# Don't Let a Down Market Change Your Retirement Plans

**You work hard to accumulate assets to meet your retirement income needs**, and you want to make sure they are protected from market volatility.

However, most people don't consider how the timing of market volatility can impact them as they are saving for retirement as well as once they start to take income in retirement.

## Market Volatility While You're *Accumulating Assets*

The following example demonstrates what a hypothetical $20,000 would grow to after 27 years.

The two charts use the same set of annual returns, the only difference is *the order of the returns has been reversed* between the two to show the effects of strong early returns compared to negative early returns.

### Scenario Results

- Same average annual return
- Same ending value of a little over $147,000

**The timing of negative market returns can have short term impacts as you are saving for retirement, but as you can see, the timing is less impactful over the long term.**

| | Favorable Sequence of Returns<br>Strong returns in the early years | | Unfavorable Sequence of Returns<br>Weak returns in the early years | |
|---|---|---|---|---|
| Age | Annual Return<br>N/A | Balance<br>$20,000 | Annual Return<br>N/A | Balance<br>$20,000 |
| 38 | [redacted] | 22,952 | [redacted] | 12,302 |
| 39 | [redacted] | 26,916 | 3.53% | 12,736 |
| 40 | [redacted] | 27,293 | 13.62% | 14,471 |
| 41 | [redacted] | 34,479 | 3.00% | 14,905 |
| 42 | [redacted] | 39,520 | 8.99% | 16,245 |
| 43 | [redacted] | 40,322 | 26.38% | 20,530 |
| 44 | [redacted] | 45,322 | -23.37% | 15,733 |
| 45 | [redacted] | 57,672 | -13.04% | 13,681 |
| 46 | -6.56% | 53,889 | -10.14% | 12,294 |
| 47 | 26.31% | 68,067 | 19.53% | 14,695 |
| 48 | 4.46% | 71,103 | 26.67% | 18,614 |
| 49 | 7.06% | 76,122 | 31.01% | 24,386 |
| 50 | -1.54% | 74,950 | 20.26% | 29,326 |
| 51 | 34.11% | 100,516 | 34.11% | 39,330 |
| 52 | 20.26% | 120,880 | -1.54% | 38,724 |
| 53 | 31.01% | 158,365 | 7.06% | 41,458 |
| 54 | 26.67% | 200,601 | 4.46% | 43,307 |
| 55 | 19.53% | 239,778 | 26.31% | 54,701 |
| 56 | -10.14% | 215,465 | -6.56% | 51,113 |
| 57 | -13.04% | 187,368 | [redacted] | 65,041 |
| 58 | -23.37% | 143,580 | [redacted] | 73,106 |
| 59 | 26.38% | 181,457 | [redacted] | 74,590 |
| 60 | 8.99% | 197,769 | [redacted] | 85,495 |
| 61 | 3.00% | 203,703 | [redacted] | 108,006 |
| 62 | 13.62% | 231,447 | [redacted] | 109,518 |
| 63 | 3.53% | 239,617 | [redacted] | 128,432 |
| 64 | [redacted] | **147,388** | [redacted] | **147,388** |
| Avg. Annual Return | **9%** | | **9%** | |

## Market Volatility as You're *Taking Income*

This next example shows a totally different story once you begin taking income.

This example shows a hypothetical account balance of $150,000 at retirement with $7,500 in income being withdrawn each year. Similar to the first scenario, we reversed the order of the market returns.

### Scenario Results

- Same average annual return
- Drastically different balance with one running out of money

**As you can see, the timing of negative market returns can have a significant impact when you start taking income.**

| | Favorable Sequence of Returns<br>Strong returns in the early years | | Unfavorable Sequence of Returns<br>Weak returns in the early years | |
|---|---|---|---|---|
| Age | Annual Return | Balance | Annual Return | Balance |
| | N/A | $150,000 | N/A | $150,000 |
| 65 | [redacted] | 164,640 | [redacted] | 84,765 |
| 66 | [redacted] | 185,573 | 3.53% | 80,257 |
| 67 | [redacted] | 180,671 | 13.62% | 83,688 |
| 68 | [redacted] | 220,742 | 3.00% | 78,699 |
| 69 | [redacted] | 245,515 | 8.99% | 78,274 |
| 70 | [redacted] | 242,999 | 26.38% | 91,423 |
| 71 | [redacted] | 265,630 | -23.37% | 62,557 |
| 72 | [redacted] | 330,515 | -13.04% | 46,900 |
| 73 | -6.56% | 301,333 | -10.14% | 34,644 |
| 74 | 26.31% | 373,114 | 19.53% | 33,910 |
| 75 | 4.46% | 382,254 | 26.67% | 35,454 |
| 76 | 7.06% | 401,742 | 31.01% | 38,948 |
| 77 | -1.54% | 388,055 | 20.26% | 39,339 |
| 78 | 34.11% | 512,920 | 34.11% | 45,257 |
| 79 | 20.26% | 609,338 | -1.54% | 37,060 |
| 80 | 31.01% | 790,794 | 7.06% | 32,177 |
| 81 | 26.67% | 994,198 | 4.46% | 26,112 |
| 82 | 19.53% | 1,180,865 | 26.31% | 25,482 |
| 83 | -10.14% | 1,053,626 | -6.56% | 16,310 |
| 84 | -13.04% | 908,733 | [redacted] | 13,255 |
| 85 | -23.37% | 688,862 | [redacted] | 7,399 |
| 86 | 26.38% | 863,084 | [redacted] | 49 |
| 87 | 8.99% | 933,175 | [redacted] | **$0.00 Money Runs Out** |
| 88 | 3.00% | 953,670 | [redacted] | |
| 89 | 13.62% | 1,076,060 | [redacted] | |
| 90 | 3.53% | 1,106,545 | [redacted] | |
| 91 | [redacted] | **673,136** | [redacted] | |
| Avg. Annual Return | **9%** | | **9%** | |

## Life Insurance: *A Solution for Reducing the Impact of Market Volatility*

It is impossible to predict the market conditions that you may face in retirement, so it's important to diversify your retirement income sources. Permanent Life Insurance is a powerful non-correlated asset that can:

- Provide death benefit protection
- Serve as an alternative source of retirement income
- Add protection from market volatility
- Help strengthen your retirement portfolio.

Contact me to learn more about diversifying your retirement assets to help guard against the risk of market volatility.

Hypothetical examples are for illustrative purposes only, and past performance is not indicative of future results. Annual returns based on the S&P 500® Index from 1982-2008. There is no assurance that a diversified portfolio will achieve a better return than a non-diversified portfolio. All guarantees are based on the claims paying ability of the issuer.

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