

How Long will a Portfolio Last?

Using better data and a procedure to sell bonds when stocks crater results in 22 years of full withdrawals for spending. These same inputs into FIRECalc result in 19 years of full withdrawals for spending.

Inputs
 Intial portfolio value 1,000
 Constant dollar (C\$) withdrawal for spending **44** "4.40% withdrawal rate"
 Initial Stock Mix 85%
 Total investing cost 0.10%

Spending Year	Withdrawal for spending in the next year	Portfolio at start of year after withdrawal	Portfolio Composition at start of year			Portfolio Value			Percent decline from prior year initial value	Real Return*		
			Stocks	Bonds	Stock Mix	Value at end of year, net of investing cost	Total	Year		Stocks	Bonds	
1	44.0	956.0	812.6	143.4	85%	700.0	131.1	831.1	-16.9%	1969	-13.8%	-8.5%
2	44.0	787.1	700.0	87.1	89%	688.5	94.4	782.9	-5.8%	1970	-1.6%	8.5%
3	44.0	738.9	657.1	81.8	89%	726.0	87.7	813.7	3.9%	1971	10.6%	7.4%
4	44.0	769.7	684.5	85.2	89%	786.9	86.7	873.6	7.4%	1972	15.1%	1.9%
5	44.0	829.6	737.8	91.8	89%	578.0	85.8	663.7	-24.0%	1973	-21.6%	-6.5%
6	44.0	619.7	578.0	41.8	93%	378.4	39.1	417.5	-37.1%	1974	-34.5%	-6.4%
7	44.0	373.5	373.5	0.0	100%	478.4	0.0	478.4	14.6%	1975	28.2%	1.4%
8	44.0	434.4	434.4	0.0	100%	513.1	0.0	513.1	7.3%	1976	18.2%	9.5%
9	44.0	469.1	469.1	0.0	100%	407.6	0.0	407.6	-20.6%	1977	-13.0%	-6.0%
10	44.0	363.6	363.6	0.0	100%	355.0	0.0	355.0	-12.9%	1978	-2.3%	-7.2%
11	44.0	311.0	311.0	0.0	100%	325.3	0.0	325.3	-8.4%	1979	4.7%	-10.5%
12	44.0	281.3	281.3	0.0	100%	331.2	0.0	331.2	1.8%	1980	17.9%	-11.0%
13	44.0	287.2	287.2	0.0	100%	250.4	0.0	250.4	-24.4%	1981	-12.7%	-3.0%
14	44.0	206.4	206.4	0.0	100%	241.3	0.0	241.3	-3.6%	1982	17.0%	-5.4%
15	44.0	197.3	197.3	0.0	100%	232.7	0.0	232.7	-3.6%	1983	18.1%	0.2%
16	44.0	188.7	188.7	0.0	100%	192.7	0.0	192.7	-17.2%	1984	2.2%	10.4%
17	44.0	148.7	148.7	0.0	100%	188.6	0.0	188.6	-2.1%	1985	26.9%	21.1%
18	44.0	144.6	144.6	0.0	100%	169.5	0.0	169.5	-10.1%	1986	17.3%	18.5%
19	44.0	125.5	125.5	0.0	100%	126.4	0.0	126.4	-25.4%	1987	0.8%	-4.1%
20	44.0	82.4	82.4	0.0	100%	92.0	0.0	92.0	-27.3%	1988	11.7%	3.3%
21	44.0	48.0	48.0	0.0	100%	60.3	0.0	60.3	-34.4%	1989	25.8%	10.6%
22	44.0	16.3	16.3	0.0	100%	14.9	0.0	14.9	-75.4%	1990	-8.7%	1.7%

\$60.3 at the end of year 22 allows for a full withdrawal for spending in year 23. Not enough at the end of year 23 for a full withdrawal for the

Downward spiral to depletion.

* Data Source: Stocks, Bonds, Bills and Inflation. Ibbotson, et al.
 I used returns for Large Company stocks – the S&P 500 – and the average of Long-term and Intermediate-term Government Bonds.