

Security Benefit Enhances its Foundations Annuity with New Indices for Greater Diversification

Security Benefit Life Insurance Company (Security Benefit) has expanded the index crediting strategies for its Foundations Annuity. Foundations now offers a total of 11 index crediting accounts based on five unique indices designed to perform in a variety of market conditions.

Fixed index annuities (FIAs) offer the best features of a traditional fixed annuity — a guarantee of the purchase payment against loss and tax deferral — combined with the opportunity to increase retirement savings through a diversified range of interest crediting options based on financial indexes.

“By employing an index as an interest crediting option, an FIA like Foundations has the potential to credit interest when the index goes up,” said Toby Leonard, AVP, Head of Product Development for Security Benefit. “But if the index goes down, the principal and previously credited interest are locked in and will not decline as contract owners don’t actually have any direct participation in the markets.”

The new indices are designed to help address challenges posed by changing economic conditions. “We were a pioneer in offering custom indexes within an FIA, and these additions to our index line-up continue that legacy,” noted Leonard. They include:

The S&P Multi-Asset Risk Control (MARC) 5% Index aims to perform during multiple market environments: Growth, rising rates, falling rates, high volatility, and high inflation and/or weak U.S. Dollar, with a goal of a 5% level of volatility. It is designed to track the performance of a risk-weighted portfolio consisting of: Equities - S&P 500® Excess Return Index; Commodities - S&P GSCI Gold Excess Return Index; and Fixed Income - S&P 10-Year U.S. Treasury Note Futures Excess Return Index. The index is dynamically rebalanced daily to provide multi-asset diversification within a simple risk weighting framework. Should one or more of the markets experience a downturn which impacts the performance of a specific asset class, the multi-asset construction of the index allows for a systematic re-balancing to less volatile asset classes. If all asset classes are volatile the risk control also allows for reducing market exposure and increasing the allocation to interest free cash. In order to take advantage of potential market growth, the Index may allocate more than 100% to the component indices. Should the component indices experience market declines, the Index can move a greater portion to interest free cash while still targeting 5% volatility.

The Morningstar Wide Moat Barclays VC Index aims to provide stable returns based on the long-term strength of its selected stocks across multiple sectors. The Index creates a diversified portfolio by combining the U.S. stocks selected based on the Economic Moat investment philosophy with a portfolio of four Barclays US Treasury futures indices. The equity component is the Morningstar® Wide Moat Focus IndexSM, which aims to select companies with long term competitive advantages and the most compelling values, based on research conducted by Morningstar’s Equity Research Team. The treasury component consists of an equally weighted portfolio of 2-year, 5-year, 10-year and 30-year Barclays US Treasury Futures indices. The Index seeks to enhance return and manage risk exposure by adjusting the portfolio’s asset allocation on a monthly basis using techniques from the Modern Portfolio Theory, the theory of optimizing expected returns based on a given level of market risk. The multi-asset class index aims to provide stable returns across different market environments, and to further control risk, the Index adds a volatility control overlay which aims to maintain its annual volatility level at or below 7%.

Foundations is a flexible vehicle that financial professionals can offer their clients to help meet their retirement goals with: tax-deferred accumulation potential, flexible withdrawal options, and that can even play a part in legacy planning. Foundations is also an appealing fixed income alternative as it guarantees principal and is free from bond market risk, interest rate risk, and sequence of returns risk. [Learn more about the Foundations new indices.](#)

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The Security Benefit Foundations Annuity (form 5800 (11-10) and ICC10 5800 (11-10)), a fixed index flexible premium deferred annuity is issued by Security Benefit Life Insurance Company. Product features, limitations and availability may vary by state. In Idaho, Foundations is issued on form ICC10 5800 (11-10).

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Fixed index annuities are not stock market investments and do not directly participate in any equity, bond, other security, or commodities investments. Neither an index nor any fixed index annuity is comparable to a direct investment in the equity, bond, other security, or commodities markets.

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