A WORKSHOP FOR FEDERAL EMPLOYEES

# Retirement Distribution Strategies

*To avoid outliving your money*

CREATED BY

CJCAMPBELL&associates
Financial Services Redefined

SOFA
THE SOCIETY FOR FINANCIAL AWARENESS
DC METROPOLITAN CHAPTER
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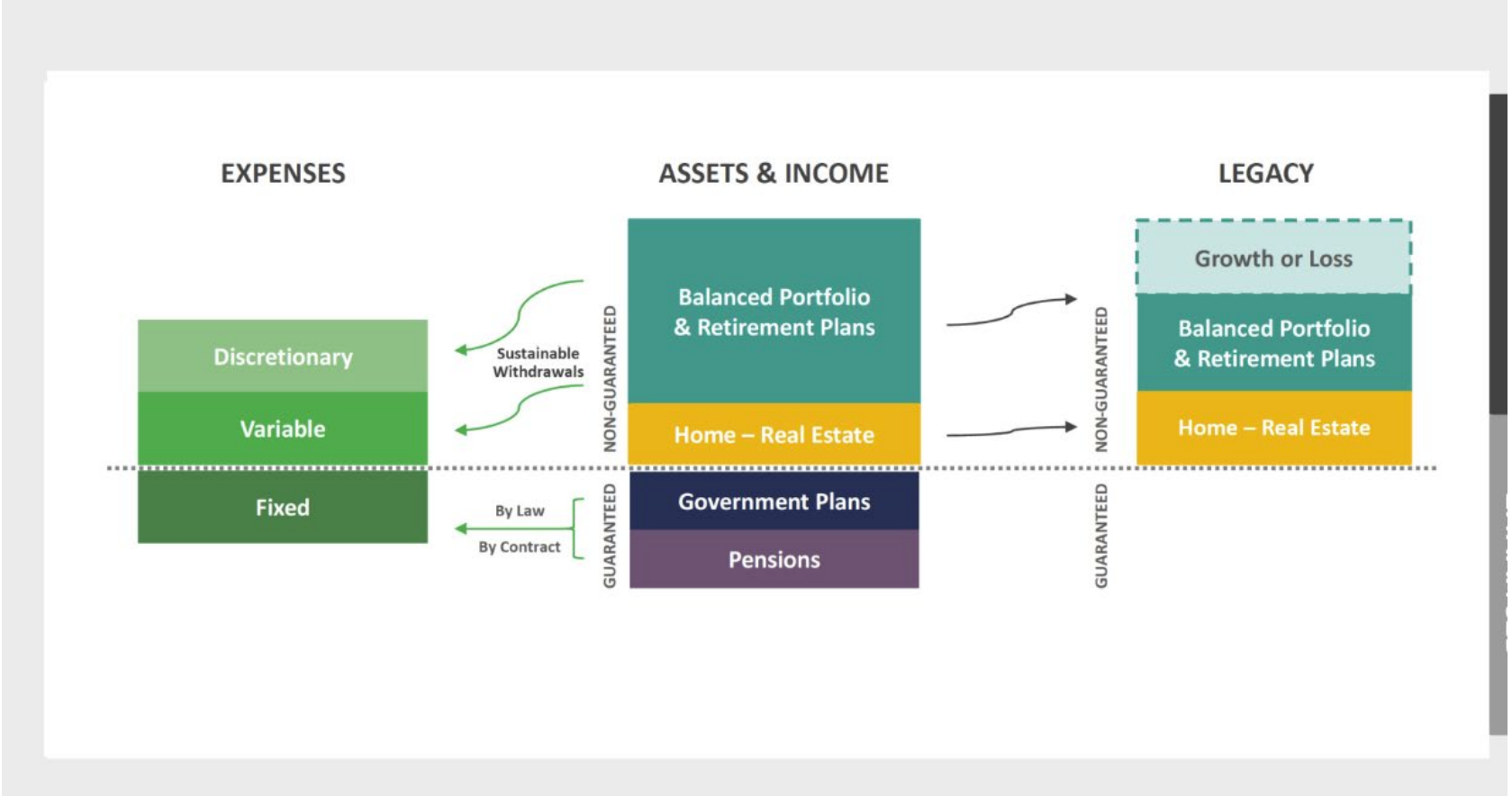
# We're going to examine two different income distribution strategies.

01 THE Conventional Approach

02 THE Alternative Approach

# Conventional Retirement Approach



APPROACH 01

# What is the Conventional Approach?

## 01 Market-driven income

Uses stocks, bonds, and cash to distribute your income need through retirement.

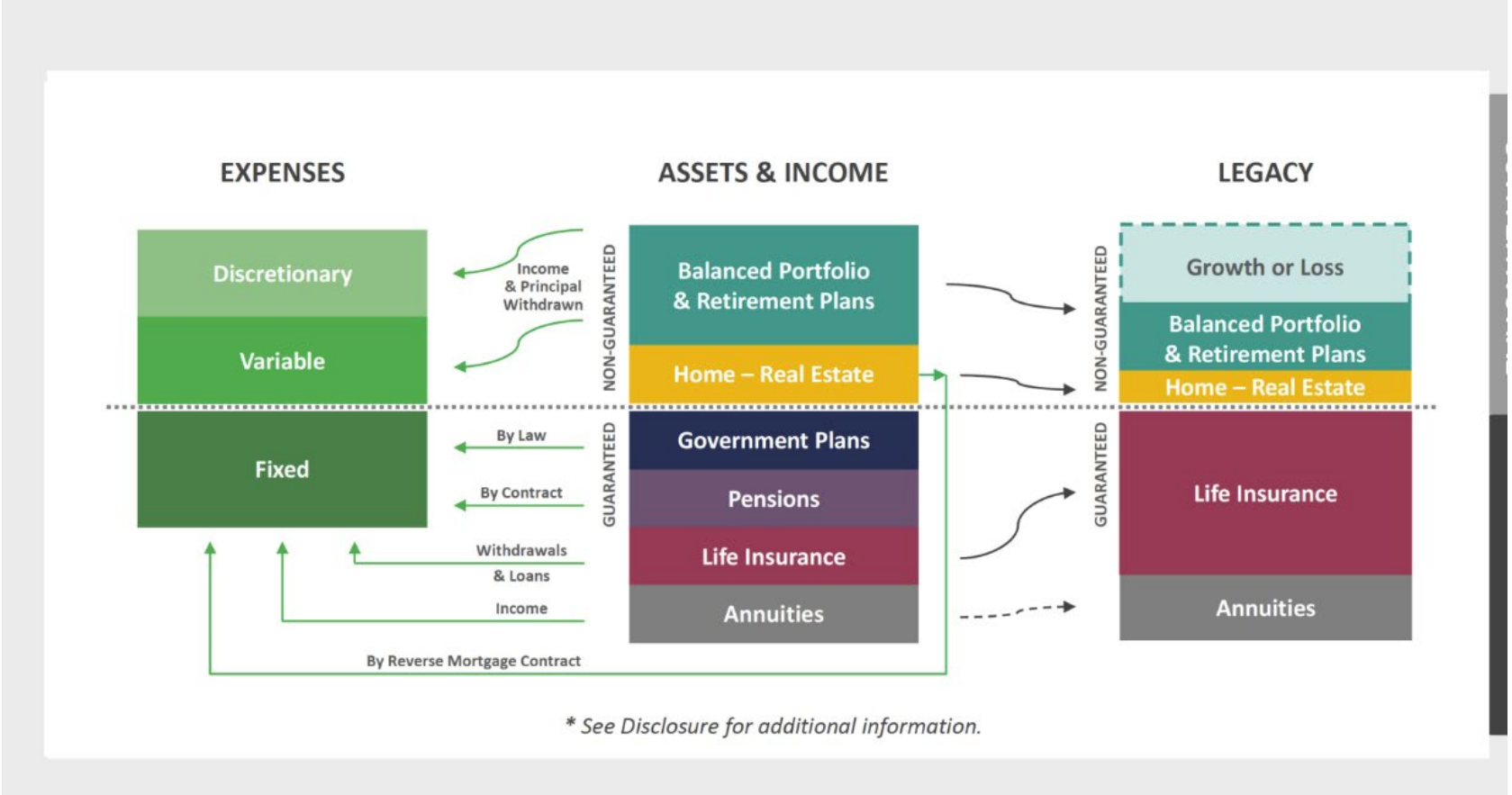
## 02 Return-dependent

Relies on the rate of return of stocks, bonds, and cash to sustain income, growth, and legacy.

## 03 Tied to market cycles

The majority of the plan is predicated by the ebbs and flows of the markets.

# Alternative Retirement Approach



APPROACH 02

# What is the Alternative Approach?

## 01 Markets, but not market-dependent

Still utilizes the markets for growth but doesn't rely solely on the markets to sustain income, protection, and legacy in retirement.

## 02 Strategy-driven diversification

Typically more strategy-driven, using various asset types to reduce income risk and increase legacy — for those who desire to pass on money to heirs, charities, or institutions.

## 03 Risk reduction with growth potential

The objective: reduce risk and increase income, protection, and ensure legacy if desired.

# Your investment income need.

| | | |
|---|---|---|
| **Target Retirement Income** | | **$70,000** |
| Pension | → | $20,000 |
| Social Security | → | $25,000 |
| **Investment Income Need** | | **$25,000** |

**INVESTMENT INCOME NEED** **$25,000**

*$70,000 – $45,000 = $25,000 · TSP / 401(k) / Investments*

# From climbing to descending.

ACCUMULATION

*The Climb*

DISTRIBUTION

*The Descent*

# Retirement risks.

## Inflation

Reduces buying power of our dollars over time.

## Outliving Money

Need to make sure money lasts throughout your lifetime.

## Tax Law Changes

Tax increases reduce spending power of income.

## Volatility of Returns

Market fluctuations can negatively impact net returns and reduce future spending power.

