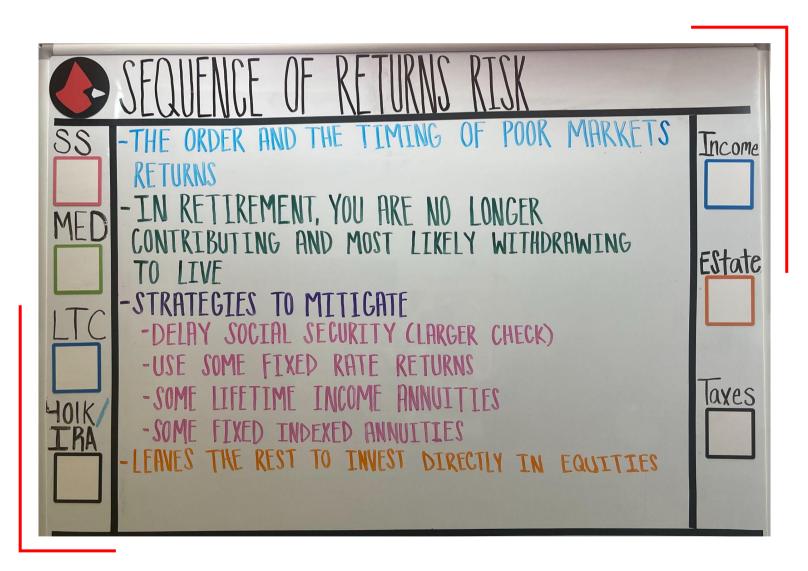


Sequence of Returns Risk

In our video entitled, "Sequence of Returns Risk," Hans and Tom review this part of Income Planning.



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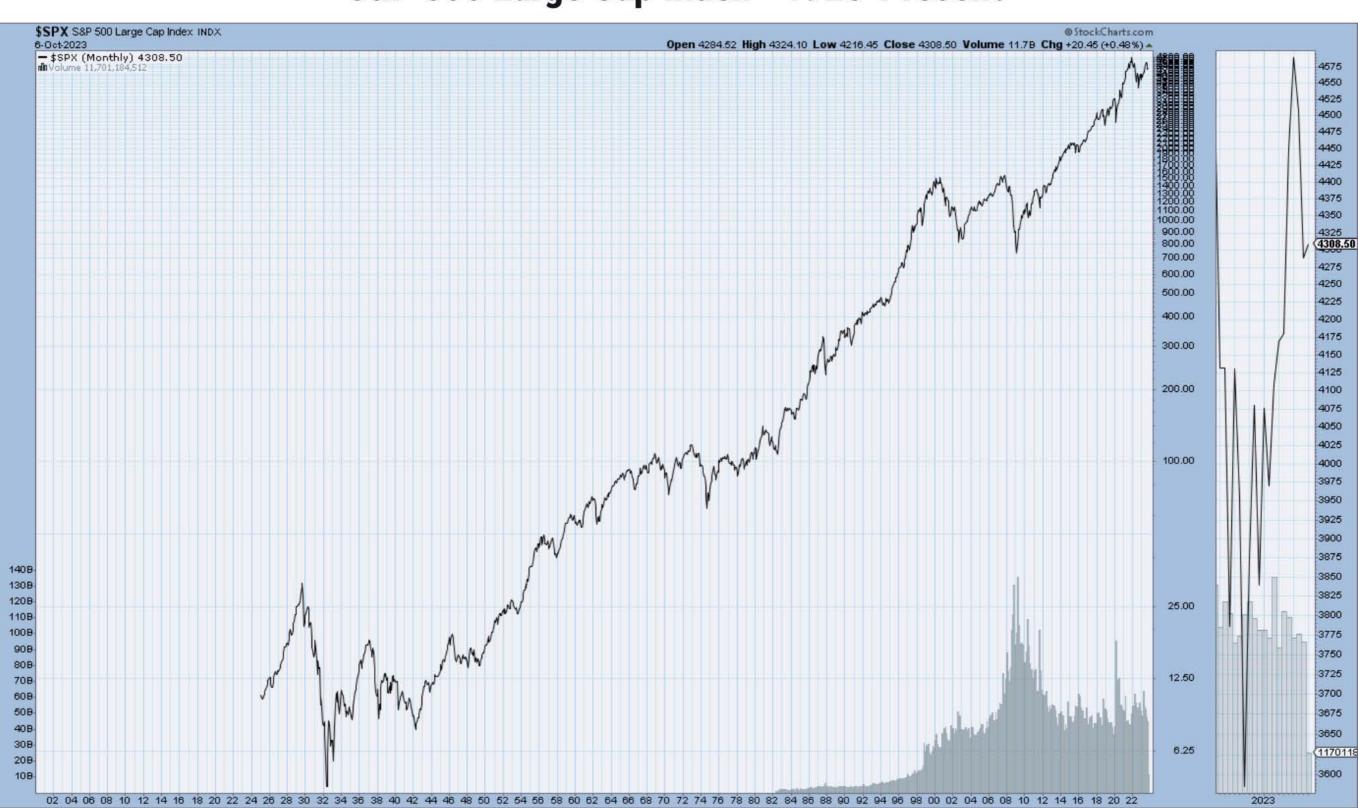
This example is for illustrative purposes only and does not take into account your particular investment objectives, financial situation or needs and may not be suitable for all investors. It is not intended to project the performance of any specific investment and is not a solicitation or recommendation of any investment strategy.

