As a caveat to this scenario, I would emphasize that there have not been historical periods where markets dropped continuously for 8 to 12 years in a row, or even had an average of zero net return continuously for 8 to 12 years. It can feel like things are always going to be negative from our current position in the midst of a 2022 year that has not had positive returns in the markets. The advisors at Sound Management would be a better source of guidance on this than my lay perspective, especially regarding the degree to which such a scenario is realistic or pragmatic for consideration in short-term planning and long-term planning. In reality, every year tends to be different, as shown by the last 10 years of performance, and there can be years with big gains, small gains, neutral growth, and even losses, but over time the average tends to be a solid positive annual return.

However, math is math, so any scenario can be calculated. The attached print-outs consider the previous assumptions (full time minister and full time DLRE with full benefits, zero increase in pledge or other revenue sources, and sustained annual additional withdrawals continuing to be spent in addition to the usual 4% withdrawal). The primary variable considered is whether or not the employees require full family medical coverage or no medical coverage (as these are the 2 extreme scenarios on the cost side). I have run the numbers with 2 endowment annual return scenarios - a model with 0% return every year, and a model averaging a -5% annual loss every year of the projection. Here are the big picture summary results:

- IF the employees do not need medical insurance coverage (lowest cost scenario), and the endowment gets 0% annual return, the balance would drop below $1 million during the fiscal year starting 2027 (4 years) and the balance would be exhausted during the fiscal year starting 2034 (12 years).
- IF the employees do not need medical insurance coverage (lowest cost scenario), and the endowment sustainably loses -5% annual return, the balance would drop below $1 million during the fiscal year starting 2026 (3 years) and the balance would be exhausted during the fiscal year starting 2032 (10 years).
- IF the employees both need full family medical insurance coverage (highest cost scenario), and the endowment gets 0% annual return, the balance would drop below $1 million during the fiscal year starting 2027 (4 years) and the balance would be exhausted during the fiscal year starting 2032 (10 years).
- IF the employees both need medical insurance coverage (highest cost scenario), and the endowment sustainably loses -5% annual return, the balance would drop below $1 million during the fiscal year starting 2026 (3 years) and the balance would be exhausted during the fiscal year starting 2030 (8 years).
- Clearly these scenarios, with sustained zero or negative annual return of the investment portfolio, would change the timeframe dramatically, as the same models with +5% to +8% returns yielded 7 to 14 year windows before the endowment dropped below $1 million, and 13 to 24 year windows before the balance would be fully exhausted.