

# WILL YOUR RETIREMENT INCOME BE SUBJECT TO THE SEQUENCE OF RETURNS?

## \$500,000 PURPOSE: ACCUMULATION

## \$500,000 PURPOSE: INCOME \$25,000 ANNUALLY, 3% ANNUAL INCREASE

YEAR	ACCOUNT A		ACCOUNT B	
	AVG. RATE OF RETURN = 10.4%			
	RETURN	VALUE	RETURN	VALUE
0		\$500,000		\$ 500,000
1	33%	665,000	-28%	360,000
2	-5%	631,750	-3%	349,200
3	32%	833,910	18%	412,056
4	6%	883,945	-2%	403,815
5	12%	990,018	13%	456,311
6	-2%	970,218	27%	579,515
7	36%	1,319,496	-24%	440,431
8	21%	1,596,590	-8%	405,197
9	34%	2,139,431	-12%	356,573
10	37%	2,931,020	23%	438,585
11	23%	3,605,155	37%	600,861
12	-12%	3,172,536	34%	805,154
13	-8%	2,918,733	21%	974,237
14	-24%	2,218,237	36%	1,324,962
15	27%	2,817,161	-2%	1,298,462
16	13%	3,183,392	12%	1,454,278
17	-2%	3,119,724	6%	1,541,535
18	18%	3,681,275	32%	2,034,826
19	-3%	3,570,837	-5%	1,933,084
<b>20</b>	<b>-28%</b>	<b>\$2,571,002</b>	<b>33%</b>	<b>\$2,571,002</b>

YEAR	ACCOUNT A		ACCOUNT B	
	AVG. RATE OF RETURN = 10.4%			
	RETURN	VALUE	RETURN	VALUE
0		\$500,000		\$500,000
1	33%	635,875	-28%	338,500
2	-5%	578,975	-3%	302,981
3	32%	733,481	18%	328,608
4	6%	749,352	-2%	294,991
5	12%	809,448	13%	303,373
6	-2%	764,567	27%	352,390
7	36%	1,004,587	-24%	241,547
8	21%	1,181,575	-8%	192,706
9	34%	1,546,257	-12%	139,812
10	37%	2,079,719	23%	135,599
11	23%	2,520,592	37%	145,957
12	-12%	2,185,592	34%	155,093
13	-8%	1,976,526	21%	148,276
14	-24%	1,469,852	36%	158,334
15	27%	1,823,793	-2%	117,731
16	13%	2,019,405	12%	90,572
17	-2%	1,939,300	6%	54,685
18	18%	2,243,334	32%	24,252
19	-3%	2,134,112	-5%	(18,457)
<b>20</b>	<b>-28%</b>	<b>\$1,498,860</b>	<b>33%</b>	<b>(\$75,619)</b>

WHEN YOU ACCUMULATE, THE SEQUENCE OF RETURNS DOESN'T MATTER.

WHEN YOU TAKE INCOME, THE SEQUENCE OF RETURNS CAN HAVE A SIGNIFICANT IMPACT!

These figures are hypothetical, for illustrative purposes only, and look at the effect the sequence of returns can have on your account values over a long period of time. When you are withdrawing money from an account, your results can be affected by the sequence of returns even when average return remains the same, due to the compounding effect on the annual account balances and annual withdrawals. This illustration assumes a hypothetical initial account balance of \$500,000, annual withdrawals of \$25,000 taken mid-year and adjusted annually by 3% for inflation, and the hypothetical rate of return as noted in the table.  
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