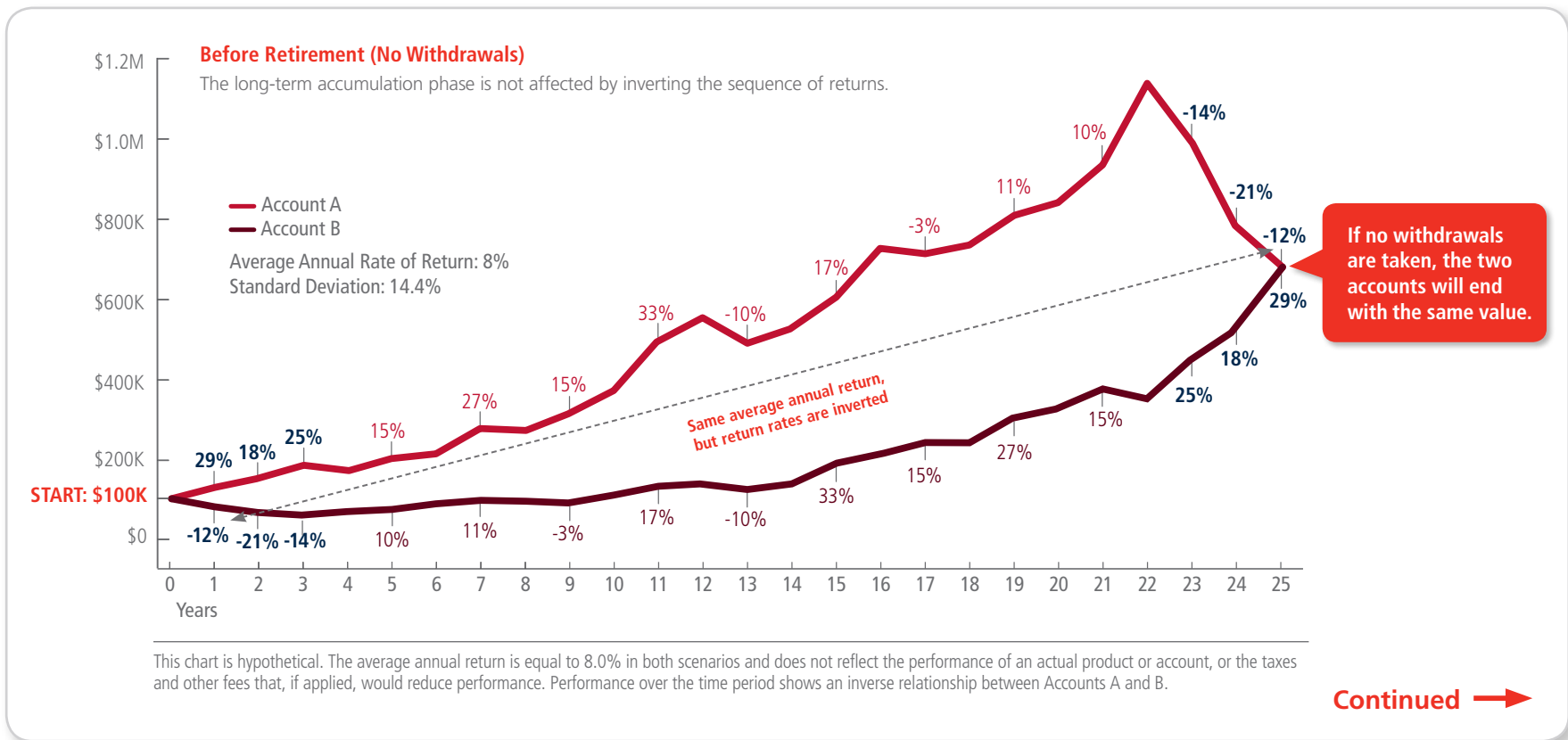


# WHY THE SEQUENCE OF RETURNS IS SO IMPORTANT TO RETIREES

Most investors go through a life stage during which they make periodic contributions to their investment accounts, and then another stage—retirement—when they make periodic withdrawals. During retirement, the timing of investment returns can have a dramatic impact on a retiree’s account.

