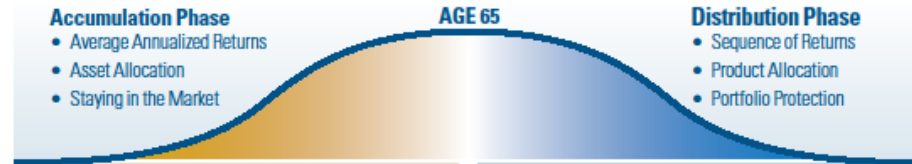


Why the Sequence of Returns Matters



The sequence of returns may have less of an impact on the portfolio of a long-term individual who is accumulating assets for retirement. However, during retirement, the interplay between an individual's rate of withdrawal and the sequence of returns can have a dramatic impact on a portfolio's overall ability to last.

Factors Affecting Portfolio Results Before and After Retirement



Annual Income = None Starting Value for Portfolio A and Portfolio B = \$100,000					Annual Income = 5% of first-year value adjusted thereafter for inflation Starting Value for Portfolio A and Portfolio B = \$735,302				
Age	Annual Return	Portfolio A Year-End Value	Annual Return	Portfolio B Year-End Value	Age	Annual Return	Portfolio A Year-End Value	Annual Return	Portfolio B Year-End Value
41	-12%	\$87,695	29%	\$129,491	66	-12%	\$608,058	29%	\$915,383
42	-15%	\$74,541	18%	\$152,281	67	-15%	\$478,981	18%	\$1,038,620
43	-14%	\$64,106	25%	\$189,590	68	-14%	\$372,924	25%	\$1,254,080
44	22%	\$78,361	-6%	\$178,404	69	22%	\$415,677	-6%	\$1,139,914
45	10%	\$86,040	15%	\$204,272	70	10%	\$415,031	15%	\$1,263,822
46	4%	\$89,754	8%	\$221,183	71	4%	\$390,325	8%	\$1,325,828
47	11%	\$99,537	27%	\$281,124	72	11%	\$388,972	27%	\$1,641,225
48	3%	\$102,224	-2%	\$274,939	73	3%	\$354,257	-2%	\$1,559,902
49	-3%	\$98,944	15%	\$315,355	74	-3%	\$296,317	15%	\$1,742,637
50	21%	\$119,722	19%	\$375,274	75	21%	\$310,572	19%	\$2,025,772
51	17%	\$139,716	33%	\$498,739	76	17%	\$313,029	33%	\$2,642,842
52	5%	\$147,121	11%	\$554,098	77	5%	\$278,728	11%	\$2,885,300
53	-10%	\$132,703	-10%	\$499,794	78	-10%	\$198,994	-10%	\$2,550,113
54	11%	\$147,432	5%	\$526,284	79	11%	\$167,091	5%	\$2,631,281
55	33%	\$195,938	17%	\$614,175	80	33%	\$166,453	17%	\$3,015,102
56	19%	\$233,166	21%	\$743,148	81	19%	\$140,801	21%	\$3,590,977
57	15%	\$267,442	-3%	\$719,303	82	15%	\$102,502	-3%	\$3,416,756
58	-2%	\$261,558	3%	\$738,723	83	-2%	\$39,480	3%	\$3,448,238
59	27%	\$332,440	11%	\$819,245	84	27%	\$0	11%	\$3,761,512
60	8%	\$359,961	4%	\$854,607	85	8%	\$0	4%	\$3,859,407
61	15%	\$412,156	10%	\$938,354	86	15%	\$0	10%	\$4,171,204
62	-6%	\$387,838	22%	\$1,147,015	87	-6%	\$0	22%	\$5,030,357
63	25%	\$482,859	-14%	\$986,443	88	25%	\$0	-14%	\$4,255,708
64	18%	\$567,841	-15%	\$838,477	89	18%	\$0	-15%	\$3,544,793
65	29%	\$735,302	-12%	\$735,302	90	29%	\$0	-12%	\$3,033,870
	8%	\$735,302	8%	\$735,302		8%	\$0	8%	\$3,033,870

↑ NO DIFFERENCE ↑

↑ BIG DIFFERENCE ↓

▶ Total income generated by portfolio during retirement = \$839,547

\$1,340,429

Source: Standard & Poor's. The sequence of returns has an average compounded annualized return of 8% over 25 years and year-to-year volatility that is consistent with a portfolio predominantly comprised of stocks. Annual returns have been rounded to the nearest whole number. The accumulation portfolios assume a starting value of \$100,000 at age 40 and no annual withdrawals. The distribution portfolios assume a starting value of either \$100,000 or \$735,302 at age 65 as well as a 5% first-year withdrawal thereafter adjusted for 3% inflation annually. Except where noted, the average annualized return for the 25-year period is 8%. All charts are hypothetical and for illustrative purposes only and are not intended to predict or project portfolio results.