

**The Missing Piece to Retirement Confidence Podcast Series:**  
The Essential Role of Annuities for Today's Retirees

## Episode 2

# Historic Investment Conditions

Today's markets are both unpredictable and unprecedented. It's important for clients to set up a source of income they can rely on throughout retirement.

In this episode, we examine historic investment conditions that affect and influence client behavior. Podcast host and Brighthouse Financial® Advanced Markets Consultant Kevin Russ and Regional Sales Vice President Kendra Pasciucco present a compelling story to use with clients who may benefit from adding the guaranteed income of annuities to their retirement.

### Condition 1

Historically high equity valuations mean:

- Investors are taking on more risk in hopes of higher returns
- Inflated stock prices due to a 10-year bull run means investors need to plan for the probability of market corrections

### Condition 2

Historically low interest rates mean:

- Low growth on fixed-income investments
- Rising interest rates cause bond prices to decrease

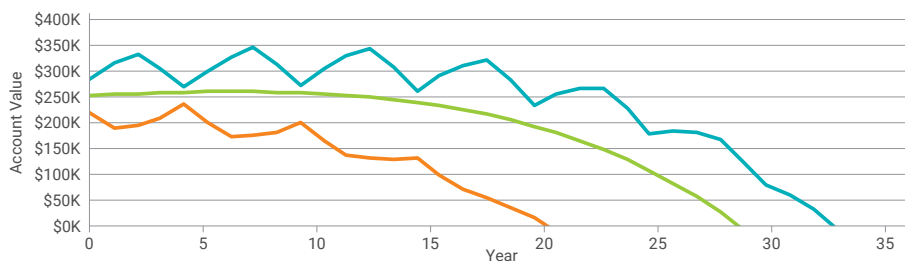
**Did you know?** The two other times when interest rates were low (1880s and early 1930s). They remained depressed for 30 years before recovering.

## Sequence of Returns Underscores Market Risks

The order – or sequence – of annual investment returns can determine how long retirement funds last. The sequence of returns cannot be controlled by the investor but can have a significant impact on their retirement income.

Here's a hypothetical example of a \$250,000 portfolio, showing a 6% (\$15K) annual withdrawal, adjusted 3% each year for inflation. In all three scenarios, the average annual return is 7%.

### Impact of positive vs. negative early returns on retirement income



Hypothetical example for illustrative purposes only. The returns and dollar amounts shown in this illustration are not guaranteed and are not a projection of future performance results.



Talk with clients about how protected sources of income in retirement can offer some protection from market risk.

- **Positive returns early**
- **7% return every year**
- **Negative returns early**

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Explore more insights in “The Role of Annuities in Retirement” at [brighthousefinancialpro.com](https://brighthousefinancialpro.com) and talk to your wholesaler about continuing education opportunities from our Advanced Sales team.

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