THE SHINE REPORT

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PORTFOLIO RECOVERY FROM LOSSES

Market losses can cause greater harm in distribution portfolios (portfolios designed for retirement income) than in accumulation portfolios. Once a dollar is withdrawn for income, it no longer has potential for growth.

1. Percent gain required for a portfolio with no cash flows in or out. A $10,000 portfolio losses 10% to $9,000. That $9,000 must grow by 11.1% before equaling $10,000.

% of Loss	% Gain to fully recover.
- 5%	5.3%
-10%	11.1%
-20%	25%
-30%	43%
-50%	100 %
- 80%	400 %

2. Total percent gain required to break even for a distribution portfolio over a 3 year period. Assume withdrawals taken at year end as a percentage of starting portfolio value. Withdraw $4,000 per year from $10,000 portfolio. It loses 10% to $9,000. Over next 3 years the portfolio must grow by 26% to equally $10,000, if you keep taking $4,000 pre year withdrawals.

	Income Withdrawal Rate		
0%	4%	6%	8%

% Loss before start

Total Portfolio Percent Gain Required Over 3 Years to Fully Recover.

-10%	11.1%	26%	33%	41%
-20%	25%	42%	51%	60%
-30%	43%	63%	74%	86%
-50%	100%	132%	150%	196%
-80%	400%	525%	597%	676%

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