JACKSON®

Unearthing the risks of living by the 4% Rule

In the mid-1990s, the 4% Rule became a best practice for retirement savings withdrawals.

BUT IS IT SUSTAINABLE?

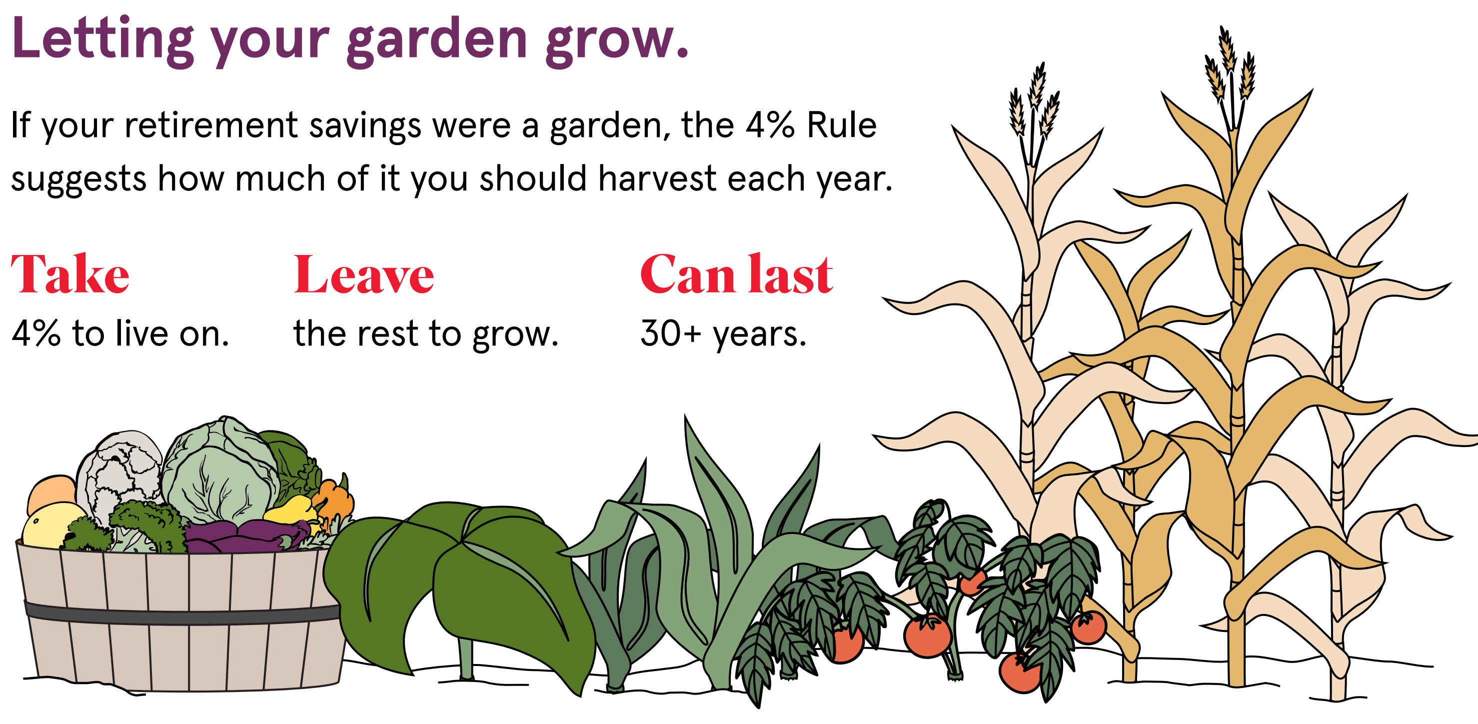
Letting your garden grow.

If your retirement savings were a garden, the 4% Rule suggests how much of it you should harvest each year.

Take 4% to live on.

Leave the rest to grow.

