L.I.V.E. Retirement Risks Education

Volatility risk: Market bumps that can bruise your retirement

What is volatility risk?

It's the potential impact of unpredictable market fluctuations on your retirement portfolio. Volatility can be sudden and unexpected. It can trigger an emotional response from you. And you may make decisions that hurt your long-term goals.

Market volatility is common

The S&P 500 experienced a **drop of 5% or more in 93% of calendar years**, from 1980 to 2024.[1]

There were **eleven 10% market corrections** for the S&P 500 Price index from January 2000 to April 2025.[2]

There will be bears

Most likely, you've heard of a bear market, and it is defined as a **20% or more decline** from the previous market high.

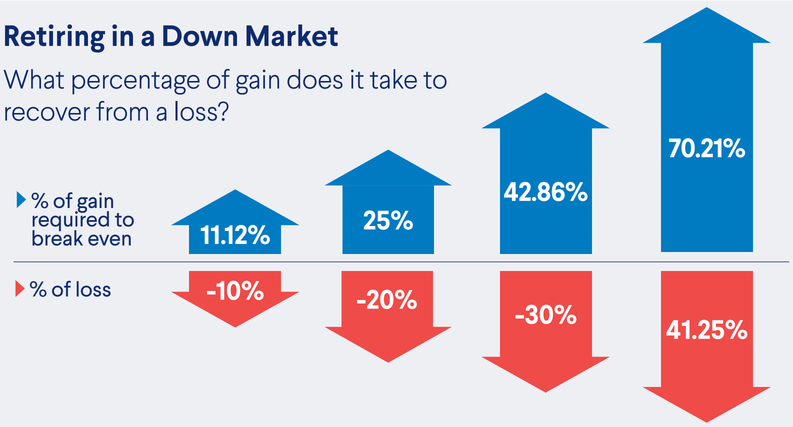
- There have been **four bear markets since 2000,**
- They had an **average loss of 41.25%.**
- On average, they lasted just over 14 months each.[2]

The volatility of a down market – especially a bear market – and the resulting losses can easily erode your confidence, prompt you to make impulsive decisions, and undermine your retirement security.

For instance, let's say in one year, your savings suffered a **41.25%** loss (the average loss of a bear market). You would need a **70.21%** gain the next year just to break even. It would be difficult not to react to this level of volatility.

Retiring in a Down Market

What percentage of gain does it take to recover from a loss?



[1] What is volatility and how does it work? | Fidelity, 04/2025

[2] J.P.Morgan Asset Management, On the Bench, 09/2025

Add your contact information here

Let's explore how to help you manage volatility risk.

When you retire matters as much as how much you've saved

Market cycles of ups and downs are normal and common, but nerve-racking, nonetheless. It becomes especially challenging in the form of **sequence of returns risk**.

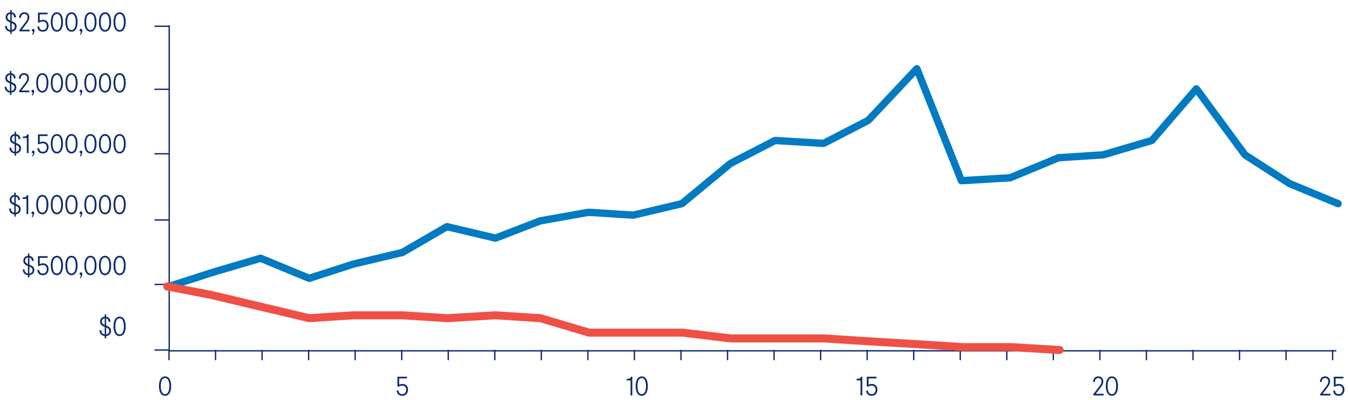
- The sequence of returns risk is the risk that negative returns early in retirement, combined with withdrawals, will drain your savings faster.
- Even portfolios with the same average return can deliver dramatically different outcomes depending on the order in which gains and losses occur.

Hypothetical example for illustrative purposes only. Results will vary.

SCENARIO	RETIREE A	RETIREE B
Starting Balance	$500,000	$500,000
Annual Withdrawal	$25,000	$25,000
Market Sequence	Strong gains early, losses later	Early losses, gains later
Average Return	7.33%	7.33%
Portfolio Outcome	Balance remains after 25 years	Account depleted in year 19

The Bottom Line

1. Timing can have an impact on the health of your savings
2. No one knows how markets will look when you retire.
3. You may not have the time to recoup losses compounded by withdrawals during a market downturn.



Unfortunately, volatility risk rarely acts alone

One of the most concerning aspects of volatility risk is that it connects with other key retirement risks and is often amplified by them. We call these the L.I.V.E. risks: Longevity, Inflation, Volatility and Emotion.

Longevity Risk

The longer you live, the more downturns (and up markets) you may face.

Inflation Risk

Rising costs amplify the strain of market losses.

Emotion Risk

Fear and euphoria may drive you to act at the worst possible times.

Planning can help mitigate the impact of volatility risk

You can't control what market you may retire into, but you can prepare for volatility. Our goal isn't to avoid volatility. It's to build a plan that keeps your income intact while markets work through their cycles.

We can start with three steps:

1. Calculate your MUST-haves – medical, mortgage, utilities, food, transportation
2. Map your income sources – find the gap between what's coming in and what you'll need
3. Close that gap – so market swings don't derail your lifestyle

Click or scan to access the MUST-haves calculator

Next, we'll build you a retirement plan

We can put together a plan that helps to keep you steady when markets get bumpy. We can build a balanced mix of strategies that provide guaranteed income, downside protection (even zero market risk), and growth opportunities.

For instance, annuities can play a role in your plan. They can provide guaranteed retirement income that protects you against market volatility. Annuities are also efficient and can generate the same income as a much larger invested portfolio, which then can free up assets for you to invest in other types of investments.

An effective tool for reducing volatility risk is a fixed index annuity (FIA).

FIAs can:

- **Provide protected growth with 0% downside risk**
- **Lock in annual growth to preserve performance over time**
- **Deliver guaranteed lifetime income regardless of market conditions**

Annuities are designed to help mitigate the key L.I.V.E. retirement risks.

Let's sit down and talk through what matters most to you.

Together, we'll create a plan that helps give you confidence even when markets get bumpy or retirement feels uncertain.

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