

Episode #345: Insider Info on Latest Partner-Exclusive Annuity

Hello and welcome to another episode of Money Script Monday. My name is Adam Reyna, and I couldn't be more excited for today's episode. The reason being is, I typically make these videos that are focused on your clients and helping educate them. But this one is special, and it's specifically for the advisors that we work with.

Before we get into it, we're going to talk about a quote that the great Jason Jenkins actually kind of goes through during one of his trainings and he actually says that when we look back on the next 10 years, 100 years from now, we will say that they were the most influential 10 years in the history of man. A very bold statement, but why does he say that? He says it because of the velocity of information. What that means is, with a lot of digital access for your clients and the AI capabilities that are out there, the playing field is going to be somewhat leveled. So really, the best way to differentiate yourself is with the human connection, and we have a whole training that goes through this really in depth.

But today I want to talk about a different way to differentiate yourself, which is through the release of a new proprietary product that you have access to when you partner with us here at Simplicity. Here are the basics of the annuity, it is a fixed index annuity. You do have an option of a five year, seven-year or ten-year surrender. It's going to be accumulation focused, so it's that principal protection, locking in the gains every year.

Then every 5, 7, or 10 years, your clients have the option to move that money again because it would be portable. It is offered by an A rated company and currently it has a S&P option that is uncapped with 100% participation rate at the time of shooting this video. Pretty standard. But what this annuity actually does is it really helps you and your clients take

advantage of some of the traditional market cycles using something called gain control.

We're going to do a little bit of history here. Since 1948, the S&P 500 has had about 16 bear markets, downturns, recessions. Where the market went down about 16 different times. This is the time that we really want to use this product to take advantage of these again traditional market cycles because after those 16 downturns, we actually saw two years of positive growth after that downturn, 94% of the time. Again, the market drops 94% of the time, we saw a rebound of about two years. Think about 2022, the S&P was down big, 2023 was a great year this year. 2024 is looking like it's going to be a good year as well so that's what we want to take advantage of.

To take it a step further, during those 16 market downturns, 67% of the time we actually saw three or more positive years after that downturn. Again, the market's going to go down, but it's what you are doing to position yourself to take advantage of those rebounds when the market goes back up.

In comes the really unique part of this product, the gain control. As you can see on the board here, we have three options with the gain control. You can be conservative at 0%, you can be moderate at 50%, or you can be a little bit more aggressive at 75%. What does that mean? What you're doing here is you're actually taking renewal rate risk and some of the interest rate risk into your own hands. So you have the ability to coach your clients or obviously you can do this for them, but what you're doing is you're creating your own options budget.

Options are used to hedge products, right? Purchase participation rates, caps, and they really kind of dictate how our products perform. So again, you're creating an option budget. With the 0% gain control, it's very straightforward. We're just going to use 10% as simple math, no promise that the annuity would return 10%, but just again for simple math purposes,

that's what we're going to use is our base index credit. Let's just say that, that uncapped S&P that currently has 100% par rate gets a 10% gain on the annual point to point, a 10% gain in the first year. With the 0% gain control, your client would bank all 10% into their accumulation value and that's what they would earn as a positive interest credit. Very straightforward. Every product has that option out there.

What the really unique part of this product does is let's just say again in that 10% return model, your client can actually use a 50% gain control. That would mean they would bank 5% gains into their accumulation value that year. They put it in their pocket, that's their new annual reset accumulated value. But then what happens with that other 5%? What they can do is purchase a higher participation rate the following year using that excess of that 5% credit. Again, on a 10% return with a 50% gain control, you bank 5%, you use the other 5% to purchase up a higher participation rate the following year, taking advantage of that rebound.

Let's again use the 100% participation rate as an example. If you had an excess credit of 5% from your gain control to purchase up a new participation rate, you get right around of 225% or so participation rate for the next year, again taking advantage of those rebounds after a down market and using your own credits to purchase the option. That's the moderate option and really, we'll probably see a lot of people just set it, forget it, and kind of sail off into retirement using that 50% option.

What about the more aggressive clients? What about those that really want to simulate some market type returns but have that principal protection? In comes your 75% option. We already went through some of the math there, but again, let's say we have a 10% base credit on our uncapped S&P just for easy math. In that 75% gain control option, your client would bank 2.5%, and then the other 7.5% would be used to purchase up an even higher participation rate the following year.

In that example, you can get all the way up to about a 300% participate. As you can see, we're really starting to create some momentum and we're really taking advantage of those market cycles to get some really, really strong returns with that 300% participation rate.

These do look really good on illustrations so I highly recommend that you reach out to your ADC, ask them to run some of these for your clients, at least to get to understand it. You can have it run at the 0, 50, and 75% gain control so you can see the conservative, moderate, and aggressive options and let your client decide, just really educate them. But really what we want you to do with this product, is take advantage of the proprietary distribution model that is available here because we have to differentiate ourselves from our competition using human connection and products like this that are offered exclusively to you through Simplicity. Please reach out with any questions and I thank you for your time.