncertain economic times.

For years investors have argued against the need to pay for a guarantee against a market downturn when stocks have been on an uptick. However, when the market sells off the way it did ten years ago, fees for guarantees no longer seem expensive. In fact, because of those guarantees, many annuity owners saw their accounts increase 6% or more in value, when the S&P 500 dropped nearly 57%. This is due to the fact that insurers pledge to pay lifetime retirement income based on past market gains, while also applying minimum annual increases during sluggish years.

A decade later as we find ourselves once again in a

volatile market, annuities still stand out as an efficient way to protect assets against stock market declines.

A Variable Annuity (VA) is a long-term tax advantaged contract between an investor and an insurance company. These contracts are designed to address the concern of outliving your assets or maintain your current lifestyle in retirement. The first phase of the contract is “accumulation” where the investor makes either one lump sum payment or a series of payments to the insurer. During the second phase, the “payout” phase, investors are able to receive periodic payments over a specific period of time or over the owner’s lifetime. The lifetime income is calculated based on age. The income base, unlike the contract value, can offer income for life based on market gains in the underlying funds and annual increases in years when markets are down.

Today, we are in an era where traditional pension plans are a thing of the past and social security income just isn’t enough in retirement. So now more than ever investors need to find alternative retirement solutions. Variable annuities continue to evolve offering innovative products and strategies for investors. In today’s society we are all about protecting what we own and if you pay for apple care on your iPhone or insurance on your vehicles, why not pay to insure your hard earned assets?

**Contact an Oppenheimer Financial Professional to discuss how an annuity can be a strategy for you.**

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# Fixed Index Annuity

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Whether you are in the height of your working career, beginning to plan for retirement or are in retirement, an annuity could be a possible solution to help grow and protect your hard earned assets.

*Are you approaching retirement and looking for a safe investment to provide a steady stream of income in retirement?*

## **A balance of investment freedom and protected income for life**

A fixed index annuity could be a solution for you. With life expectancies increasing, the need for a product that offers growth potential, preservation of your assets and lifetime income is more important than ever. A fixed index annuity can provide all of those solutions and more.

## **They can offer:**

- The opportunity to capture upside potential with protection of principal
- Tax-deferred growth on non-qualified assets
- Protected income for life

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## Turning the Ordinary Into the Extraordinary

### *“Utilizing Annuities, as a Bond Alternative, to Address Income in Retirement”*

Many investors begin planning for retirement with similar goals that include: maintaining their standard of living, preserving their wealth, and leaving a legacy for their heirs. However, due to increased longevity, when departing from the workforce the number one concern for all retirees should be having enough money to live comfortably in their golden years. Unfortunately, with the decline of traditional pension plans in today's retirement landscape, market and longevity risk has been transferred to the individual investor, leaving them susceptible to outliving their assets. As investors begin to age, lower risk fixed income investments may be more appropriate, however due to the low interest rate environment, the prospect of capital gains in these investments has significantly decreased. Annuities can play a pivotal role in effectively mitigating that risk while maximizing the opportunity for legacy planning.

In March of 2018 famed economist Roger Ibbotson unveiled new research analyzing the potential of a Fixed Index Annuity (FIA) as an alternative to bonds in retirement portfolios. Using S&P 500 participation rates to simulate their performance over the last 90 years, Ibbotson discovered that fixed index annuities would have outperformed bonds on an annualized basis.

Individuals preparing for, or currently in retirement, may use these products as a vehicle to increase their overall wealth due to a competitive marketplace and recent innovations in the design of FIA's.

A Fixed Index Annuity is a growth and accumulation vehicle issued and guaranteed by an insurance company. The funds contributed to the contract grow tax deferred, and rather than being invested directly in the market, track a specific index with the potential for interest credited based on positive movement. One of the more attractive features offered by a Fixed Index Annuity is the downside protection guarantee. In exchange for limited upside potential, the insurance company bears the risk of the price index falling below 0%. In addition, there is no fee to the client because the costs are built into the product.

