Episode 29: What are the Four Approaches to Managing Sequence Risk?

Bob French 00:00
The purpose of Retire with Style is to help you discover the retirement income plan that is right for you. The first step is to discover your retirement income personality. Start by going to risaprofile.com/style and sign up to take the industry's first financial personality tool for retirement planning. Luck be a lady tonight and tomorrow and for the next 35 years of my retirement. No, really? I need the upside of sequence risk.

Alex Murguia 00:50
Hey, everybody what's going on? It's Alex and I'm here with Wade, and welcome to retire with style. Hey, Wade, sidenote. Should I have said this is Retirement Style. I'm Alex. I'm here with Wade. I said our names before the title. What do you think?

Wade Pfau 01:07
Hi. Yeah, that may be better. It doesn't matter. How many episodes and I think people get it at any chit chat for us.

Alex Murguia 01:17
Yeah, in fact, I do. I do. Know. I'm getting a new front porch. That seems to be all the rage at the Murguia household. There you go. Yeah.

Wade Pfau 01:31
time in the evening.

Alex Murguia 01:32
Yeah, I'm actually trying to have like two front porches and there's a smaller one. And I'm actually trying to set up a little cigar area. Potentially. We'll see. We'll see if I can get away with that. The screened in kind of cigar bar. Which means luck. Wish me luck. Good luck with that. Exactly. Is that good? Do we do we hit our quota?

Wade Pfau 01:58
We've covered our quota of small talk for

Alex Murguia 02:00
What me that what about me? People want to know who Wade is what you got to throw out some tidbit here.

Wade Pfau 02:08
Not a whole lot going on. Kids are back in school.

Alex Murguia 02:11
That's it. That's all you get? Come on,

Wade Pfau 02:14
It's still hot in Texas.

Alex Murguia 02:17
Okay, it's hot in Texas, and kids are going back to school. They Wade, thank you. It's like peeling an onion. All right, man, what are we talking about today?

Wade Pfau 02:30
Yeah, but today, right, we're gonna continue our discussion of this question of sustainable spending in retirement from an investment portfolio in retirement. As we talked about in the previous episode, this is a primary interest to the total returns false, it is relevant for everyone. Because most any strategy does involve at least in part, spending from investments. In the previous episode, we mainly discuss the factors at work in a more simple world of if you knew a fixed rate of return. If you knew how long the plan needs to last, if you knew how much money you wanted to have left, at the end, you could figure out exactly how much you could spend every year. In this episode, we're going to emphasize the fact that market returns are volatile that you don't get to know in advance what the return will be. And it will change over time, where and so the implications of that and what that means for retirement spending.

Alex Murguia 03:26
So we're effectively discussing why you can't plug in a percent, a percent, a percent, a percent, a percent a percent year after year after year. Right.

Wade Pfau 03:39
It could lead you astray very easily

Alex Murguia 03:41
It could lead you astray? Very easily. There you go.

Wade Pfau 03:44
a high number like that.

Alex Murguia 03:45
Yeah, there's a religiosity component to this talk. And what are these things referred to as I was waiting, I were discussing, and this is one of these things that I don't know. It's, I've been in this industry for a while now. And you hear these terms come up. And it's almost like, the professionals in love it when there's a new thing to talk about? Because I think it you know, it gives them it. And this is why, you know, this is why I noticed inside baseball, right? And it seems to me the term that's been going that's

been going around for the last few years, is this the term sequence of returns risk. You know, that's where, you know, invariably, somebody says, Oh, but you know, I'm doing my retirement plan, and I'm expecting this and this and this and that. And then somebody who's listening in reads just a little bit more and says, Well, what are you doing about sequence of returns risk? I it's gotten to that level of saturation, I think where, you know, you may be in the know, you may not be in the know, but you seem to be using that phrase anyways. Right? You want to maybe discuss it a little bit with

Wade Pfau 04:54
Sure. And to be clear, I mean, it had the term has been around for a long time. It's you Even you could say the 4% rule, the whole reason there is a 4% rule is because sequence of return risk. It is a hot topic and 2022, though just because markets have been down. And that's what can trigger sequence of return risk to actually leave the world of abstraction. And enter the real world of negatively impacting retirements. And good.

Alex Murguia 05:27
Leave the world of abstraction. Did you just come up with that? Have you been using that in your talks?

Wade Pfau 05:34
That was that was all off the cuff?

Alex Murguia 05:37
I like, itman,That's good.

Wade Pfau 05:40
Yeah, we gotta get those SATs. But that may not be a good example.

Alex Murguia 05:44
Yes. I think you're right. But I do think this comes up too in other areas where you were talking to me about a student that was referencing the podcast and one of his answers. And I think that sums it up nicely, which is that students said something along the lines of I have full faith of the market. You may want to finish it just because you wrote,

Wade Pfau 06:09
well, I was just telling you, he was quoting us.

