

# Comparing Triggers and Caps

An indexed strategy with a performance trigger credits a fixed rate of interest when there is a flat or positive index return. An indexed strategy with a cap credits interest, up to the cap, when there is a positive index return. Trigger rates are typically lower than caps for other indexed strategies, which can mean less growth potential for your clients.

## Rolling returns

Using one-year rolling returns for the S&P 500® index from January 2000 through December 2017, you can see how an indexed strategy with a 6.50% cap would have outperformed a trigger strategy with a 5.00% trigger rate. The analysis includes more than 4,500 observations.

	Strategy with 5.00% Trigger Rate	Strategy with 6.50% Cap
Maximum Return	5.00%	6.50%
Average Return	3.54%	4.20%
Outperformer	10% of the time	60% of the time

During this time period, the trigger and cap strategies would have performed equally 30% of the time.

## Returns over last 10 years

The tables below show how a \$100,000 purchase payment would have grown over the last 10 years using the S&P 500® trigger strategy compared to the cap strategy.

Year	S&P 500 Index Return	Strategy with 5.00% Trigger Rate		Strategy with 6.50% Cap	
		Strategy Return	Account Value	Strategy Return	Account Value
2008	-38.49%	0.00%	\$100,000	0.00%	\$100,000
2009	23.45%	5.00%	\$105,000	6.50%	\$106,500
2010	12.78%	5.00%	\$110,250	6.50%	\$113,423
2011	-0.003%	0.00%	\$110,250	0.00%	\$113,423
2012	13.41%	5.00%	\$115,763	6.50%	\$120,795
2013	29.60%	5.00%	\$121,551	6.50%	\$128,647
2014	11.39%	5.00%	\$127,628	6.50%	\$137,009
2015	-0.73%	0.00%	\$127,628	0.00%	\$137,009
2016	9.54%	5.00%	\$134,010	6.50%	\$145,914
2017	19.42%	5.00%	\$140,710	6.50%	\$155,399
<b>Avg. Return</b>	<b>8.03%</b>	<b>3.50%</b>		<b>4.55%</b>	

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If a positive index return is below the trigger/cap, the trigger rate/index return is credited. The caps and triggers used in the tables are hypothetical. During the periods shown, the actual caps that we applied to our fixed-indexed annuities varied by product and from term to term. The caps that we might have applied during those periods would have been different and might have been significantly lower. We do not offer triggers with our fixed-indexed annuities. In addition, the one-year terms for our fixed-indexed annuities are not based on rolling periods or calendar years, but start on the 6th and 20th of each month.

These tables are not intended to show past or future performance of any indexed strategy. There is not one particular crediting method or indexed strategy that performs better than others in all market environments.

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