

# Annual Point to Point Participation Rate Index Interest Strategy

An Opportunity for Greater Potential Returns

The Keystone Index™ 5 Annuity



When it comes to Fixed Indexed Annuities, insurance professionals and their clients have a multitude of index interest crediting strategies and alternative indices to choose from. At Reliance Standard, we try to keep life simple by using one widely recognized equity index, the S&P 500<sup>®1</sup>, and simple index interest crediting strategies.

- With a history dating back to 1957, the S&P 500<sup>®1</sup> index has long been regarded as the best single gauge of the U.S. equities markets. It includes 500 widely held U.S. companies and captures approximately 80% of available market capitalization.
- The long history of the S&P 500<sup>®1</sup> index eliminates the hypothetical back-testing of recently created indices, such as volatility controlled indices, and the potential of hindsight bias or limits associated with such indices.
- Reliance Standard's index interest calculations use either the annual point to point or annual monthly average methods to calculate the index change for a contract year. Then either a cap or participation rate is applied to the index change to determine the index interest for that year.

All index interest strategies offer the opportunity for interest earnings above and beyond that of traditional fixed annuities or other short term fixed income alternatives. Different types of index interest strategies will produce different returns, depending on the performance of the S&P 500<sup>®1</sup> index over each contract year.

## S&P 500<sup>®1</sup> Calendar Year Returns (1995-2022)

In 16 of the last 28 calendar years, the S&P 500<sup>®1</sup> index has increased by greater than 10%.

Performance Range	0% or less	0% to 10%	10% to 20%	20% to 30%	30% and above
Occurrence	7 Times	5 Times	7 Times	7 Times	2 Times
Actual Annual Return	-38.49% (2008)	0.003% (2011)	11.39% (2014)	20.26% (1996)	31.01% (1997)
	-23.37% (2002)	3.00% (2005)	12.78% (2010)	23.45% (2009)	34.11% (1995)
	-19.44% (2022)	3.53% (2007)	13.41% (2012)	26.38% (2003)	
	-13.04% (2001)	8.99% (2004)	13.62% (2006)	26.67% (1998)	
	-10.14% (2000)	9.54% (2016)	16.26% (2020)	26.89% (2021)	
	-0.73% (2015)		19.42% (2017)	28.88% (2019)	
	-6.24% (2018)		19.53% (1999)	29.60% (2013)	

The Annual Point to Point Participation Rate strategy offers the potential for greater interest earnings than many other index interest strategies. With the participation rate strategy, the interest earnings for a contract year are equal to the positive change for the S&P 500<sup>®1</sup> index multiplied by a participation rate. With a cap rate strategy, the interest earnings for a contract year are equal to the positive change for the S&P 500<sup>®1</sup>, up to the cap rate. During a contract year when the S&P 500<sup>®1</sup> index has a high return, the interest credited will typically be higher using the participation rate strategy than it would be using a cap rate strategy.

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