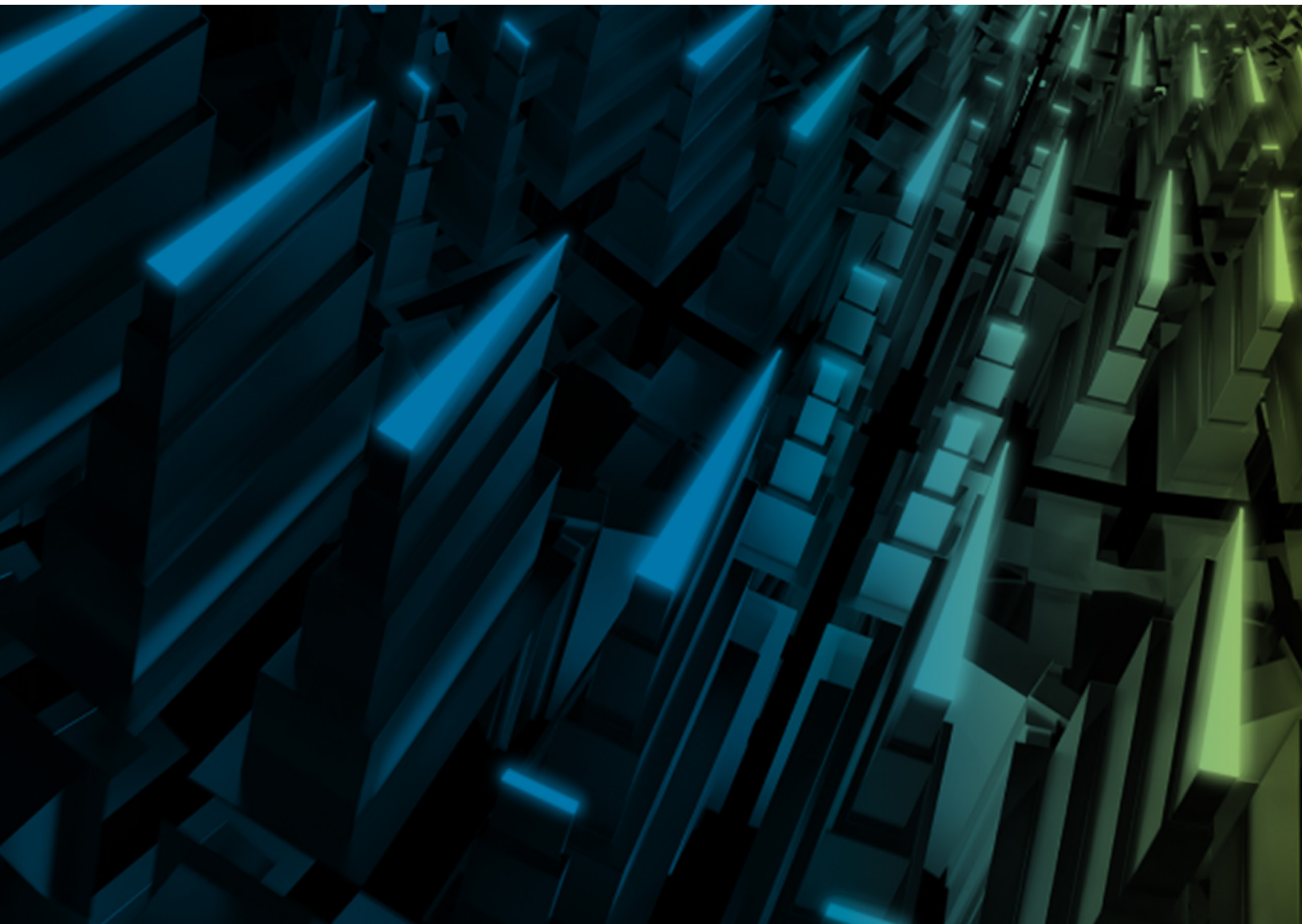




Annuity Fast Facts: Structured Annuities

August 2023

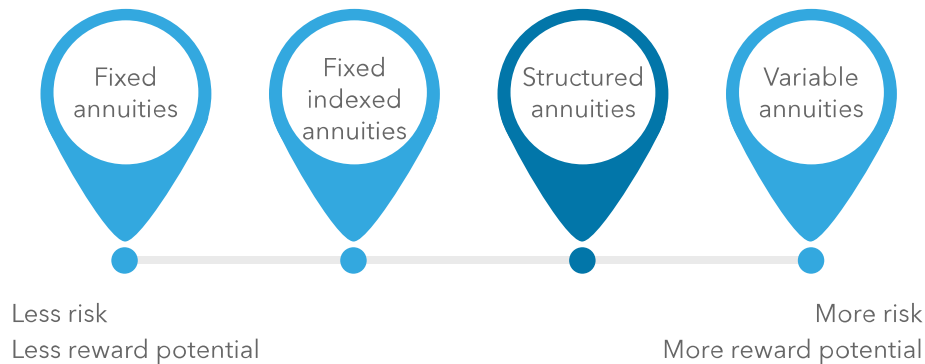


Annuity fast facts

This profile of structured annuities is one in a series created to increase awareness of annuities by providing market color, friendly tips, and interesting stats at a glance.

A deferred annuity is a long-term, tax-deferred investment issued by an insurance company and purchased through a qualified professional.

There are four main types:



Structured annuities

Structured annuities offer some potential for market growth with reduced downside risk.

Market color

After bottoming in March 2009, the S&P 500 climbed more than 550% and sat at record highs at the end of 2021.¹ 2022 brought new challenges for the equity market though. Market uncertainty creates an understandable desire to find a way to participate in any future increases in the market, while protecting against future downturns.

With structured annuities, investors choose a strategy that provides a level of upside potential and downside protection over a specified term, called the crediting period. Note, however, that greater protection comes with less upside potential.

Sound a bit like structured notes? Sure enough, insurance companies began developing structured annuities back in 2010 after seeing the success of structured notes, which provided a degree of market upside with reduced downside risk.

Securities products and services may be offered by iCapital Markets LLC, a registered broker/dealer, member FINRA and SIPC, and an affiliate of iCapital. Annuities and insurance services provided by iCapital Annuities and Insurance Services LLC, an affiliate of iCapital, Inc. iCapital and iCapital Network are registered trademarks of Institutional Capital Network, Inc. Please see the disclaimer at the end of this document for more information.

Customize structure

