



Market Risk

Understanding Market Risk and How Fixed Indexed Annuities (FIAs) Can Help Protect Your Retirement

When you retire, one of your biggest concerns is making sure your savings last. The ups and downs of the stock market can be especially worrying during this time, as a market downturn could significantly impact your nest egg. Let's explore what market risk is and how FIAs can help shield your retirement savings from these risks.

What is Market Risk?

Market risk, also known as systematic risk, refers to the potential for investment losses due to factors that affect the overall performance of financial markets. For retirees, market risk is a significant concern because it can impact the income you rely on during retirement.

One critical aspect of market risk is the **sequence-of-returns risk**. This refers to the danger of experiencing poor investment returns early in retirement. This risk is particularly worrisome because you have less time to recover from these losses while simultaneously withdrawing money for living expenses.

The "Fragile Decade" and Why Timing Matters

The period just before and after you retire, often called the "fragile decade," is crucial for your financial success. If the market takes a downturn during this time, the combination of poor returns and ongoing withdrawals can quickly drain your savings, making it difficult to bounce back.



The chart above shows how the timing of market returns can affect your retirement savings. It compares two hypothetical retiree portfolios, both starting with \$500,000 and both retired for 15 years. The difference is in the timing of those returns.

- The blue line represents a retiree portfolio who retired and invested in the S&P 500 at the start of 2000
- The green line shows a retiree portfolio who invested in the S&P 500 at the beginning of 2003

As you can see, the portfolio with poor early returns (blue line) ends up with a much lower value after 15 years. This happens because negative returns early in retirement can significantly reduce your savings. This makes it harder for your portfolio to recover, leading to a lower overall value over time.

How Fixed Indexed Annuities (FIAs) Can Help

FIAs are designed to protect your retirement savings from market risk, including the sequence-of-returns risk. Here's how they can benefit you:

- **Principal Protection:** Your initial investment is protected from market downturns, ensuring you don't lose your principal due to market volatility.
- **Potential for Growth:** FIAs offer growth opportunities based on the performance of selected indices, without the risk of direct stock market investments. This means you can benefit from market gains while being shielded from losses.

Conclusion

Market risk, especially sequence-of-returns risk, can pose a significant threat to your financial security in retirement. By incorporating FIAs into your retirement plan, you can mitigate these risks through principal protection, growth potential, and flexible access to your funds.

Why Choose Oceanview?

- **Strength:** Oceanview has an "A" Excellent rating from A.M. Best, reflecting our stability and reliability.
- **Transparency:** We believe in clear, straightforward communication. Our products are easy to understand, helping you make informed decisions about your financial future.
- **Competitive Rates:** Our special introductory rates on select crediting strategies provide an added incentive to start your retirement journey with us.
- **Supportive:** Our dedicated team is committed to providing exceptional customer service and support throughout your retirement journey.

Take the Next Step Toward a Secure Retirement

Don't let retirement risks jeopardize your financial future. Schedule a consultation with your financial professional today to learn how Oceanview's Fixed Indexed Annuities can help you build a retirement plan that withstands market volatility. With competitive rates, excellent financial strength, and a commitment to your success, Oceanview is your partner in retirement security.

To learn more or to schedule a meeting with an Oceanview Life representative, please contact:

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