What if my policy doesn't perform?

Let us "break it" down for you (no pun intended).

It's the first question every client asks, so we went and answered it properly. Instead of testing against just two rough patches, we pulled every 12-month stretch the S&P 500 has ever recorded, entering on the 14th of every month, all the way back to 1928, the earliest point daily market data exists. That's nearly 100 years and 1,173 overlapping starting points, every crash and recovery this country has been through. We didn't cherry-pick which years to include; we simply couldn't test any further back than the data goes. Here's what that record shows, and why it's the reason we stress test at all.

1 Zero doesn't mean zero return

The floor on a policy like this is 0%, which sounds like "the market went nowhere." It almost never means that — it means the market went *negative*, and the floor absorbed the loss.

31%
of all 1,173 entry points were negative in the raw market, and every one was credited at 0%, not less

-66.0%
the worst 12 months on record (Jul 1932), credited as 0%, not -66.0%

0%
the lowest a policy has ever been credited, in any of the 1,173 periods tested

Average the capped and uncapped outcomes together, going all the way back to 1928, and those 0% years still land you near a 7.3% average rate of return. A 0 is a 0, not a -66.0%. That's why we went all the way back to the beginning instead of picking a convenient stretch — come to our next meeting and we'll walk through exactly why it holds up.

2 Why the index crediting matters

The cap and the floor aren't free: they trade away some of the best years for protection in the worst ones. The 100-year record shows exactly what that trade costs, and what it buys.

8.19%
average return, raw uncapped market, across every 12-month period

6.46%
average credited return at today's cap & floor, giving up ~1.72% for zero down years

9.37%
median raw 12-month return, higher than the average since a few extreme years pull the mean down

46%
of periods hit the cap outright: the design spends more time at the ceiling than at the floor

Cap, floor, and participation rate shown reflect today's carrier terms only. They are declared annually by the carrier and are not guaranteed to stay at these levels.

Uncapped, the range runs from -66% to +147% depending on the 12 months you picked. Capped and floored, the range every single time is 0% to 11%. That collapse in range is the entire point of the product.

THE BOTTOM LINE

This isn't the two worst decades we could find. It's every decade the public S&P 500 record allows, back to the start of the index. Up next: whether the financed loan still pays for itself, and why none of this depends on timing the market.

3 Does the loan still pay for itself?

The 98-year test on the next page covers crediting: what the index actually pays. It doesn't cover the loan, because there isn't 98 years of daily loan-rate data to run the same way. So we stress the loan side differently: against the two toughest borrowing climates on record, the same two the original version of this deck used before we expanded the crediting side.

1980s–90s Rate Spike

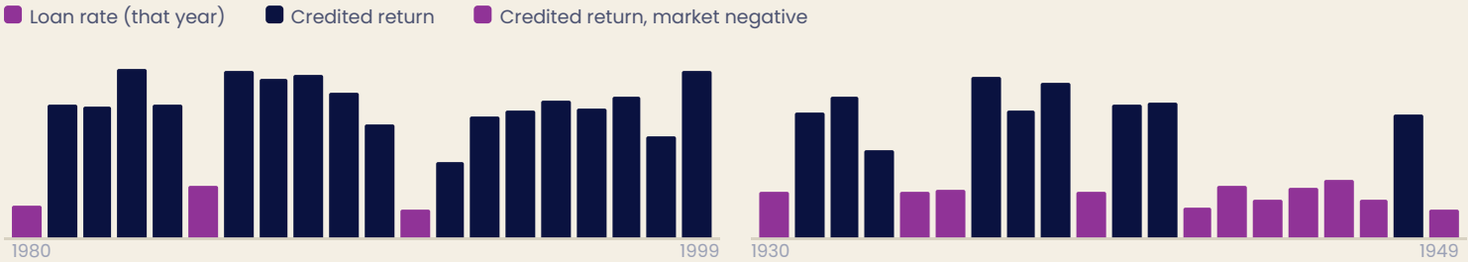
1980–1999, Fed Funds–pegged loan

Average loan rate	**7.62%**
Average credited return	**9.66%**
Average annual spread	**+2.04%**
Years credit < loan cost	**6 of 20**

