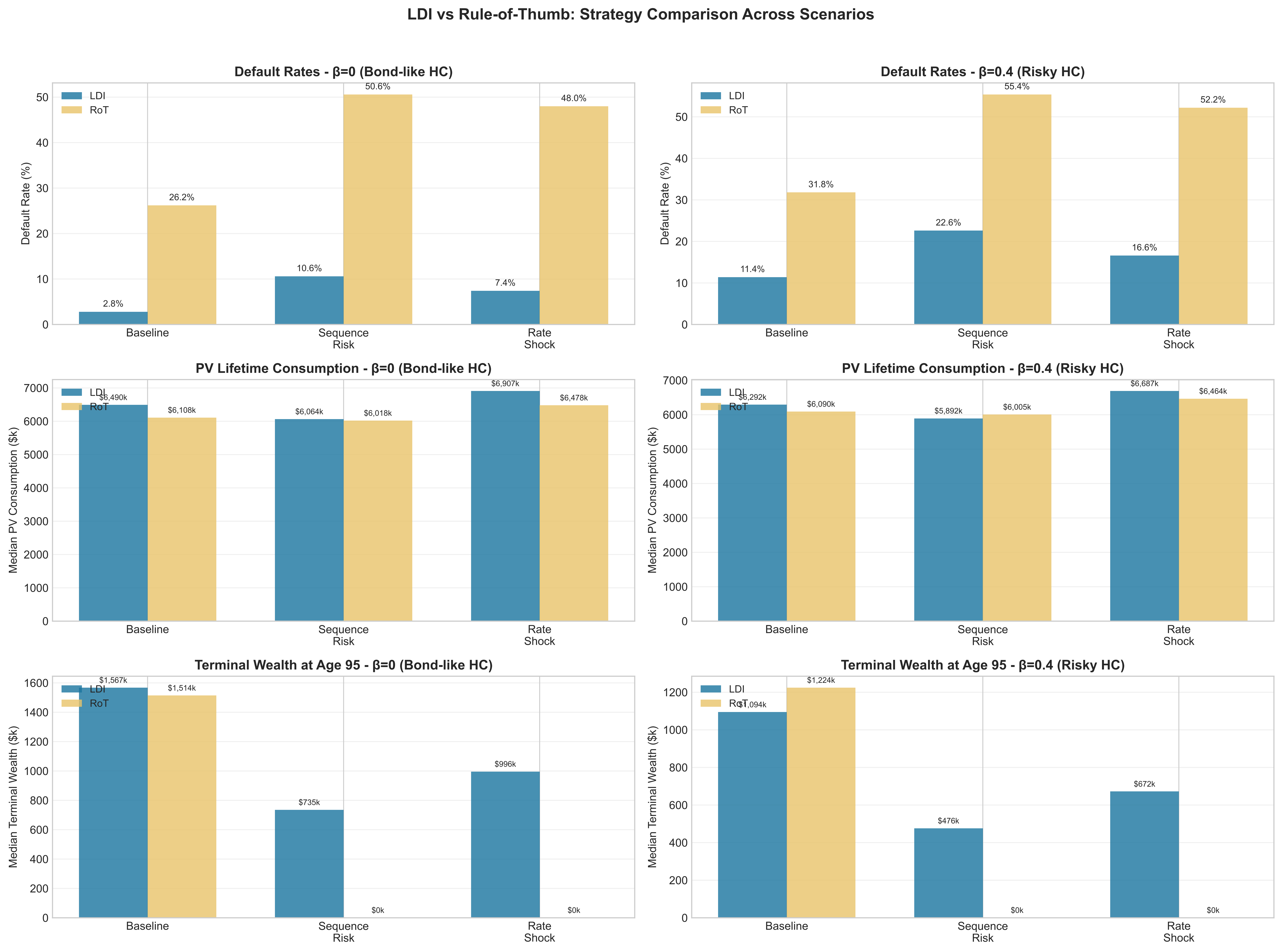
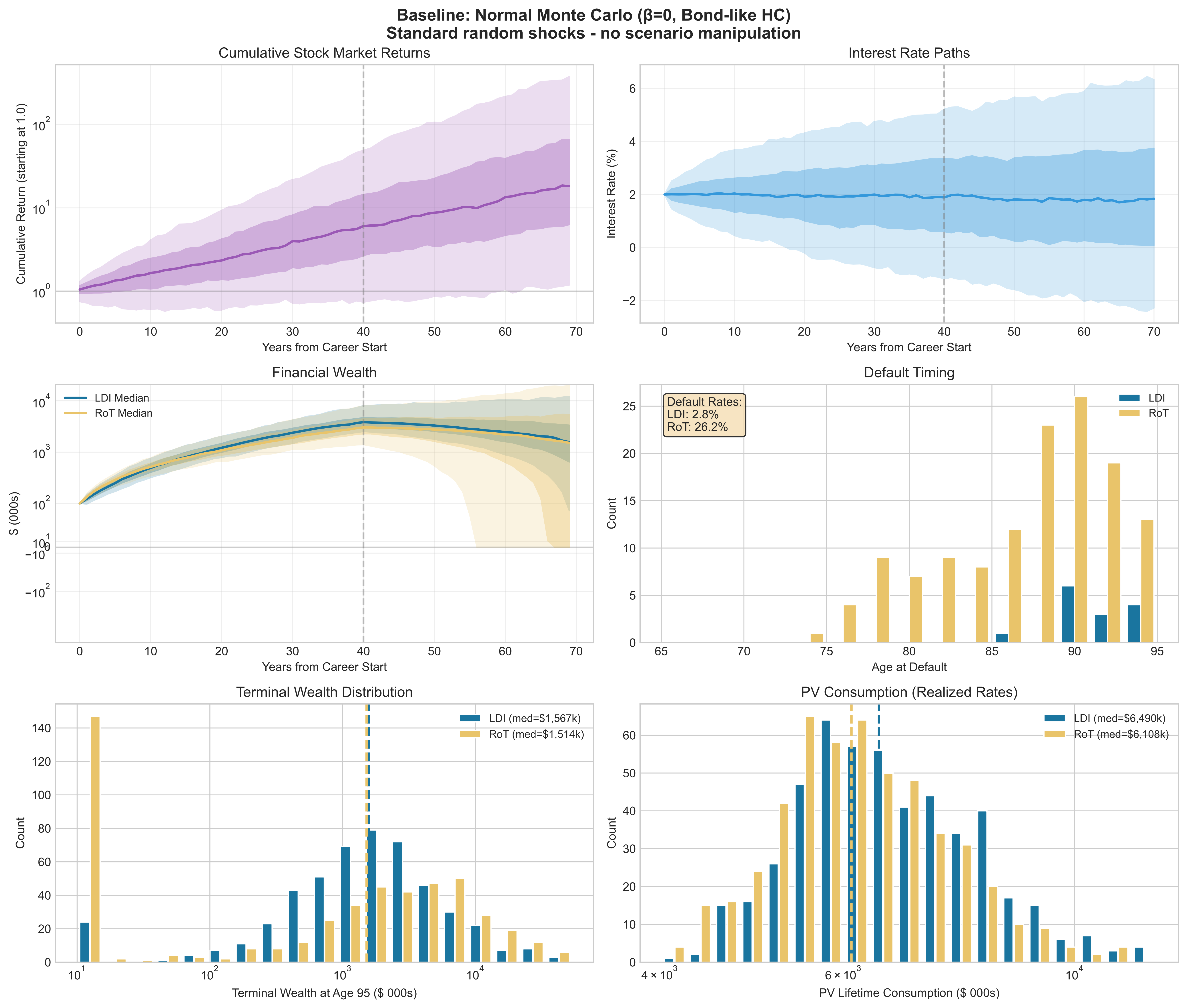
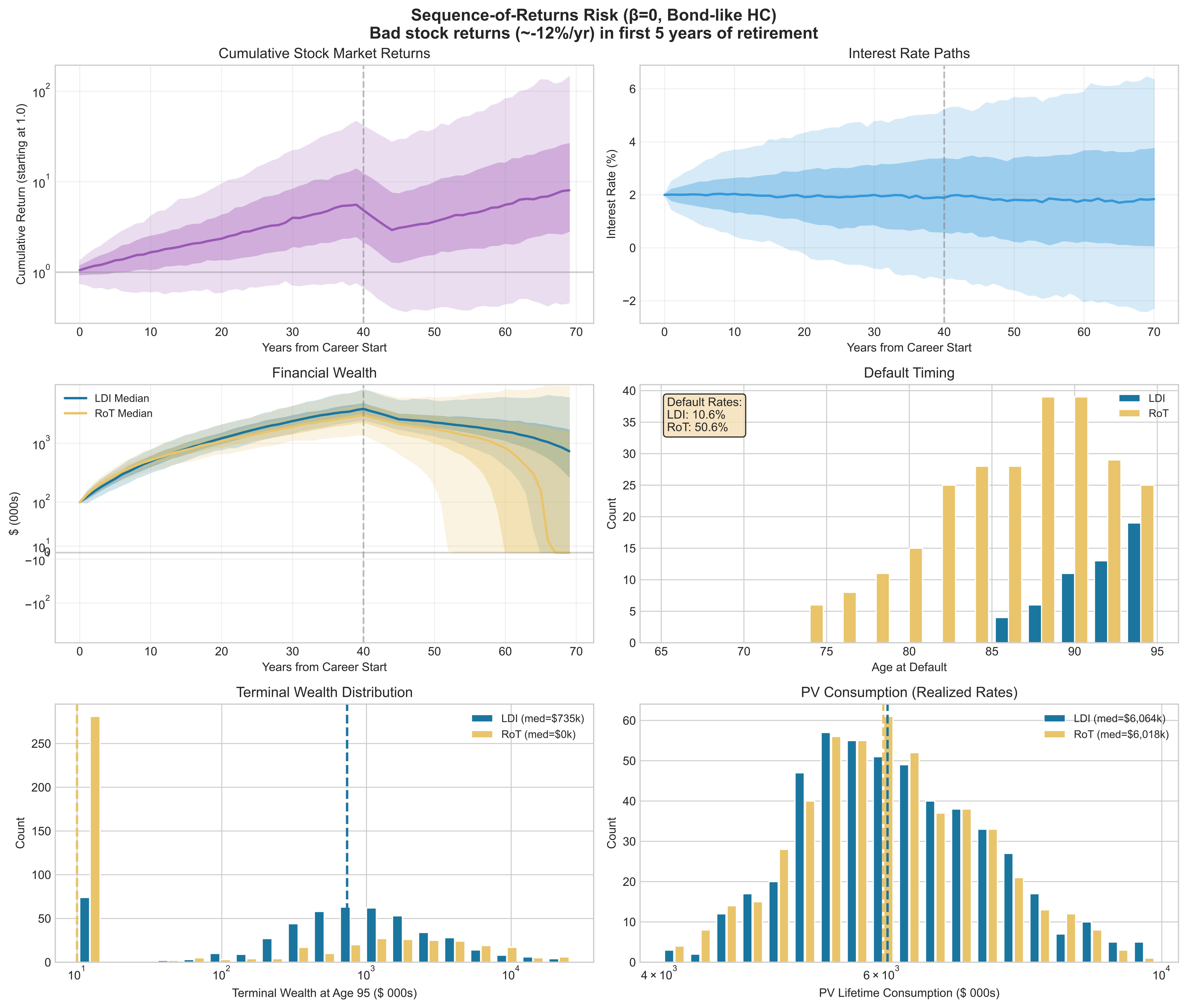


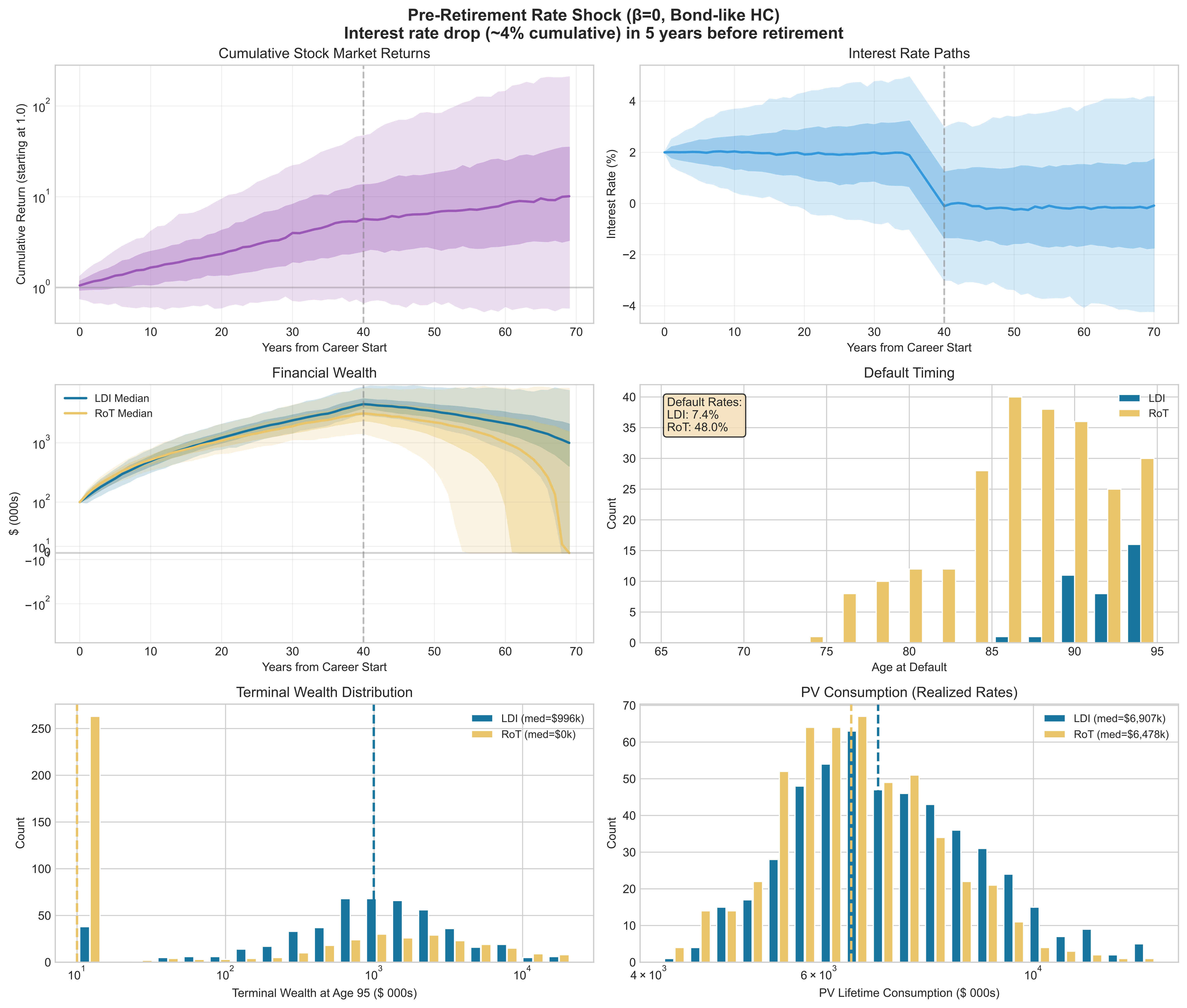
LDI vs Rule-of-Thumb: Strategy Comparison Across Scenarios
Default Rates - β=0 (Bond-like HC)
Default Rate (%)
LDI
RoT
2.8%
26.2%
10.6%
50.6%
7.4%
48.0%
Baseline
Sequence Risk
Rate Shock
Default Rates - β=0.4 (Risky HC)
11.4%
31.8%
22.6%
55.4%
16.6%
52.2%
PV Lifetime Consumption - β=0 (Bond-like HC)
Median PV Consumption ($k)
$6,490k