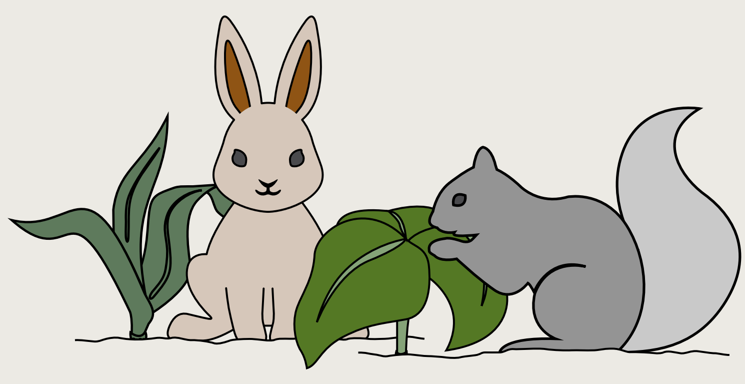
Can last 30+ years.



But like any garden, long-term success is not guaranteed. And living by this rule blindly can be risky.

Let's dig deeper.

Unforeseen impacts on your crop



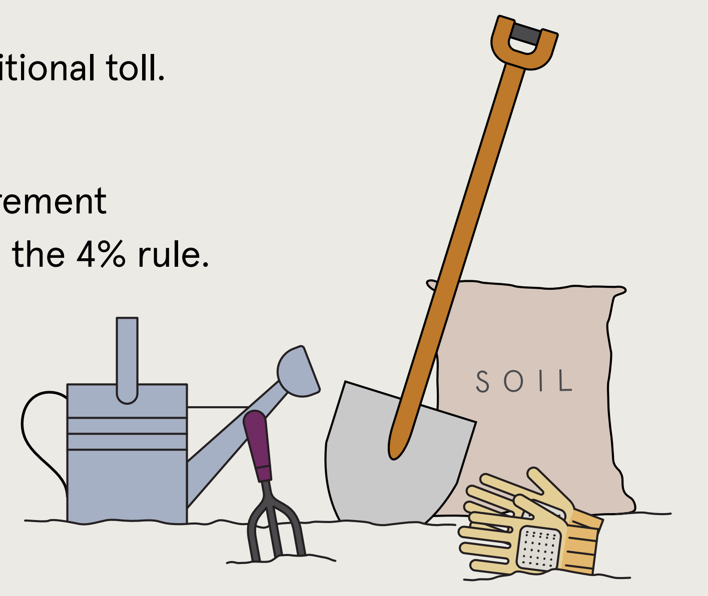
The economy is always changing. And market factors such as low returns on fixed income can have a significant impact on the sustainability of a **4% WITHDRAWAL STRATEGY.**[1]

The price of your harvest

Harvesting from your garden takes an additional toll. The same goes for your investments.

A single filer in 2024 with $2 million in retirement savings would withdraw $80,000 based on the 4% rule.

But that investor would owe about **$9,441 IN FEDERAL TAXES** —cutting into her withdrawal or requiring her to draw from what's remaining.[*]



The cost of doing business

The more you put into the long-term health of your garden, the more you get out of it. Similarly, advisor and investment management fees can add up.

Accounting for all taxes and fees, you may have to withdraw more than **6% OF YOUR SAVINGS** to actually receive 4% of spendable income.[†]

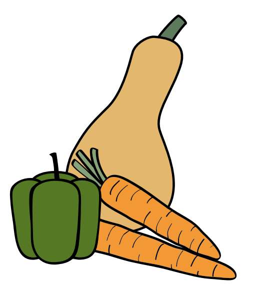
Diversification[‡]

The success of the 4% Rule also depends on where your money is invested.

Withdrawing 4% from a bonds-only portfolio has a likelihood of success between **65–70%**, compared to **90–95%** for a mixed portfolio of bonds and equities.

