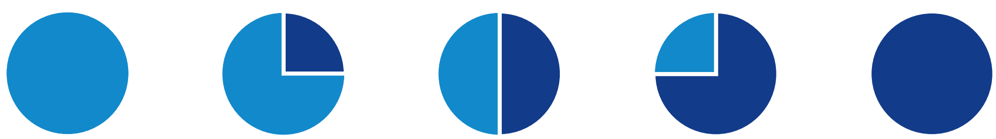
The sequence of investment returns matters

There are a number of factors that can affect how to preserve income in retirement that you won't outlive. We'll look at two important factors: withdrawal rate and when withdrawals begin.

Probability of meeting income needs

Various withdrawal rates and portfolio allocations over a 30-year retirement:

Withdrawal rate	100% Bonds	75% Bonds 25% Stocks	50% Bonds 50% Stocks	25% Bonds 75% Stocks	100% Stocks
4%	58%	91%	93%	91%	90%
5%	14%	51%	74%	78%	77%
6%	4%	17%	45%	61%	65%
7%	0%	3%	23%	39%	54%
8%	0%	0%	9%	22%	38%



A good asset mix may take investors the distance

The table above shows how the rate of withdrawal can affect the chance of maintaining a positive portfolio balance over a 30-year retirement. A high probability indicates it is more likely that an investor will maintain a positive portfolio balance in retirement, while a low probability indicates that an investor is less likely to do so and may face shortfall. Based on the information in the table above, the chance of a portfolio running out over a long retirement is less likely as the amount withdrawn decreases and as equities are added to the portfolio.

Important: Projections generated by Morningstar regarding the likelihood of various investment outcomes using the Ibbotson® Wealth Forecasting Engine are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary over time and with each simulation. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. Please see the back page for additional important information about this chart. November 1, 2024.

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In the three hypothetical scenarios below, Ms. Jones, Mr. Smith and Mr. Brown:

- Experience different sequences of returns in their retirement portfolios
- Have a portfolio average annual return of 6% that grows to the same value after 30 years of investing
- Are not taking withdrawals

	Up market: Ms. Jones		Down market: Mr. Smith		Average 6% market: Mr. Brown	
Age	Annual Return	Year-End Value	Annual Return	Year-End Value	Annual Return	Year-End Value
65		$1,000,000		$1,000,000		$1,000,000
66	5%	$1,050,000	-14%	$860,000	6%	$1,061,392
67	28%	$1,344,000	-10%	$774,000	6%	$1,126,554
68	22%	$1,639,680	-2%	$758,520	6%	$1,195,716
69	-5%	$1,557,696	-4%	$728,179	6%	$1,269,124
70	20%	$1,869,235	2%	$742,743	6%	$1,347,038
71	19%	$2,224,390	9%	$809,590	6%	$1,429,736
72	23%	$2,736,000	11%	$898,644	6%	$1,517,511
73	9%	$2,982,240	13%	$1,015,468	6%	$1,610,675
74	5%	$3,131,351	16%	$1,177,943	6%	$1,709,558
75	16%	$3,632,368	21%	$1,425,311	6%	$1,814,512
76	20%	$4,358,841	5%	$1,496,577	6%	$1,925,909
77	-26%	$3,225,543	-16%	$1,257,125	6%	$2,044,146
78	-15%	$2,741,711	7%	$1,345,123	6%	$2,169,641
79	5%	$2,878,797	13%	$1,519,989	6%	$2,302,840
80	11%	$3,195,464	23%	$1,869,587	6%	$2,444,217
81	23%	$3,930,421	11%	$2,075,241	6%	$2,594,274
82	13%	$4,441,376	5%	$2,179,003	6%	$2,753,542
83	7%	$4,752,272	-15%	$1,852,153	6%	$2,922,589
84	-16%	$3,991,909	-26%	$1,370,593	6%	$3,102,014
85	5%	$4,191,504	20%	$1,644,712	6%	$3,292,454
86	21%	$5,071,720	16%	$1,907,866	6%	$3,494,586
87	16%	$5,883,195	5%	$2,003,259	6%	$3,709,127
88	13%	$6,648,011	9%	$2,183,552	6%	$3,936,839
89	11%	$7,379,292	23%	$2,685,769	6%	$4,178,532
90	9%	$8,043,428	19%	$3,196,065	6%	$4,435,062
91	2%	$8,204,297	20%	$3,835,279	6%	$4,707,341
92	-4%	$7,876,125	-5%	$3,643,515	6%	$4,996,336
93	-2%	$7,718,602	22%	$4,445,088	6%	$5,303,073
94	-10%	$6,946,742	28%	$5,689,712	6%	$5,628,642
95	-14%	**$5,974,198**	5%	**$5,974,198**	6%	**$5,974,198**
Average Return	**6%**		**6%**		**6%**	