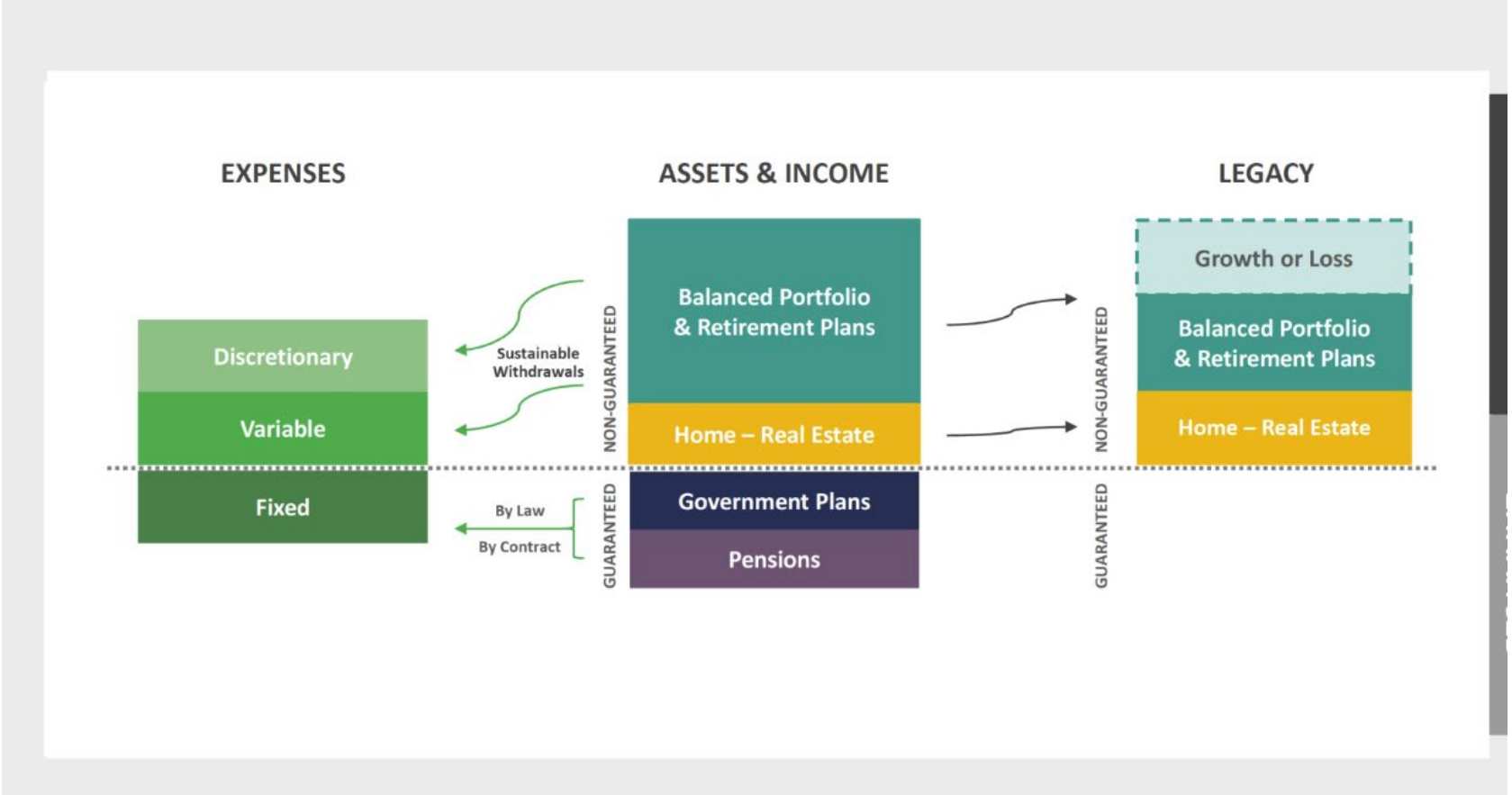
## Loss of Principal

Market fluctuations, unforeseen needs, or other unknowns can reduce total account value.

## Lifestyle Changes

Technological change, planned obsolescence, and standard-of-living increases.

# Conventional Retirement Approach



CONVENTIONAL APPROACH

# Four problems that are more pronounced in the Conventional method.

## 01 Market Risk

Returns aren't guaranteed. Bear markets compound when you're depending on the portfolio.

## 02 Withdrawal Rate Risk

Take too much, and the math stops working. Take too little, and the lifestyle does.

## 03 Sequence Risk

When losses happen matters more than how big they are. Timing controls outcomes.

## 04 Human Behavior

The biggest threat to a portfolio isn't the market — it's how investors react to the market.

# You must have a plan.

*Especially when you are within 10 years of retirement.*

01 What's your withdrawal rate need?

02 What's your targeted asset allocation?

PROBLEM

# Sustainable withdrawal rates.

*Withdrawal rate research identifies a narrow band of sustainable rates — about 2.5% to 4.5% per year — for a portfolio designed to last a lifetime. Here's what that looks like in dollars on a $1M portfolio.*


**$1M × 2.5% = $25,000**

*per year*

CONSERVATIVE

*Lower end of the sustainable range. Safest in adverse markets.*

**$1M × 4.0% = $40,000**

*per year*

THE 4% RULE

*The widely-cited "4% rule" from the Trinity Study.*

**$1M × 4.5% = $45,000**

*per year*

AGGRESSIVE

*Upper end of the range. Less margin for sequence risk.*

*Source: Bengen (1994) and 20+ years of subsequent financial research. Range applies to a balanced portfolio over a 30-year horizon.*

# Understanding the 4% withdrawal rule.

*If an investor withdraws a fixed percentage of their assets annually for retirement, what is the likelihood they will not outlive their savings?*

STOCK / BOND ALLOCATION

| Withdrawal Rate | 100/0 | 75/25 | 50/50 | 25/75 | 0/100 |
|---|---|---|---|---|---|
| **3%** | **100%** | **100%** | **100%** | **100%** | 84% |
| **4%** | **98%** | **100%** | **96%** | 80% | **35%** |
| **5%** | 80% | 82% | 67% | **31%** | **22%** |
| **6%** | 62% | 60% | 51% | **22%** | **11%** |
| **7%** | 55% | 45% | **22%** | **7%** | **2%** |
| **8%** | 44% | **35%** | **9%** | **0%** | **0%** |

S T E P  0 1

# Understanding your Target Retirement Income (TRI).

*The income you'll need each year to maintain your lifestyle in retirement — gross income minus the deductions that go away when you stop working.*

| Component | Amount |
|---|---|
| *GROSS INCOME* | |
| Spouse A | $150,000 |
| Spouse B | $100,000 |
| **Total Gross Income** | **$250,000** |
| *LESS — DEDUCTIONS* | |
| TSP / 401(k) — Spouse A | **$27,000** |
| TSP / 401(k) — Spouse B | **$27,000** |
| Social Security | **$17,540** |
| Savings | $0 |
| Mortgage | $0 |
| Roth TSP / Roth IRA | $0 |
| Non-Qualified IRA | $0 |
| College | $0 |
| Credit Cards | $0 |
| Tax Equivalent | $0 |
| **Total Payments** | **$71,540** |

**TARGET RETIREMENT INCOME** **$178,460**

S T E P  0 2

# Understanding your Investment Income Need.

*Subtract guaranteed income sources from your TRI. What remains is what your portfolio actually has to produce — not your full lifestyle figure.*

| Component | Amount |
|---|---|
| **Target Retirement Income** | **$178,460** |
| — Social Security | ($52,775) |
| — Pension | ($67,511) |

I N V E S T M E N T  I N C O M E  N E E D E D

**$58,174**

STEP 03

# Understanding your *Withdrawal Rate Pressure.*

Your investment need divided by your portfolio balance is your withdrawal rate. The lower the rate, the longer your money lasts.

## WITHDRAWAL RATE FORMULA

| Investment Need | | Investment Balance | | Withdrawal Rate |
|---|---|---|---|---|
| $58,174 | ÷ | $1,600,000 | = | **3.64%** |

**0% – 3%**

### SAFE

Portfolio is highly likely to outlast outlast you with growth potential. potential.

**3% – 4.5%**

### SUSTAINABLE

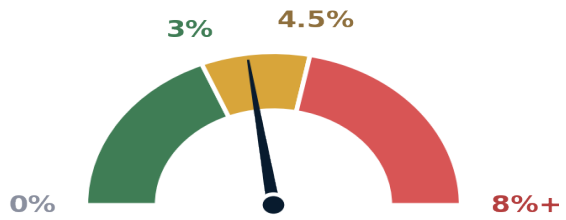
The classic 4% rule territory — — close watch required.

**4.5%+**

### UNSUSTAINABLE

High risk of depletion within a typical retirement horizon.

## WITHDRAWAL RATE PRESSURE




**3.64%**

AVG WITHDRAWAL RATE · SUSTAINABLE

# Understanding the 4% withdrawal rule.

*If an investor withdraws a fixed percentage of their assets annually for retirement, what is the likelihood they will outlive their savings?*

STOCK / BOND ALLOCATION

| Withdrawal Rate | 100/0 | 75/25 | 50/50 | 25/75 | 0/100 |
|---|---|---|---|---|---|
| **3%** | **0%** | **0%** | **0%** | **0%** | 16% |
| **4%** | **2%** | **0%** | **4%** | 20% | 65% |
| **5%** | 20% | 18% | 33% | 69% | **78%** |
| **6%** | 38% | 40% | 49% | **78%** | **89%** |
| **7%** | 45% | 55% | **78%** | **93%** | **98%** |
| **8%** | 56% | 65% | **91%** | **100%** | **100%** |

