

S&P U.S. Retiree Spending Index




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Uncomplicate Retirement®

The demographics of the United States are shifting in record numbers. Every day, 10,000 individuals leave the workforce and bring their spending power and evolving priorities to the broader economy. The demands of the baby boomer generation are expected to reshape certain economic sectors.

Recognizing the impact of this demographic shift, the **S&P U.S. Retiree Spending Index** was created. It could help you capitalize on the spending habits of retirees in the United States.



Why Retiree Spending Matters

As baby boomers transition to retirement, several economic sectors are expected to experience rapid growth. When people retire, their needs change. This means their spending habits change, too.

For example, as people age, they tend to spend more on health care. In addition, retirees may spend more time at home, which may increase spending in categories like household maintenance and personal care. Finally, with more time for travel and leisure, spending on entertainment may increase.



By 2020, over 23% of the U.S. population will be at or near retirement, reshaping the investment landscape.

What's Inside The S&P U.S. Retiree Spending Index?

The S&P U.S. Retiree Spending Index is made up of **50% stocks** and **50% U.S. Treasuries**, which provides diversified asset exposure.

This balanced, multi-asset investment strategy focuses on where retirees are spending money by tracking equity industry sectors that may benefit the most from the growth in retiree spending and U.S. Treasury Bond futures. Let's take a closer look.

The **equity portion** of the Index provides exposure to stocks from economic sectors that are expected to be impacted by America's growing number of retirees.

The **fixed income** portion of the Index provides exposure to 2- and 10-year treasuries to help reduce equity risk and overall portfolio volatility. Retirees often look to Treasuries as a source of steady income.






According to UBS*, a global financial services company, sectors that are likely to perform well with an aging demographic include those that cater directly to the demographic, such as entertainment and healthcare, and defensive sectors that have historically outperformed in a world of falling demand, such as utilities and consumer staples.

*Source: UBS, November 2, 2015, *How will demographics shape investing for the next ten years?*

Equity Growth Fueled By Retiree Purchases

After looking at Annual Consumer Expenditure Data from the Bureau of Labor Statistics, stocks are selected from the five sectors impacted most by retiree spending – Housing, Healthcare, Entertainment & Leisure, Transportation and Personal Expenses.

Before they are selected, stocks go through a low-volatility filter. Any stocks that are deemed too volatile are not included in the Index.

Sector		Common Stocks Included In The Index As Of 12/31/18
	Housing	Clorox Co. Church & Dwight Co. Kimberly-Clark
	Healthcare	Quest Diagnostics Walgreens Boots Alliance Inc. ICU Medical Inc.
	Entertainment & Leisure	Dunkin Brands Group Inc. Cheesecake Factory Inc. Starbucks Corp.
	Transportation	Travelers Insurance Advance Auto Parts Inc. Ford Motor Co.
	Personal Expenses	Campbell Soup Co. Ralph Lauren Corp. Coca-Cola Bottling Co. Consolidated

No single stock can account for more than 2% of the equity half of the Index.

Steady, Consistent Growth

The chart below illustrates the performance of the S&P U.S. Retiree Spending Index compared to the well-known S&P 500® Index. The S&P U.S. Retiree Spending Index experienced steady growth over time.

Performance comparison



For additional performance information, please visit [US.SPindices.com](https://www.us.spindices.com) and search keyword SPRETIRE.

Average annual growth rate for the period 1/1/2000 to 12/31/2018

**S&P U.S. Retiree
Spending Index**
6.60%

S&P 500® Index
4.37%

Why Consider An S&P U.S. Retiree Spending Index Strategy?

When you purchase a fixed-indexed annuity from Great American Life Insurance Company®, you may have the opportunity to allocate money to an indexed strategy that earns interest based in part on the change in the S&P U.S. Retiree Spending Index.



Demographic shifts

As U.S. demographics shift in record numbers, certain economic sectors included in the Index are expected to perform well.



Balanced construction

The Index measures the performance of a balanced, multi-asset investment strategy across equities and fixed income, which helps reduce risk and volatility.



Steady growth

The diversified makeup of the Index and its volatility-reduction features could lead to steady growth over time.

For more information on the S&P U.S. Retiree Spending Index and indexed strategies available with your particular fixed-indexed annuity, please talk with your financial professional.

Source: S&P Dow Jones Indices LLC. Performance data as of December 31, 2018.

For more information on the S&P U.S. Retiree Spending Index, visit US.SPindices.com and search keyword SPRETIRE.

The launch date of the Index was September 26, 2016. Returns prior to the index launch date are back-tested. Back-tested performance is not actual performance, but is hypothetical. Back-tested returns were calculated using the same methodology that was in effect when the index was officially launched. Back-tested performance is subject to inherent limitations because it reflects application of an index methodology and selection of index constituents in hindsight. No theoretical approach can take into account all of the factors in the markets in general and the impact of decisions that might have been made during the actual operation of an index. Past performance does not guarantee future results.

If you allocate money to the S&P U.S. Retiree Spending indexed strategy, you aren't investing directly in the S&P U.S. Retiree Spending Index or the underlying indexes, companies or U.S. Treasuries.

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