How to interpret the Retirement Simulation Result

Core Metrics & Success Rate Thresholds — use them to evaluate your plan

Metric	What it means	Robust Plan	Adequate Plan	Fragile Plan
Success Rate (% runs avoiding depletion, across all sims)	Plan viability. Target value depends on the simulation type used.	▪ Normal ≥85% ▪ Student's T ≥80–85% ▪ Markov ≥75–80% ▪ Collar ≥ 90%	▪ Normal 80-84% ▪ Student's T 75-79% ▪ Markov 70-74% ▪ Collar ≥ 85-89%	▪ Normal < 80% ▪ Student's T <75% ▪ Markov < 70% ▪ Collar < 85%
End of Plan Cushion (years of expenses left — use values from **below historical return** scenario)	Ending balance ÷ final-year expenses	≥5 yrs	3–4 yrs	≤2 yrs
Withdrawal Rates (portfolio draw ÷ starting balance — use values from **below historical return** scenario)	Spending stress on portfolio	Avg ≤5%, Max ≤9%	Avg 6–7%, Max ≤12%	Avg >7%, Max >12%
Market Assumptions	Equity, bond, inflation, COLA (all nominal values i.e. not adjusted for inflation)	**Conservative** ▪ Equity 6.5% ▪ Bonds 3.4% ▪ CPI 2.5 – 3.5% ▪ COLA 1.5%	**Moderate** ▪ Equity 7.5% ▪ Bonds 3.4% ▪ ~ CPI 2.25% ▪ COLA 2%	**Rosy** ▪ Equity ≥9% ▪ CPI ≤2% ▪ COLA = CPI

Tolerance Rules (Trade-offs)

Rule	When It's Acceptable	When It's Not
One weak link allowed	At most ONE metric may be "Fragile" if other three are "Good"	Two (or more) metrics in "Fragile" at once
High Success ↔ Thin Cushion	If Success ≥90% (per sim type), Cushion can be 2–3 yrs	If Success < thresholds, Cushion must be ≥5 yrs
Strong Cushion ↔ Higher Withdrawals	If Cushion ≥5 yrs, avg withdrawals up to 6–7% tolerable	If Cushion ≤2 yrs, withdrawals should be ≤5%
Conservative Assumptions ↔ Other Stress	If assumptions are conservative, allow one other Adequate	If assumptions are rosy, Success + Cushion must be "Good"
High Withdrawals ↔ Safety Backstops	Avg 7–8% only if Success ≥90% + Cushion ≥4 yrs + conservative assumptions	Avg >7% with low Success or thin Cushion