

Consider the sequence of returns risk when planning for long-term care expenses

A tale of two clients

Debbie and Diane each retire with \$500,000 in their retirement portfolios. While they have the same average annual return, they receive them in reverse order. **In year 21, they both experience a long-term care event and need in-home care.** Their withdrawals increase by \$102,544 to cover all expenses and planned withdrawals continued.

The scenario:

- \$500K investment
- 8% average annual return
- 4% withdrawals, increasing 2% each year

KEY TAKEAWAY

The sequence of returns is random but your long-term care plan doesn't need to be. The markets don't care when your clients need care so don't leave their success to chance. Help your clients develop a plan to protect their portfolios from long-term care expenses.

Have a conversation with your MoneyGuard® representative on how to help better protect your clients from the risks of long-term care expenses regardless of what the market does.

Debbie

Year	Annual return	4% withdrawals	Year-end values
			\$500,000
1	17.55%	\$20,000	\$564,251
2	-1.36%	\$20,400	\$536,477
3	10.61%	\$20,808	\$570,360
4	6.35%	\$21,224	\$584,018
5	1.03%	\$21,648	\$568,156
6	9.02%	\$22,081	\$595,307
7	10.85%	\$22,523	\$634,947
8	9.01%	\$22,973	\$667,134
9	6.12%	\$23,433	\$683,099
10	10.47%	\$23,901	\$728,228
11	14.34%	\$24,380	\$804,763
12	-13.20%	\$24,867	\$676,967
13	6.48%	\$25,365	\$693,853
14	8.85%	\$25,872	\$727,082
15	3.45%	\$26,390	\$724,840
16	7.04%	\$26,917	\$747,088
17	13.72%	\$27,456	\$818,359
18	-3.00%	\$28,005	\$766,623
19	0.74%	\$28,565	\$743,519
20	3.05%	\$29,136	\$736,151
21	7.84%	\$132,263	\$642,547
22	17.24%	\$132,857	\$588,117
23	18.85%	\$133,464	\$530,767
24	11.09%	\$134,082	\$431,732
25	25.87%	\$134,713	\$431,104

Diane

Year	Annual return	4% withdrawals	Year-end values
			\$500,000
1	25.87%	\$20,000	\$604,188
2	11.09%	\$20,400	\$648,528
3	18.85%	\$20,808	\$746,018
4	17.24%	\$21,224	\$849,741
5	7.84%	\$21,648	\$893,010
6	3.05%	\$22,081	\$897,469
7	0.74%	\$22,523	\$881,419
8	-3.00%	\$22,973	\$832,670
9	13.72%	\$23,433	\$920,256
10	7.04%	\$23,901	\$959,500
11	3.45%	\$24,380	\$967,347
12	8.85%	\$24,867	\$1,025,867
13	6.48%	\$25,365	\$1,065,376
14	-13.20%	\$25,872	\$902,313
15	14.34%	\$26,390	\$1,001,510
16	10.47%	\$26,917	\$1,076,651
17	6.12%	\$27,456	\$1,113,411
18	9.01%	\$28,005	\$1,183,238
19	10.85%	\$28,565	\$1,279,989
20	9.02%	\$29,136	\$1,363,623
21	1.03%	\$132,263	\$1,235,896
22	6.35%	\$132,857	\$1,164,543
23	10.61%	\$133,464	\$1,131,530
24	-1.36%	\$134,082	\$975,981
25	17.55%	\$134,713	\$1,030,668

This hypothetical is for illustrative purposes only and does not reflect the performance of any product. Debbie's portfolio is based on a 60/40 blended return from 1995 through 2019 (60% invested in S&P 500 TR USD (1936); 40% invested in BBgBarc US Agg Bond TR USD). Diane's portfolios based on reversing Debbie's returns. Indices are unmanaged and unavailable for direct investment. Past performance does not indicate future results. Year 21 withdrawals assume the national hourly average for 80 hours per week for a home health aide. Data provided from whatcarecosts.com/ltc.



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