Sequence of Returns Risk

How an early poor performing market can adversely affect the life of your account.

When planning for retirement the ultimate goal is to keep what you have and continue to add to it. If you plan to supplement living expenses from your portfolio and make withdrawals, then Sequence of Returns Risk should be a consideration. When taking regular withdrawals from a stock market investment, a poor market performance in the early years of retirement can dramatically reduce the value of your hard-earned savings over time, leaving you with much less than you hoped for or even run out of money.

Both Bob and Susan begin with $500,000 retirement account:

Bob chose a Market Strategy

- Withdrawals of 6% annually to supplement living expenses in retirement.
- Bob's retirement account absorbs the unfavorable market performance.
- Receives all the market gains in the 4th year then has favorable gains.
- Account has an overall average return of 7.1% outperforming Susan's FIA.
- Due to the impact of Sequence of Returns Bob runs out of money in year 14.

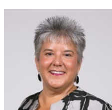
Susan chose (FIA) Fixed Indexed Annuity Strategy

- Withdrawals of 6% annually to supplement living expenses in retirement.
- Susan's FIA has a floor, and her principle stays in place during the unfavorable years.
- Receives some gains as she is participating in the market not directly investing in the market.
- Account has an overall average return of 5.6% underperforming compared to Bob.
- Susan has now withdrawn $660,000 and still $226,691 in her account.

	Bob S&P Values Market Strategy			**Susan Annuity (FIA) Fixed Indexed Annuity Strategy**		
Year (Jan 1 - Dec 31)	**Beginning Year Balance**	**Historical Return**	**Annual withdrawal**	**Beginning Year Balance**	**Historical Return**	**Annual withdrawal**
2000	$500,000	-10.1%	$30,000	$500,000	0.0%	$30,000
2001	$419,304	-13.0%	$30,000	$470,000	0.0%	$30,000
2002	$334,616	-23.4%	$30,000	$440,000	0.0%	$30,000
2003	$226,429	26.4%	$30,000	$410,000	13.2%	$30,000
2004	$256,162	9.0%	$30,000	$434,080	4.5%	$30,000
2005	$249,200	3.0%	$30,000	$423,599	1.5%	$30,000
2006	$226,679	13.6%	$30,000	$399,955	6.8%	$30,000
2007	$227,551	3.5%	$30,000	$397,191	1.8%	$30,000
2008	$205,583	-38.5%	$30,000	$374,201	0.0%	$30,000
2009	$96,463	23.5%	$30,000	$344,201	11.7%	$30,000
2010	$89,087	12.8%	$30,000	$354,566	6.4%	$30,000
2011	$70,475	0.0%	$30,000	$347,227	0.0%	$30,000
2012	$40,473	13.4%	$30,000	$317,227	6.7%	$30,000
2013	$15,898	29.6%	$20,604	$308,490	14.8%	$30,000
2014	$0	11.4%	Exhausted	$324,149	5.7%	$30,000
2015	$0	-0.7%	Exhausted	$312,610	0.0%	$30,000
2016	$0	9.5%	Exhausted	$282,610	4.8%	$30,000
2017	$0	19.4%	Exhausted	$266,084	9.7%	$30,000
2018	$0	-6.2%	Exhausted	$261,894	0.0%	$30,000
2019	$0	30.4%	Exhausted	$231,894	15.2%	$30,000
2020	$0	16.1%	Exhausted	$237,176	8.1%	$30,000
2021	$0	26.9%	Exhausted	$226,269	13.4%	$30,000
	End of Period Balance	**Average Return**	**Total Withdrawals**	**End of Period Balance**	**Average Return**	**Total Withdrawals**
	$0	**7.1%**	**$410,604**	**$226,691**	**5.6%**	**$660,000**

Because you can't predict what the market will do, it's important to plan for the worst.
Let's talk about how you can guard against "the luck of the draw" by diversifying
your retirement portfolio by including sources of guaranteed income, like annuities.

For your personalized illustration book your call today, scan the QR Code or click the link.



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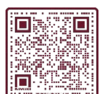

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