

# Going against the **GRAIN**

## Annuity

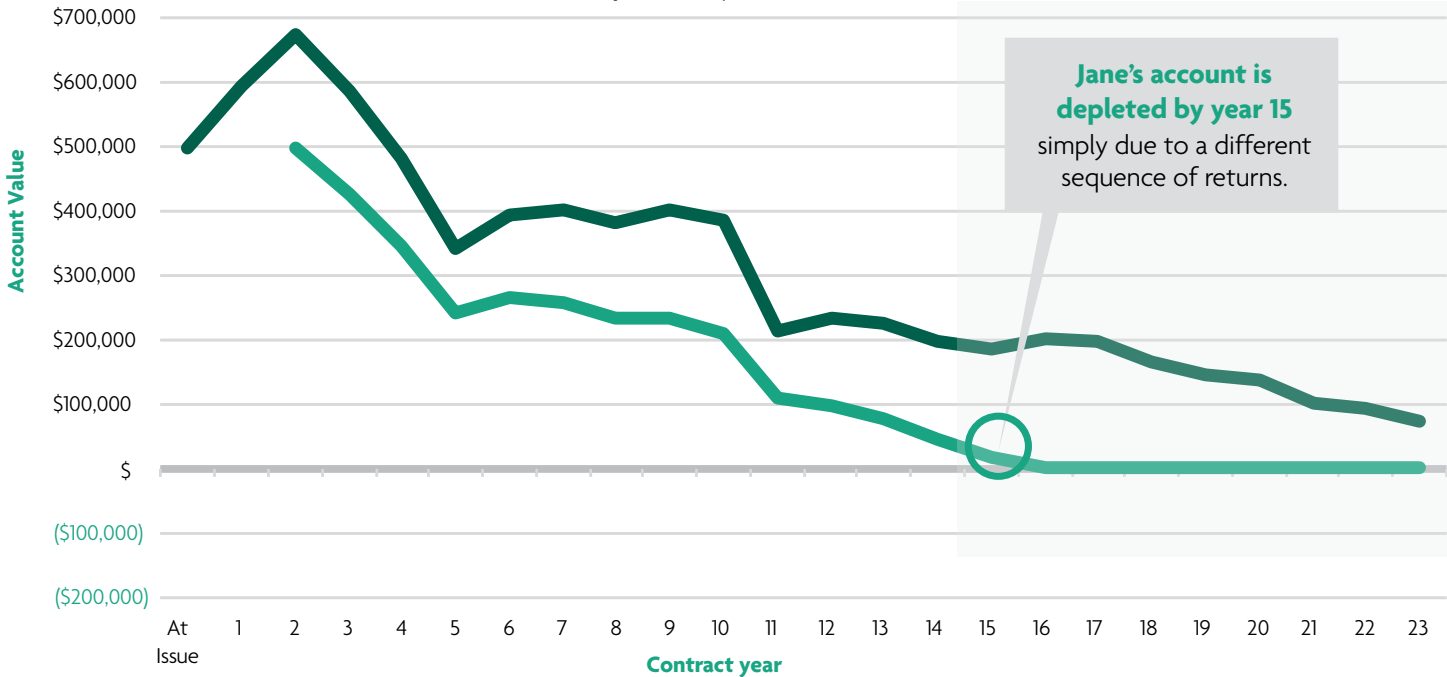
### Drawdown drawbacks

Could a sequence of returns deplete your savings?

When it comes to generating sustainable retirement income, many people only think of an average rate of return needed on their assets. However, what might be more important is not the “average” return but the order of the returns. In the two hypothetical examples provided, George retires and begins taking withdrawals in 1998 and Jane begins taking withdrawals just two years later in 2000. Both have \$500,000 at the time they begin withdrawals. 21 years later, with just a difference of two years from when withdrawals started, George still has over \$100,000 while Jane’s account is depleted by year 15.

Date	Year	Index Value	Gain/Loss	George	Jane
12/31/97	At issue	970.43	-	\$500,000	-
12/31/98	1	1229.23	26.67%	\$595,342	-
12/31/99	2	1469.25	19.53%	\$675,731	\$500,000
12/29/00	3	1320.28	-10.14%	\$580,259	\$422,346
12/31/01	4	1148.08	-13.04%	\$478,491	\$341,173
12/31/02	5	879.82	-23.37%	\$343,697	\$238,465
12/31/03	6	1111.92	26.38%	\$396,451	\$263,459
12/31/04	7	1211.92	8.99%	\$399,408	\$254,455
12/30/05	8	1248.29	3.00%	\$380,494	\$231,190
12/29/06	9	1418.3	13.62%	\$398,229	\$228,591
12/31/07	10	1468.36	3.53%	\$381,226	\$205,601
12/31/08	11	903.25	-38.49%	\$216,054	\$108,019
12/31/09	12	1115.1	23.45%	\$229,691	\$96,318
12/31/10	13	1257.64	12.78%	\$225,217	\$74,796
12/30/11	14	1257.6	0.00%	\$195,211	\$44,794
12/31/12	15	1426.19	13.41%	\$187,359	\$16,777
12/31/13	16	1848.36	29.60%	\$203,939	-
12/31/14	17	2058.9	11.39%	\$193,751	-
12/31/15	18	2043.94	-0.73%	\$162,562	-
12/31/16	19	2238.83	9.54%	\$145,201	-
12/29/17	20	2673.61	19.42%	\$137,573	-
12/31/18	21	2506.85	-6.24%	\$100,864	-
12/31/19	22	3230.78	28.88%	\$91,328	-
12/31/20	23	3756.07	16.26%	<b>\$71,299</b>	-

Assumptions: Initial premium \$500,000, annual withdrawal \$30,000, S&P 500® index



The sequence of returns



Talk to your financial professional for details.

Source for charts: <https://www.officialdata.org/us/stocks/s-p-500/>

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**Talk to your financial professional for details.**