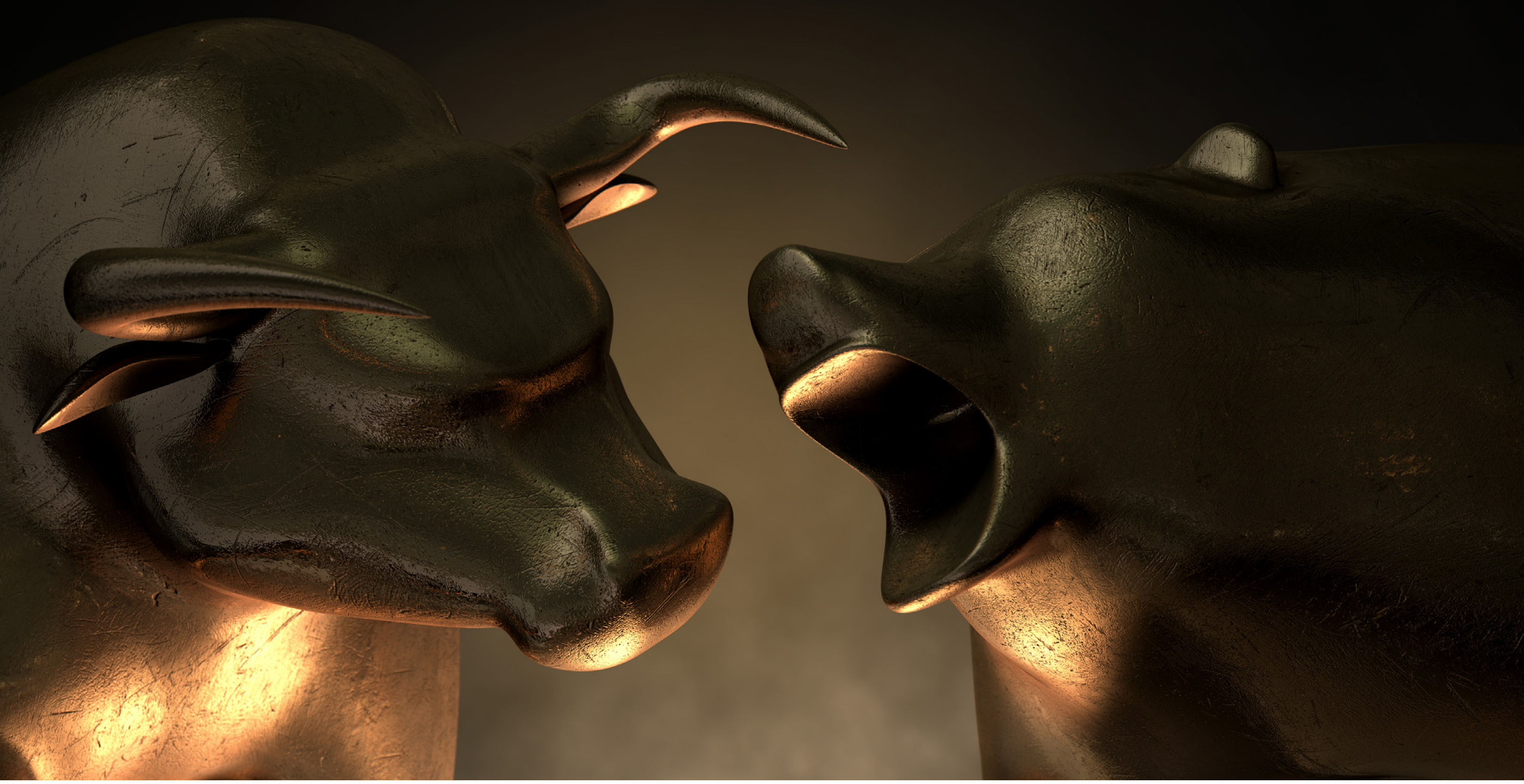
IT’S NEVER TIME TO HIBERNATE

WHAT A BEAR MARKET MEANS FOR RETIREES



A bear market can be a great opportunity for the long-term investor.