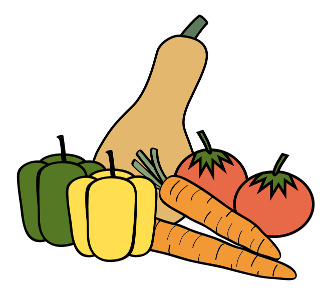
And withdrawing only 3% can increase that probability of success to between **95–100%.**[2]

How to get out of the weeds



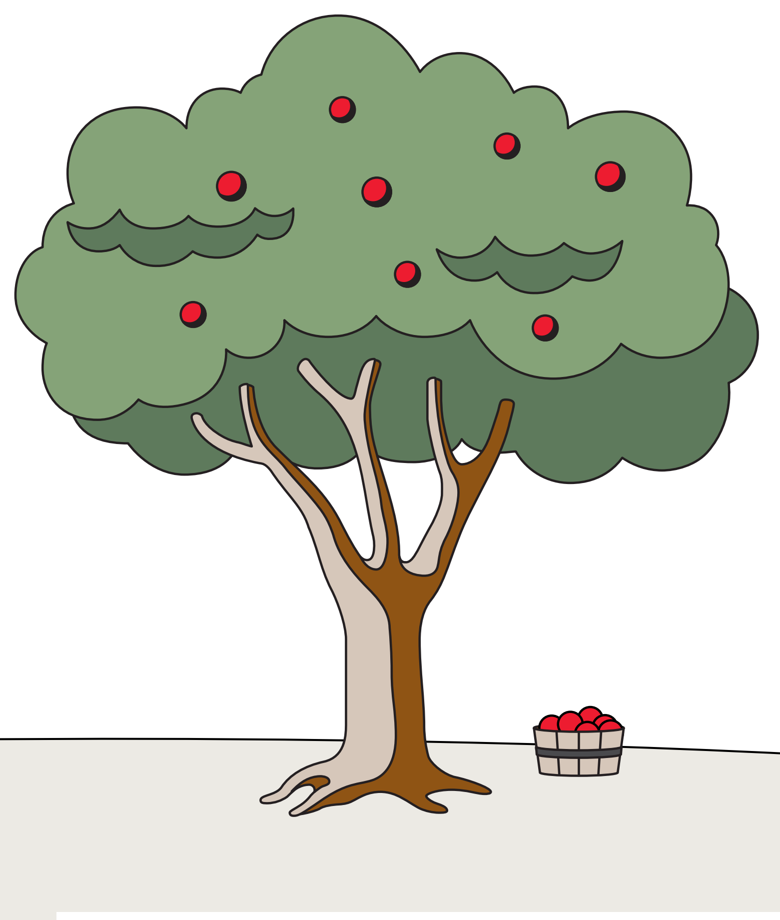
OPTION A: WITHDRAW LESS

Withdrawing less than 4% each year may help protect your nest egg, leaving you less to live on each year of retirement.



OPTION B: WITHDRAW MORE

On the other hand, withdrawing more than 4% can help account for your annual expenses but may put your savings at risk.



OPTION C: SUPPLEMENT YOUR GARDEN WITH A NEW STREAM OF INCOME.

Annuities, specifically variable annuities with living benefit riders, provide guaranteed income that can ensure that retirement goals are met—and maybe even exceeded.

Ask your financial professional how an annuity may support your long-term retirement goals.

Annuities are long-term, tax-deferred vehicles designed for retirement. Variable annuities involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an except to the tax is met.

[1] Benz, Morningstar, "The Four Percent Rule is No Longer Safe," April 29, 2020.
[2] J.P. Morgan Asset Management, "Annuities improve outcomes," accessed December 6, 2023.
[*] Calculations performed by Jackson using 2024 tax rates.
[†] Calculation performed by Jackson.
[‡] Diversification does not assure a profit or protect against a loss in a declining market.

Before investing, investors should carefully consider the investment objectives, risks, charges, and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses provide this and other important information. Please contact your financial professional or the Company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

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Not a deposit • Not insured by any federal agency

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