Once they begin to take withdrawals, the sequence of their investment returns will affect their retirement income and their account value. Learn more on the next page.

The impact of withdrawals

Once Ms. Jones, Mr. Smith and Mr. Brown begin to take withdrawals, the sequence of returns has a significant impact on their portfolios' overall values, even if the average return is the same.

Ms. Jones begins withdrawals in an up market, which gives her the optimal environment to maintain her portfolio value.

Mr. Smith is not so lucky. Withdrawals in a down market may deplete investors' portfolios when they are not prepared.

Mr. Brown's portfolio value is significantly less than that of Ms. Jones, even with a level 6% rate of return.

See below in these three hypothetical examples:

	Up market: Ms. Jones			Down market: Mr. Smith			Average 6% market: Mr. Brown		
Age	5% Annual Withdrawals	Annual Return	Year-End Value	5% Annual Withdrawals	Annual Return	Year-End Value	5% Annual Withdrawals	Annual Return	Year-End Value
65			$1,000,000			$1,000,000			$1,000,000
66	$50,000	5%	$1,000,000	$50,000	-14%	$810,000	$50,000	6%	$1,011,392
67	$50,000	28%	$1,230,000	$50,000	-10%	$679,000	$50,000	6%	$1,023,484
68	$50,000	22%	$1,450,600	$50,000	-2%	$615,420	$50,000	6%	$1,036,318
69	$50,000	-5%	$1,328,070	$50,000	-4%	$540,803	$50,000	6%	$1,049,941
70	$50,000	20%	$1,543,684	$50,000	2%	$501,619	$50,000	6%	$1,064,399
71	$50,000	19%	$1,786,984	$50,000	9%	$496,765	$50,000	6%	$1,079,745
72	$50,000	23%	$2,147,990	$50,000	11%	$501,409	$50,000	6%	$1,096,033
73	$50,000	9%	$2,291,309	$50,000	13%	$516,592	$50,000	6%	$1,113,321
74	$50,000	5%	$2,355,875	$50,000	16%	$549,247	$50,000	6%	$1,131,671
75	$50,000	16%	$2,682,815	$50,000	21%	$614,589	$50,000	6%	$1,151,147
76	$50,000	20%	$3,169,378	$50,000	5%	$595,318	$50,000	6%	$1,171,819
77	$50,000	-26%	$2,295,340	$50,000	-16%	$450,068	$50,000	6%	$1,193,759
78	$50,000	-15%	$1,901,039	$50,000	7%	$431,572	$50,000	6%	$1,217,047
79	$50,000	5%	$1,946,091	$50,000	13%	$437,677	$50,000	6%	$1,241,765
80	$50,000	11%	$2,110,161	$50,000	23%	$488,342	$50,000	6%	$1,268,000
81	$50,000	23%	$2,545,497	$50,000	11%	$492,060	$50,000	6%	$1,295,845
82	$50,000	13%	$2,826,412	$50,000	5%	$466,663	$50,000	6%	$1,325,400
83	$50,000	7%	$2,974,261	$50,000	-15%	$346,663	$50,000	6%	$1,356,770
84	$50,000	-16%	$2,448,379	$50,000	-26%	$206,531	$50,000	6%	$1,390,065
85	$50,000	5%	$2,520,798	$50,000	20%	$197,837	$50,000	6%	$1,425,405
86	$50,000	21%	$3,000,166	$50,000	16%	$179,491	$50,000	6%	$1,462,914
87	$50,000	16%	$3,430,192	$50,000	5%	$138,466	$50,000	6%	$1,502,726
88	$50,000	13%	$3,826,117	$50,000	9%	$100,928	$50,000	6%	$1,544,982
89	$50,000	11%	$4,196,990	$50,000	23%	$74,141	$50,000	6%	$1,589,832
90	$50,000	9%	$4,524,719	$50,000	19%	$38,228	$50,000	6%	$1,637,435
91	$50,000	2%	$4,565,214	$45,873	20%	$0	$50,000	6%	$1,687,962
92	$50,000	-4%	$4,332,605	$0	-5%	$0	$50,000	6%	$1,741,590
93	$50,000	-2%	$4,195,953	$0	22%	$0	$50,000	6%	$1,798,510
94	$50,000	-10%	$3,726,358	$0	28%	$0	$50,000	6%	$1,858,925
95	$50,000	-14%	**$3,154,668**	$0	**5%**	$0	**$50,000**	6%	**$1,923,049**
Average Return	**6%**			**6%**			**6%**		

