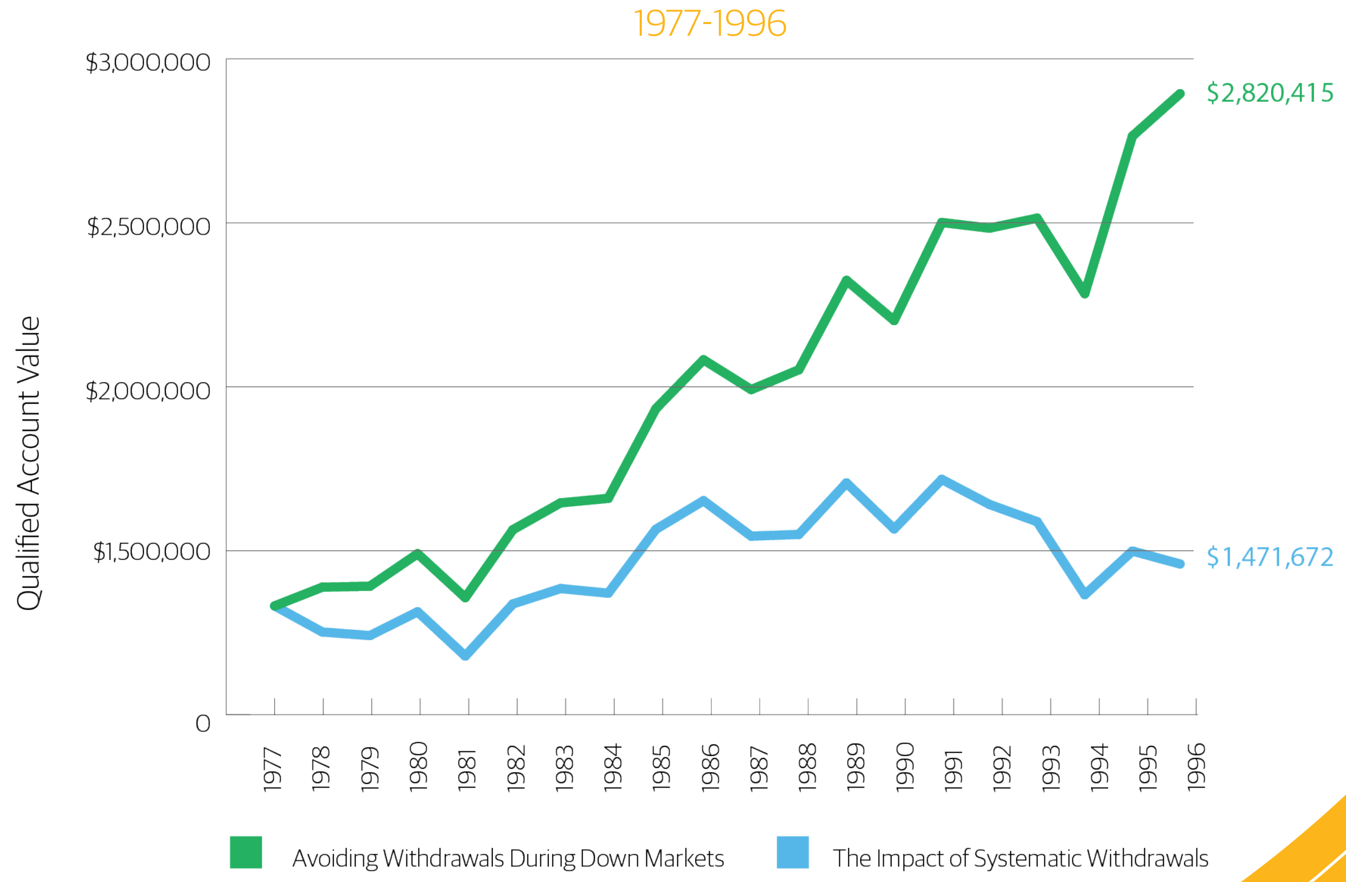
DOWN MARKETS MATTER

MINIMIZING IRA WITHDRAWALS IN DOWN MARKETS MAKES A BIG DIFFERENCE

Taking systematic withdrawals from a qualified retirement account, such as an IRA or 401(k), without considering the market's performance, can have a negative long-term effect on the value of the account. For example, when taking systematic withdrawals beginning at age 65, an IRA account that had a value of $1.5 million in 1977 would have had a balance of $1,471,672 after 20 years. In contrast, by skipping withdrawals during the years when the market was down, and instead taking only the required minimum distributions (RMDs)* and replacing the withdrawals with distributions from cash assets such as permanent life insurance^ or bank savings, the IRA balance would have been preserved in excess of $2,820,416.

Minimizing Withdrawals During Down Markets

This example is for illustrative purposes only. Past performance is not a guarantee of future returns.