# Recent investment returns for the TSP funds.

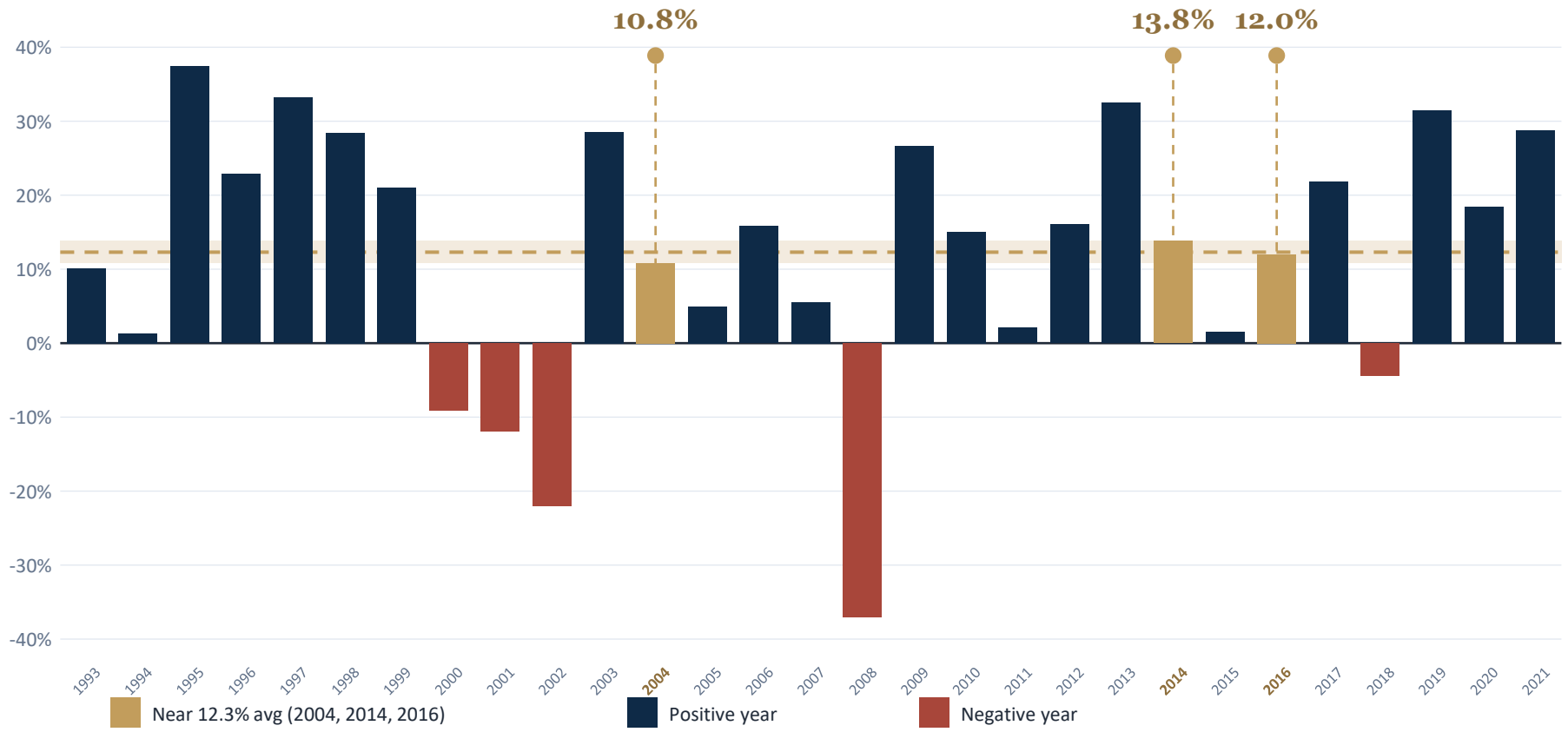
*Rates of return as of November 30, 2025.*

| Period | G Fund US Govt Short-term | F Fund US Bond Intermediate | C Fund Large US (S&P 500) | S Fund Small/Mid US | I Fund International |
|---|---|---|---|---|---|
| ***Inception date*** | *4/1/1987* | *1/29/1988* | *1/29/1988* | *5/1/2001* | *5/1/2001* |
| **1 year** | 4.46% | **5.65%** | **14.96%** | 4.08% | **24.91%** |
| **3 year** | 4.35% | 4.54% | **20.52%** | **15.31%** | **15.91%** |
| **5 year** | 3.42% | **-0.22%** | **15.24%** | **7.85%** | **9.75%** |
| **10 year** | 2.74% | 2.10% | **14.60%** | **10.66%** | **8.15%** |
| **Since inception** | 4.65% | **5.32%** | **11.36%** | **9.47%** | **5.90%** |

*Source: TSP.gov. Past performance is no guarantee of future performance.*

# There aren't many "average" years for the stock market.

*TSP C Fund Calendar Year Returns, 1993 to 2021. The 29-year average was 12.3% — but only three years (2004, 2014, 2016) came close to that average. Most years were far above or far below.*




29-YEAR AVG

12.3%

*Years near average:*

3 of 29

*(within ±1.5%)*

*Source: TSP.gov. Past performance is no guarantee of future performance.*

# Asset class returns.

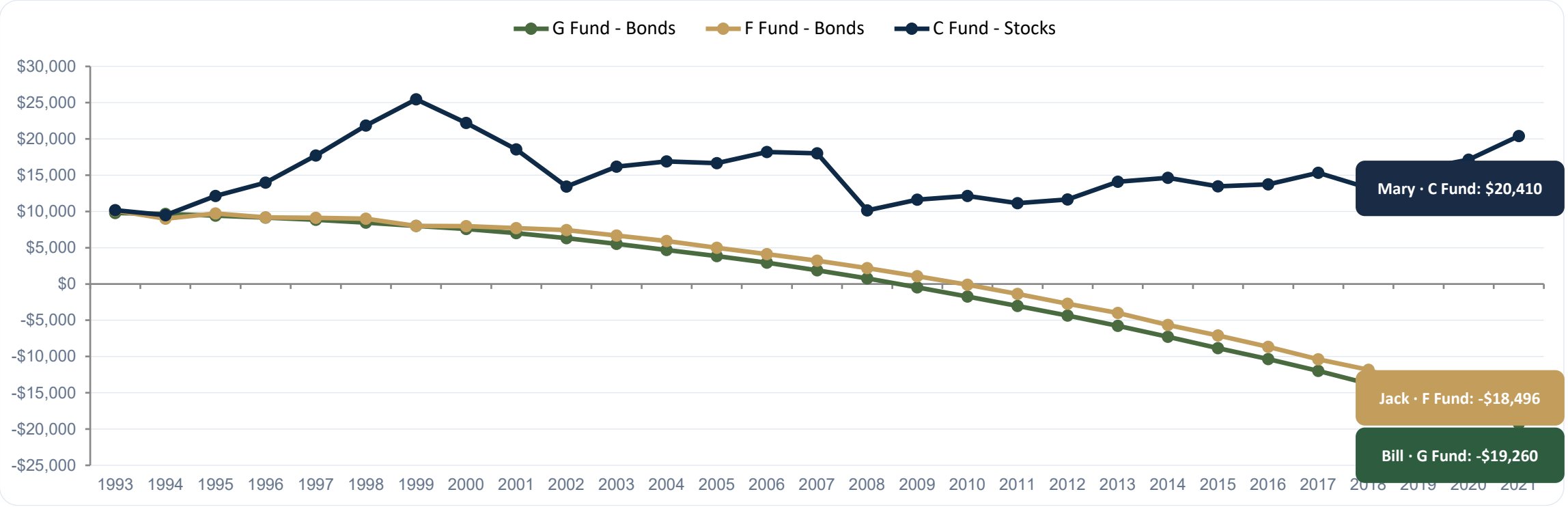
*Leadership rotates. The chart that wins one year rarely wins the next — there is no permanent winner among asset classes.*

| 2010–2024 | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ann. | Vol. | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | YTD |
| Large Cap 13.9% | Small Cap 20.6% | REITs 27.9% | REITs 8.3% | REITs 19.7% | Small Cap 38.8% | REITs 28.0% | REITs 2.8% | Small Cap 21.3% | EM Equity 37.8% | Cash 1.8% | Large Cap 31.5% | Small Cap 20.0% | REITs 41.3% | Comdty. 16.1% | Large Cap 26.3% | Large Cap 25.0% | DM Equity 19.9% |
| Small Cap 10.3% | EM Equity 17.9% | Small Cap 26.9% | Fixed Income 7.8% | High Yield 19.6% | Large Cap 32.4% | Large Cap 13.7% | Large Cap 1.4% | High Yield 14.3% | DM Equity 25.6% | Fixed Income 0.0% | REITs 28.7% | EM Equity 18.7% | Large Cap 28.7% | Cash 1.5% | DM Equity 18.9% | Small Cap 11.5% | EM Equity 15.6% |
| REITs 9.4% | REITs 16.8% | EM Equity 19.2% | High Yield 3.1% | EM Equity 18.6% | DM Equity 23.3% | Fixed Income 6.0% | Fixed Income 0.5% | Large Cap 12.0% | Large Cap 21.8% | REITs -4.0% | Small Cap 25.5% | Large Cap 18.4% | Comdty. 27.1% | High Yield -12.7% | Small Cap 16.9% | Asset Alloc. 10.0% | Asset Alloc. 7.0% |
| Asset Alloc. 7.2% | DM Equity 16.5% | Comdty. 16.8% | Large Cap 2.1% | DM Equity 17.9% | Asset Alloc. 14.9% | Asset Alloc. 5.2% | Cash 0.0% | Comdty. 11.8% | Small Cap 14.6% | High Yield -4.1% | DM Equity 22.7% | Asset Alloc. 10.6% | Small Cap 14.8% | Fixed Income -13.0% | Asset Alloc. 14.1% | High Yield 9.2% | High Yield 6.8% |
| High Yield 5.9% | Comdty. 16.1% | Large Cap 15.1% | Cash 0.1% | Small Cap 16.3% | High Yield 7.3% | Small Cap 4.9% | DM Equity -0.4% | EM Equity 11.6% | Asset Alloc. 14.6% | Large Cap -4.4% | Asset Alloc. 19.5% | DM Equity 8.3% | Asset Alloc. 13.5% | Asset Alloc. -13.9% | High Yield 14.0% | EM Equity 8.1% | Large Cap 6.2% |
| DM Equity 5.7% | Large Cap 15.1% | High Yield 14.8% | Asset Alloc. -0.7% | Large Cap 16.0% | REITs 2.9% | Cash 0.0% | Asset Alloc. -2.0% | REITs 8.6% | High Yield 10.4% | Asset Alloc. -5.8% | EM Equity 18.9% | Fixed Income 7.5% | DM Equity 11.8% | DM Equity -14.0% | REITs 11.4% | Comdty. 5.4% | Comdty. 5.5% |
| EM Equity 3.4% | Asset Alloc. 10.4% | Asset Alloc. 13.3% | Small Cap -4.2% | Asset Alloc. 12.2% | Cash 0.0% | High Yield 0.0% | High Yield -2.7% | Asset Alloc. 8.3% | REITs 8.7% | Small Cap -11.0% | High Yield 12.6% | High Yield 7.0% | High Yield 1.0% | Large Cap -18.1% | EM Equity 10.3% | Cash 5.3% | Fixed Income 4.0% |
| Fixed Income 2.4% | High Yield 9.4% | DM Equity 8.2% | DM Equity -11.7% | Fixed Income 4.2% | Fixed Income -2.0% | EM Equity -1.8% | Small Cap -4.4% | Fixed Income 2.6% | Fixed Income 3.5% | Comdty. -11.2% | Fixed Income 8.7% | Cash 0.5% | Cash 0.0% | EM Equity -19.7% | Fixed Income 5.5% | REITs 4.9% | Cash 2.1% |
| Cash 1.2% | Fixed Income 4.7% | Fixed Income 6.5% | Comdty. -13.3% | Cash 0.1% | EM Equity -2.3% | DM Equity -4.5% | EM Equity -14.6% | DM Equity 1.5% | Comdty. 1.7% | DM Equity -13.4% | Comdty. 7.7% | Comdty. -3.1% | Fixed Income -1.5% | Small Cap -20.4% | Cash 5.1% | DM Equity 4.3% | REITs 1.8% |
| Comdty. -1.0% | Cash 0.9% | Cash 0.1% | EM Equity -18.2% | Comdty. -1.1% | Comdty. -9.5% | Comdty. -17.0% | Comdty. -24.7% | Cash 0.3% | Cash 0.8% | EM Equity -14.2% | Cash 2.2% | REITs -5.1% | EM Equity -2.2% | REITs -24.9% | Comdty. -7.9% | Fixed Income 1.3% | Small Cap -1.8% |

