Annuity

Income EXPEDITION

Issued by Midland National® Life Insurance Company

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Imagine you decided to climb a mountain. How would you prepare? Likely you would be very focused on the strategies for a successful climb, the materials you would need, and maybe how to take that amazing panoramic photo at the top.

But how much thought did you put into preparing for the way back down?

The road to retirement is a similar adventure. Many consumers are focused on **accumulating** money for retirement, but may not have planned for the **decumulation** phase of retirement. Have you put as much planning into the descent as you did on the ascent?

If you feel like you need to prepare more for the climb down, you're not alone. This is a great time to start your income expedition.

Income EXPEDITION

What are the risks on your journey?

Setbacks in life are almost inevitable, ranging from job-loss and market recessions to health events and major unexpected expenses. While working through the accumulation phase of retirement planning, you can typically adapt to these roadblocks and setbacks with time.

On the way down the mountain, however, it can be more difficult to overcome some of the risks you may face. Let's take a look at two of the most common risks you may encounter on your income expedition.

Market volatility risk

"The drawdown dilemma"

Ensuring your retirement assets still have growth potential is a smart choice as inflation and other factors can erode the purchasing power of your money. However, if all of your assets are subject to market volatility, you can run into the drawdown dilemma. In this scenario, you can run out of money sooner than anticipated simply based on the timing of when you begin withdrawing retirement income.

Longevity risk

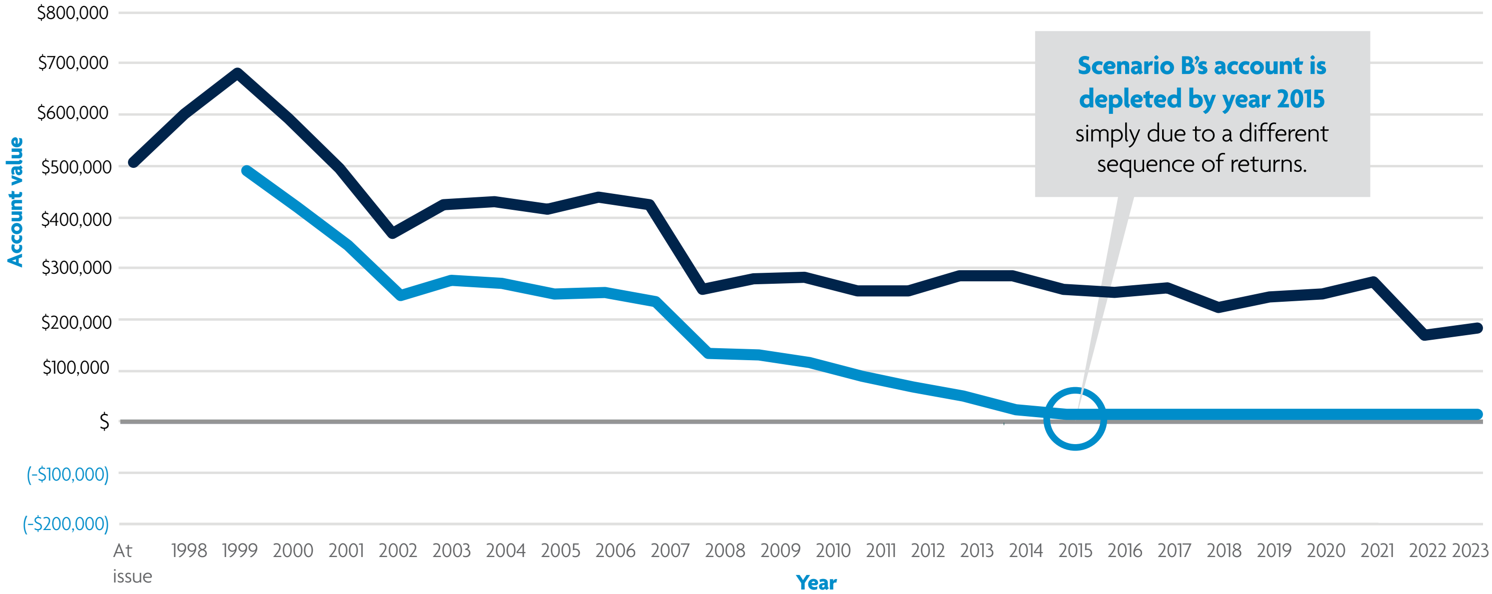
"Outliving your money"

It's no secret people are living longer, which means retirement is often longer, too. Regardless of whether your retirement assets have a high, medium, or low growth potential, can you guarantee that you won't outlive your money?

