

The math of recovery

The math of recovering from a loss is not as simple as you would think. You have to gain more than you lost to recoup all your losses. To understand why, take a look at the following examples.

The bigger the loss, the bigger the rebound you need to break even.			
Starting Balance	% Loss	Ending Balance After Loss	Gain Required to Break Even
\$100,000	-5%	\$95,000	5.3%
\$100,000	-10%	\$90,000	11.1%
\$100,000	-15%	\$85,000	17.6%
\$100,000	-20%	\$80,000	25.0%
\$100,000	-25%	\$75,000	33.3%
\$100,000	-30%	\$70,000	42.9%
\$100,000	-35%	\$65,000	53.8%
\$100,000	-40%	\$60,000	66.7%
\$100,000	-45%	\$55,000	81.8%
\$100,000	-50%	\$50,000	100.0%
\$100,000	-55%	\$45,000	122.2%
\$100,000	-60%	\$40,000	150.0%
\$100,000	-65%	\$35,000	185.7%
\$100,000	-70%	\$30,000	233.3%
\$100,000	-75%	\$25,000	300.0%
\$100,000	-80%	\$20,000	400.0%
\$100,000	-85%	\$15,000	566.7%
\$100,000	-90%	\$10,000	900.0%