Oct 2023

2023



S&P 500 Large Cap Index - 1925-Present



Don't let a down market change your retirement plans.

You work hard to accumulate assets to meet your retirement income needs, and you want to make sure they are protected from market volatility.

However, most people don't consider how the timing of market volatility can impact them as they are saving for retirement as well as once they start to take income in retirement.

Market Volatility While You're Accumulating Assets

The chart demonstrates what a hypothetical \$100,000 would grow to after 25 years.

The two charts use the same set of annual returns, the only difference is the order of the returns has been reversed between the two to show the effects of strong early returns compared to negative early returns.

Scenario	
Results	

- Same average annual return
- Same ending value over \$693,824

Age	A R
40	
41	
42	
43	
44	
45	
46	
47	
48	
49	
50	
51	-,
52	
53	
54	
55	
56	-
57	
58	-
59	
60	
61	
62	
63	
64	-

eariy	early years		
Annual Return	Balance		
2%	\$102,000		
26%	\$128,520		
15%	\$147,798		
2%	\$150,754		
12%	\$168,844		
27%	\$214,432		
17%	\$250,886		
26%	\$316,116		
4%	\$328,761		
7%	\$351,774		
-2%	\$344,739		
34%	\$461,950		
20%	\$554,340		
31%	\$726,185		
27%	\$922,255		
20%	\$1,106,706		
-10%	\$996,036		
-13%	\$866,551		
-23%	\$667,244		
26%	\$840,728		
9%	\$916,393		
3%	\$943,885		
14%	\$1,076,029		
4%	\$1,119,070		
-38%	\$693,824		

Favorable Sequence

of Returns

Strong returns in the

Sequence of Returns		
Weak returns in the early years		
Annual Return	Balance	
-38%	\$62,000	
4%	\$64,480	
14%	\$73,507	
3%	\$75,712	
9%	\$82,527	
26%	\$103,983	
-23%	\$80,067	
-13%	\$69,659	
-10%	\$62,693	
20%	\$75,231	
27%	\$95,544	
31%	\$125,162	
20%	\$150,195	
34%	\$201,261	
-2%	\$197,235	
7%	\$211,042	
4%	\$219,484	
26%	\$276,549	
17%	\$323,563	
27%	\$410,925	
12%	\$460,236	
2%	\$469,440	
15%	\$539,856	
26%	\$680,219	
2%	\$693,824	

Unfavorable

Average Annual Return

8.00%

8.00%

The timing of negative market returns can have short term impacts as you are saving for retirement, but as you can see, the timing is less impactful over the long term.

T4118 Page 1 of 2

Market Volatility as You're **Taking Income**

This next example shows a totally different story once you begin taking income.

This chart shows a hypothetical account balance of \$693,824 at retirement with \$35,000 in income being withdrawn each year. Similar to the first scenario, we reversed the order of the market returns.

Scenario	
Results	

- Same average annual return
- Drastically different balance with one running out of money

Favorable Sequence of Returns Strong returns in the early years

Age	Annual Return	Balance	
65	2%	\$672,000	
66	26%	\$802,620	
67	15%	\$882,763	
68	2%	\$864,718	
69	12%	\$929,284	
70	27%	\$1,135,741	
71	17%	\$1,287,867	
72	26%	\$1,578,613	
73	4%	\$1,605,357	
74	7%	\$1,680,282	
75	-2%	\$1,612,377	
76	34%	\$2,113,685	
77	20%	\$2,494,422	
78	31%	\$3,221,842	
79	27%	\$4,047,290	
80	20%	\$4,814,748	
81	-10%	\$4,301,773	
82	-13%	\$3,712,092	
83	-23%	\$2,831,361	
84	26%	\$3,523,415	
85	9%	\$3,802,372	
86	3%	\$3,880,393	
87	14%	\$4,383,749	
88	4%	\$4,522,699	
89	-38%	\$2,782,373	

8.00%

Unfavorable

Sequence of Returns

Weak returns in the

early years

Balance

\$408,471

\$388,409

\$402,887

\$378,923

\$374,876

\$428,244

\$302,798 \$232,984

\$178,186

\$171,823

\$173,765

\$181,783

\$176,139

\$189,126

\$151,044

\$124,167

\$92,734

\$72,744

\$44,161

\$11,634

Annual

Return

-38%

4%

14%

3%

9%

26%

-23%

-13% -10%

20%

27%

31%

20%

34%

-2%

7%

4%

26%

17%

27%

12%

2% 15%

26%

2%

89	-38%	\$2,782,3
Average Annual Return	8.00%	

Make sure your long-term retirement strategy includes solutions designed to help protect you from the impact of negative market returns when you start taking income.

Hypothetical examples are for illustrative purposes only, and past performance is not indicative of future results. Your actual results will vary. This material is provided for informational purposes as part of a discussion about life insurance or annuity product solutions and is not intended to provide general financial planning advice.

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