*Source: BlackRock via AE Wealth Management.*

# What happens when you start spending?

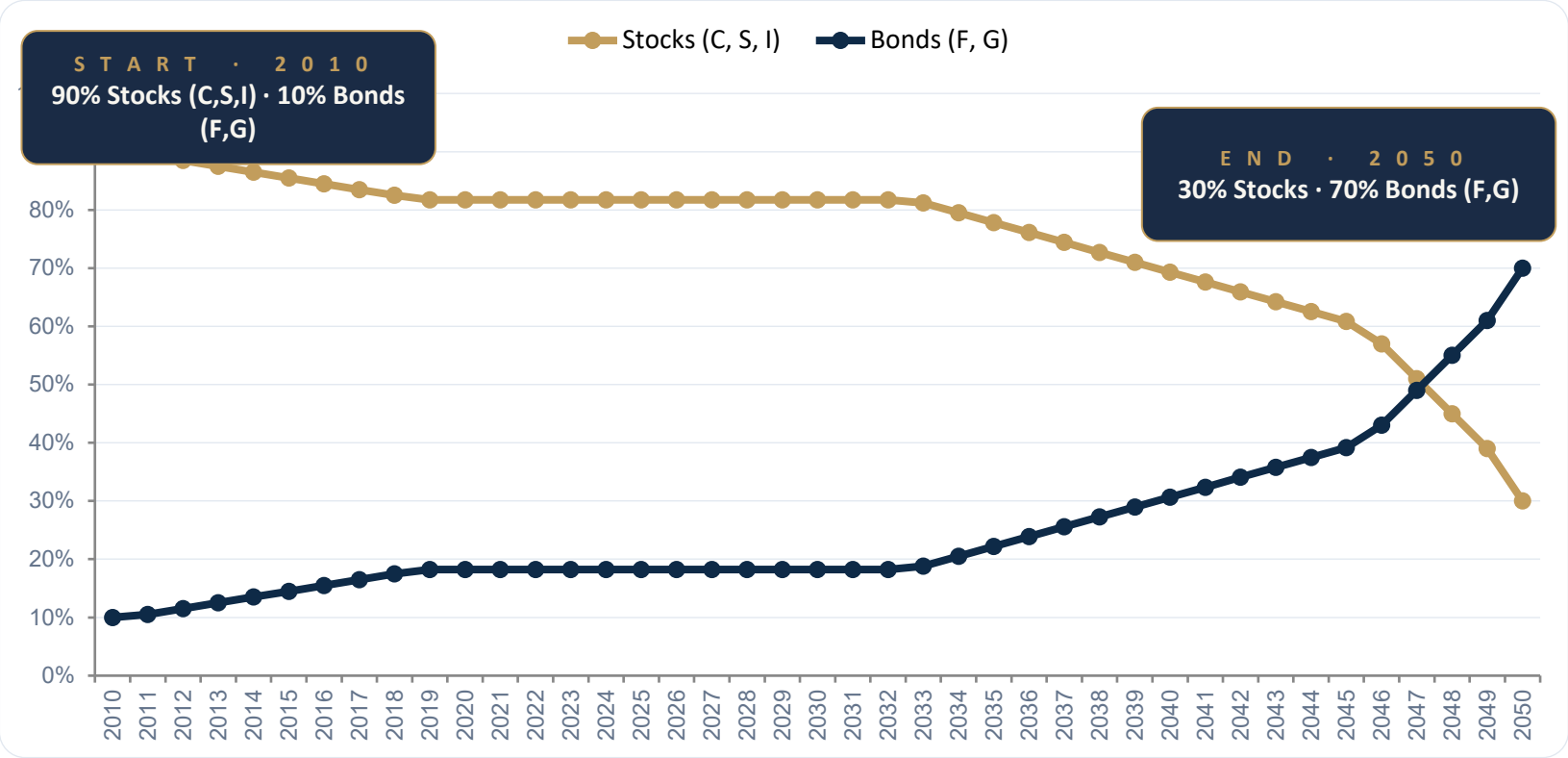
*In 1993, retirees Bill, Jack, and Mary each have $10,000 in the TSP. Each year they withdraw enough to buy 2,000 first-class stamps (after 30% tax). Same starting amount. Same withdrawal need. Three different funds.*




*Past performance is no guarantee of future performance. The data assumes reinvestment of all income.*

# Percentages in stock and bond funds over time.

*The 2025–2050 Lifecycle funds begin with 90% stocks (C, S, I) and 10% bonds (F, G). Over time, stock allocation declines as F and G increase. Eventually they roll into the L Income Fund.*




L INCOME FUND

*Current Allocation*

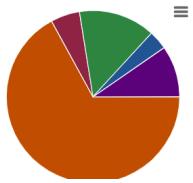
| | |
|---|---|
| G Fund | 70.5% |
| F Fund | 5.7% |
| C Fund | 12.5% |
| S Fund | 3.0% |
| I Fund | 8.3% |

*In 2028, the L Income Fund allocation will be 70% bonds and 30% stocks. Source: tsp.gov.*

# How allocations shift across vintages.

*Each L Fund holds a different stock-to-bond ratio. Younger vintages tilt aggressive; closer-to-retirement funds tilt conservative.*

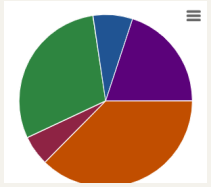
## L Income



January 2026

| | |
|---|---|
| G Fund | 67.06% |
| F Fund | 5.44% |
| C Fund | 14.30% |
| S Fund | 3.57% |
| I Fund | 9.63% |

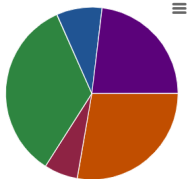
## L 2030



January 2026

| | |
|---|---|
| G Fund | 37.38% |
| F Fund | 5.62% |
| C Fund | 29.64% |
| S Fund | 7.41% |
| I Fund | 19.95% |

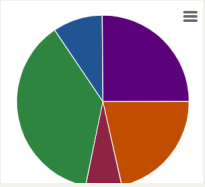
## L 2035



January 2026

| | |
|---|---|
| G Fund | 27.74% |
| F Fund | 6.32% |
| C Fund | 34.29% |
| S Fund | 8.57% |
| I Fund | 23.08% |

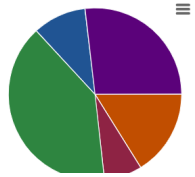
## L 2040



January 2026

| | |
|---|---|
| G Fund | 21.47% |
| F Fund | 6.78% |
| C Fund | 37.31% |
| S Fund | 9.33% |
| I Fund | 25.11% |

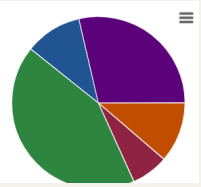
## L 2045



January 2026

| | |
|---|---|
| G Fund | 16.16% |
| F Fund | 7.09% |
| C Fund | 39.91% |
| S Fund | 9.98% |
| I Fund | 26.86% |

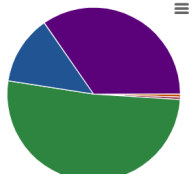
## L 2050



January 2026

| | |
|---|---|
| G Fund | 11.33% |
| F Fund | 6.92% |
| C Fund | 42.51% |
| S Fund | 10.63% |
| I Fund | 28.61% |

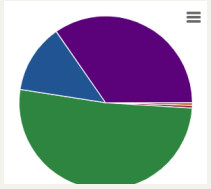
## L 2055



January 2026

| | |
|---|---|
| G Fund | 0.56% |
| F Fund | 0.44% |
| C Fund | 51.48% |
| S Fund | 12.87% |
| I Fund | 34.65% |

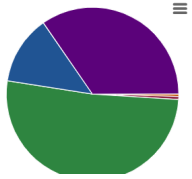
## L 2060



January 2026

| | |
|---|---|
| G Fund | 0.50% |
| F Fund | 0.50% |
| C Fund | 51.48% |
| S Fund | 12.87% |
| I Fund | 34.65% |

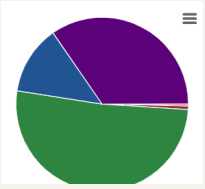
## L 2065



January 2026

| | |
|---|---|
| G Fund | 0.44% |
| F Fund | 0.56% |
| C Fund | 51.48% |
| S Fund | 12.87% |
| I Fund | 34.65% |

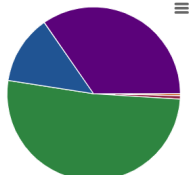
## L 2070



January 2026

| | |
|---|---|
| G Fund | 0.36% |
| F Fund | 0.64% |
| C Fund | 51.48% |
| S Fund | 12.87% |
| I Fund | 34.65% |