Due to the evolution of this industry, annuity products have become more attractive to potential buyers, further solidifying the need for these products in lifetime planning portfolios. Fixed Index Annuities have evolved to become an accumulation tool, as well as a potential source of income in retirement. Although it is prudent to de-risk portfolios, it is equally important to receive sufficient returns to maintain income requirements in retirement. Considering the low interest rate environment, bond returns likely won't be enough to satisfy that need. Which begs the question; are bonds our best option or are Fixed Index Annuities an alternative to consider?

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# Index Variable Annuity



Whether you are in the height of your working career, beginning to plan for retirement or are in retirement, an annuity could be a possible solution to help grow and protect your hard earned assets.

*Are you approaching retirement and looking for some upside growth, but are concerned about a market downturn?*

## **A balance of protection and growth potential**

An Index Variable Annuity could be a solution for you. They allow you to maintain a level of protection in down markets, while taking advantage of growth opportunities when markets are up. These products are designed to offer stability in an unpredictable market.

## **They can offer:**

- A level of protection that ensures losses are limited when the market inevitably turns volatile
- The ability to take advantage of growth opportunities in the market
- Tax-deferred growth on non-qualified assets
- Lower fees

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## Index Variable Annuities: Growth Potential with Some Protection

### *“Market-Linked Investment Performance with a Guaranteed Minimum Rate of Interest”*

When planning for retirement investors often turn to traditional investments such as stocks and bonds to help build their nest egg. However unexpected downturns in the stock market and volatile interest rate environments can negatively affect their retirement plans. To help protect clients' assets many advisors recommend allocating a small portion of a portfolio to annuities. Most investors are familiar with the traditional annuity; a contract between an investor and an insurance company in which a lump sum payment or series of payments is made to the insurer, and in return periodic payments are received either immediately or at some point in the future. These products help to further diversify a portfolio and manage the balance between risk and reward. There are several different annuity products that can be used to fit multiple investment profiles such as; immediate, deferred, variable, fixed indexed, and index variable.

An Index Variable Annuity (IVA) is a special class of annuity products that offers investors the opportunity to grow their assets based on a specified equity based index, such as the S&P 500, with protection against market declines. These products allow investors to choose a level of protection based on their risk tolerance and long-term goals.

When index performance is negative, it will protect assets from some of the losses that could disrupt a portfolio. Conversely, when index performance is positive during the term, the contract earns a return that is limited by an upside participation rate. This allows for some participation in market growth, while knowing potential losses are limited when the market inevitably experiences a downturn. These products can help accumulate assets for retirement and are designed for investors who are willing to take on some market risk with the opportunity to grow their assets.

Investor's goals and needs are continually changing, and IVAs offer the flexibility and unique benefits that can be tailored to fit many retirement plans. If you are looking for diversified growth opportunities with protection in a volatile market, then a Variable Index Annuity could be a strategy for you.

*\*Any payment guarantees are based on the claims paying ability of the Insurance Company.*

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# Income Solutions

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Whether you are in the height of your working career, beginning to plan for retirement or are in retirement, an annuity could be a possible solution to help grow and protect your hard earned assets.

*Are you in retirement and looking for additional income to supplement Social Security payments and income from other retirement accounts?*

## Options for lifetime income

There are a variety of annuity products that can offer you additional income in retirement:

- Single Premium Immediate Annuities can offer you immediate income for life with the option to leave any remaining assets to your heirs
- Variable annuities can offer guaranteed lifetime income with the possibility of growth based on market performance
- Fixed index annuities can provide premium protection, and have options for lifetime income

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## Annuities: A New Asset Class for Investors

*“Sustainable income stream; the biggest challenge in retirement...”*

When it comes to retirement planning the accumulation phase can be a major focus for investors. You set aside a portion of your earnings each year, invest for a long-term time horizon, and choose the investments you hope will grow your nest egg to help maintain your lifestyle and provide for retirement. Unfortunately, due to market and longevity risk the biggest issue facing a majority of Americans today is turning that nest egg into a steady stream of income that will last for their lifetime. The goal of retirees should be to reduce the risk of depleting assets during retirement while boosting income potential. This can be accomplished through an annuity. Financial Professionals should look at all options to choose the appropriate income path, and understand the proper mix of investments and products that provide the optimal results.

