



Blog #185

Yield and Growth Assumptions Sequence of Returns

InsMark Illustration System

Other Investment vs. Your Policy

Various Financial Alternatives

Permanent vs. Term

InsCalc® Calculators

Wealthy and Wise®

Yield and Growth Assumptions

The yields and growth rates in an evaluation like this should reflect what you and your client believe are reasonable. They can be level as shown in Blog #185 or variable based on schedules you input.

Sequence of Returns

In addition to your specifying annual yields and growth, you can generate random results between selected high and low percentages to result in a more realistic sequence of returns. If you do this, we suggest you keep repeating that selection until you get several low yields or growth during the early years of retirement cash flow. Once cash flow occurs, it is not enough for returns to average out in the long run if the portfolio could be depleted before the good returns show up. You can access an informative report by Michael Kitces on sequence of returns [here](#).

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