## L 2075

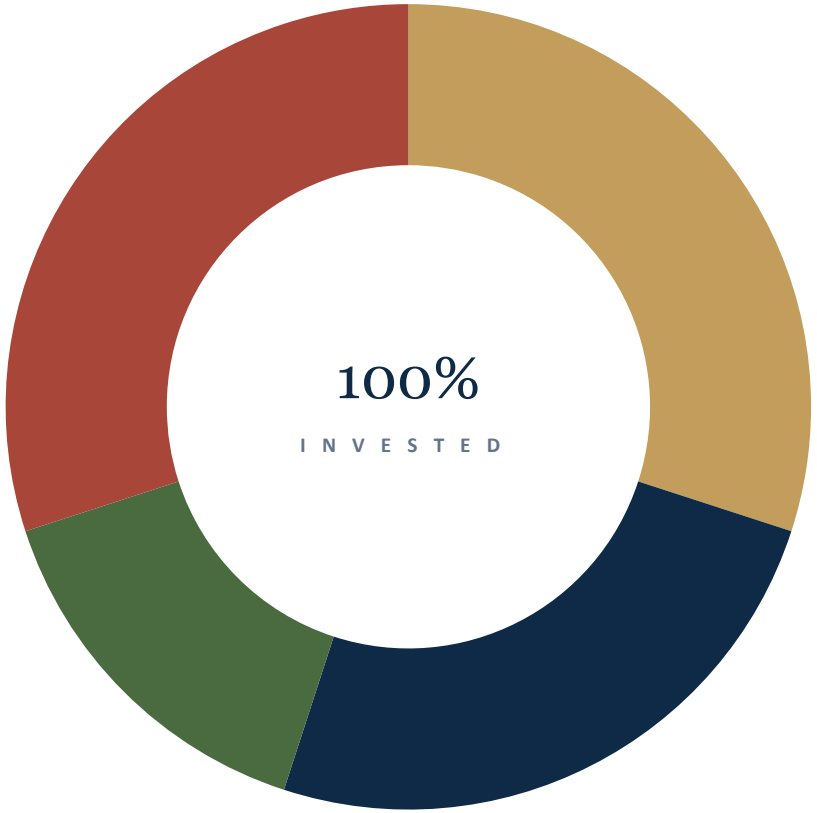


January 2026

| | |
|---|---|
| G Fund | 0.36% |
| F Fund | 0.64% |
| C Fund | 51.48% |
| S Fund | 12.87% |
| I Fund | 34.65% |

# Where are you invested in TSP?

*A starting view of the $1,208,000 portfolio across direct fund holdings and L Fund vintages.*




TOTAL TSP

$1,208,000

| | | |
|---|---|---|
| C Fund | 30% | $362,400 |
| G Fund | 25% | $302,000 |
| L 2025 | 15% | $181,200 |
| L 2030 | 30% | $362,400 |

# Current TSP allocation: 55 / 45.

*L Fund vintages contain underlying holdings. Looking through to the actual five-fund mix: stocks 55% / bonds 45%.*

STOCKS

**55.2%**

BONDS

**44.8%**


| C Fund | S Fund | I Fund | F Fund | G Fund |
|---|---|---|---|---|
| 42.9% | 3.5% | 8.8% | 3.0% | 41.8% |
| **$518,468** | **$41,730** | **$106,491** | **$35,805** | **$505,506** |
| *Large US (S&P 500)* | *Small/Mid US* | *International* | *US Bond Index* | *US Govt Securities* |

# Total portfolio breakdown by L Fund vintage.

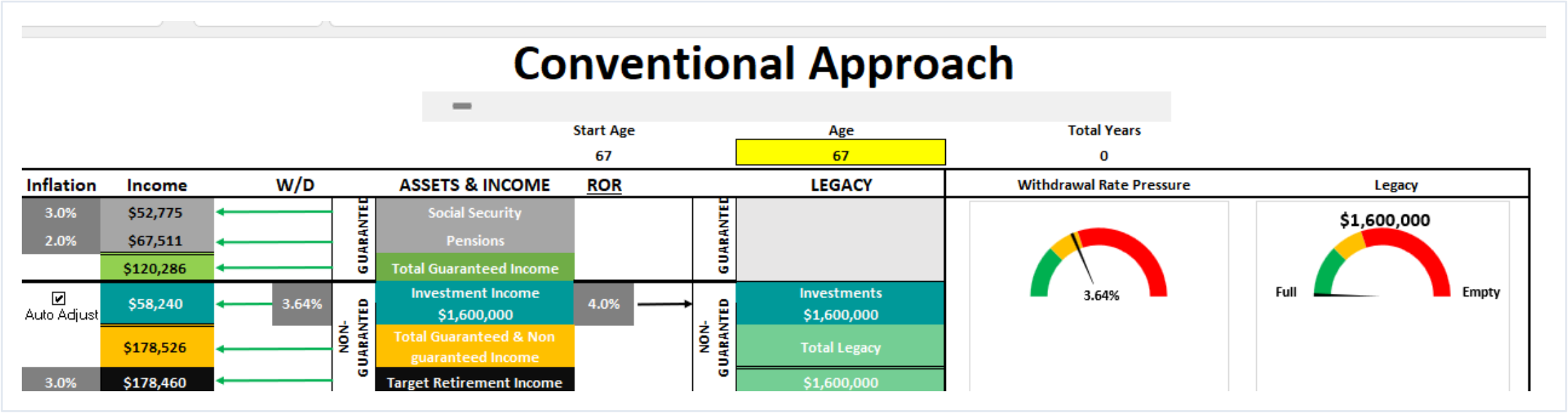
*How $1,208,000 splits across L 2025, L 2030, and individual holdings — by underlying fund.*

| ALLOCATION | C Fund | S Fund | I Fund | F Fund | G Fund | TOTAL |
|---|---|---|---|---|---|---|
| **L 2025** | $44,557 | $11,615 | $30,242 | $11,198 | $83,588 | **$181,200** |
| **L 2030** | $111,510 | $30,115 | $76,249 | $24,607 | $119,918 | **$362,400** |
| **Individual** | $362,400 | — | — | — | $302,000 | **$664,400** |
| **TOTAL** | **$518,468** | **$41,730** | **$106,491** | **$35,805** | **$505,506** | **$1,208,000** |

| STOCKS (C + S + I) | $666,689 | BONDS (F + G) | $541,311 | *≈ 55 / 45* |
|---|---|---|---|---|

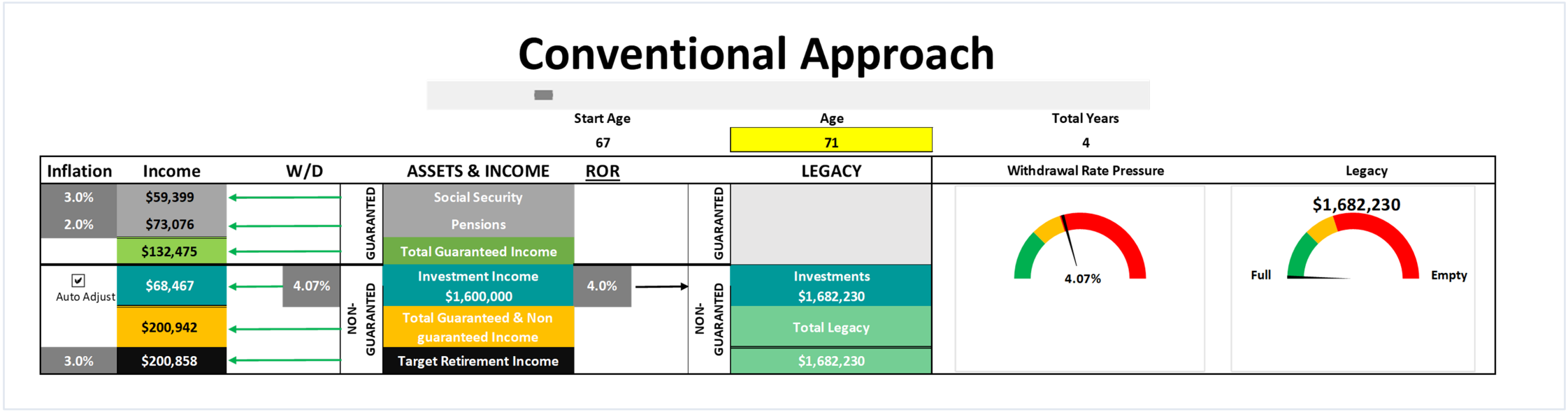
# Conventional Approach at age 67.

*A complete dashboard view: income flow, withdrawal rate pressure, and projected legacy at the start of retirement.*



# Conventional Approach at age 71.

*After four years of distributions and inflation, withdrawal rate pressure climbs from 3.64% to 4.07% — and the path narrows.*



PROBLEM

# Markets can behave badly.

01 Having enough money can overcome financial risks — but it may not reduce financial concerns.

02 Negative market returns can undo the best-laid plans.

03 It's not a matter of if, but when.

> *"Past performance is not an indication of future results."*

**26**

DOWN MARKETS SINCE 1928

| | | | |
|---|---|---|---|
| 1929 | 1930 | 1931 | 1932 |
| 1934 | 1937 | 1939 | 1940 |
| 1941 | 1946 | 1953 | 1957 |
| 1962 | 1966 | 1969 | 1973 |
| 1974 | 1977 | 1981 | 1990 |
| 2000 | 2001 | 2002 | 2008 |
| 2018 | **2022** | | |

*S&P 500. Roughly one down market every 4 years.*

# When losses come matters more than how big they are.

*Forward chronological sequence — $1,000,000 starting balance, S&P 500 returns, $79,713 annual withdrawal.*

| Year | BOY Balance | Return | Withdrawal | EOY Balance |
|---|---|---|---|---|
| **1973** | $1,000,000 | **-14.67%** | **$79,713** | $785,281 |
| **1974** | $785,281 | **-26.31%** | **$79,713** | $519,934 |
| **1975** | $519,934 | 37.14% | **$79,713** | $603,719 |
| **1976** | $603,719 | 23.81% | **$79,713** | $648,772 |
| **1977** | $648,772 | **-7.19%** | **$79,713** | $528,144 |
| **1978** | $528,144 | 6.52% | **$79,713** | $477,670 |
| **1979** | $477,670 | 18.45% | **$79,713** | $471,380 |
| **1980** | $471,380 | 32.45% | **$79,713** | $518,764 |
| **1981** | $518,764 | **-4.88%** | **$79,713** | $417,625 |
| **1982** | $417,625 | 21.50% | **$79,713** | $410,564 |

| Year | BOY Balance | Return | Withdrawal | EOY Balance |
|---|---|---|---|---|
| **1983** | $410,564 | 22.46% | **$79,713** | $405,161 |
| **1984** | $405,161 | 6.22% | **$79,713** | $345,691 |
| **1985** | $345,691 | 31.64% | **$79,713** | $350,134 |
| **1986** | $350,134 | 18.62% | **$79,713** | $320,774 |
| **1987** | $320,774 | 5.18% | **$79,713** | $253,548 |
| **1988** | $253,548 | 16.61% | **$79,713** | $202,710 |
| **1989** | $202,710 | 31.69% | **$79,713** | $161,975 |
| **1990** | $161,975 | **-3.10%** | **$79,713** | $79,713 |
| **1991** | $79,713 | 30.47% | **$79,713** | $0 |
| **19 Yrs.** | *Avg ROR* | **12.98%** | **$1,514,547** | **DEPLETED** |