Alex Murguia 06:12
But I thought the phrase itself, the phrase itself,

Wade Pfau 06:15
but then he came up with a retirement.

Alex Murguia 06:18
Yeah. But then he explained, yeah. But the way he said it was something along the lines of which I thought was nice, which I have full faith in the US market over the long term, you know, having a

positive rate of return, etc. But what he didn't have was full faith of those returns coming in the moment he retires. And that's the gist of

Wade Pfau 06:42
explaining what you meant by the market does not owe you a retirement, yet, we believe in capital markets, we believe that the stock market will rise over the long term. But when you're actually spending from a portfolio, you don't necessarily get to fully rely on even if my retirement lasts for 30 years, I can't just say to myself, well, the stock market's going to definitely go up over 30 years, because it's not the average over those 30 years that matters is the specific order that those returns come. And if you get down market years early on, and then great years later on, the great years later on, don't get to help all that much because you've been in the meantime, spending down your portfolio, spending from the portfolio, and you don't get to enjoy the full recovery. And so at the sequence of returns risk is you're vulnerable to market volatility, in a manner that we don't usually think about in the accumulation mindset. When you're in the distribution mindset, when you're trying to find a predictable stream of income from your portfolio, the sequence of returns matters, it matters pre retirement, if you're saving it, you're most vulnerable to market volatility right around your retirement date. And in the reason for that is suppose I retire. And I want to take funds out of my portfolio to cover my expenses. If there's a market downturn, I have to sell more shares, I have to sell a bigger percent of what's left to meet a spending obligation. And then that can start to dig a hole for the portfolio where for my portfolio to recover? Well, we've already talked about the issue of compounded returns. And if there's a loss, you need an even bigger gain to get back to where you started.

Alex Murguia 08:28
That was in the last episode.

Wade Pfau 08:31
That was in the last episode. But that's further compounded if you're spending after a loss, because you then also have to make up the fact that you don't have as much money in the portfolio, you took a distribution, it's even harder for your portfolio to get back to where you started. And so you can start to dig a hole where market downturns lead to spending, which further depletes the portfolio which makes it further more difficult for the portfolio to recover. Because you're having to use a higher and higher spending rate from what's leftover. And then at some point, it can just kind of go out of control and the market return that you get to enjoy over your retirement may be a lot less than what the the average market return was over your retirement. Yeah. Because you were taking distributions. Yeah,

Alex Murguia 09:18
but Wade. And this is without getting into the the next episode, frankly. But just in theory, somebody is could be listening to this and saying, Well, that's why we have all these safe withdrawal rates, because they have taken into account retiring and going retiring into a drawdown hence, what's the problem? Right? It's this has already been a solved issue. You know, and they point to this, whatever strategy has ever has exhibited. What's your response to?

Wade Pfau 09:48

Uh huh. Well, well, that is kind of that idea of let's just figure out how low the spending should be so that we don't have to worry about sequence risk. That is one of the legitimate ways to me Manage sequence risk. But it is getting us back to this issue of as we all know, past performance does not predict or guarantee future performance. And sometimes some of those efforts to choose a conservative spending rate might be overly reliant on historical performance. Yeah, I mean, that's where people have to make decisions about it about if they're comfortable with that or not.

Alex Murguia 10:24
Is it fair to say, and I was thinking about this podcast series over the weekend? I don't know over the weekend, but a little bit, right. Yeah. During third stage of room, I was thinking about this and something that struck me and I don't think I'm too far off. And I haven't said this to you, because I just want to get your cold take your hot take, actually, in this podcast. But, you know, for those folks that don't feel comfortable with saying, Well, look, historically, I've looked at the numbers. And if I spend conservatively, based on historical numbers, I feel pretty good that this will work. You know, that that was kind of the question I asked you. And that's kind of what we're going with, right? I think that's akin to like a farmer who still uses like Poor Richard's Almanac. You know, yeah, I get it. It's summer, it's gonna be warm, or it's winter, it's gonna be warm. But, you know, like taking, you know, just I definitely worse than Poor Richard's Almanac, I think because, you know, there is some certainty of the Earth orbiting around the sun, you know, and there's a distance that's pretty constant. You know, please spare me the, the things on the edges, right. But for the most part, there's this expectation, right. But you're kind of just looking at it and saying, Okay, this is what's going to happen. The issue, I think people that do these conservative strategies, that it's based a little bit like, Matt, and my issue is that there's no real theoretical reason why a specific spending strategy could work from an economic perspective, other than, hey, it happened to work. And, you know, three years ago, this work, so why wouldn't it work now? You know, kind of thing? I don't, I don't subscribe to that. That's, I don't know. It's just my own thing.