$6,108k
$6,064k
$6,018k
$6,907k
$6,478k
PV Lifetime Consumption - β=0.4 (Risky HC)
$6,292k
$6,090k
$5,892k
$6,005k
$6,687k
$6,464k
Terminal Wealth at Age 95 - β=0 (Bond-like HC)
Median Terminal Wealth ($k)
$1,567k
$1,514k
$735k
$0k
$996k
$0k
Terminal Wealth at Age 95 - β=0.4 (Risky HC)
$1,094k
$1,224k
$476k
$0k
$672k
$0k



Baseline: Normal Monte Carlo (β=0, Bond-like HC)
Standard random shocks - no scenario manipulation
Cumulative Stock Market Returns
Cumulative Return (starting at 1.0)
Years from Career Start
Interest Rate Paths
Interest Rate (%)
Years from Career Start
Financial Wealth
LDI Median
RoT Median
$ (000s)
Years from Career Start
Default Timing
Default Rates:
LDI: 2.8%
RoT: 26.2%
LDI
RoT
Count
Age at Default
Terminal Wealth Distribution
LDI (med=$1,567k)
RoT (med=$1,514k)
Count
Terminal Wealth at Age 95 ($ 000s)
PV Consumption (Realized Rates)
LDI (med=$6,490k)
RoT (med=$6,108k)
Count
PV Lifetime Consumption ($ 000s)



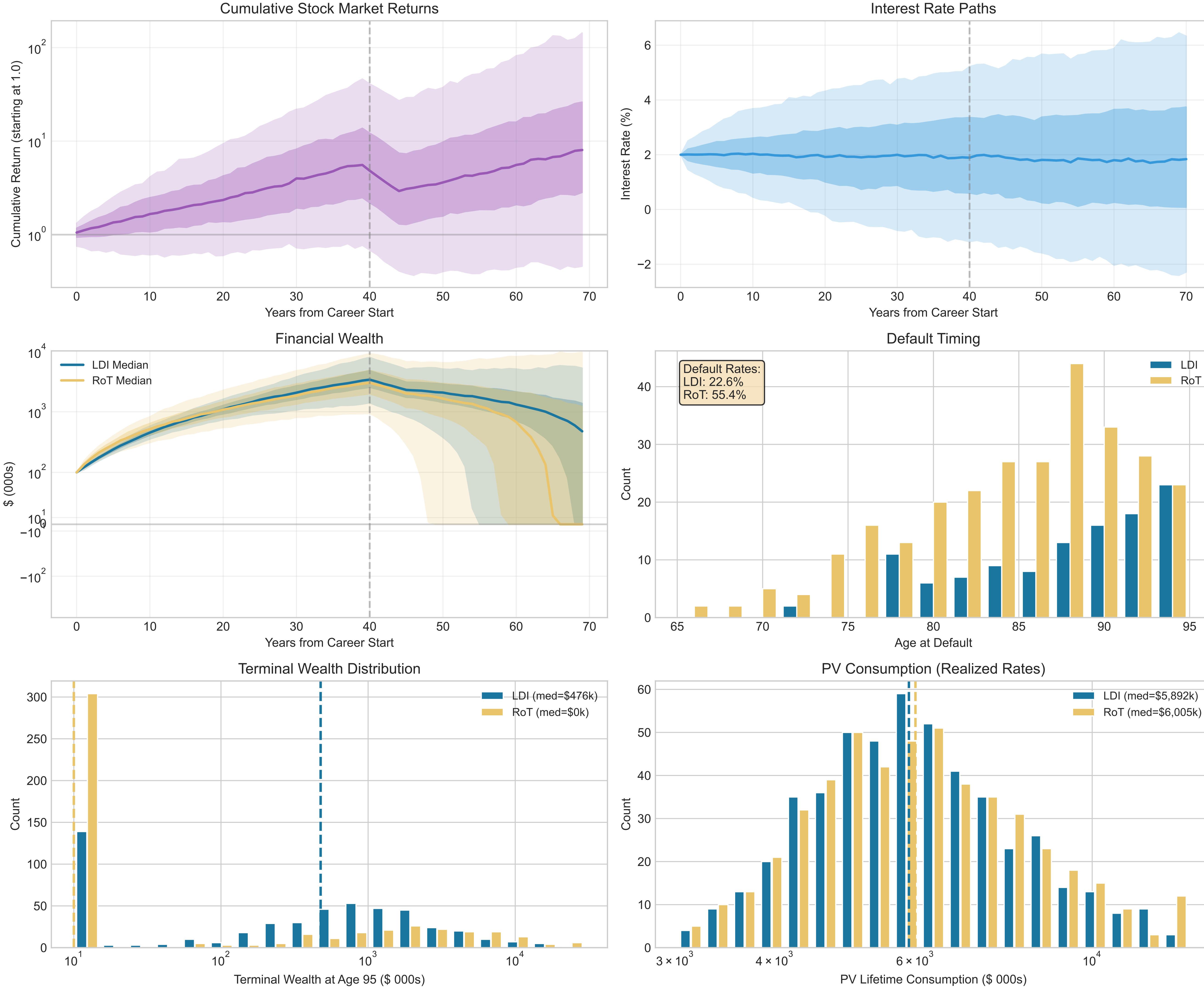
