
Pfau creates retirement 'Dashboard' and two indices

By Editorial Staff *Thu, Feb 5, 2015*

For advisors who love the convenience of dashboards and indices, Wade Pfau, Ph.D., who teaches retirement income planning at The American College, has created a trio.

In an [article](#) published this week by Advisor Perspectives, retirement income expert Wade Pfau has introduced a Retirement Dashboard that allows advisors to compare the sustainable spending rates from a variety of decumulation strategies.

Pfau, who teaches at The American College in Bryn Mawr, Pa., compares the following strategies for 65-year-old couples:

- Purchase of a joint-and-survivor, life-only single-premium immediate annuity
- Creation of a 30-year bond ladder of Treasury Inflation-Protected bonds
- Creation of a 20-year bond ladder and purchase of a deferred income annuity
- Fixed annual spending amounts
- Fixed annual spending with a 2% annual cost-of-living increase
- The traditional 4% rule of inflation-adjusted spending
- Variable annual spending rate from either a conservative, moderate or aggressive investment portfolio (Guyton and Klinger Decision Rules)

In a previous [article](#), Pfau, who blogs at retirementresearcher.com, revealed two new benchmarks. His Retirement Wealth Index “shows the accumulated wealth (as a multiple of salary in the final working years) for someone saving 15% of salary over a 30-year period from age 35 until retirement at age 65.” Final wealth varies, depending on the returns during the specific period (any 30 years between 1950 and 2015).

Pfau also revealed his Retirement Affordability Index, which “incorporates current market conditions to determine the gross replacement rate from pre-retirement salary that can be sustained with the accumulated retirement wealth.” For instance, someone who retires when interest rates are historically high and equity prices are historically low has a better outlook than someone who retires when rates are low and equity prices are high.

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