**Result: portfolio depleted in year 19. Total withdrawn: $1,514,547.**

# Same returns. Reverse order. Different outcome.

*Same returns, reverse chronological order — same $1,000,000 starting balance, same $79,713 annual withdrawal.*

| Year | BOY Balance | Return | Withdrawal | EOY Balance |
|---|---|---|---|---|
| **1991** | $1,000,000 | 30.47% | **$79,713** | $1,200,698 |
| **1990** | $1,200,698 | **-3.10%** | **$79,713** | $1,086,235 |
| **1989** | $1,086,235 | 31.69% | **$79,713** | $1,325,489 |
| **1988** | $1,325,489 | 16.61% | **$79,713** | $1,452,699 |
| **1987** | $1,452,699 | 5.18% | **$79,713** | $1,444,107 |
| **1986** | $1,444,107 | 18.62% | **$79,713** | $1,618,444 |
| **1985** | $1,618,444 | 31.64% | **$79,713** | $2,028,663 |
| **1984** | $2,028,663 | 6.22% | **$79,713** | $2,070,174 |
| **1983** | $2,070,174 | 22.46% | **$79,713** | $2,437,519 |
| **1982** | $2,437,519 | 21.50% | **$79,713** | $2,864,734 |

| Year | BOY Balance | Return | Withdrawal | EOY Balance |
|---|---|---|---|---|
| **1981** | $2,864,734 | **-4.88%** | **$79,713** | $2,649,112 |
| **1980** | $2,649,112 | 32.45% | **$79,713** | $3,403,169 |
| **1979** | $3,403,169 | 18.45% | **$79,713** | $3,939,634 |
| **1978** | $3,939,634 | 6.52% | **$79,713** | $4,108,392 |
| **1977** | $4,108,392 | **-7.19%** | **$79,713** | $3,739,017 |
| **1976** | $3,739,017 | 23.81% | **$79,713** | $4,530,585 |
| **1975** | $4,530,585 | 37.14% | **$79,713** | $6,103,925 |
| **1974** | $6,103,925 | **-26.31%** | **$79,713** | $4,439,925 |
| **1973** | $4,439,925 | **-14.67%** | **$79,713** | $3,719,986 |
| **19 Yrs.** | ***Avg ROR*** | **12.98%** | **$1,514,547** | **$3,719,986** |

**Result: $3,719,986 ending balance. Same total withdrawn: $1,514,547.**

# How a sequence-defense strategy responds.

*Sequence Defense skips withdrawals after a market loss — same $1M, same returns, same $79,713 income target.*

| Year | BOY Balance | Return | Withdrawal | EOY Balance |
|---|---|---|---|---|
| **1973** | $1,000,000 | **-14.67%** | **$79,713** | $785,281 |
| **1974** | $785,281 | **-26.31%** | *$0* | $578,673 |
| **1975** | $578,673 | 37.14% | *$0* | $793,593 |
| **1976** | $793,593 | 23.81% | **$79,713** | $883,855 |
| **1977** | $883,855 | **-7.19%** | **$79,713** | $746,324 |
| **1978** | $746,324 | 6.52% | *$0* | $794,984 |
| **1979** | $794,984 | 18.45% | **$79,713** | $847,239 |
| **1980** | $847,239 | 32.45% | **$79,713** | $1,016,588 |
| **1981** | $1,016,588 | **-4.88%** | **$79,713** | $891,155 |
| **1982** | $891,155 | 21.50% | *$0* | $1,082,754 |
| **1983** | $1,082,754 | 22.46% | **$79,713** | $1,228,324 |
| **1984** | $1,228,324 | 6.22% | **$79,713** | $1,220,054 |
| **1985** | $1,220,054 | 31.64% | **$79,713** | $1,501,145 |
| **1986** | $1,501,145 | 18.62% | **$79,713** | $1,686,103 |
| **1987** | $1,686,103 | 5.18% | **$79,713** | $1,689,601 |
| **1988** | $1,689,601 | 16.61% | **$79,713** | $1,877,290 |
| **1989** | $1,877,290 | 31.69% | **$79,713** | $2,367,229 |
| **1990** | $2,367,229 | **-3.10%** | **$79,713** | $2,126,603 |
| **1991** | $2,126,603 | 30.47% | *$0* | $2,892,002 |
| **19 Yrs.** | ***Avg ROR*** | **12.98%** | **$1,115,982** | **$2,892,002** |

**$398,565 funded from Sequence Defense Resources. Total income delivered: $1,514,547.**

REAL-WORLD EXAMPLE

# What if you had to take distributions in 2022?

| G Fund | F Fund | C Fund | S Fund | I Fund |
|---|---|---|---|---|
| +2.98% | −12.83% | −18.13% | −26.26% | −13.94% |
| *2022 return* | *2022 return* | *2022 return* | *2022 return* | *2022 return* |

$500,000 PORTFOLIO

**$500,000**

| 20% | 20% | 10% | 25% | 25% | 0% |
|---|---|---|---|---|---|
| **C** | **S** | **I** | **F** | **G** | **Cash** |
| **$100,000** | **$100,000** | **$50,000** | **$125,000** | **$125,000** | **$0** |
| *4%* | *4%* | *4%* | *4%* | *4%* | *0%* |
| **$4,000** | **$4,000** | **$2,000** | **$5,000** | **$5,000** | **$0** |

*Selling shares during a year like 2022 locks in losses. The portfolio takes years to recover what one bad sequence took in twelve months.*

# The biggest gap isn't in the markets. It's in how investors react to them.

**1–3%**

**LESS PER YEAR**

*What the average investor earns versus a disciplined investor who simply stayed invested.*

## The cause isn't poor investments.

## *It's poor timing.*

Multiple long-term studies have shown that the average investor earns 1–3% less annually than the funds they invest in. The gap doesn't come from picking bad funds — it comes from buying after rallies and selling after declines.

*In retirement, this gap compounds. Withdrawals during fear-driven moments lock in losses that compounding can't undo.*

*Source: Multiple investor-behavior studies including DALBAR, Morningstar Mind the Gap, and Orion Portfolio Solutions research.*

SELF-ASSESSMENT

# What type of Fed are you?

*There's no wrong answer — but there is a wrong answer for you.*

TYPE 01

## Do It Yourselfer

You love coming to financial seminars. You can't wait to be your own full-time advisor in retirement.

TYPE 02

## Not Sure

You can handle the finances but not sure you want to. You can tolerate financial speak but unclear if you want to think about this in retirement.

TYPE 03

## 100% — I'm Not Doing It

You are in pursuit of finding the right advisor and relationships matter to you. Has anyone ever told you, "Oh it's not hard, you can do it"?

# What is the Alternative Approach?

## 01 Markets, but not market-dependent

Still utilizes the markets for growth but doesn't rely solely on the markets to sustain income, protection, and legacy in retirement.

## 02 Strategy-driven diversification

Typically more strategy-driven, using various asset types to reduce income risk and increase legacy — for those who desire to pass on money to heirs, charities, or institutions.

## 03 Risk reduction with growth potential

The objective: reduce risk and increase income, protection, and ensure legacy if desired.

# Six features of the Alternative approach.

## Paydown vs. Interest-Only

Use the right asset for the right job — not every dollar should fund every need.

## Reduce Pressure on Capital

Spread the load so no single asset class carries the full weight of your retirement.

## Reduce Withdrawal Rate Pressure

Lower the percentage you take from at-risk assets — and raise the chance they last.

## Reduce Income Risks

Address inflation, longevity, sequence, and behavior systematically — not by hoping markets cooperate.

