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INDEXED ANNUITIES--GOOD FINANCIAL MEDICINE

There are two primary dynamics of the lifetime personal wealth cycle. These are net worth expansion and net worth contraction. The elements that play into these dynamics are investment returns, changes in home equity, tax burdens, debt service obligations, employment-related income, ordinary household spending and extraordinary expenses. Each of these elements is constantly shifting.

During one's lifetime, net worth contraction is a probable but not certain outcome. However, most everyone should plan for this eventuality. One planning tool is the annuity, which is an insurance contract that produces a lifetime guaranteed monthly income stream. One particular class of annuities that we like is the indexed annuity. In fact, we at **DocOnomics** consider indexed annuities to be a core holding within the "safe harbor" portion of most portfolios.

In order to gain a thorough and advanced understanding of indexed annuities, we first immersed ourselves in the published research of leading academicians at institutions like the University of Pennsylvania's Wharton School of Finance and the Boston College Center for Retirement Research. Subsequent to our review of this material, we contacted several of the authors and were able to glean additional knowledge by engaging in constructive dialogue with them. We have concluded that indexed annuities offer a combination of fair pricing, flexible accumulation and payout options and reasonable opportunities for appreciation while safeguarding against loss of principal.

If you are looking to add more depth and diversity to the "safe harbor" portion of your portfolio and are not yet up to speed on indexed annuities, we'll be happy to send you additional information that you should find both enlightening and informative.

Contact Chris Gregory at chris@doconomics.com.