Taming a Bear

By Ron Adams | May 29, 2012 | Retirement Miracle

Years ago I trained animals for television and performed stunt work for movies. There were a few movies where you may have seen my face, but I was mostly a stunt double or behind-the-scenes animal trainer. I worked with the bear you knew as Ben in the late 1960s television series "Gentle Ben," but his real name was Bruno.

Working with large, exotic animals like Bruno can be unpredictable at times. There were days he was in a pretty good mood and very easy to work with. There were also days Bruno was cantankerous and did not want to cooperate. Those days were typically long and many times dangerous. We often thought we knew what Bruno was thinking, but he would surprise us do something totally different. Occasionally he could turn on a dime and change his behavior at the smallest drop of a hat.

You may have heard the term "Bear Market." There are a few possible origins of this phrase, but the most plausible dates back to the late 1700s. Bear skin brokers, known as jobbers, would often sell bear skins they did not yet have. They would sell them at the current market price and promise a future delivery date. Their hopes were that the price of bear skins would drop during that time giving them a higher profit. Nowadays, the term "Bear Market" is a market that is decreasing; the prices of stocks, for example, are going down. If you have money in the stock market and the prices are going down, then you may be losing money.

According to Russell Napier in his book *Anatomy of the Bear: Lessons from Wall Street's Four Great Bottoms*, there is a bear market every 3 years and a significant bear market every 8 years. Since 2000 we have experienced two major market downturns and times of major market fluctuation or volatility. I fear we have grown so accustomed to market volatility that we find it the new status quo. Have you glanced at your market account balance and nonchalantly thought to yourself, "It is down again." If so, this article may not be for you. I will focus on those of you who were a bit more distraught with the declination of your retirement accounts.

If you have been at all nervous about market downturns and the possibility of losing your current or future retirement funds, then you may be a more conservative investor. If you are 50 years old or older, you may be a more conservative investor. If not, maybe you should be. Unfortunately, the average person is more accustomed to a retirement account offered through their employer, most commonly a 401(k). While contributing to a 401(k) can be beneficial, it should not be the only retirement account you have, especially if there are no guarantees involved.

Yes, there are still guarantees in this world, even dealing with your money. I suggest you add some of those guarantees to your retirement plan so you do not have to solely rely on the market for your retirement. Do you think the market will perform better or worse over the next five years? What about 10 years? If you think there may be another significant bear market in the future? Do you want to avoid potential losses in a down market? If you are concerned, then a Fixed Index Annuity (FIA) may benefit you.

Fixed Index Annuities offer

• Protection of principal

• Protection of added gains

• Potential to accumulate interest

• Guaranteed contract value

• Income for life

• And more

FIAs are not technically considered an investment because you cannot lose any money. **What a great concept—not losing money even when the market goes down. Basically, you link your FIA to a market index, like the S&P 500 for example, and ride the index up. When the index goes down, your account balance is protected.** You cannot and will not lose a penny due to market downs, thus protecting your original principal and all the gains your FIA has accumulated. You can link your FIA to many different indices, even within the same account. Some FIAs have caps, or maximum interest per year, while others have unlimited potential similar to the market.

One of the greatest features of some FIAs is the guarantee they provide and the lifetime income they can give you. Would you like a paycheck for life? Essentially, you are guaranteed an interest rate each year, some currently as high as 8%. According to the Rule of Seventy-Two, an 8% gain per year would double your money in about 9 years. That does not even consider how the market performs! At some point down the road you can choose to receive an income you cannot outlive. You will receive that income until the day you pass away, even if your accumulation account reaches a zero balance. If it does not reach a zero balance before you pass, then the remaining accumulation balance passes to your beneficiaries.

There are other features out there as well. Many FIAs also offer up-front bonuses, some around 10%, though some offer less and others offer more. That money may help you recoup some of the money you lost in your current retirement account like your 401(k). Some FIAs may also double your payout in the event you go to a nursing home. Others may offer an additional death benefit or payout to your beneficiaries.

There are so many annuities out there, some better than others. Take advantage of these protected accounts and secure your retirement. No longer do you have to watch your retirement accounts decline in the stock market. When the market behaves a bit like Bruno on a bad day and takes an unpredicted downturn, an FIA can tame that bear so your accounts are safe. You can be confident that your retirement account is protected in a fixed index annuity.