Each structured annuity allows an investor to customize based on four factors:

1. **Reference index:** The index on which the returns are based
2. **Crediting period:** A period of time used to calculate the interest based on the crediting strategy
3. **Downside protection:** The amount and form of protection against a drop in the reference index
4. **Upside participation:** The rate and method used to calculate interest

Tax fact: Keep more to earn more

Investors have the flexibility to choose a crediting period as short as one year. As long as they renew into a new crediting period within the same contract, interest in the contract grows tax deferred. Thereby, annual savings stay in the account to earn interest and grow savings faster until funds are withdrawn.

Market trend

Structured annuities were a mere footnote in the annuity industry just five short years ago. Today, they are a fast-growing segment in the market, as baby boomers move into retirement with a desire to protect a portion of their portfolio from market reversals.

Tech tip

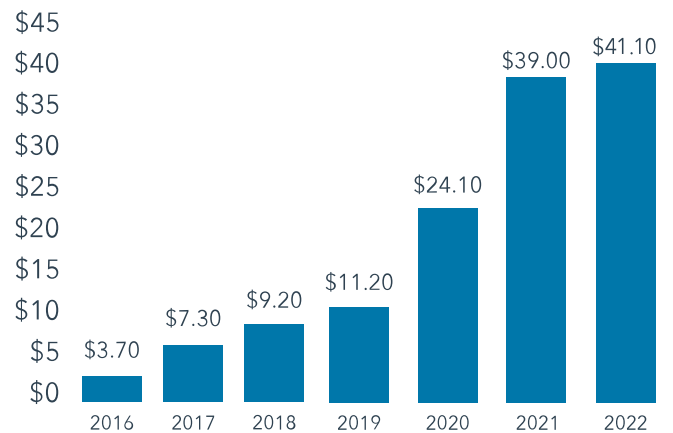
Growing choice in this market can lead to complex allocation decisions—fortunately, digital tools and analytics exist today to help make a challenging decision process more straightforward.

Know that structured annuities:

- Are complex and subject to risk, including the potential for significant losses.
- Have renewal terms that are subject to change from crediting period to crediting period, at the carrier's discretion.

- Are not FDIC insured and any guarantees under a structured annuity contract are backed by the issuing insurance company and subject to its claims paying ability.
- Are considered a long-term investment, typically carrying penalties (such as a surrender charge) if money is withdrawn during the stated surrender period.
- Come with an additional 10% federal tax penalty for withdrawals prior to age 59½.