Sequence-of-Returns Risk (β=0, Bond-like HC)
Bad stock returns (~-12%/yr) in first 5 years of retirement
Cumulative Stock Market Returns
Cumulative Return (starting at 1.0)
Years from Career Start
Interest Rate Paths
Interest Rate (%)
Years from Career Start
Financial Wealth
LDI Median
RoT Median
$ (000s)
Years from Career Start
Default Timing
Default Rates:
LDI: 10.6%
RoT: 50.6%
LDI
RoT
Count
Age at Default
Terminal Wealth Distribution
LDI (med=$735k)
RoT (med=$0k)
Count
Terminal Wealth at Age 95 ($ 000s)
PV Consumption (Realized Rates)
LDI (med=$6,064k)
RoT (med=$6,018k)
Count
PV Lifetime Consumption ($ 000s)



Pre-Retirement Rate Shock (β=0, Bond-like HC)
Interest rate drop (~4% cumulative) in 5 years before retirement
Cumulative Stock Market Returns
Cumulative Return (starting at 1.0)
Years from Career Start
Interest Rate Paths
Interest Rate (%)
Years from Career Start
Financial Wealth
LDI Median
RoT Median
$ (000s)
Years from Career Start
Default Timing
Default Rates:
LDI: 7.4%
RoT: 48.0%
LDI
RoT
Count
Age at Default
Terminal Wealth Distribution
LDI (med=$996k)
RoT (med=$0k)
Count
Terminal Wealth at Age 95 ($ 000s)
PV Consumption (Realized Rates)
LDI (med=$6,907k)
RoT (med=$6,478k)
Count
PV Lifetime Consumption ($ 000s)

Baseline: Normal Monte Carlo (β=0.4)
Standard random shocks - no scenario manipulation

Sequence-of-Returns Risk (β=0.4)
Bad stock returns (~-12%/yr) in first 5 years of retirement



Pre-Retirement Rate Shock (β=0.4)
Interest rate drop (~4% cumulative) in 5 years before retirement