The Great Depression

1930–1949, loan held flat at 4.00%

Average loan rate	**4.00%**
Average credited return	**4.51%**
Average annual spread	**+0.51%**
Years credit < loan cost	**12 of 20**



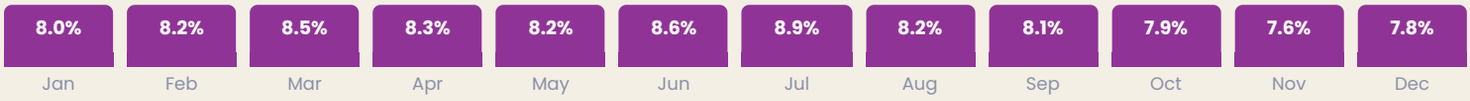
Averaged over each 20-year window, credited return outpaced the loan rate in both eras: by about 2 points a year through the rate spike, and just over half a point a year through the Depression, even with the loan held at a flat 4% for two straight decades.

That average hides real years where it didn't work out that way: credit fell short of that year's loan cost in 6 of 20 years in the rate spike, and 12 of 20 in the Depression era. That's not a flaw we're hiding; it's exactly why the plan isn't structured to be paid off year by year. Cash value compounds over the life of the loan. A handful of flat or expensive years leans on that accumulated value; it doesn't break the design on its own.

Loan rate modeling reflects the same two historical stress scenarios used in this framework's original version. It is not a projection of future borrowing costs, which move with the carrier's general account yield and market interest rates.

4 This isn't timing the market

Every year resets. The client isn't betting on picking the right month to start; they're betting on the design holding up no matter which month they started. We tested all twelve entry months separately, all the way back to 1928.



Every entry month lands inside a 1.3%-point band: November is the softest at 7.6%, July the strongest at 8.9%. Whichever month a client signs on the 14th, the long-run math is nearly identical. That's not luck. It's the annual reset doing its job.

5 This is why we test

Below is every one of the 98 calendar years on record, 1929 through 2026, at today's cap and floor. Coral is a year the raw market went negative. Bold is a year that hit the cap.

Year	Market	Credited
1929	**39.9%**	**11.00%**
1930	-12.3%	0.00%
1931	-26.6%	0.00%
1932	-43.8%	0.00%
1933	-18.5%	0.00%
1934	**38.9%**	**11.00%**
1935	-8.9%	0.00%
1936	**50.5%**	**11.00%**
1937	**28.0%**	**11.00%**
1938	-33.7%	0.00%
1939	5.4%	5.38%
1940	-1.6%	0.00%
1941	-11.3%	0.00%
1942	-16.2%	0.00%
1943	11.0%	10.98%
1944	**18.5%**	**11.00%**
1945	**15.0%**	**11.00%**
1946	**34.4%**	**11.00%**
1947	-18.9%	0.00%
1948	0.5%	0.54%
1949	1.9%	1.94%
1950	9.4%	9.38%
1951	**26.6%**	**11.00%**
1952	**14.4%**	**11.00%**
1953	7.9%	7.95%

Year	Market	Credited
1954	-3.4%	0.00%
1955	**40.1%**	**11.00%**
1956	**26.6%**	**11.00%**
1957	2.7%	2.66%
1958	-11.3%	0.00%
1959	**36.8%**	**11.00%**
1960	5.0%	5.00%
1961	2.1%	2.05%
1962	**16.8%**	**11.00%**
1963	-6.3%	0.00%
1964	**17.1%**	**11.00%**
1965	**12.4%**	**11.00%**
1966	8.9%	8.92%
1967	-9.6%	0.00%
1968	**14.4%**	**11.00%**
1969	4.6%	4.56%
1970	-9.4%	0.00%
1971	1.3%	1.25%
1972	**11.4%**	**11.00%**
1973	**15.4%**	**11.00%**
1974	-21.7%	0.00%
1975	-23.3%	0.00%
1976	**35.5%**	**11.00%**
1977	7.1%	7.08%
1978	-13.8%	0.00%

