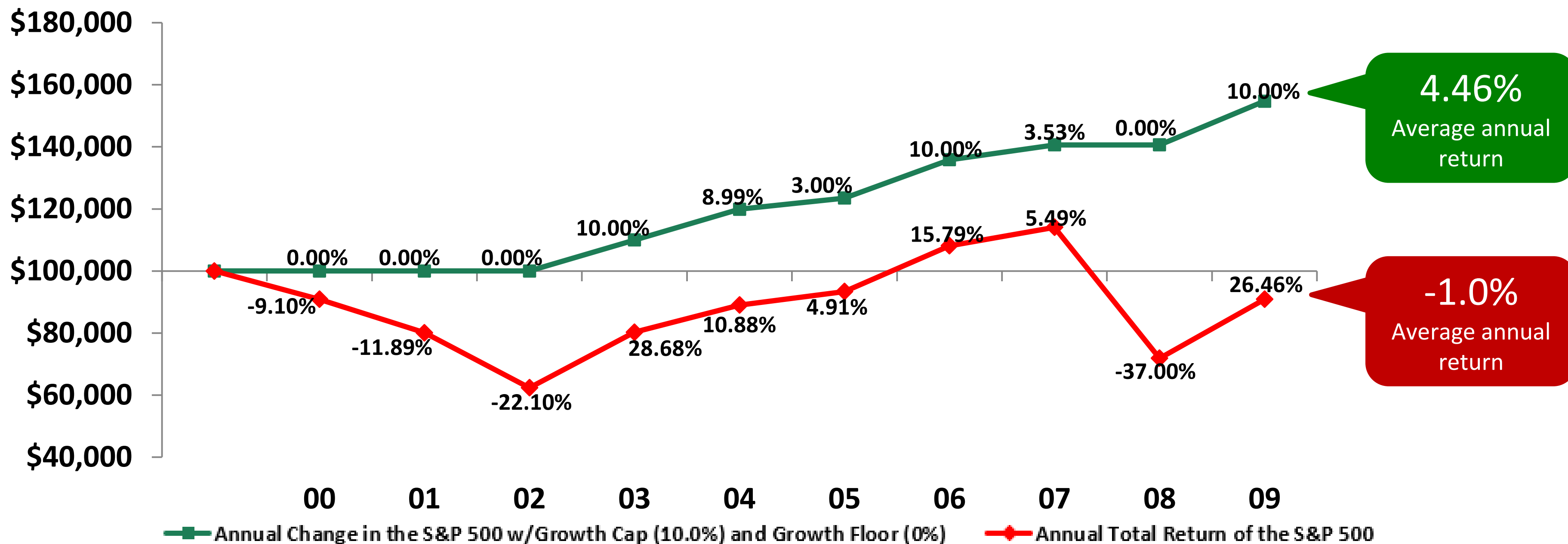
Facing a Less Favorable Market

Curious how the concept of indexing could credit interest in a less favorable market? Below is a comparison of $100,000 invested between 2000 and 2009 in stocks reflected by the movement of the S&P 500® total return including dividends (red line) and the interest credited under an indexing method using the S&P 500® with a hypothetical cap of 10% and a floor of 0% (green line).[1]

We chose 2000-2009 because it is considered a decade with poor market performance. This time period captures the market crashes of both 2001 and 2009, along with the associated recovery. From 2000-2009, the S&P 500® had an average annual return of -1%.[2]

You'll appreciate seeing how the concept of indexing could perform if the market continued to struggle while you held an IUL policy.



Source: Yahoo Finance GSPC Historical Prices

[1]This historical performance of the S&P 500® is not intended as an indication of its future performance and is not guaranteed. This graph is only intended to demonstrate how the S&P 500®, including dividends, would be impacted by the hypothetical growth cap of 10% and the hypothetical floor of 0%, and is not a prediction of how any Indexed Universal Life Insurance product might have operated had it existed over the period depicted above. The actual historical growth of an IUL product existing over the period depicted above may have been higher or lower than assumed, and likely would have fluctuated subject to product guarantees. This chart does not take into account investment fees, so actual results may be different than depicted above.

[2] Yahoo! Finance, GSPC Annual Returns, January 2021

This information is not intended to offer tax, legal or investment advise. Please consult qualified professionals about your individual situation.