If you’re younger and have time to invest, this could be a chance to take advantage of market conditions and buy when prices are lower. If you’re recently retired or if you’re thinking of retiring soon, however, a bear market can make you want to crawl into a cave until the market turns around.

While a younger person with many years to retirement can likely ride out market fluctuations, those in or near retirement could see their portfolio “fail” them when they need income the most.

Sequence of Returns Risk

Retiring or approaching retirement in or near a bear market means that you need to think about “sequence of returns” risk – that is, the risk of experiencing losses in your portfolio just as you retire. Withdrawing money from your portfolio while it’s declining in value can dramatically impact its ability to last throughout your retirement (this is especially true if you are planning for a retirement horizon that could last decades). As a result, you may be forced to change your idea of retirement to make your money last… probably not how you envisioned spending your golden years.

In the examples on the next pages, simply reversing the order of the returns creates two vastly different outcomes. The portfolio with ‘early losses’ is depleted by year 16 while the portfolio with ‘reversed returns’ lasts for 30 years and increases in value. Same returns, different order.

Bear markets can have a dramatic effect on your retirement. However, careful planning can help you manage this risk and keep you on track for a successful retirement journey.

WHY THE SEQUENCE OF RETURNS MATTERS

Factors Affecting Portfolio Results Before Retirement

The sequence of returns may have less of an impact on the portfolio of a long-term investor who is no longer putting money in, nor taking money out. However, the relationship between an investor's rate of withdrawal and the sequence of returns can have a dramatic impact on a portfolio's ability to last during the withdrawal period (usually during retirement).

In this example below the annual income withdrawals are zero, the starting values at age 41 for Portfolio A and B are $100,000, and the average annual return for Portfolio A and B is 8%.

	PORTFOLIO A		PORTFOLIO B	
AGE	Annual Return	Year-End-Value	Annual Return	Year-End-Value
		100,000		100,000
41	- 12%	88,000.00	29%	129,000.00
42	- 21%	69,520.00	18%	152,220.00
43	- 14%	59,787.20	25%	190,275.00
44	22%	72,940.38	- 6%	178,858.50
45	10%	80,234.42	15%	205,687.28
46	4%	83,443.80	8%	222,142.26
47	11%	92,622.62	27%	282,120.67
48	3%	95,401.30	- 2%	276,478.25
49	-3%	92,539.26	15%	317,949.99
50	21%	111,972.50	19%	378,360.49
51	17%	131,007.83	33%	503,219.45
52	5%	137,558.22	11%	558,573.59
53	- 10%	123,802.40	- 10%	502,716.23
54	11%	137,420.66	5%	527,852.04
55	33%	182,769.48	17%	617,586.89
56	19%	217,495.68	21%	747,280.14
57	15%	250,120.03	- 3%	724,861.73
58	- 2%	245,117.63	3%	746,607.59
59	27%	311,299.39	11%	828,734.42
60	8%	336,203.34	4%	861,883.80
61	15%	386,633.84	10%	948,072.18
62	- 6%	363,435.81	22%	1,156,648.05
63	25%	454,294.76	- 14%	994,717.33
64	18%	536,067.82	- 21%	785,826.69
65	29%	**691,527.49**	- 12%	**691,527.49**

NO DIFFERENCE

These figures are hypothetical and are not guaranteed. They do not reflect taxes or investment fees, which would reduce the figures shown here.Investing involves risk, including possible loss of principal. Insurance and annuity guarantees are backed by the financial strength and claims-paying ability of the issuing company.