Year	Market	Credited
1979	**11.4%**	**11.00%**
1980	10.5%	10.46%
1981	**20.9%**	**11.00%**
1982	-13.4%	0.00%
1983	**26.9%**	**11.00%**
1984	**13.9%**	**11.00%**
1985	2.1%	2.09%
1986	**21.2%**	**11.00%**
1987	**27.1%**	**11.00%**
1988	-6.4%	0.00%
1989	**15.5%**	**11.00%**
1990	**19.7%**	**11.00%**
1991	-8.1%	0.00%
1992	**34.5%**	**11.00%**
1993	3.7%	3.69%
1994	8.9%	8.94%
1995	-1.9%	0.00%
1996	**29.2%**	**11.00%**
1997	**27.8%**	**11.00%**
1998	**24.6%**	**11.00%**
1999	**26.5%**	**11.00%**
2000	**20.9%**	**11.00%**
2001	-10.0%	0.00%
2002	-13.7%	0.00%
2003	-18.2%	0.00%

Year	Market	Credited
2004	**21.3%**	**11.00%**
2005	4.8%	4.78%
2006	8.7%	8.70%
2007	**11.1%**	**11.00%**
2008	-1.0%	0.00%
2009	-40.5%	0.00%
2010	**36.3%**	**11.00%**
2011	**12.6%**	**11.00%**
2012	-0.3%	0.00%
2013	**14.1%**	**11.00%**
2014	**25.0%**	**11.00%**
2015	9.4%	9.37%
2016	-4.4%	0.00%
2017	**18.4%**	**11.00%**
2018	**22.5%**	**11.00%**
2019	-7.3%	0.00%
2020	**27.1%**	**11.00%**
2021	**15.6%**	**11.00%**
2022	**22.9%**	**11.00%**
2023	-14.2%	0.00%
2024	**19.6%**	**11.00%**
2025	**22.1%**	**11.00%**
2026	**18.5%**	**11.00%**

THE VERDICT

Across 98 calendar years and 1,173 overlapping 12-month windows (the Depression, the '80s rate spike, 2000, 2008, 2022, all of it), the floor never broke. 31 years would have been negative in the raw market; all 31 were credited at 0%. 67 were positive and 47 years hit the cap. The client never sees the -66% year.

Questions advisors ask us

Before you pick up the phone, here's how we'd answer the follow-ups this framework tends to invite.

Q. What if the market crashes right after my client funds the policy?*

That's exactly what the floor is for. Of the 1,173 twelve-month windows tested, including ones starting right before the worst crashes on record (1929, 1932, 2008), every single one was credited at 0%, never negative. Cash value doesn't fall with the market; it pauses for that period.

**Total policy charges will be deducted from cash value.*

Q. Why did we test for 98 years?

Because stress testing only means something if it can't be accused of cherry-picking. We went all the way back to the beginning of the public S&P 500 record, 1929, since the earliest crash years are exactly the ones a hand-picked test would be tempted to leave out. Testing every calendar year the data allows removes that question entirely.

Q. What happens if the loan rate rises faster than the credited return in a given year?

Rises can rise and we've experience this, it's a reality for us. 6 of 20 years in the rate-spike era and 12 of 20 in the Depression era saw credit fall short of that year's loan cost. What matters is the average spread over the life of the loan, which held positive through both. One rough year doesn't break the design; it's built to absorb some.

Q. Is any of this guaranteed?

No. This is a hypothetical illustration built on historical index performance and current cap, floor, and loan-rate assumptions, not a projection of future results. Policy performance and financing terms include both guaranteed and non-guaranteed elements, and actual outcomes will differ.

Important disclosures. The Stream Plan is designed for accredited investors and is not suitable for all clients, as it involves risk. The indexed universal life insurance policy referenced is issued by a third-party life insurance company and involves both guaranteed and non-guaranteed elements, including the cap, participation rate, and floor, all of which are declared by the issuing carrier and are subject to change; historical crediting shown here is not indicative of future crediting. Policy performance and financing terms are not guaranteed. Illustrations and projections in this document are hypothetical, for educational purposes only, and do not guarantee future results; actual outcomes may differ materially. This material is not tax, legal, or investment advice; please consult independent advisors. Product availability, terms, and carrier offerings, including those referenced from National Life Group, vary by state and case design and are subject to carrier underwriting and approval.

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