THE REAL COST OF VOLATILITY

Losses Have a Greater Impact Than Gains

After a loss, it takes a greater gain to return to your original value.

Imagine you invested $100,000, and your account declined 20%.

Initial investment = $100,000
$100,000 × (20%) = $20,000
$80,000

If you gained 20% back, you would be $4,000 short of your initial investment.

Investment Value = $80,000
20% × $80,000 = $16,000
$96,000

To fully recover from the 20% loss, you’d need to gain 25%.

Investment Value = $80,000
25% × $80,000 = $20,000
$100,000

The Mathematical Catch-Up Game

The gain required to recover from a loss under normal circumstances may be challenging, but look how much more difficult it is if you’re taking distributions.

Cumulative Gain Required to Return to Original Value

<table>
<thead>
<tr>
<th>Loss</th>
<th>No Withdrawals</th>
<th>5% Withdrawals for 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>11%</td>
<td>54%</td>
</tr>
<tr>
<td>20%</td>
<td>25%</td>
<td>82%</td>
</tr>
<tr>
<td>30%</td>
<td>43%</td>
<td>122%</td>
</tr>
<tr>
<td>40%</td>
<td>67%</td>
<td>186%</td>
</tr>
</tbody>
</table>

Retirement is complex and often requires a well-designed plan. An advisor can help guide you through every step of the way. Contact your financial professional about optimizing your portfolio to help address your retirement goals.

WORK WITH AN ADVISOR
At Franklin Templeton, we’re dedicated to one goal: delivering exceptional asset management for our clients. By bringing together multiple, world-class investment teams in a single firm, we’re able to offer specialized expertise across styles and asset classes, all supported by the strength and resources of one of the world’s largest asset managers.

Focus on Investment Excellence
At the core of our firm you’ll find multiple independent investment teams—each with a focused area of expertise—from traditional to alternative strategies and multi-asset solutions. Across the firm, our portfolio teams share a commitment to excellence grounded in rigorous, fundamental research and robust, disciplined risk management.

Global Perspective Shaped by Local Expertise
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Strength and Experience
Since our founding in 1947, we’ve stayed focused on putting clients first and delivering relevant investment solutions, strong long-term results and reliable, personal service that have helped us to become a trusted partner to investors around the globe.

Invest with a Retirement Leader®
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*As of 3/31/19.