Let me pose this question, do you insure your home? Your Cars? Your valuable possessions?

Of course, you do. Why? You pass that obligation to a risk bearer, an insurance company, because you do not want to be exposed to risk or loss. It is human nature to wish to protect our possessions if something devastating occurs.

Now let me ask a critical follow-up question, do you insure your investments? Your retirement accounts? The sad fact is that many people do not take the same precautions for their essential money.

If your investments are in risk-based assets like stocks, bonds, mutual funds, and variable annuities, you may be exposing these investments to market risk. I am sure we all remember those dark days back in 2008. Remember how many people saw their investment accounts cut in half, or even more with the financial crisis of 2009?

As a result, many of these same people who were ready to retire had to keep working for many extra years. Imagine if they would have taken the time to place an insurance policy on their investments in 2007. Do you think they would have been quite happy about it at the end of 2008?

Why do you think insurance companies have become such a broad category in our country? It’s because they serve a crucial role; they are the risk bearer for almost every part of our lives. Fire, theft, personal liability.

Did you know there are equally large companies that specialize in insuring your retirement nest egg? They work the same way; only focusing on protecting your money from market loss. They are called annuity companies.

Let’s look at an example if you had $250,000 in an IRA and placed investment insurance on it in 2007. At the end of 2008, you would have still had $250,000 in your IRA. You would not have lost a dime! Many investors who were in the market lost over 50% by the end of 2008 and 2009.

It gets even better when the markets decided to stage a long rally in 2010; the money you had in this IRA would have enjoyed the contractual growth returns on the upside. Your gains from 2010-2019 would be locked in because of your foresight to insure your vital retirement funds. We call this “annual reset.” Every year, when the market goes positive, your account receives the contractual gain, and it’s locked, and the growth is added to your guaranteed principal for the following year.

For example, you have $100,000 in your account, and your share of the firsy year the market returns is 5%, now your account is worth $105,000. Let’s say in the 2nd year the market drops 20%, bad news, right? Not for you. Your insured account still is worth $105,000. In the 3rd year, your contractual market gains another 5%; now, you get 5% more on the $105,000, and this gain is locked in for the following year.

What is this miracle insurance policy? It is called a **Fixed Interest Annuity,** and it is rapidly becoming the single most important product in the United States. Your funds can only increase; they are never subject to market risk.

Think of a Fixed Indexed Annuity as sleep insurance; you will sleep better at night!

Lawrence Castillo is a member of *Syndicated Columnists*, a national organization committed to a fully transparent approach to money management.

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'Layin' it on the line'
By Lawrence Castillo
Guest Columnist