Structured annuities sales (\$billions)²



Working with a professional, an investor can then narrow in on a structured annuity that provides a personalized balance between risk and reward—a balance that can be adjusted over time as needs and objectives evolve.

As always, investors should consult with a financial professional on which annuity products and features best fit their needs.

Securities products and services may be offered by iCapital Markets LLC, a registered broker/dealer, member FINRA and SIPC, and an affiliate of iCapital. Annuities and insurance services provided by iCapital Annuities and Insurance Services LLC, an affiliate of iCapital, Inc. iCapital and iCapital Network are registered trademarks of Institutional Capital Network, Inc. Please see the disclaimer at the end of this document for more information.

ENDNOTES

1. [Bloomberg](#), SPX performance as measured March 9, 2009 low of 676 to Dec. 31, 2021 closing level of 4,778.
 2. [Secure Retirement Institute: Record Annuity Sales in 2022 Expected to Continue Into First Quarter 2023](#), LIMRA, March 8, 2023.
-



IMPORTANT INFORMATION

The material herein has been provided to you for informational purposes only by Institutional Capital Network, Inc. ("iCapital Network") or one of its affiliates (iCapital Network together with its affiliates, "iCapital"). This material is the property of iCapital and may not be shared without the written permission of iCapital. No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of iCapital.

This material is provided for informational purposes only and is not intended as, and may not be relied on in any manner as, legal, tax or investment advice, a recommendation, or as an offer or solicitation to buy or sell any security, financial product or instrument, or otherwise to participate in any particular trading strategy. This material does not intend to address the financial objectives, situation, or specific needs of any individual investor. You should consult your personal accounting, tax and legal advisors to understand the implications of any investment specific to your personal financial situation.

ANNUITIES ARE CONSIDERED COMPLEX PRODUCTS AND MAY NOT BE SUITABLE FOR ALL INVESTORS. The information is not intended as investment advice and is not a recommendation about managing or investing retirement savings. Actual annuity contracts may differ materially from the general overview provided. Prior to making any decision with respect to an annuity contract, purchasers must review, as applicable, the offering document, the disclosure document, and the buyer's guide which contain detailed and additional information about the annuity. Any annuity contract is subject in its entirety to the terms and conditions imposed by the carrier under the contract. Withdrawals or surrenders may be subject to surrender charges, and/or market value adjustments, which can reduce the owner's contract value or the actual withdrawal amount received. Withdrawals and distributions of taxable amounts are subject to ordinary income tax and, if made prior to age 59½, may be subject to an additional 10% federal income tax penalty. Annuities are not FDIC-insured. All references to guarantees arising under an annuity contract are subject to the financial strength and claims-paying ability of the carrier.

iCapital Markets LLC operates a platform that makes available financial products to financial professionals. In operating this platform, iCapital Markets LLC generally earns revenue based on the volume of transactions that take place in these products and would benefit by an increase in sales for these products.

The information contained herein is an opinion only, as of the date indicated, and should not be relied upon as the only important information available. Any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets is not necessarily indicative of the future or likely performance. The information contained herein is subject to change, incomplete, and may include information and/or data obtained from third party sources that iCapital believes, but does not guarantee, to be accurate. iCapital considers this third-party data reliable, but does not represent that it is accurate, complete and/or up to date, and it should not be relied on as such. iCapital makes no representation as to the accuracy or completeness of this material and accepts no liability for losses arising from the use of the material presented. No representation or warranty is made by iCapital as to the reasonableness or completeness of such forward-looking statements or to any other financial information contained herein.

Securities products and services are offered by iCapital Markets, an SEC-registered broker-dealer, member FINRA and SIPC, and an affiliate of iCapital, Inc. and Institutional Capital Network, Inc. These registrations and memberships in no way imply that the SEC, FINRA, or SIPC have endorsed any of the entities, products, or services discussed herein. Annuities and insurance services are provided by iCapital Annuities and Insurance Services LLC, an affiliate of iCapital, Inc. "iCapital" and "iCapital Network" are registered trademarks of Institutional Capital Network, Inc. Additional information is available upon request.

© 2024 Institutional Capital Network, Inc. All Rights Reserved. | 2024.01



iCapital[®]

60 East 42nd Street, 26th Floor
New York, NY 10165
212.994.7400

www.icapital.com

North America

New York City
Princeton
Greenwich
Boston
Boca Raton
Toronto
Birmingham

Europe

Zurich
London
Lisbon

Asia

Hong Kong
Singapore