

# Breaking the rules (of thumb)

Issued by Midland National® Life Insurance Company

## Annuity

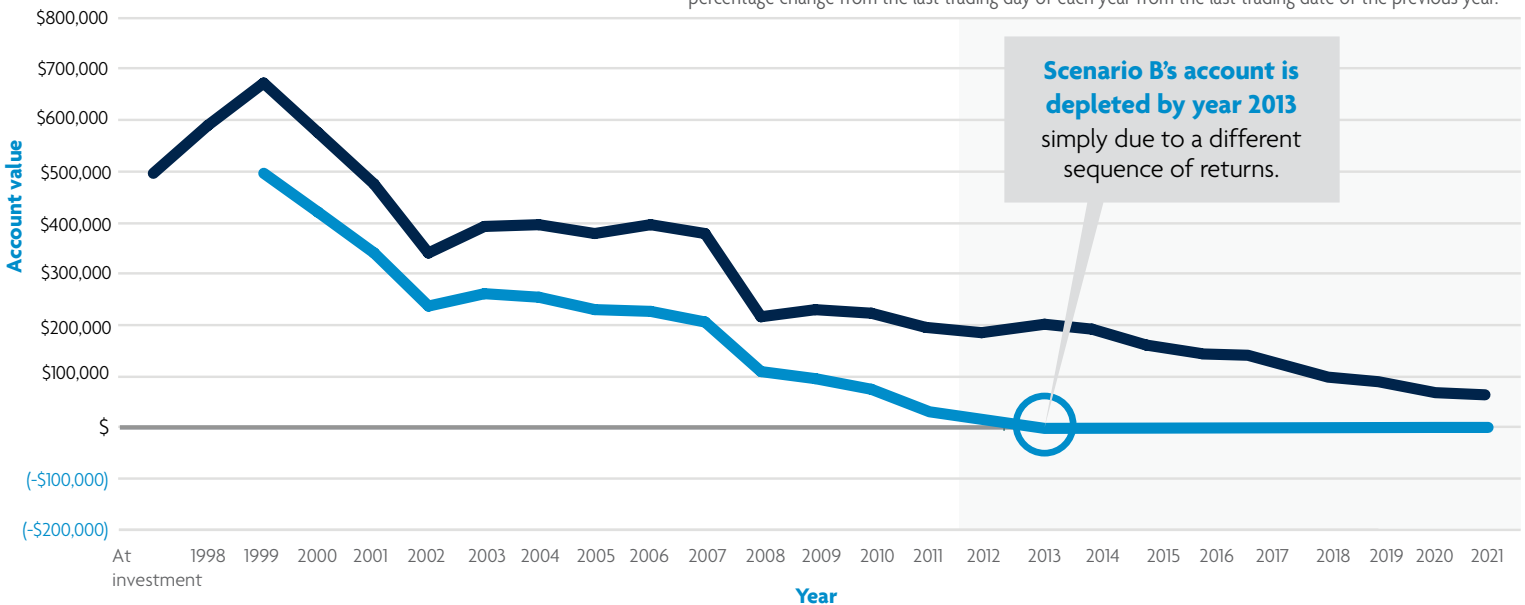
### Drawdown drawbacks

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, scenario A begins taking withdrawals in 1998 and scenario B begins taking withdrawals just two years later in 2000. Both have \$500,000 at the time withdrawals begin. 21 years later, with just a difference of two years from when withdrawals started, scenario A still has over \$100,000 while scenario B’s account is depleted by year 15.

Year	Scenario A Withdrawals begin in 1998		Scenario B Withdrawals begin in 2000	
	Gain/Loss	Account value	Gain/Loss	Account value
At issue	-	\$500,000	-	-
1998	26.67%	\$595,342	-	-
1999	19.53%	\$675,731	-	\$500,000
2000	-10.14%	\$580,259	-10.14%	\$422,346
2001	-13.04%	\$478,491	-13.04%	\$341,173
2002	-23.37%	\$343,697	-23.37%	\$238,465
2003	26.38%	\$396,451	26.38%	\$263,459
2004	8.99%	\$399,408	8.99%	\$254,455
2005	3.00%	\$380,494	3.00%	\$231,190
2006	13.62%	\$398,229	13.62%	\$228,591
2007	3.53%	\$381,226	3.53%	\$205,601
2008	-38.49%	\$216,054	-38.49%	\$108,019
2009	23.45%	\$229,691	23.45%	\$96,318
2010	12.78%	\$225,217	12.78%	\$74,796
2011	0.00%	\$195,211	0.00%	\$44,794
2012	13.41%	\$187,359	13.41%	\$16,777
2013	29.60%	\$203,939	29.60%	<b>\$0</b>
2014	11.39%	\$193,751	11.39%	<b>\$0</b>
2015	-0.73%	\$162,562	-0.73%	<b>\$0</b>
2016	9.54%	\$145,201	9.54%	<b>\$0</b>
2017	19.42%	\$137,573	19.42%	<b>\$0</b>
2018	-6.24%	\$100,864	-6.24%	<b>\$0</b>
2019	28.88%	\$91,328	28.88%	<b>\$0</b>
2020	16.26%	\$71,299	16.26%	<b>\$0</b>
2021	26.89%	<b>\$52,406</b>	26.89%	<b>\$0</b>

**Assumptions:** Initial account value \$500,000, annual withdrawal \$30,000, S&P 500® index. The gain/loss column is the annual percentage change of the S&P 500 index. The performance is calculated as the percentage change from the last trading day of each year from the last trading date of the previous year.



Talk to your financial professional about how a fixed index annuity could fit within your overall portfolio.

Source for charts: <https://www.macrotrends.net/2526/sp-500-historical-annual-returns>

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