The drawdown dilemma

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. Let's take a look at two different hypothetical scenarios, in which one begins taking withdrawals in 1998, and another that begins taking withdrawals just two years later in 2000. Both have $500,000 at the time they begin withdrawals. 21 years later, with just a difference of two years from when withdrawals started, one scenario still has over $100,000 while the other's account is depleted by year 14.



	Scenario A Withdrawals begin in 1998		Scenario B Withdrawals begin in 2000	
Year	**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.

Source: https://www.macrotrends.net/2526/sp-500-historical-annual-returns

Longevity risk
Outliving your money

Consumers who hope to avoid market volatility might be tempted to put their retirement assets in a vehicle with little risk of loss, but also little growth, possibly missing out on any upside potential. In our hypothetical example, a person retires at age 65 with $500,000. Their money continues to grow at 3%, and they withdraw an annual income of $30,000, Even with a sturdy starting balance of $500,000, this person's assets run out by age 87. If they live until age 95, they will go almost 8 years without a retirement paycheck.

Assumptions:
Initial value $500,000, 3% annual growth rate, $30,000 annual withdrawal

Year	Age	Retirement assets
		$500,000
1	65	$485,000
2	66	$469,550
3	67	$453,637
4	68	$437,246
5	69	$420,363
6	70	$402,974
7	71	$385,063
8	72	$366,615
9	73	$347,613
10	74	$328,042
11	75	$307,883
12	76	$287,120
13	77	$265,733
14	78	$243,705
15	79	$221,016
16	80	$197,647
17	81	$173,576
18	82	$148,783
19	83	$123,247
20	84	$96,944
21	85	$69,853
22	86	$41,948
23	**87**	$13,207
24	88	$0
25	89	$0
26	90	$0
27	91	$0
28	**92**	$0
29	93	$0
30	94	$0
31	95	$0
32	96	$0
33	97	$0
34	98	$0
35	99	$0
36	100	$0

Will you or your spouse outlive your retirement paycheck?

Income needs review

A critical step in building a retirement strategy is an assessment of your anticipated expenses and income. The following exercise will give us an idea of potential gaps you may have.

This list reflects common expenses (needs and wants) you may encounter during retirement.

Monthly expenses					
Housing expenses	**Needs**	**Wants**	**Health care expenses**	**Needs**	**Wants**
Mortgage/rent	$	$	Health insurance premiums	$	$
Home insurance	$	$	Prescriptions	$	$
Utilities (phone, electric, water, gas, etc.)	$	$	Long-term care insurance	$	$
Other housing expenses	$	$	Other health expenses	$	$
Living expenses	**Needs**	**Wants**	**Living expenses**	**Needs**	**Wants**
Groceries	$	$	Taxes	$	$
Clothing	$	$	Life insurance premiums	$	$
Auto payments	$	$	Charitable contributions	$	$
Auto insurance	$	$	Recreation (hobbies, dining out, movies, etc.)	$	$
Additional car expenses (gas, registration, etc.)	$	$	Gifts to family and others	$	$
Travel	$	$	Other living expenses (home improvements, pets, etc.)	$	$
A) Total monthly expenses (needs + wants)				$	

Monthly income	
Predictable income sources	**Estimated monthly income**
Pension plan	$
Social Security	$
Guaranteed income	$
Other ________________________________	$
B) Estimated monthly income	$

Compare your total monthly expenses to your potential sources of retirement income to identify potential gaps in your retirement income.

Total monthly expenses (A)	$
Total estimated monthly income (B)	$
Monthly retirement income gap (A—B)	**$**

Income EXPEDITION

Prepare for the descent

Now that you've determined what your guaranteed income needs might be, you may be wondering 'what's next?'
We understand retirement planning can feel overwhelming, so we have two options to help put you on the right path.

1

Visit the Income Expedition digital experience

MNLIncomeExpedition.com

Scan with your phone camera.

Follow the guided tour to discover your specific needs and discover guaranteed income potential with the **MNL Income Planning Annuity calculator**

2

Talk to your financial professional about your personalized income needs worksheet to determine if the **MNL Income Planning Annuity**SM fixed index annuity is a good fit for you

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