Annuity

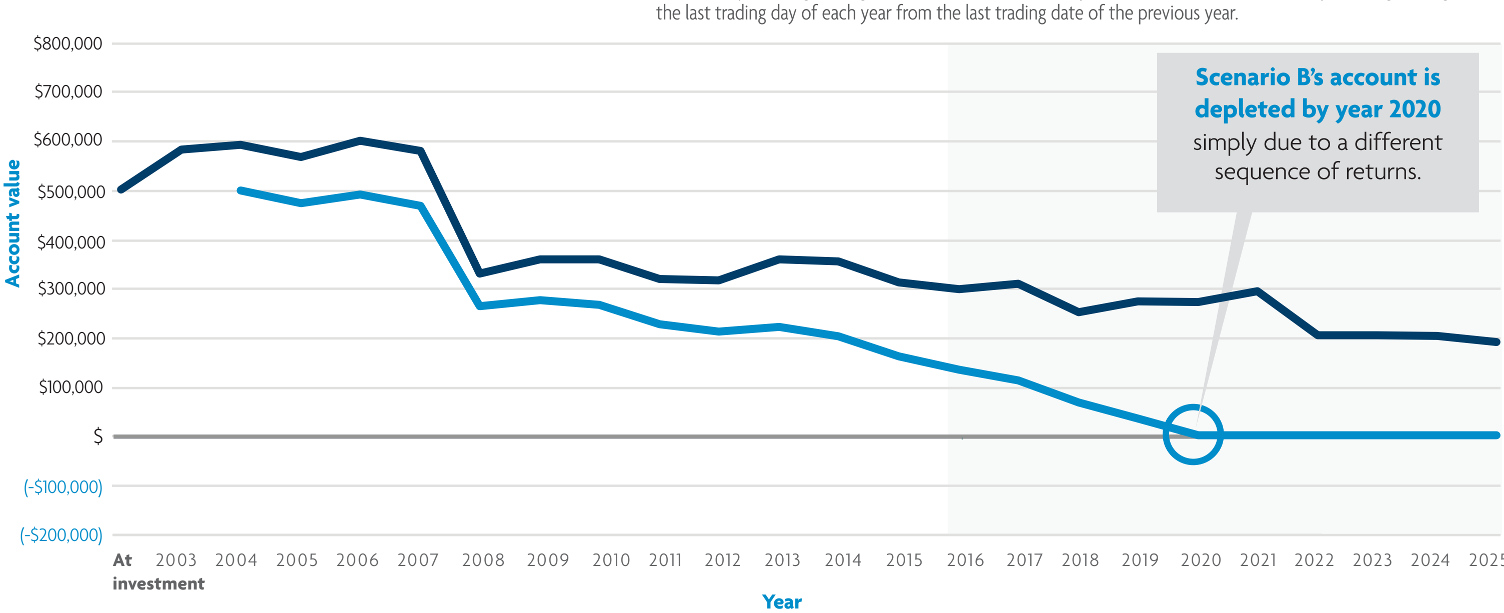
Drawdown drawbacks

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 2003 and scenario B begins taking withdrawals just two years later in 2005. Both have $500,000 at the time withdrawals begin. 22 years later, with just a difference of two years from when withdrawals started, scenario A still has over $200,000 while scenario B's account is depleted by year 17.

	Scenario A Withdrawals begin in 2003		Scenario B Withdrawals begin in 2005	
Year	**Gain/Loss**	**Account value**	**Gain/Loss**	**Account value**
At issue	-	$500,000	-	-
2003	26.38%	$581,350	-	-
2004	8.99%	$590,036	-	$500,000
2005	3.00%	$566,543	3.00%	$473,805
2006	13.62%	$598,255	13.62%	$492,886
2007	3.53%	$577,959	3.53%	$468,871
2008	-38.49%	$330,921	-38.49%	$263,817
2009	23.45%	$359,154	23.45%	$276,311
2010	12.78%	$359,951	12.78%	$266,518
2011	0.00%	$319,943	0.00%	$226,513
2012	13.41%	$317,469	13.41%	$211,515
2013	29.60%	$359,603	29.60%	$222,285
2014	11.39%	$356,008	11.39%	$203,048
2015	-0.73%	$313,712	-0.73%	$161,864
2016	9.54%	$299,810	9.54%	$133,483
2017	19.42%	$310,265	19.42%	$111,638
2018	-6.24%	$253,408	-6.24%	$67,170
2019	28.88%	$275,037	28.88%	$35,016
2020	16.26%	$273,251	16.26%	**$0**
2021	26.89%	$295,978	26.89%	**$0**
2022	-19.44%	$206,209	-19.44%	**$0**
2023	24.23%	$206,482	24.23%	**$0**
2024	23.31%	$205,288	23.31%	**$0**
2025	16.39%	$192,375	16.39%	**$0**

Assumptions: Initial account value $500,000, annual withdrawal $40,000, 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.



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If you have concerns about market volatility or retirement income, speak with your financial professional about whether a fixed index annuity may fit within your overall financial strategy.

Source: Financial data sourced from Macrotrends 1/2/2026.

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