^The primary purpose of permanent life insurance is to provide a death benefit. Using cash values to supplement your retirement income will reduce the benefit and may affect other aspects of your life insurance plan. Accessing the cash values through policy loans, surrenders of dividend values, or cash withdrawals will or could: reduce the death benefit; necessitate greater outlay than anticipated; or result in an unexpected taxable event. Assumes a non-Modified Endowment Contract (MEC).

* Required minimum distribution from the IRA under federal tax law.

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THE EFFECT ON THE VALUE OF AN IRA WHEN MINIMIZING IRA WITHDRAWALS DURING DOWN MARKET YEARS

IRA Value When Taking Systematic Withdrawals

Age	Balance at Beginning of Year	Withdrawal First of Year (3% Inflation Rate)	50/50 Portfolio Return (pre-Tax) 1977-1996	Balance at End of Year
65	$1,500,000	$120,000	-2.07%	$1,351,434
66	$1,351,434	$123,600	3.98%	$1,276,640
67	$1,276,640	$127,308	10.19%	$1,266,392
68	$1,266,392	$131,127	17.56%	$1,334,617
69	$1,334,617	$135,061	0.67%	$1,207,593
70	$1,207,593	$139,113	27.02%	$1,357,130
71	$1,357,130	$143,286	15.44%	$1,401,201
72	$1,401,201	$147,585	10.71%	$1,387,878
73	$1,387,878	$152,012	27.13%	$1,571,156
74	$1,571,156	$156,573	16.87%	$1,653,153
75	$1,653,153	$161,270	4.00%	$1,551,483
76	$1,551,483	$166,108	12.35%	$1,556,469
77	$1,556,469	$171,091	23.01%	$1,704,153
78	$1,704,153	$176,224	2.90%	$1,572,163
79	$1,572,163	$181,511	23.28%	$1,714,326
80	$1,714,326	$186,956	7.54%	$1,642,458
81	$1,642,458	$192,565	9.87%	$1,592,997
82	$1,592,997	$198,342	-0.81%	$1,383,429
83	$1,383,429	$204,292	27.96%	$1,508,764
84	$1,508,764	$210,421	13.35%	$1,471,672

IRA Value Without Systematic Withdrawals

Age	Balance at Beginning of Year	Withdrawal First of Year (3% Inflation Rate)	50/50 Portfolio Return (pre-Tax) 1977-1996	Balance at End of Year
65	$1,500,000	$120,000	-2.07%	$1,351,434
66	$1,351,434	$0	3.98%	$1,405,154
67	$1,405,154	$127,308	10.19%	$1,407,994
68	$1,407,994	$131,127	17.56%	$1,501,085
69	$1,501,085	$135,061	0.67%	$1,375,176
70	$1,375,176	$139,113	27.02%	$1,569,985
71	$1,569,985	$143,286	15.44%	$1,646,910
72	$1,646,910	$147,585	10.71%	$1,659,903
73	$1,659,903	$152,012	27.13%	$1,916,981
74	$1,916,981	$156,573	16.87%	$2,057,302
75	$2,057,302	$161,270	4.00%	$1,971,778
76	$1,971,778	$166,108	12.35%	$2,028,670
77	$2,028,670	$171,091	23.01%	$2,285,008
78	$2,285,008	$176,224	2.90%	$2,169,833
79	$2,169,833	$181,511	23.28%	$2,451,104
80	$2,451,104	$186,956	7.54%	$2,434,752
81	$2,434,752	$192,565	9.87%	$2,463,491
82	$2,463,491	$198,342	-0.81%	$2,246,915
83	$2,246,915	$137,848	27.96%	$2,698,657
84	$2,698,657	$210,421	13.35%	$2,820,416

From 1977-1996, there were only two years in which the market had negative returns. By not taking systematic withdrawals and taking only the required minimum distributions (RMDs*) during those two years, you would end up with more than $2,820,416 in assets versus $1,471,672 had you taken the systematic withdrawals.

This is why it is critical to have assets not invested in the market (e.g., cash reserve, permanent life insurance^) that can be tapped into during the down market years in order to preserve qualified account balances.

Hypothetical example for illustrative purposes only. Beginning value $1.5 million in IRA; S&P 500 historical return during 1977-1996 including dividends; $120,000 withdrawal each year with a 3% inflation rate applied: $0 withdrawal in years after negative return except for required minimum distribution. The 50/50 portfolio is represented by the S&P 500 Index for equity and the BarCap US Aggregate Bond Total Return USD for fixed income. The S&P 500 Index is a list of securities frequently used as a measure of U.S. Stock Market performance. These numbers do not reflect fees and charges associated with an actual investment. Historical S&P 500 returns from Bloomberg.

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* Required minimum distribution from the IRA under federal tax law.

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