SECURITY BENEFIT

FIXED INDEX ANNUITY

Retirement Challenge: Sequence of Returns Risk

As you near or begin retirement, managing market volatility is more important than ever.

What the market does early in your retirement as you start taking income from your retirement savings is critical. A market downturn during this time can jeopardize your investment's ability to provide income for the long term. The potential negative impact of poor market performance early in retirement is called sequence of returns risk.

By the Numbers: Sequence of Returns

The following example looks at two hypothetical retirees. Bob and Anne both begin retirement with $500,000 invested in the stock market and each withdraws $30,000 annually starting at age 60. The differences are *when* they retire, and *when* they experience market loss.

Bob retires in 2001.

His market losses occur early in retirement.

Date (Dec. 31)	S&P 500® Performance[1]	Withdrawals	Account Value
2000	--	--	**$500,000**
2001	-13.00%	$30,000	**$404,787**
2002	-23.37%	$30,000	**$280,204**
2003	26.38%	$30,000	**$324,123**
2004	8.99%	$30,000	**$323,273**
2005	3.00%	$30,000	**$302,975**
2006	13.62%	$30,000	**$314,238**
2007	3.53%	$30,000	**$295,329**
2008	-38.49%	$30,000	**$151,669**
2009	23.45%	$30,000	**$157,242**
2010	12.78%	$30,000	**$147,342**

Anne retires in 2011.

Her market losses occur later in retirement.

Date (Dec. 31)	S&P 500 Performance[1]	Withdrawals	Account Value
2010	--	--	**$500,000**
2011	0.00%	$30,000	**$469,988**
2012	13.40%	$30,000	**$502,989**
2023	29.60%	$30,000	**$621,880**
2014	11.39%	$30,000	**$662,716**
2015	-0.73%	$30,000	**$627,901**
2016	9.54%	$30,000	**$657,771**
2017	19.42%	$30,000	**$755,510**
2018	-6.24%	$30,000	**$678,387**
2019	28.88%	$30,000	**$844,292**
2020	16.26%	$30,000	**$951,565**

Timing Is Everything

As you can see, Bob and Anne experience drastically different results. The negative impact on Bob's portfolio is much more pronounced than Anne's. While Anne's account value nearly doubled despite drawing down her savings by $30,000 annually, Bob's account dwindled to less than a third of its starting value.

[1] It is not possible to invest directly in an index, but for the purpose of this example it assumes that the investment return equals the performance of the index.

Security Benefit®

Addressing Sequence of Returns Risk

There's no way to predict what the market will do as you approach or begin retirement, which is usually the worst time to take on extra risk. Fixed index annuities are designed to eliminate sequence of returns risk by insuring your contract against all market loss. Instead of being invested in the stock market, the insurance company pays interest credits based in part on the performance of various financial market indices. When the performance of an index is positive, the insurance company pays your contract a portion of the index gain. But, if the performance of the index falls below zero, the insurance company shields your contract value by flooring your interest credit at 0%. This means your contract will never lose money due to market loss. Protecting yourself against market losses, especially early on in retirement, can make a tremendous difference in how long your savings can last.

Your path *To and Through Retirement®* begins here.

Talk to your financial professional to see whether a fixed index annuity can complement your retirement portfolio or call us at 800.888.2461.

Security Benefit®
TO AND THROUGH RETIREMENT

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