Case Study

Holding too much cash can be costly

Meet Jim

Age 66

Recently retired after a successful career.

For more information about Symetra's fixed indexed annuities, contact your Symetra sales team today at 1-800-706-0700.

Client Profile

Jim has been a moderate investor for most of his life. He is concerned about market risk and has been increasing his cash holdings well beyond his emergency planning and liquidity needs.

As a result, a significant portion of his portfolio has remained in cash or cash equivalents over the last few years, earning almost nothing. Meanwhile, even modest levels of inflation have reduced the purchasing power of the money he is holding in cash.

Client Objective

Jim wants to improve the potential returns in his portfolio without taking on additional market risk. His financial professional recommends looking at a fixed indexed annuity (FIA) from Symetra Life Insurance Company. A Symetra FIA is guaranteed to protect his purchase payments if he holds them for a specified period, and they have the potential to produce higher (or lower) returns than many other conservative options.

Assumptions

- With a portion of his cash holdings not needed for emergency or liquidity purposes, Jim purchases a Symetra fixed indexed annuity. Because they are intended for long-term growth, FIAs typically include surrender charges for early withdrawals. Surrender charge periods vary by product, but are usually five to 10 years.
- He selects the S&P 500 indexed account with an annual point-to-point interest crediting method. This means it credits interest—if earned—on each annual interest term, based on the performance of the S&P 500® Index during that time frame.
- The least Jim will be credited in any year is 0%. The most he can earn in any year is 5%—the indexed interest cap when his contract is issued (though caps can change every year).
- Each contract year, Jim can withdraw up to 10% of the prior year-end contract value with no surrender charges.
- Withdrawals of more than 10% will be subject to surrender charges and a market value adjustment* (MVA) may also apply.

Summary

Jim is satisfied that his overweight cash holdings have been put to work in a product with higher growth potential and protection from market risk. Also, after talking with his financial professional about this strategy, he feels better about his ability to keep up with inflation and to minimize the potential decreases in purchasing power that could occur during his retirement years.

* MVA does not apply in all states.

Annuities are issued by Symetra Life Insurance Company, 777 108th Avenue NE, Suite 1200, Bellevue, WA 98004. Products are not available in all U.S. states or any U.S. territory. Market value adjustment feature does not apply in all states. See the product fact sheet for details.

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Indexed interest is calculated and credited (if applicable) at the end of an annual interest term. Amounts withdrawn from the indexed account before the end of an annual interest term will not receive indexed interest for that term. An Index does not include the payment or reinvestment of dividends in the calculation of its performance.

It is not possible to invest in an index.

Symetra reserves the right to add or remove any index or indexed interest crediting method options. If any index is discontinued or if the calculation of any index is changed substantially, Symetra reserves the right to substitute a comparable index.

The indexed interest floor is the minimum indexed interest rate that can be credited to the indexed account value in any interest term.

Withdrawals may be subject to federal income taxes, and a 10% IRS early withdrawal tax penalty may also apply for amounts taken prior to age 59½. Clients should consult their attorney or tax advisor for more information.

Hypothetical results are for illustrative purposes only and are not intended to represent past performance or predict the future performance of any specific investment, nor is it reflective of the effects of product charges and expenses, which would have lowered the tax-deferred performance had they been included.

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