

# Breaking the rules (of thumb)

Issued by Midland National® Life Insurance Company

## Annuity

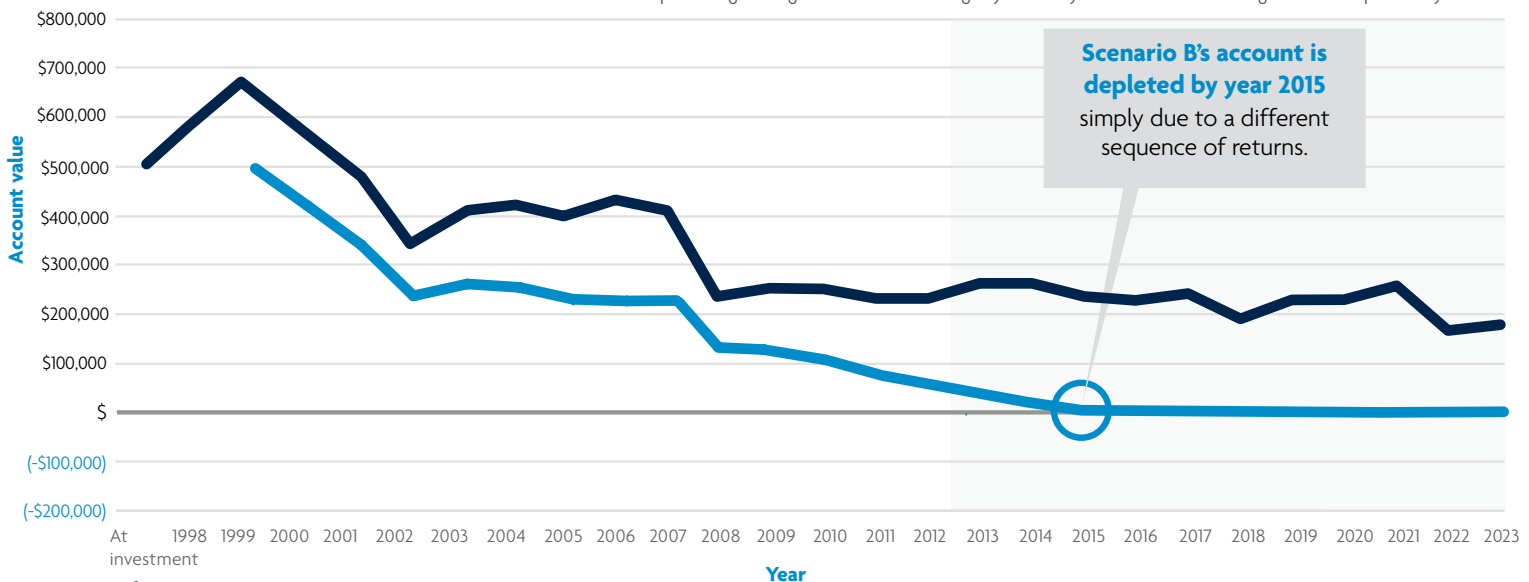
### Drawdown drawbacks

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 1998 and scenario B begins taking withdrawals just two years later in 2000. Both have \$500,000 at the time withdrawals begin. 21 years later, with just a difference of two years from when withdrawals started, scenario A still has over \$100,000 while scenario B’s account is depleted by year 15.

Year	Scenario A Withdrawals begin in 1998		Scenario B Withdrawals begin in 2000	
	Gain/Loss	Account value	Gain/Loss	Account value
At issue	-	\$500,000	-	-
1998	26.67%	\$598,509	-	-
1999	19.53%	\$682,505	-	\$500,000
2000	-10.14%	\$588,592	-10.14%	\$424,592
2001	-13.04%	\$487,911	-13.04%	\$345,301
2002	-23.37%	\$352,831	-23.37%	\$243,544
2003	26.38%	\$411,155	26.38%	\$273,037
2004	8.99%	\$418,159	8.99%	\$267,619
2005	3.00%	\$402,383	3.00%	\$247,325
2006	13.62%	\$425,940	13.62%	\$249,764
2007	3.53%	\$412,503	3.53%	\$230,109
2008	-38.49%	\$236,831	-38.49%	\$124,633
2009	23.45%	\$258,429	23.45%	\$119,915
2010	12.78%	\$260,447	12.78%	\$104,228
2011	0.00%	\$232,940	0.00%	\$76,726
2012	13.41%	\$232,981	13.41%	\$55,825
2013	29.60%	\$266,306	29.60%	\$36,709
2014	11.39%	\$266,007	11.39%	\$10,258
2015	-0.73%	\$236,774	-0.73%	\$0
2016	9.54%	\$229,228	9.54%	\$0
2017	19.42%	\$240,904	19.42%	\$0
2018	-6.24%	\$200,093	-6.24%	\$0
2019	28.88%	\$222,435	28.88%	\$0
2020	16.26%	\$226,629	16.26%	\$0
2021	26.89%	\$252,681	26.89%	\$0
2022	-19.44%	\$181,399	-19.44%	\$0
2023	24.23%	\$191,190	24.23%	\$0

**Assumptions:** Initial account value \$500,000, annual withdrawal \$27,500, 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.



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

Source for charts: <https://www.macrotrends.net/2526/sp-500-historical-annual-returns>

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