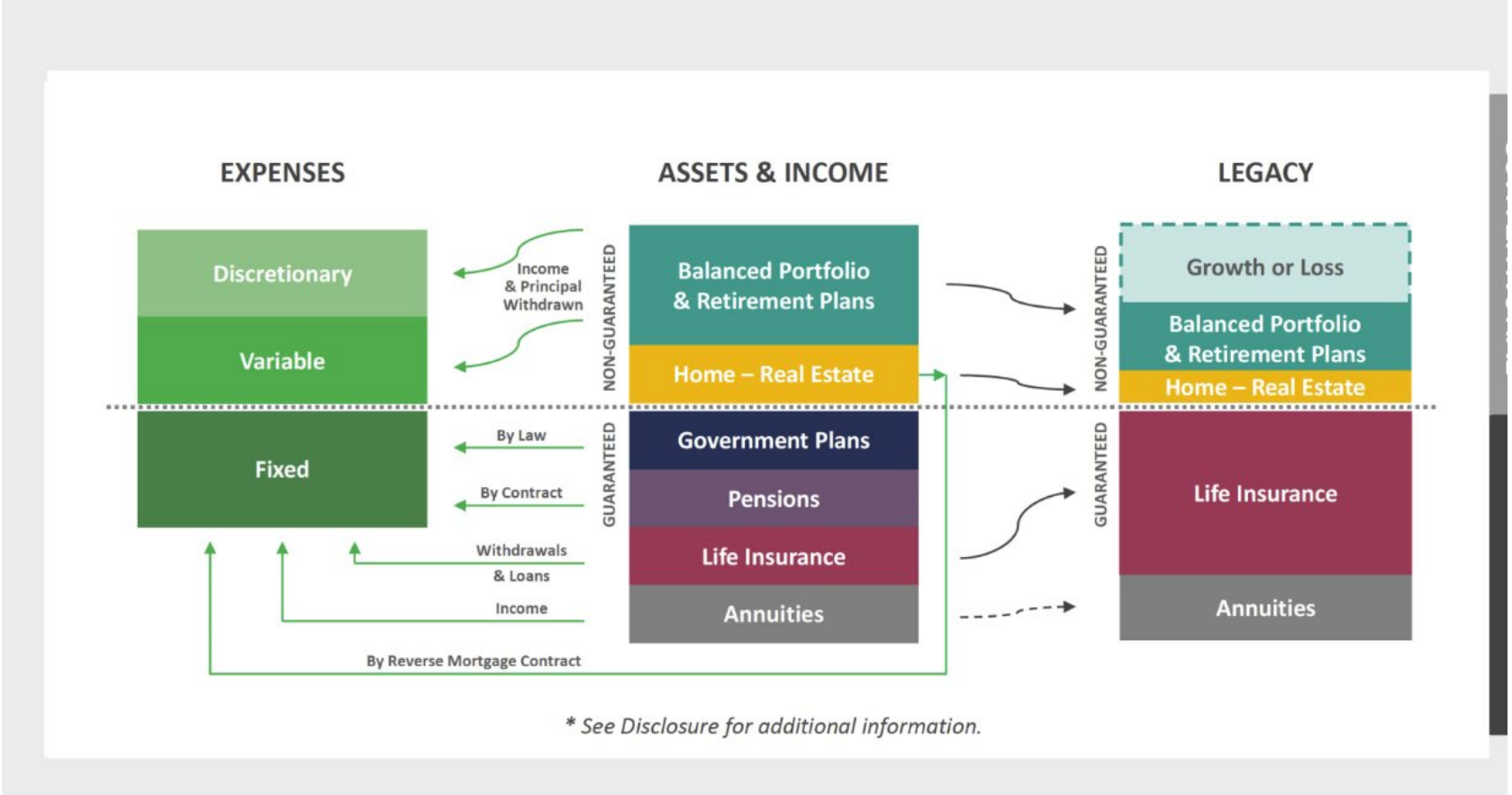
## Reduce Fear

When the plan doesn't depend on the market every year, the market doesn't run your year.

## Inflation Protection

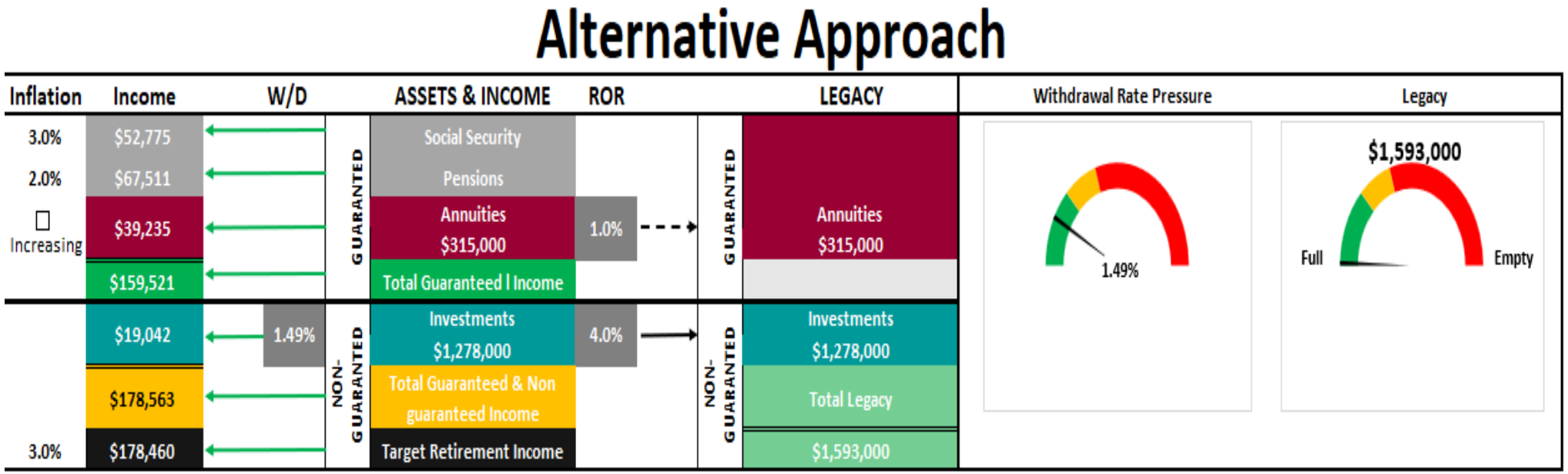
Build in mechanisms designed to keep purchasing power on pace with rising costs.

# Alternative Retirement Approach



# Alternative retirement approach.

*An annuity layer adds guaranteed income — and reduces reliance on the portfolio's behavior.*




*Source: CJ Campbell & Associates Retirement Income Model · age 67 · annuity layer of $315,000 · 1.0% annuity income rate.*

# Alternative retirement approach.

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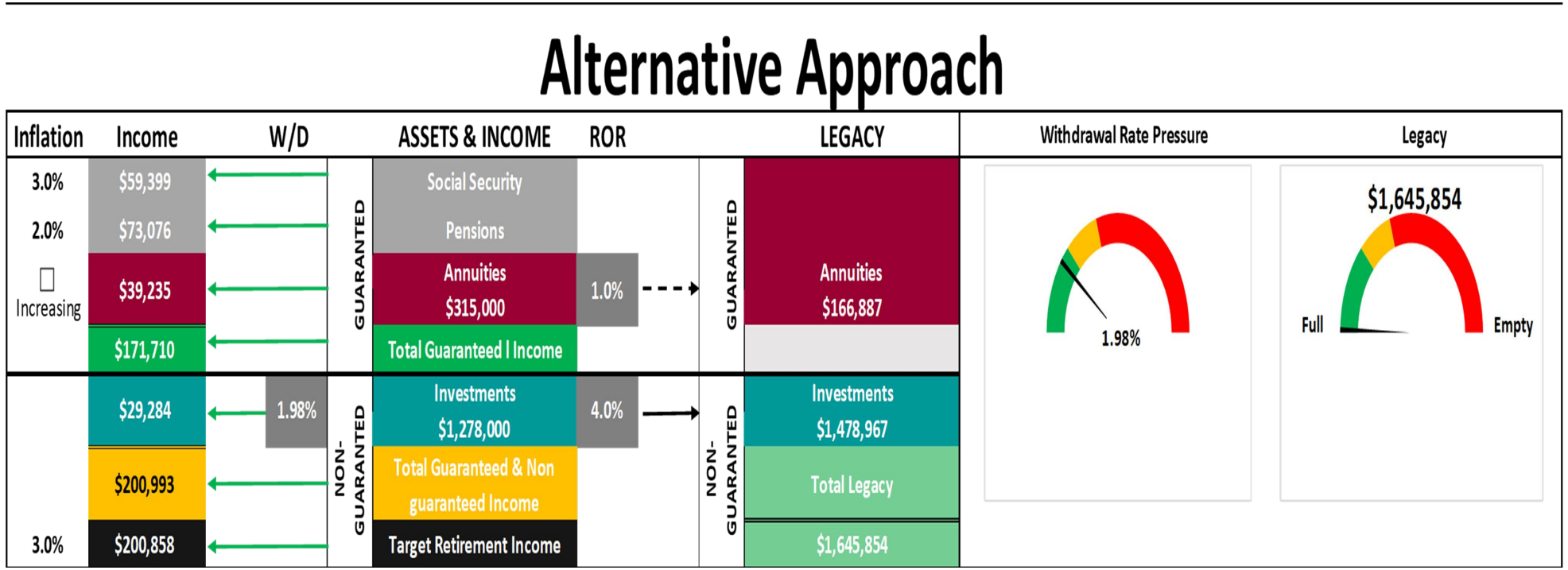
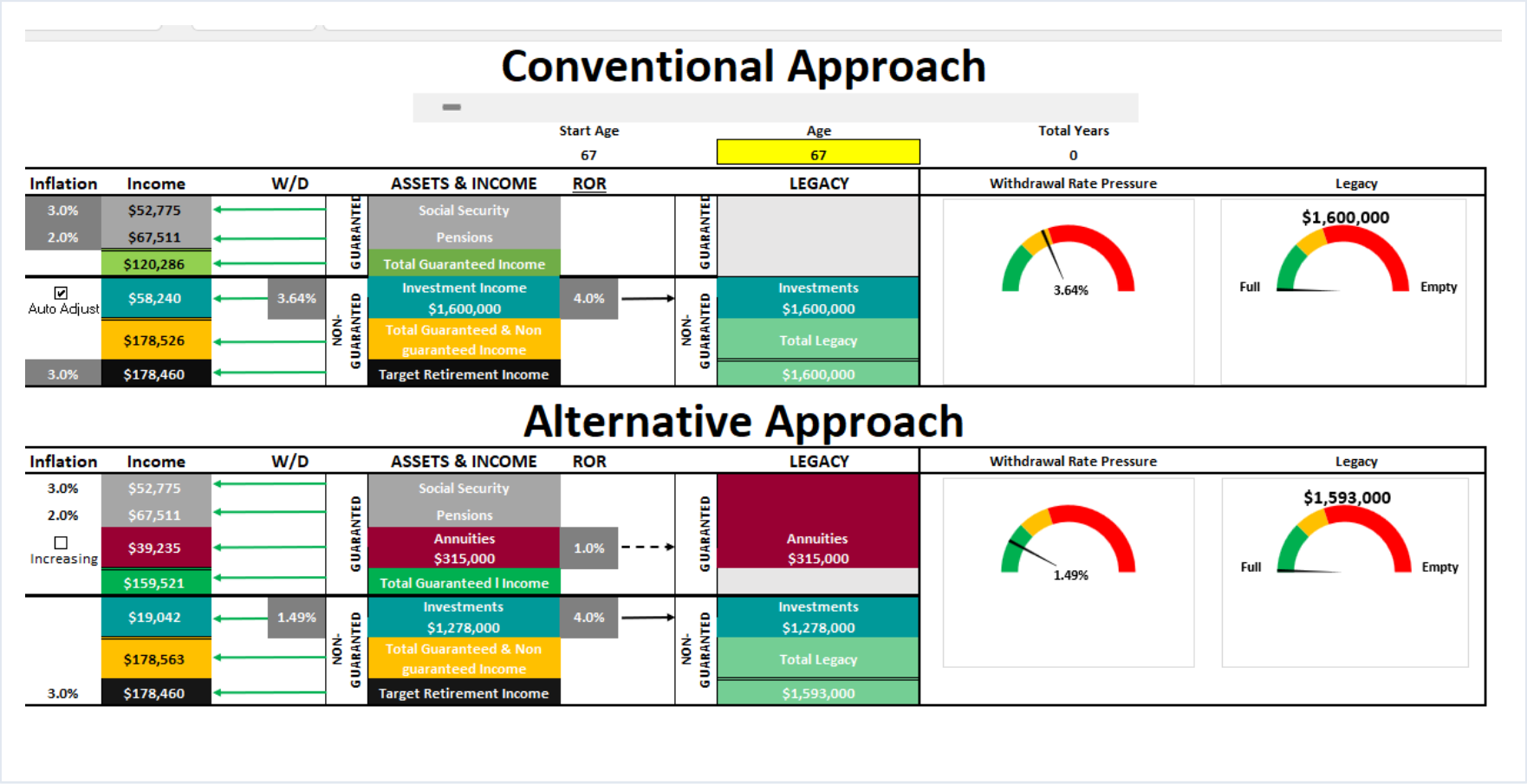