Factors Affecting Portfolio Results After Retirement

Reversing the order of the returns creates two vastly different outcomes. The portfolio with 'early losses' is depleted by year 16 while the portfolio with 'reversed returns' lasts for 30 years and increases in value. **Same returns, different order.**

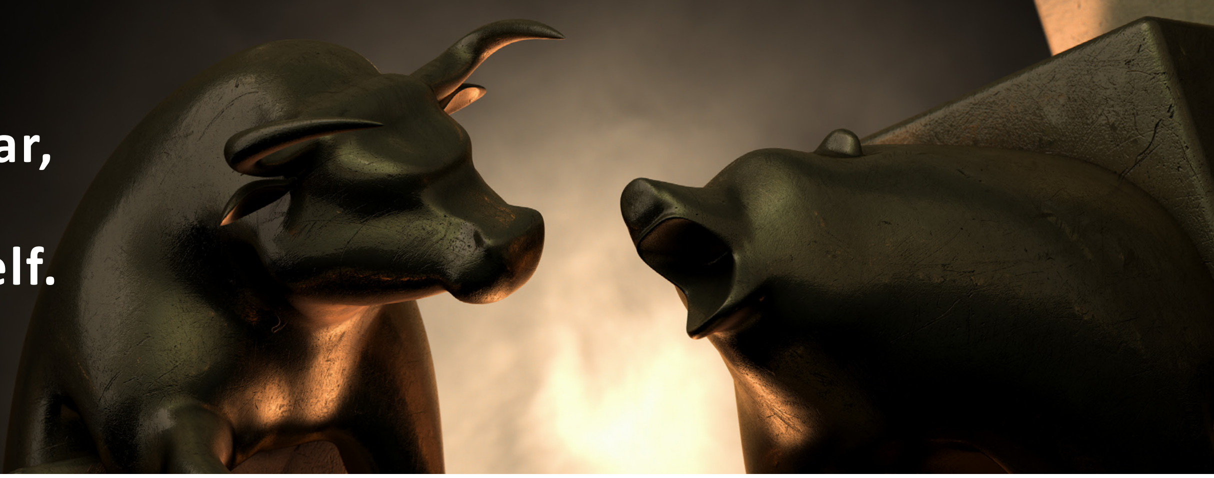
In this example below the annual income withdrawals are 5% of first year value - adjusted thereafter for inflation, the starting values at age 65 for Portfolio A and B are $691,527.49, and the average annual return for Portfolio A and B is 8%.

	PORTFOLIO A			PORTFOLIO B		
AGE	Annual Return	Year-End-Value	Withdrawals	Withdrawals	Annual Return	Year-End-Value
65		691,527.49				691,527.49
66	- 12%	578,116.98	34,576.37	34,576.37	29%	847,466.94
67	- 21%	428,577.62	35,613.67	35,613.67	18%	957,986.86
68	- 14%	337,030.17	36,682.08	36,682.08	25%	1,151,630.98
69	22%	365,082.11	37,782.54	37,782.54	- 6%	1,047,017.54
70	10%	358,782.70	38,916.01	38,916.01	15%	1,159,316.75
71	4%	331,447.18	40,083.49	40,083.49	8%	1,208,771.92
72	11%	322,078.91	41,286.00	41,286.00	27%	1,482,707.12
73	3%	287,940.96	42,524.58	42,524.58	- 2%	1,411,378.89
74	-3%	236,816.42	43,800.32	43,800.32	15%	1,572,715.36
75	21%	231,959.54	45,114.33	45,114.33	19%	1,817,845.23
76	17%	217,025.38	46,467.76	46,467.76	33%	2,355,932.04
77	5%	177,621.77	47,861.79	47,861.79	11%	2,561,957.97
78	- 10%	115,491.72	49,297.64	49,297.64	- 10%	2,261,394.30
79	11%	71,833.81	50,776.57	50,776.57	5%	2,321,148.61
80	33%	25,980.15	52,299.87	52,299.87	17%	2,654,553.03
81	19%	$0	25,980.15	53,868.86	21%	3,146,827.84
82	15%	$0	$0	55,484.93	- 3%	2,998,602.62
83	- 2%	$0	$0	57,149.48	3%	3,029,696.74
84	27%	$0	$0	58,863.96	11%	3,297,624.38
85	8%	$0	$0	60,629.88	4%	3,366,474.28
86	15%	$0	$0	62,448.78	10%	3,634,428.05
87	- 6%	$0	$0	64,322.24	22%	4,355,529.09
88	25%	$0	$0	66,251.91	- 14%	3,688,778.37
89	18%	$0	$0	68,239.47	- 21%	2,860,225.74
90	29%	**$0**	$0	70,286.65	- 12%	**2,455,146.40**

