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NEWS RELEASE

T. ROWE PRICE WHITE PAPER REVEALS HOW COMBINING AN ANNUITY WITH A DRAWDOWN STRATEGY CAN BALANCE RETIREMENT INCOME AND LIQUIDITY

BALTIMORE (October 2, 2024) – T. Rowe Price, a global investment management firm and leader in retirement, today published a new [white paper](#) that found a drawdown withdrawal strategy in retirement—where income is derived from principal and portfolio returns—paired with guaranteed¹ income from a deferred annuity, can provide a high level of retirement income and while maintaining adequate liquidity for retirees.

“There is a common misunderstanding that annuities are an all or nothing decision for retirees,” said Berg Cui, Ph. D., senior quantitative investment analyst at T. Rowe Price and author of the paper. “We believe that pairing annuities with a drawdown strategy could create a more balanced retirement income experience that better matches a retiree’s needs for both income and access to funds.”

Key insights from the paper include:

- **There is a growing trend of defined contribution (DC) participants staying in-plan upon retirement, and more plan sponsors are exploring in-plan retirement income solutions to support them.** T. Rowe Price’s 2024 DC Consultant Study found that the percent of plan sponsors that consultants categorized as currently offering or planning to add a retirement income solution more than doubled in recent years, from 8% in 2021 to 18% in 2024.
- **Pairing a drawdown strategy with an annuity may be a better match for retirees who need to maximize income and maintain adequate liquidity.** Providers have been known to pair endowment strategies, where income is sourced from portfolio returns and the principal is mostly preserved, with annuities. However, the paper argues that annuities are better matched with drawdown strategies, where income is sourced from both the portfolio returns and principal. This pairing can deliver a high level of income without significant loss of liquidity.
- **Due diligence is key for plan sponsors during insurer selection and when evaluating the product to ensure that it is a good fit for the plan.** Consultants and advisors can help plan sponsors choose the right mix of capabilities that work for their participant demographic.

“T. Rowe Price is committed to empowering plan sponsors and advisors with the research and knowledge required to make the best, most impactful decisions for retirement savers at every stage of the journey,” said Sudipto Banerjee, Ph. D., director of retirement thought leadership at T. Rowe Price. “Ultimately, our goal is to ensure that every retiree can approach their future with financial confidence.”

ABOUT T. ROWE PRICE

Founded in 1937, T. Rowe Price (NASDAQ – GS: TROW) helps individuals and institutions around the world achieve their long-term investment goals. As a large global asset management company known for investment excellence, retirement leadership, and independent proprietary research, the firm is built on a culture of integrity that puts client interests first. Clients rely on the award-winning firm for its retirement expertise and active management of equity, fixed income, alternatives, and multi-asset investment capabilities. T. Rowe Price serves millions of clients globally and manages US \$1.61 trillion in assets under management as of August 31, 2024. About two-thirds of the assets under management are retirement-related. News and other updates can be found on [Facebook](#), [Instagram](#), [LinkedIn](#), [X](#), [YouTube](#), and troweprice.com/newsroom.

¹ Income guarantees are subject to the claims paying ability of the insurer.

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Investment Risks: Investments are subject to risk including possible loss of principal. Those at or near retirement are subject to sequence of returns risk, where potential losses at this time could have a more significant impact on income for retirement from investments.

Annuities information and risks: Guarantees are subject to the claims paying ability of the insurer. Annuities may be subject to higher fees, including commissions upon purchase, surrender charges, administrative fees and other costs. Riders may be available to help customers customize their policy and provide additional benefits. Riders are optional and available at an additional cost. Contracts and other offering documents should be read carefully as they describe risk factors, terms of the contract, and fees and charges that may apply. An annuity is a long-term vehicle designed for retirement. An annuity isn't intended to replace emergency funds or to fund short-term savings goals. T. Rowe Price does not issue any annuity products.

This is not a recommendation or investment advice, and the material does not take into account individual investor circumstances including total assets, that should be considered prior to investing or purchasing annuities.

Source: 2024 Defined Contribution Consultant Study: This study included 48 questions and was conducted from January 12, 2024, through March 4, 2024. Responses are from 35 consulting and advisor firms with over 134,000 plan sponsor clients and more than \$7.5 trillion assets under administration.

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