*Source: CJ Campbell & Associates Retirement Income Model · age 71 · annuity layer of $315,000 · 1.0% annuity income rate.*

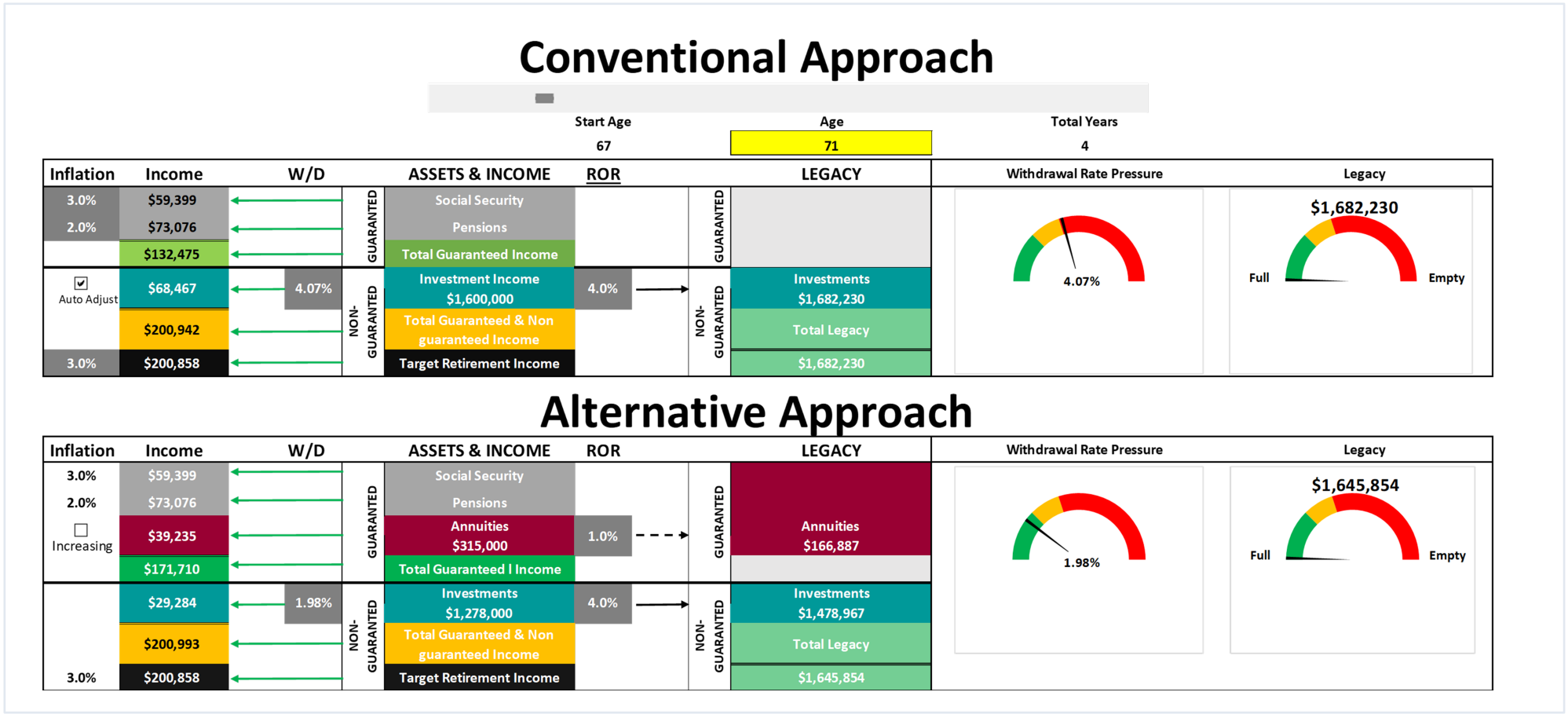
# Conventional vs. Alternative at age 67.

*Side-by-side at the start of retirement: how an Alternative strategy reframes the same income need.*



# Conventional alongside Alternative at age 71.

*Withdrawal rate pressure tells the story: 4.07% on Conventional vs. 1.98% on Alternative.*



# The required rate of return.

*If we want $39,235 of guaranteed income, what would it actually take to produce that from a portfolio? Walk the math step by step.*

## 01

THE GOAL

*How much guaranteed income at age 90?*

**$39,235**

*/ year*

The income we want our money to spin off.

## 02

STARTING POINT

*We have $250,000 today. We have 10 years.*

**$250,000**

*today, 10 years to grow*

What we have to work with.

## 03

REVERSE ENGINEER

*At a 4% withdrawal rate, what balance is required?*

**$980,875**

*needed at 90*

$39,235 ÷ 4% = $980,875

## 04

REQUIRED RETURN

*What annual rate of return is required?*

**14.65%**

*every year, 10 years*

$250,000 × $(1.1465)^{10}$ ≈ $981,026

# Who tends to like which strategy?

## CONVENTIONAL

01 Comfortable with market volatility

02 Likes full control

03 Legacy is important to them

04 Driven by watching the portfolio grow

05 Comfortable with all the moving pieces

- *Understands how to rebalance*
- *Understands how to navigate income distributions in good and bad markets*
- *Understands how to navigate RMDs when the time comes*

## ALTERNATIVE

01 Not as comfortable with market volatility

02 Likes less management

03 Not as driven to pass on legacy

04 Overwhelmed by the finance

05 Likes simplicity — not a lot of moving pieces

06 Conservative to very conservative — needs withdrawal rate of 3–4%

EVERY MOVE COUNTS

# Retirement is the long game.

*A quick recap of where we've been.*

WHAT WE COVERED

01 *Retirement Pressures*

02 *Retirement Risks*

03 *Build a Better Retirement*

04 *Retire on Your Terms*

**05 *Next Steps***

# The thinking that keeps people from planning.

> *The closer you get to retirement, the more conservative you should get!*

> *Just don't take more than 4% from your investments and you'll be fine.*

> *You can do this all yourself!*

> *Don't pay fees!*

> *I'll just self-insure!*

> *Long-term care is too expensive!*

> *I'll get to that when I retire!*

> *I'll wait until I get closer to retirement!*

*Each of these contains a kernel of truth — and a costly oversimplification.*

WHERE WE STARTED

# It comes back to one transition.

ACCUMULATION

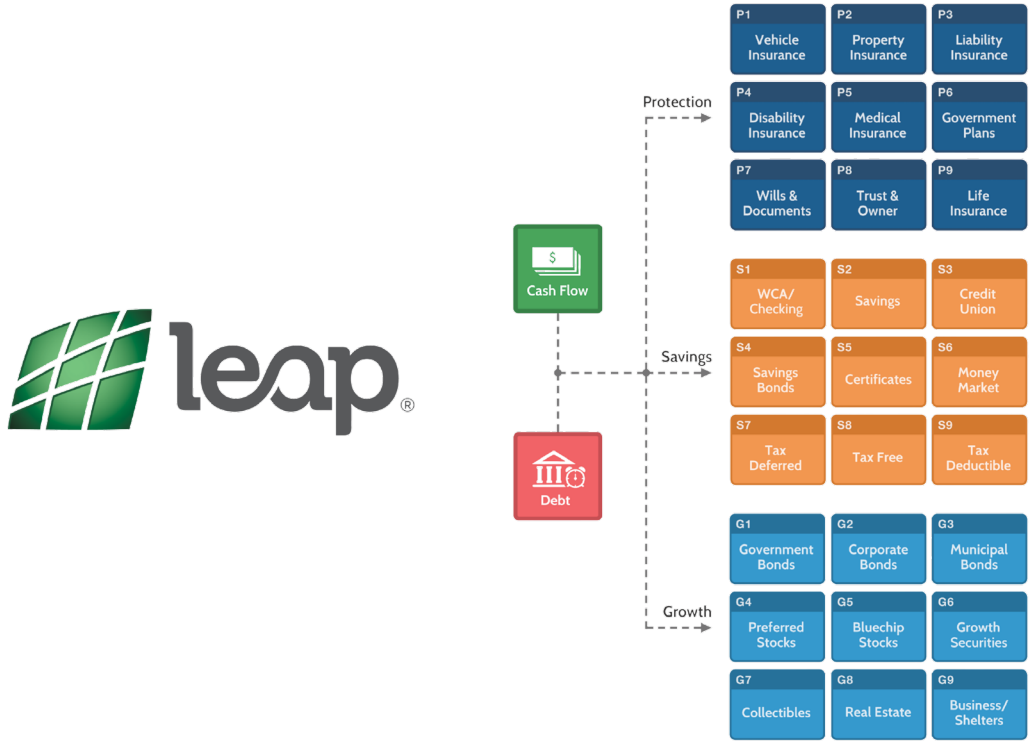
*Building*

DISTRIBUTION

*Sustaining*

# Cash flow, debt, protection, savings, and growth.

*Every retirement plan touches all of these categories. The Alternative method ensures none are overlooked.*



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DC METROPOLITAN CHAPTER

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