BIG DIFFERENCE

These figures are hypothetical and are not guaranteed. They do not reflect taxes or investment fees, which would reduce the figures shown here.Investing involves risk, including possible loss of principal. Insurance and annuity guarantees are backed by the financial strength and claims-paying ability of the issuing company.

You can't outrun the bear, but you can protect yourself.



What is a Bear market?

While no one can truly predict how the markets will perform, historically a bear market has occurred about once every 3.5 years and lasted an average 367 of days.[1] Chances are good that you will experience a bear market at least once – and possibly more – during a retirement that lasts on average 18 years.[2] This can be especially harmful because it takes an average of 3.2 years from the start of a bear market for the stock market to battle back to where it stood at the beginning.[3]

Your best bet is to ensure you have a careful strategy to help mitigate the effects of a bear market and help avoid running out of money.

A few ways you can help shield your retirement against the consequences of a bear market now:

- Lower your expenses during your initial years of retirement. Putting off that dream vacation or not buying that vacation home for a couple of years could help bolster your retirement portfolio and increase how long your money will last. If you're considering moving, do some research to determine which locales will meet your retirement goals. AARP, US News and World Report, and Kiplinger frequently publish lists of the best, affordable places to retire.

- Consider a second career. There are lots of options including working as a consultant in your former line of work, a part-time job at a local business, or a paid position at a favorite charity. Some organizations recognize the value of retirees and specifically target them for temporary positions. However, some instances the Small Business Association has sought out thousands of temporary workers to help assess damage from natural disasters. The agency stated that these jobs were, "…perfect for someone who is recently retired."[4]

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- Delay retirement. You can avoid withdrawing money when your portfolio is down and potentially keep adding funds to your nest egg. *(If you're experiencing a bear market, you'll be adding to your portfolio at lower prices.)* In fact, one of your primary goals should be to save more during this time.

- Create income "buckets." Consider creating different "buckets" of money for different purposes. For example, you can create buckets of money invested in different vehicles for different purposes. Bucket one would be your more liquid assets, such as savings or money market accounts. You can take money from this bucket for income for a few years to avoid having to sell investments when the market is declining. The other buckets are for longer term needs and often involve progressively riskier investments.

- Take some risk off the table. This is a good time to make sure you have a fixed income strategy in place. No one wants to rely on the ups and downs of the market for the income they need to cover their basic living expenses in retirement, so look at income sources that guarantee these needs are met. These sources could likely include social security, pensions, annuities, and other "conservative" investments such as TIPS or bonds.

- Work with a financial professional. According to studies by Vanguard and Morningstar, those who worked with a good financial professional had improved financial outcomes.5 Financial professionals can help you develop and implement a retirement income strategy customized for you. This will include making the right decisions for your social security and pension benefits, helping you diversify your income-producing assets, and identifying where insurance and annuity products can help fill any income gaps.

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1 https://www.thebalance.com/u-s-stock-bear-markets-and-their-subsequent-recoveries-2388520, 2 https://www.fool.com/retirement/2018/02/24/heres-the-average-length-of-retirement-will-your-m.aspx, 3 https://www.marketwatch.com/story/the-dow-may-already-be-in-a-bear-market-heres-how-long-it-could-last-2018-03-27, 4 https://www.aarp.org/work/job-hunting/info-2017/sba-hiring-temp-disaster-assistance-jobs-fd.html, 5 https://www.forbes.com/sites/wadepfau/2015/07/21/ the-value-of-financial-advice/ #7464261b1333