Assumptions Versus Guarantees

Joan is currently 60 years old and plans to continue working for another five years. As retirement draws closer, Joan and her financial professional discuss income strategies that can help ensure the continuation of her current lifestyle and allow her to have the retirement she is seeking. Should she consider taking withdrawals from her existing 60/40 portfolio or use a portion of that portfolio to purchase a variable annuity with an add-on living benefit that will provide guaranteed* income for life?

How much income could each strategy potentially yield?

Let's evaluate the options:

60/40 PORTFOLIO

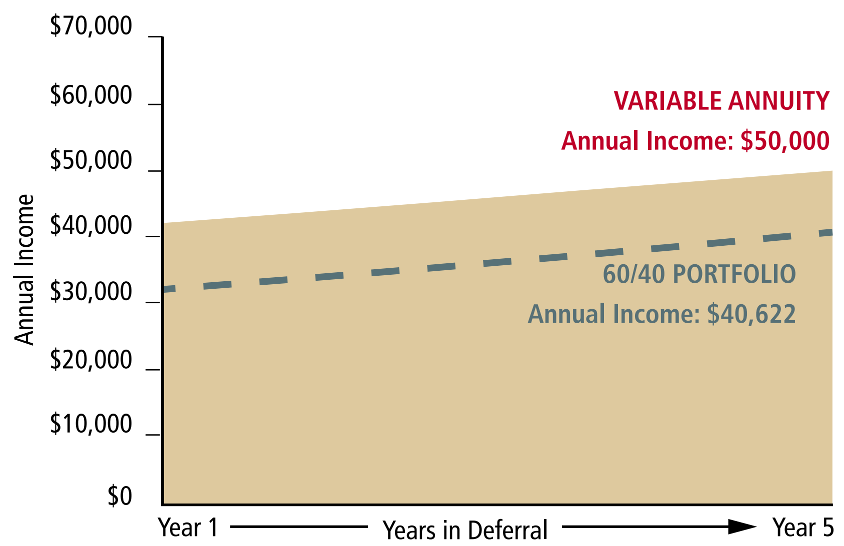
If Joan were to use $1,000,000 of her existing 60/40 portfolio for income, based on historical market performance, she would likely receive **$40,622 annually.**

VARIABLE ANNUITY

However, if she were to place the same $1,000,000 in a variable annuity with an add-on living benefit, she would receive guaranteed lifetime income of **$50,000 annually.**

For Joan to receive $50,000 annually from the same $1,000,000 in a 60/40 portfolio, her investments would have to earn 10.76% annually over the five years in deferral—assuming she uses a withdrawal rate of 3%.

See next page for important assumption information.



This is a hypothetical example for illustrative purposes only and is not representative of the past or future performance of any specific product. This example does not reflect the impact of taxes or fees.

What are variable annuities?

Variable annuities are a long-term, tax-deferred investments designed for retirement. The principal value of variable annuities will fluctuate based on the performance of the underlying investments and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an exception to the tax is met.

Add-on living benefits are available for an extra charge in addition to the ongoing fees and expenses of the variable annuity and may be subject to conditions and limitations. There is no assurance a variable annuity with an add-on living benefit will provide sufficient supplemental retirement income.

* Guarantees are backed by the claims-paying ability of the issuing insurance company and do not apply to the principal amount or investment performance of a variable annuity's separate account or its underlying investments.

Take a Closer Look.

While the 60/40 portfolio's account value is greater, Joan's income is lower—assuming a 3% withdrawal rate. By adding a variable annuity with an add-on benefit, her guaranteed annual withdrawal increases her income. Keep in mind that if Joan withdrew 4% annually from her 60/40 portfolio, her annual withdrawal amount would be higher than the guaranteed annual income provided by the variable annuity with an add-on living benefit. However, the downside of withdrawing a higher amount from her 60/40 portfolio is the possibility she would have to reduce her withdrawals during a market decline to avoid running out of money in the future.

Is your retirement income guaranteed for life?

Assumptions	
60/40 Portfolio with 3% Systematic Withdrawal	
Years in Deferral	5
Amount Invested	$1,000,000
Annual Return*	6.25%
Account Value†	$1,354,081
Annual Withdrawal %	3%
Annual Withdrawal Amount§	$40,622

Guarantees	
Variable Annuity with add-on living benefit	
Years in Deferral	5
Amount Invested	$1,000,000
Bonus‡ (Roll-Up)	5%
Guaranteed Withdrawal Balance	$1,250,000
Guaranteed Annual Income %	4%
Guaranteed Annual Income	$50,000

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* The assumed annual return of 6.25% for the 60/40 portfolio was determined by using the average annual return of the S&P 500 Total Return Index and the Bloomberg Barclays U.S. Aggregate Bond Total Return Index from 12/31/2000 to 12/31/2020. The calculations assume the portfolio is rebalanced monthly. Past performance is no guarantee of future results. Indexes are unmanaged and are not available for direct investment.

Source: Lipper, a Thomson Reuters Company, as of September 30, 2020. Index returns portray total return data.

† The account value shown assumes a steady rate of return of 6.25% annually. There is no assurance that a stable rate of return will be maintained. Account values fluctuate based on market performance and may lose value.

‡ The assumed simple-interest bonus is applied annually to the guaranteed withdrawal balance during the specified bonus period (the 5 years in deferral). When income is initiated, the guaranteed withdrawal balance is multiplied by the guaranteed annual income percentage to determine the guaranteed annual income.

§ The annual withdrawal amount will vary based on fluctuations in the account value.