GOOD STEWARDS · WHITEPAPER

The KIN Number

A principled framework for family financial independence — built on endowment math, the ×30 multiple, and the Steward's Rule.

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INTRODUCTION

One number. One direction.

Most families don't fail to build wealth because they lack income or discipline. They fail because they lack a **shared target**. Without a single number everyone is working toward, money gets spent in isolation, invested without coordination, and compounded without intention.

The **Kindred Independence Number — KIN** — is that target. It is the portfolio value at which your family can live on investment returns forever, without ever touching the principal. It funds the present. It funds the next generation. It is the mathematical definition of financial freedom for a family, not an individual.

This whitepaper explains the math behind the KIN Number: why the standard "4% rule" underserves families, how endowment math produces a better answer, how to read the three tiers of independence, and how the Steward's Rule translates your number into a stable annual draw.

Contents

01

THE PROBLEM

The 4% Rule Was Built to Run Out

The "4% rule" — originating from the 1994 Bengen study — was designed to answer a specific question: *how much can a retiree withdraw annually so that a 30-year portfolio doesn't reach zero?* It answered that question correctly. But the question itself is wrong for families building multigenerational wealth.

The 4% rule is a **depletion model**. It is engineered so that, in the worst historical scenarios, a portfolio lasts exactly 30 years before reaching zero. Run it a little longer, hit a bad sequence of returns, or simply live past the model's horizon — and the principal runs out.

> **The retirement cliff**
>
> A $2M portfolio at 4% yields $80,000/year. It is designed to reach $0 after 30 years in bad markets. For a 65-year-old, that means running out at 95. For their children and grandchildren, it means nothing passes on.

Families don't retire on a 30-year horizon. They build across generations. The right model is not depletion — it is **perpetuity**.

DIMENSION	THE 4% RULE	ENDOWMENT MATH (KIN)
Time horizon	30 years	**Perpetuity**
Principal fate	Depleted to zero	**Preserved intact**
Withdrawal rate	4.0%	**~3.3% (real return)**
Multiple needed	×25	**×30**
Generational transfer	Not modeled	**Principal passes intact**
Designed for	Individual retirees	**Families across generations**

02

THE FRAMEWORK

Endowment Math — The University Model

Harvard, Yale, and Stanford have funded their operations for centuries without ever running out of money. They do this using **endowment math**: spend only what the portfolio earns above inflation, so the real value of the principal is never reduced.

The long-run real return of a diversified portfolio — equities, real estate, and fixed income — is approximately **6–7% nominal**. Subtract ~3% for long-run inflation, and you arrive at a sustainable real spending rate of roughly **3.3% per year**.

THE ENDOWMENT EQUATION

Sustainable Spend = Portfolio × 3.3%

Nominal return (~6.5%) minus long-run inflation (~3.2%) = ~3.3% real spending rate

At 3.3%, a $2.4M portfolio produces $79,200/year — roughly the same $80,000 as the 4% rule on a $2M portfolio — but the $2.4M portfolio is *never touched*. Twenty years from now it is still worth $2.4M in real terms. Fifty years. A hundred. It can be passed to the next generation whole.

> **Why this works for families**
>
> Universities have no defined endpoint — they are built to last forever. Family wealth should work the same way. The endowment model replaces a 30-year countdown with a permanent income stream, funded entirely by returns above inflation.

The KIN Number adopts this model exactly. Your family's goal is not to accumulate enough to fund 30 years of spending — it is to accumulate enough that **investment returns alone** cover your lifestyle permanently.

03

THE MULTIPLE

The ×30 Multiple — Where It Comes From

If your family's full annual lifestyle costs $80,000, the KIN Number is $2.4M — exactly **×30**. The derivation is direct:

KIN NUMBER DERIVATION

KIN = Annual Lifestyle ÷ 3.3% = Lifestyle × 30

$80,000 ÷ 0.033 = $2,424,242 ≈ $2.4M · or simply $80,000 × 30

The 4% rule yields a multiple of ×25 (since 1 ÷ 0.04 = 25). The KIN Number's ×30 is 20% larger — reflecting the additional capital required to sustain withdrawals *forever* rather than for 30 years.

×25

The 4% rule multiple
Principal depletes over 30 years

×30

The KIN multiple
Principal preserved in perpetuity

The extra ×5 of portfolio — 20% more capital — is the price of permanence. For an $80,000 lifestyle, it is the difference between $2M and $2.4M. The $400,000 gap is the cost of knowing your family's wealth will still be there for your grandchildren.

04

THE FRAMEWORK

The Three Tiers of Independence

Not every family starts the KIN journey from zero. And not every family has the same definition of freedom. The KIN framework defines three tiers, each with its own multiple and meaning. All three use endowment math — only the baseline expense definition changes.

FLOOR · SECURE

×28

Essential expenses only — housing, food, health. The floor your family never falls below.

KIN · FREE

×30

Full lifestyle expenses. Work becomes optional. The primary KIN target.

