



Comparing Retirement Spending Rules

*Sustainable Spending Rates from an Investment Portfolio over 30 years
For a 65-Year Old (Which is Relevant for the RMD Rule)
For 4% Initial Spending Rate, 50/50 Asset Allocation, Rolling 30-Year Retirements
Using SBBI Data, 1926-2015, S&P 500 and Intermediate Term Government Bonds
Retirement Date Wealth Level = \$100,000*

Spending Strategy	Initial Spending Rate	Percentile of Distribution	Real Spending in 10 Years	Real Spending in 20 Years	Real Spending in 30 Years	Real Remaining Wealth After 30 Years	Change in Real Spending at Year 30	Year 30 Spending Relative to Baseline	Downside Spending Volatility
Constant Inflation-Adjusted Spending [BASELINE]	4.00%	90th	\$4,000	\$4,000	\$4,000	\$327,400	0%	0%	0%
		50th	\$4,000	\$4,000	\$4,000	\$124,740	0%	0%	0%
		10th	\$4,000	\$4,000	\$4,000	\$27,730	0%	0%	0%
Fixed Percentage Withdrawals	4.00%	90th	\$6,030	\$7,780	\$7,770	\$202,690	94%	94%	-3%
		50th	\$4,070	\$4,430	\$4,750	\$120,080	19%	19%	-4%
		10th	\$2,570	\$2,410	\$3,250	\$87,400	-19%	-19%	-5%
Endowment Formula - Weighted Average	4.00%	90th	\$5,110	\$6,510	\$6,870	\$257,840	72%	72%	-2%
		50th	\$4,030	\$4,160	\$4,280	\$122,410	7%	7%	-2%
		10th	\$3,230	\$3,160	\$3,380	\$73,150	-16%	-16%	-3%
Endowment Formula - 3 Year Moving Average	4.00%	90th	\$5,110	\$6,570	\$7,110	\$186,610	78%	78%	-2%
		50th	\$3,830	\$4,070	\$4,440	\$118,790	11%	11%	-2%
		10th	\$2,580	\$2,220	\$2,890	\$84,760	-28%	-28%	-3%
Bengen's Dollar Floor-and-Ceiling Withdrawals	4.00%	90th	\$4,800	\$4,800	\$4,800	\$292,880	20%	20%	0%
		50th	\$4,070	\$4,390	\$4,720	\$122,070	18%	18%	-1%
		10th	\$3,400	\$3,400	\$3,400	\$68,660	-15%	-15%	-3%
Vanguard's Percentage Floor and Ceiling Withdrawals	4.00%	90th	\$5,130	\$5,790	\$6,070	\$319,340	52%	52%	0%
		50th	\$3,730	\$3,530	\$4,200	\$130,530	5%	5%	-2%
		10th	\$2,560	\$2,070	\$2,240	\$94,840	-44%	-44%	-3%
Kitces Ratcheting Rule	4.00%	90th	\$4,840	\$6,440	\$9,430	\$236,960	136%	136%	0%
		50th	\$4,000	\$5,320	\$7,090	\$79,500	77%	77%	0%
		10th	\$4,000	\$4,000	\$4,000	\$25,630	0%	0%	0%
Guyton and Klinger's Decision Rules	4.00%	90th	\$5,320	\$8,030	\$8,790	\$224,070	120%	120%	0%
		50th	\$4,000	\$4,250	\$4,660	\$124,080	17%	17%	-1%
		10th	\$2,770	\$2,580	\$3,070	\$86,360	-23%	-23%	-2%
Zolt's Glidepath Spending Rule	4.00%	90th	\$4,000	\$4,000	\$4,000	\$365,570	0%	0%	0%
		50th	\$3,720	\$3,530	\$3,530	\$150,310	-12%	-12%	-1%
		10th	\$2,740	\$2,360	\$2,360	\$87,580	-41%	-41%	-1%
Modified RMD Rule [Spending Rate = 1.24 x RMD %]	4.00%	90th	\$7,510	\$11,690	\$10,180	\$70,160	155%	155%	-4%
		50th	\$5,080	\$6,650	\$6,220	\$41,570	56%	56%	-5%
		10th	\$3,200	\$3,620	\$4,250	\$30,250	6%	6%	-7%

QUESTIONS?

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