When using a traditional asset allocation approach, you distribute retirement contributions among stocks and bonds in percentages that suit your risk tolerance, investing goals, and retirement timeline. As an alternative some experts recommend using a portion of an investor's assets to purchase an annuity, adding further diversification to their overall portfolio. An annuity, which is an insurance product designed to guarantee income for the rest of your life or for a set period of time, could provide added value to many retirement planning strategies.

**Contact an Oppenheimer Financial Professional to discuss how an annuity can be a strategy for you.**

There are many different types of annuity products and strategies that can be implemented to achieve the desired income in retirement. The two most common types of annuities are an immediate fixed annuity that acts like a pension by providing investors with a set amount of income for life and a variable annuity, whose income payouts may fluctuate with market conditions. They can provide you with the guarantees\* that may be difficult to achieve through traditional investments.

Unlike a portfolio entirely allocated to equity and fixed income investments that can be vulnerable to market volatility, investors can incorporate annuities alongside these traditional asset classes to help achieve a reliable stream of income that cannot be outlived. There are a variety of new annuity options available, each with their own unique benefits, allowing you to tailor strategies that align with your financial goals. These products may be suitable for investors who are looking to protect their portfolios and insure their hard earned assets.

\*Any payment guarantees are based on the claims paying ability of the Insurance Company.

# Investment Only Variable Annuity

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Whether you are in the height of your working career, beginning to plan for retirement or are in retirement, an annuity could be a possible solution to help grow and protect your hard earned assets.

*Have you maxed out your IRA and 401k contributions and are looking for an alternative tax-deferred vehicle to accumulate wealth?*

Investment Only Variable Annuities could be a solution for you. They are designed to enhance traditional investing with diverse investment options and tax advantages to help you manage risk and prepare for retirement.

## **They can offer:**

- Tax-deferred growth on non-qualified assets
- Access to equity, fixed income and alternative investments
- Strategies that seek to preserve your principal and pursue long term growth
- A powerful estate planning tool, with the potential to stretch income across multiple generations

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## A Simple Way to Boost Tax-Deferred Savings

*“Innovations in the VA space providing growth at lower costs...”*

In today’s retirement landscape, where employee-sponsored pension plans have largely disappeared in the private sector, investors must rely on other savings plans to accumulate assets for retirement. As advancements in modern medicine continue to increase life expectancies, a 65 year old can now anticipate living another 20 to 30 years\*, raising concerns by investors of outliving their retirement savings. Investors must rely on their IRA, 401(k) or other qualified plans to save for retirement. With contribution limits on these types of investments, what other vehicles can investors utilize to achieve tax-advantaged growth?

The Investment Only Variable Annuity (IOVA) is a type of annuity that seeks to keep costs low while capitalizing on investment potential within the tax-deferral wrapper of an annuity. Most IOVAs offer a wide range of underlying funds comprised of equities, fixed income, alternative investments for qualified investors, and cash strategies invested globally. Having this broader mix of investment options in a tax-deferred product can further diversify an investor’s overall retirement portfolio with the added benefit of principal protection which they may not receive through other qualified plans.

Is an IOVA the right investment for you? Ask yourself the following:

- Are you at least 10 years from retirement?
- Have you maxed out contributions to your IRA, 401(k) or other qualified plans?
- Are you in a high tax-bracket, in the height of your working career with significant investable assets?
- Do you expect to be in a lower tax-bracket in retirement?
- Are you looking for tax deferred growth of your assets, more retirement income and the ability to leave a larger legacy for your heirs?

An Oppenheimer Financial Professional can help you assess whether an annuity is the right fit for you based on your investment goals and risk tolerance.

\*Source: Social Security Administration.

**Contact an Oppenheimer Financial Professional to discuss how an annuity can be a strategy for you.**

Whether you are looking for asset accumulation, protection or guaranteed income an annuity can be a solution for you.

If you would like additional information on any of the strategies in this booklet contact an **Oppenheimer Financial Professional**.



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