LEGACY · GENERATIONAL

×33

Full lifestyle plus meaningful giving. Surplus compounds for the next generation.

The Floor tier uses ×28 rather than ×30 because essentials can tolerate a slightly higher spending rate (3.6%) — there is less risk of overspending at the margin. The Legacy tier uses ×33 to preserve extra buffer for philanthropic or family trust distributions on top of the standard lifestyle.

> **Worked example — $80,000 annual lifestyle**
>
> **Essentials (Floor):** $45,000 × 28 = **$1.26M**
> **Full lifestyle (KIN):** $80,000 × 30 = **$2.4M**
> **Lifestyle + giving (Legacy):** $92,000 × 33 = **$3.04M**

Reaching the Floor tier is a meaningful milestone — it means the basics are covered permanently regardless of income. Reaching the KIN tier means true optionality: no one in the family *has* to work. Reaching Legacy means the family can give generously while still growing the base.

05

SPENDING RULE

The Steward's Rule

Reaching your KIN Number answers one question: *do we have enough?* The Steward's Rule answers the next: *how much can we spend each year without eroding the portfolio?*

A naive endowment model would simply multiply the portfolio by 3.3% each year. The problem is market volatility — a 20% down year would slash the family's income by 20%, creating instability. Universities solved this long ago with a **smoothed spending formula** that averages portfolio values across multiple years, producing a stable "paycheck" even when markets fall.

THE STEWARD'S RULE FORMULA

Annual Draw = 70% × Prior Draw + 30% × (Portfolio × 3.3%)

Blended between prior year's stable draw and current market-based draw

The 70/30 weighting is adapted from Yale's endowment spending policy — widely considered the institutional standard. The effect: even if markets drop 30%, the family's annual draw decreases by only ~9% in year one. Over three to four years, the draw gradually adjusts downward if the portfolio remains depressed, but it never falls off a cliff.

> **Example — The Steward's Rule in a down market**
>
> Year 0: Portfolio = $2.4M. Market-based draw = $79,200. Family spends $79,200.
> Year 1: Market falls 25%. Portfolio = $1.8M. Market-based draw = $59,400.
> **Steward's Rule draw:** 0.70 × $79,200 + 0.30 × $59,400 = **$73,164**
> — a 7.6% decrease, not a 25% cliff.

Over time, as markets recover, the draw climbs back toward — and eventually above — the original level. The Steward's Rule creates income with the stability of a salary but the permanence of an endowment.

06

THE ADVANTAGE

The Coordination Multiplier

The KIN Number is the destination. Coordinated family capital is the fastest route there.

A single household contributing $1,000/month toward an $80,000-lifestyle KIN target of $2.4M at a 7% nominal return reaches the number in approximately **57 years**. A coordinated 10-family investment club — pooling $4,800/month — reaches the same target in roughly **26 years**. The math is simple: more coordinated capital means faster compounding toward the same endpoint.

57 yrs
Solo — $1,000/mo
Single household

26 yrs
Together — $4,800/mo
10-family investment club

The acceleration is not linear. Pooled capital benefits from:

> **Why coordination compounds faster**
>
> **Scale:** Larger pools access lower-cost instruments and better deal flow.
> **Alignment:** Shared governance prevents the emotional mistakes — panic selling, market timing — that drag individual returns.
> **Discipline:** A collective vote on every trade creates a natural friction against impulsive decisions.
> **Continuity:** The club continues compounding even when any individual member's circumstances change.

This is the core thesis of Good Stewards: the coordination layer is not just infrastructure — it is a **financial advantage**. Aligned families reach their KIN Number significantly earlier than uncoordinated ones, and they do it without taking on additional risk.

07

IN PRACTICE

What This Means for Your Family

The KIN Number framework translates into a simple set of questions and decisions your family can answer and act on together:

QUESTION	ANSWER THE KIN FRAMEWORK PROVIDES
What is our target?	Annual lifestyle × 30 = your KIN Number
How far are we?	Current portfolio ÷ KIN Number = Independence Ratio
How long will it take?	Modeled based on current portfolio, monthly contributions, and a ~7% return assumption
What are safe annual minimums?	Essentials × 28 = KIN Floor target
What can we spend once we arrive?	Steward's Rule smoothed draw (~3.3%, stabilized year-to-year)
How do we get there together?	Coordinated contributions → collective governance → compounding at scale

Good Stewards does not manage your money. It gives your family the shared infrastructure — the KIN number, the vote, the portfolio dashboard, the governance layer — to manage it together. Every investment decision is made by your members, through the same proposal and voting system.

> **A note on investment advice**
>
> The KIN framework is illustrative planning guidance — not financial advice, a forecast, or a guarantee. Multiples and timelines are guidelines based on a ~3.3% long-run real return assumption; actual results vary. All investment decisions are member-driven. Investing involves risk, including the possible loss of principal.

Start building toward your KIN Number

Good Stewards is the coordination layer your family needs to get there together.

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Good Stewards