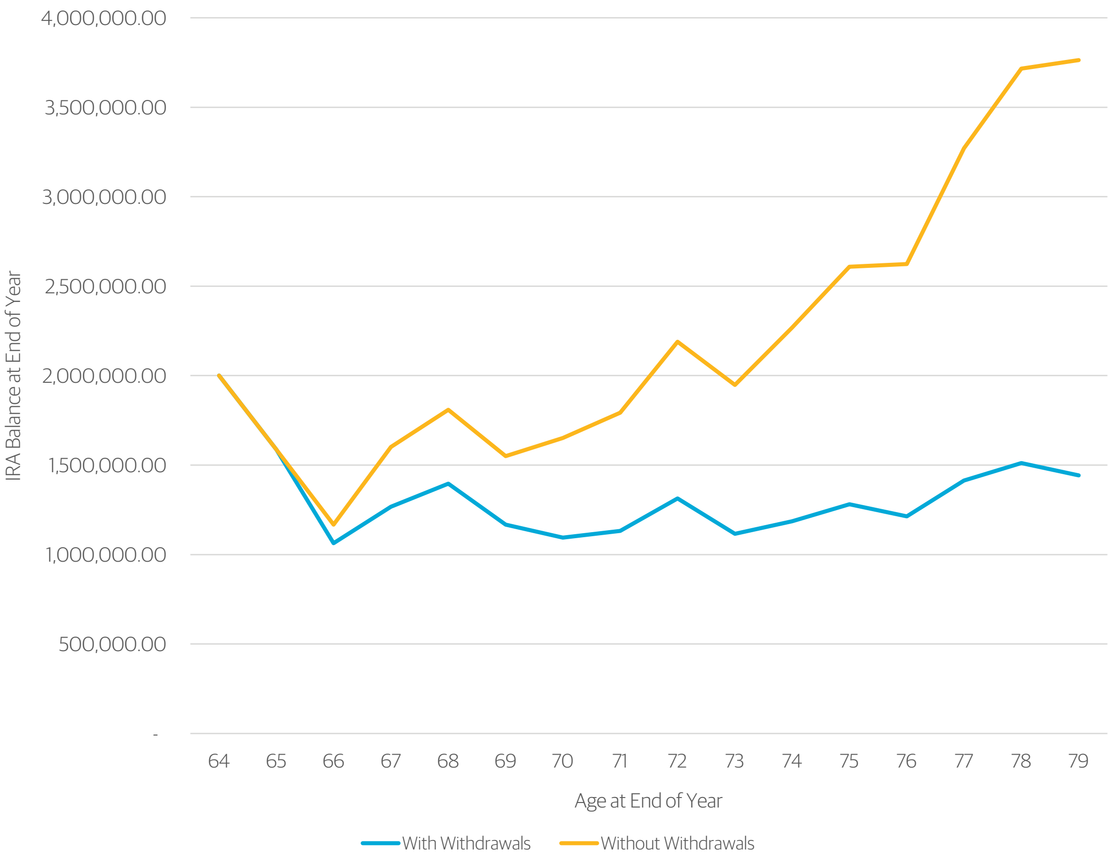
DOWN MARKETS MATTER

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 $2 million in 1973 would have dropped to $1.4 million in 15 years. In contrast, by skipping withdrawals during the four 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 $3.75 million dollars.



^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

From 1973-1988, there were only four years in which the market had negative returns. By not taking systematic withdrawals and taking only the required minimum distributions (RMDs*) during those four years, you end up with more than two and a half times the assets than if you took the 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.

IRA Value When Taking Systematic Withdrawals

AGE	BALANCE AT BEGINNING OF YEAR	WITHDRAWAL FIRST OF YEAR	S&P 500 RETURN 73-87	BALANCE AT END OF YEAR
65	$2,000,000	$140,000	-14.7%	$1,586,766
66	1,586,766	140,000	-26.5%	1,063,807
67	1,063,807	140,000	37.2%	1,267,740
68	1,267,740	140,000	23.9%	1,396,706
69	1,396,706	140,000	-7.2%	1,166,726
70	1,166,726	140,000	6.6%	1,094,182
71	1,094,182	140,000	18.6%	1,131,756
72	1,131,756	140,000	32.4%	1,313,084
73	1,313,084	140,000	-4.9%	1,115,369
74	1,115,369	140,000	21.6%	1,185,561
75	1,185,561	140,000	22.6%	1,281,439
76	1,281,439	140,000	6.3%	1,212,893
77	1,212,893	140,000	31.7%	1,413,215
78	1,413,215	140,000	18.7%	1,510,924
79	1,510,924	140,000	5.3%	$1,442,897

IRA Value Without Systematic Withdrawals

AGE	BALANCE AT BEGINNING OF YEAR	WITHDRAWAL FIRST OF YEAR	S&P 500 RETURN 73-87	BALANCE AT END OF YEAR
65	$2,000,000	$140,000	-14.7%	$1,586,766
66	1,586,766	0	-26.5%	1,166,749
67	1,166,749	0	37.2%	1,601,130
68	1,601,130	140,000	23.9%	1,809,609
69	1,809,609	140,000	-7.2%	1,550,065
70	1,550,065	0	6.6%	1,651,904
71	1,651,904	140,000	18.6%	1,793,270
72	1,793,270	140,000	32.4%	2,188,929
73	2,188,929	140,000	-4.9%	1,948,122
74	1,948,122	81,854*	21.6%	2,268,449
75	2,268,449	140,000	22.6%	2,608,627
76	2,608,627	140,000	6.3%	2,623,163
77	2,623,163	140,000	31.7%	3,270,822
78	3,270,822	140,000	18.7%	3,715,346
79	3,715,346	140,000	5.3%	$3,763,052

Hypothetical example for illustrative purposes only. Beginning value $2 million in IRA; S&P 500 historical return during 1973-1987, including dividends; $140,000 withdrawal each year: $0 withdrawal in years after negative return except for required minimum distribution. 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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