Let’s look at two hypothetical accounts representing the assets of two investors. Notice that although the accounts take different paths, they reach the end of the accumulation phase with the same average annual total rate of return of 8% and standard deviation of 14.4%. The key difference between them is that the rates of return are inverted.

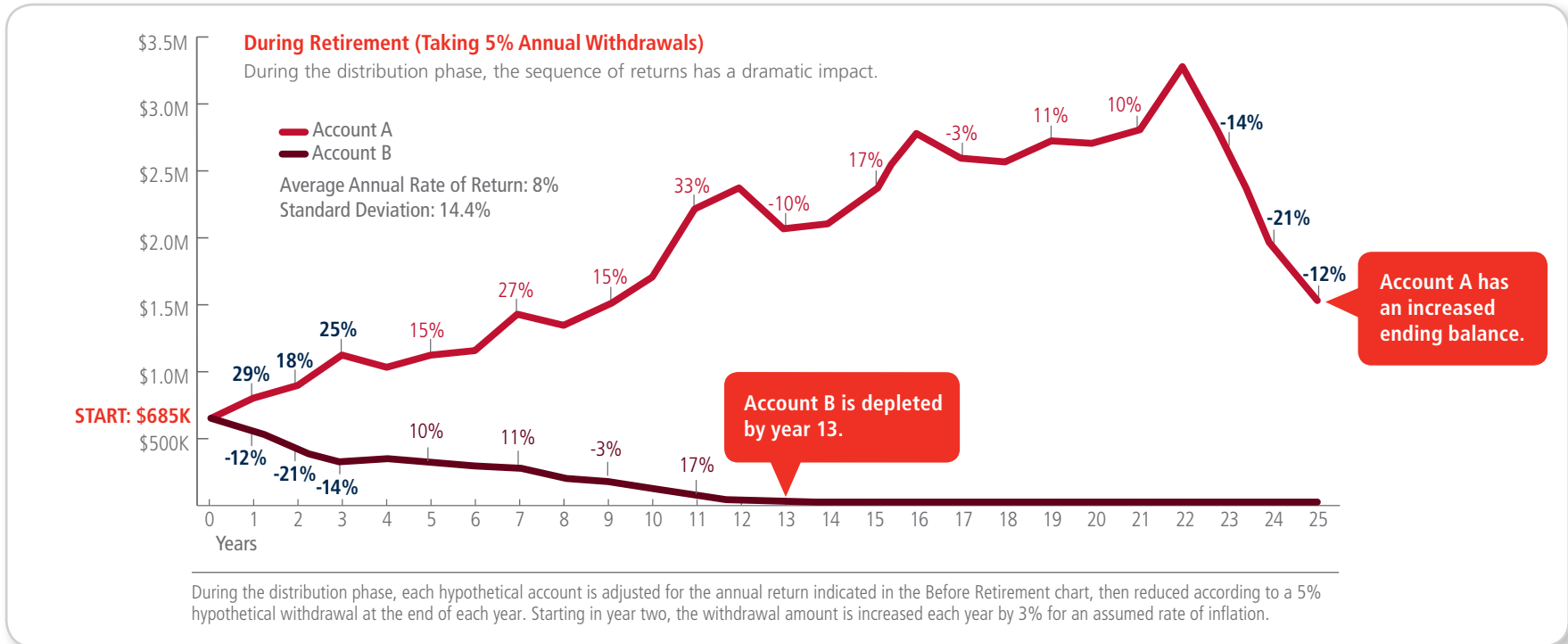


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### The timing of distributions makes a difference.

Now let's look at two hypothetical accounts representing the investments of two retirees. Each retiree remains invested and needs to withdraw 5% at the end of every year. The starting point is the same for both accounts, but the end results are very different. The investor in Account A, who began the distribution phase in an up market, achieves an ending balance greater than when distributions began. But when rates of return are inverted, as in Account B, the investor taking the same 5% each year in a down market depletes the account by year 13.



Are your investments prepared for your retirement? Work with your representative to find out.



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