

MITIGATE SEQUENCE-OF-RETURN RISK WITH ANNUITIES

A challenge that retirees may face when relying primarily on investment portfolios for income is the sequence-of-return risk; **the potential impact of market downturns early in retirement**, which can significantly erode the value of a portfolio and potentially lead to premature depletion.



Jake is 65 and wants to draw retirement income from his portfolio each year. He worries about the impact of negative market performance - especially if it happens right away:

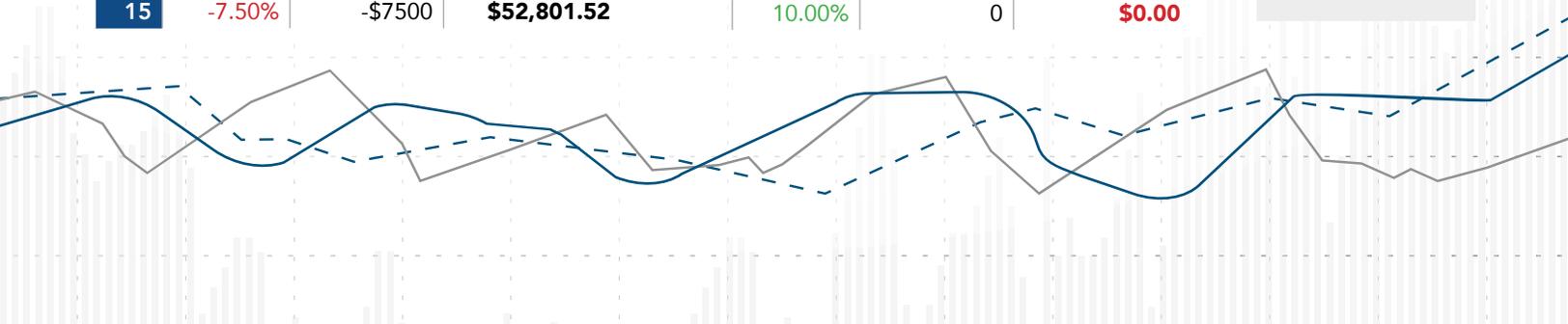
A. If negative returns occur later, Jake's funds may last longer.

Year	Return %	Withdrawal	Balance
			\$100,000.00
1	10.00%	-\$7500	\$102,500.00
2	9.50%	-\$7500	\$104,737.50
3	9.00%	-\$7500	\$106,663.88
4	8.50%	-\$7500	\$108,230.30
5	8.00%	-\$7500	\$109,388.73
6	7.50%	-\$7500	\$110,092.88
7	7.00%	-\$7500	\$110,299.39
8	6.50%	-\$7500	\$109,968.85
9	6.00%	-\$7500	\$109,066.98
10	5.50%	-\$7500	\$107,565.66
11	5.00%	-\$7500	\$105,443.94
12	-6.00%	-\$7500	\$91,617.31
13	-6.50%	-\$7500	\$78,162.18
14	-7.00%	-\$7500	\$65,190.83
15	-7.50%	-\$7500	\$52,801.52

B. If negative returns occur sooner, Jake's funds could run out early.

Return %	Withdrawal	Balance
		\$100,000.00
-7.50%	-\$7500	\$85,000.00
-7.00%	-\$7500	\$71,550.00
-6.50%	-\$7500	\$59,399.25
-6.00%	-\$7500	\$48,335.30
5.00%	-\$7500	\$43,252.06
5.50%	-\$7500	\$38,130.92
6.00%	-\$7500	\$32,918.78
6.50%	-\$7500	\$27,558.50
7.00%	-\$7500	\$21,987.59
7.50%	-\$7500	\$16,136.66
8.00%	-\$7500	\$9,927.60
8.50%	-\$7500	\$3,271.44
9.00%	-\$3566	\$0.00
9.50%	0	\$0.00
10.00%	0	\$0.00

ALTHOUGH BOTH SCENARIOS AVERAGE A 3.00% RETURN OVERALL, IF LOSSES OCCUR IN EARLIER YEARS, THE EROSION TO FUTURE GROWTH MAY NOT BE RECOVERABLE.





Jake could consider a Fixed Indexed Annuity (FIA) with an income benefit rider where his \$100,000 could secure competitive annual income payouts for the rest of his life, with **NO SEQUENCE-OF-RETURN RISK!**

When incorporating a FIA for income in a retirement strategy, it could help offset sequence-of-return risk by:

- ▶ Creating a reliable and consistent income stream, while helping to preserve the long-term sustainability of a portfolio.
- ▶ Transferring risk to the annuity carrier. This creates a foundation that could withstand market loss and may include additional guarantees.
- ▶ Acting as a financial buffer during bear markets, retirees would not be forced to sell assets at depressed values to fund living expenses.
- ▶ Providing financial peace of mind by reducing stress associated with market volatility.

These safeguards could help empower retirees to keep the rest of their funds invested in the market for potential long-term growth without being overly concerned about short-term fluctuations.

By combining annuities with other retirement assets, such as stocks and bonds, advisors can help clients strike a balance between growth potential and risk mitigation. When income sources are diversified, you could help your clients **CREATE A MORE RESILIENT AND RELIABLE RETIREMENT STRATEGY** that may better withstand the challenges posed by sequence-of-return risk.

An annuity is not a security and is not an investment in the stock market. Index account interest is based, in part, on index performance. Past performance of an index is not an indication of future performance. Annuities are underwritten and issued through United Life Insurance Company. The company's financial strength and claims-paying ability back its guarantees. Not FDIC/NCUA insured • Charges may apply • Not bank/CU guaranteed • Not a deposit • Not insured by any federal agency • May go down in value

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