Can you predict the next market cycle?

It may be worth researching a variable annuity with a living benefit rider, which can offer the predictability of a minimum lifetime income.

For more information, contact your financial professional or visit us online at equitable.com.

Important note

We believe that education is a key step toward addressing your financial goals, and we've designed this material to serve simply as an informational and educational resource. Accordingly, the information in this flyer does not offer or constitute investment advice, and makes no direct or indirect recommendation of any particular product or of the appropriateness of any particular investment-related option. Your needs, goals and circumstances are unique, and they require the individualized attention of your financial professional.

The **Probability of meeting income needs** chart on page 1 assumes that a person establishes a portfolio at retirement and begins withdrawing a required income at the beginning of the first year, which is expressed as a percentage of the initial portfolio value. Annual withdrawals are made at the beginning of each subsequent year based on the first year withdrawal, adjusted for inflation. The results in this chart were generated using representative stock and bond indices in a Monte Carlo analysis. The Monte Carlo analysis is a problem-solving technique used to approximate the portability of certain outcomes by running multiple trial runs, called simulations, using random variables. Please note that the results shown may vary with each use of the analysis and over time.

Stocks in this example are represented by the Ibbotson® Large Company Stock Index. Bonds are represented by the 5-year U.S. government bond and inflation by the Consumer Price Index from Morningstar. The analysis is for gross returns without any fund expenses deducted. An investment cannot be made directly in an index. The data assumes reinvestment of income and does not account for taxes.

A variable annuity is a long-term financial product designed for retirement purposes. In essence, an annuity is a contractual agreement in which payments are made to an insurance company, which agrees to pay out income or a lump sum at a later date. Typically, variable annuities have mortality and expense charges, investment management fees, administrative fees, account fees and charges for contract features. In addition, annuity contracts have exclusions and limitations. Early withdrawals may be subject to withdrawal charges, and if taken prior to age 59½, a 10% federal income tax may apply. Withdrawals of taxable amounts are subject to ordinary income tax. Variable annuities are subject to investment risks, including loss of principal invested, and when redeemed may be worth more or less than the total amount invested.

Annuities contain certain restrictions and limitations. For costs and complete details, contact a financial professional. You should carefully consider your investment objectives and the charges, risks and expenses of a variable annuity, as stipulated in the prospectus, before investing. For a prospectus containing this and other information, please contact your financial professional. Please read it carefully before investing.

A minimum lifetime income would be delivered by living benefit riders, which are optional and available for an additional fee. The examples on these pages are for informational purposes only, and they are not intended to represent a variable annuity, do not include the effect of taxes, financial-product-related charges or early withdrawals.

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