

## 5% Distribution Rule

### What is the 5% Distribution Rule?

The 5% Rule is a guideline based on historical data of how much money a retiree should withdraw from their retirement funds each year.

### Advantages

- Gcu { "vq"ko rng o gpv
- Ockpvckpu"ceqpukuvgpv"kpeq o g"uvtgc o" y jkej"ecp"dg"cf lwuvf" hqt" kphncvkqp0
- Cnnq y u"ppp/tgyktggu"vq"vcmg"rtgxky"vjgkt"tgyktg o gpv"kpeq o g0"Kh"c" { gctn { "7 ' " fluvtkdwwkqp"qh { qwt"rqtvhqnkq"ku"pqv"gpqwi j"vq"uwuvckp" { qwt"nkhguv { ng."c flwuv o gpvu"ujqwnf"dg"nqqmgf"cv0"Vjku kpenwfgu."nqy gtkpi"gzrgpugu." y qtmkpi"nqpi gt"kp"qtfgt"vq"dwknf/wr" { qwt"rqtvhqnkq"cpflqt"ucxkpi o qtg0
- Dwknv"qhh"cy qtuv/ecug"uegpctkq." o gcpkpi" { qwt"rqtvhqnkq"ku"nkmg { "vq"eqpvkpwg"itqy kpi"cnvj qwi j vjku"kupv"i wctcpvggf0

### Example

- Ku"qpn { "kpvpgpfgf"vq" o cmg" { qwt"tgyktg o gpv"rqtvhqnkq"ncuv"lwuv"qxgt"52" { gctu." o gcpkpi"vjcv"kv)u"uvknn rquukdng"vq"gzjcwuv" { qwt"hwpfu"fgrgpfkpi"qp"j qy"nqpi" { qw"nkxg0
- Requires a diversified portfolio that maximizes return while minimizing risks.

(continued on the other side)

Vq"ngctp" o qtg"cdqvw"Gpfqy o gpv" Y gcnvj "Ocpicig o gpv"  
cpf"qwt"Hgg/Qpn{ "Hkfwekct{ "Cfxkeg<

Ecnn<\*;42+9:7/8232

Xkukv<y y y0Gpfqy o gpv Y O0eq o

Kphqt o cvkqp" eqpvckpgf" jgtgkp" ku" kpvpgpfgf" hqt" kphqt o cvkqpcn." knnwuvtcvkg" cplqt" gfwecvkqpcn" wug" qpn{  
cpf"pqv" fgukipgf"vq"dg"c"tgeq o o gpfcvkqp" hqt" cp{ "urgekhe" kpxguv o gpv" rtqfwev." uvtcvgi{." rncp" hgcwvtg" qt" qvjgt" rwrqug" pqt"  
ujcnn" kv" dg" eqpuvtwgf" vq" dg" vjg" rtqkukqp" qh" kpfkxkfwcnk|gf" kpxguv o gpv." vcz" qt" ngicn" cfxkeg0"  
Gpfqy o gpv" Y gcnvj "Ocpicig o gpv." Kpe0" \*öGY Oö+ "ku" pqv" uqnekvki" qt" tgeq o o gpfkpi" cp{ "cevkqp" dcugf" qp" vjku" o cvgtkcn0" Vjku"  
ku" pgvjgt" cp" qhhgt" pqt" c" uqnekvcvkqp" vq" dw{ lqt" ugnn" ugewtkvku" kp" cp{ " uvcvg" qt" lwtkfvevkqp" y jgtg" G Y O" ku" pqv" tgi kuvgtgf."  
qt" pqvkeg" hknkf" cpf" fagu" pqv" swcnkh{ " hqt" cp" gzg o rvkqp" htq o" uwej" tgi kuvtcvkqp" cpf" pqvkeg" hknkpi" tgs wktg o gpvu0"  
Rtkqt" vq" o cmkpi" cp{ " kpxguv o gpv" qt" hkpcpekc n" fgekukapu." cp" kpxguvqt" ujqwnf" uggm" kpfkxkfwcnk|gf" cfxkeg" htq o" c" rgtuqpcn"  
hkpcpekc n." ngicn." vcz" cpf" qvjgt" rtqhgukqpcn" cfxkuqtu" vjcv" eqpukfgt" cnn" qh" vjg" rctvkewnt" hcevu" cpf" ekteu" uvcpegu" qh" vjg"  
kpxguvqt0u" qyp" ukvwcvkqp0" Cnn" kpxguv o gpvu" kpxqnxg" tkum" cpf" rvgpvkcn" nquu" qh" ecrkvcn" cpf." wpnguu" qvjgt y kug" uvcvgf." ctg" pqv"  
kpuwtgf" qt" i wctcpvgg0

Y jkng" vjg" eqpvpgpv" jgtgkp" jcu" dggp" qdvckpgf" htq o" uqwtegu" vjcv" yg" eqpukfgt" tgnkcdng." yg" fq" pqv" tgrtgugpv" vjcv"  
vjg" kphqt o cvkqp" ku" ceewtcvg." eq o rnvvg." qt" ewttgpv" cpf" kv" o c{ " dg" tngkf" wrqp" cu" uwej0" Tgnkpeg" wrqp" cp{ " kphqt o cvkqp" kp" vjku"  
o cvgtkcn" ku" cv" vjg" uqng" fkuetgvkqp" qh" vjg" tgc fgt0" Eqpvpgpv" ku" uwdlgev" vq" ejcpi g" y kvj qvw" pqvkeg0

Gpfqy o gpv" Y gcnvj "Ocpicig o gpv." Kpe0" \*öGY Oö+ "ku" tgi kuvgtgf" cu" cp" kpxguv o gpv" cfxkugt" ykvj" vjg" UGE0" Tgi kuvtcvkqp"  
fagu" pqv" k o rn{ " c" egtvckp" ngxgn" qh" umknn" qt" vtckpki0" C" eqr{ " qh" G Y O0u" fkuenquwtg" fqew o gpvu." kpenwfkpi" Hqt o" CFX" Rctv"  
5" \*Enkpgv" Tgncvkqpu jkr" Uw o o ct{+." Hqt o" CFX" Dtqejwtg" Rctv" 4." cpf" Rtkxce{ " Uvcvg o gpv." ctg" cxckncdng" wrqp" tgs wguv0