

The Constitutional Stress-Test Checklist

Future-Proof Your Plan Against the “Three Storms”

Created by SafeSimpleSound Financial Planning

Your S3 Strategic Mastery Tool

What You'll Discover:

- How to test your plan against the “Three Storms” (Inflation, Low Returns, Longevity)
 - A simple explanation of Monte Carlo Analysis
 - A menu of “Shortfall Levers” you can pull if the numbers don't work
 - Constitutional confidence through “breaking” your own plan
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Part 1: The “Three Storms” Simulation

A sound plan works even when the weather is bad. Check your plan against these scenarios.

Storm 1: The Inflation Spike

What if goods cost 5% more per year instead of 3%?

- Test: Re-run your numbers with +1.5% inflation.
- Impact: Does your money run out before age 85? [] Yes [] No

Storm 2: The Stagnant Decade (Sequence of Returns Risk)

What if the market is flat for the first 5 years of your retirement?

- Test: Assume 0% real return for years 1-5.
- Impact: Does your withdrawal rate deplete the principal too fast? ☐ Yes ☐ No

Storm 3: The Centenarian Scenario (Longevity Risk)

What if you live to 100?

- Test: Extend your timeline to age 100.
- Impact: Do you have a longevity hedge (Annuity, Social Security, Pension)? ☐ Yes ☐ No

Part 2: Understanding Monte Carlo

Moving from "Average" to "Probability".

The Problem: Traditional spreadsheets use straight-line averages (e.g., "7% every year").

The Reality: Markets are jagged (+20%, -10%, +5%).

The Solution: Monte Carlo runs 1,000 simulations of jagged markets.

S3 Success Standard:

- 75% - 90% Probability of Success: The "Sweet Spot." You have enough, but aren't over-saving.
- < 70%: Danger Zone. Adjustments needed.
- > 95%: Potential for "Regret Risk" (you could have spent more and lived better).

Part 3: Shortfall Strategy Menu

If the stress tests break your plan, pull these levers.

Lever	Difficulty	Impact	S3 Note
Save More Now	Moderate	High	Best option if time allows.
Retire Later	Hard	Very High	Reduces years of need AND adds years of savings.
Reduce Goal	Moderate	High	Switch from “Capital Preservation” to “Purchasing Power Preservation”.
Higher Risk	High	Uncertain	NOT recommended as a primary fix (violates Safe principle).

Insights Summary

Key S3 Differentiator: We don't rely on “best case” scenarios. We build plans designed to survive the storms, providing true constitutional confidence.

Your Next Steps

Immediate Action: Identify your weakest “Storm” vulnerability.

Professional Support: Request a *Constitutional Stress Test* where we run the full Monte Carlo simulation for you.

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