Wade Pfau 12:15
I wouldn't be so negative, though. Because what you're really just describing is that total return total probability based preference?

Alex Murguia 12:23
Yeah, you're right under the media. Yeah. And it happens in dia? Well, I guess I'm reflecting my own bias, because I am an income protection person, at the end of the day for, for essential, I guess it is, I guess, I just need a level of comfort around some sort of economic reason why it should work other than it's worked in the past. So people feel comfortable with that. So your points well taken?

Wade Pfau 12:47
Yeah, I mean, as a reminder that when we talk about probability based versus safety, first probability based is I'm comfortable relying on the market to provide a rate of return that will fund my retirement spending at a level higher than if I just invest in bonds. So I've got a pretty healthy allocation to stocks as part of this, and I'm comfortable relying on that to fund my retirement versus safety first, which was no, I'd rather have some sort of contractual protection. Well, when with what we're talking about in this series, right now, we are firmly established in the probability based mindset. And so what we're really

just trying to do is work through some of the issues that should be taken into consideration. For those with a probability based mindset. We're not saying if anything is right or wrong, it's just here's, here's what you should be thinking about as part of your decisions on how much you think is a reasonable spending level.

Alex Murguia 13:44
So Wade, are you saying I got out of character there for a second?

Wade Pfau 13:48
You forgot your origin. Story, describing the probability based mindset. Yeah, okay. And if that's what resonates? I, I'm not anti, I'm not anti probability based, I'm actually probability based myself, but probability based and commitment oriented, making me risk graph instead of income protection, like you.

Alex Murguia 14:11
And Bob is total return.

Wade Pfau 14:14
Yeah, Bob is definitely total returns. Okay, so and there's no, but it's all they're all viable approaches. There's no right or wrong answer to it. It's just what are people wired to be most comfortable with? And again, that's we're not really getting into the whole broad spectrum of different styles here. This is very much okay. Within the total returns world, here's how to think about it. And also as part of the discretionary spending with some of the other styles was when we think about thinking about

Alex Murguia 14:42
How do we think about sequence of returns risk within the realm of total return.

Wade Pfau 14:48
So sequence of returns risk, in addition, I mean, we solved the longevity issue last week, but beyond longevity. sequence of returns risk is this issue that can would be the most challenging in retirement in a way that because it's, it leads market volatility to be amplified in retirement, more so than anything else. It's, I can't rely on long term stock market returns, I need a good stock market return in the first few years of my retirement, or I'm going to be in big trouble. And so we need to think about how are we comfortable managing sequence of returns risk. And what we want to do in this episode is outline that there's, you can answer this question simply, there's four broad approaches to managing sequence of returns risk, we want to outline those and then just indicate which of these we're going to really elaborate on in the subsequent episodes of this arc. And then which considerations are maybe reaching into some of the other styles more, or otherwise, we're not going to have as much focus in this particular story arc, have a series of podcast episodes. So there's four broad ways to manage sequence risk. And do you know what they are Alex, do you know what the first on the list would be.

Alex Murguia 16:06

keep on coming to me, You did this to me with the four L's? Well, as it relates to total return, or, you know, probability base, it's kind of math. And we did kind of talk about this when we're talking about the payment calculator, but ultimately, it's spending conservatively being flexible around that. Yeah,

Wade Pfau 16:27
yeah, we'll get to all these. Were before I just asked for the first one.

Alex Murguia 16:33
Sorry, I'm sorry, I'm sorry.

Wade Pfau 16:37
We couldn't name all four but then Well,

Alex Murguia 16:40
you're in a rhythm, I don't want to disrupt I don't want to disrupt the family.

Wade Pfau 16:46
You go, number one, number one, spend conservatively. And that means we don't know what markets will do. We don't know how long we're going to live. But we're going to choose assumptions that we personally feel are conservative enough with regard to what's a low return we're comfortable with? What's a high longevity that we're comfortable planning for, and then figure out this is going to lead to a lower spending number, what's the spending number that we feel reasonably comfortable we could stick with, and not deplete our assets in retirement. And that's the heart and soul of something like the 4% rule. So that we'll have pretty much a whole episode to dive deeper into that topic. And that actually, the next episode in our series is really going to be about the foundational work on the quote unquote, span, conservatively, strategy. Some more coming on that one. There we go. Number two,

Alex Murguia 17:44
this guy. You can either spend conservatively, or if you're in the middle of the road, you gotta be prepared to be flexible about that. So it's been spending flexibility.

Bob French 17:57
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Wade Pfau 18:19
Spending flexibility is huge. If I'm able to reduce my spending after a market downturn, that helps to manage sequence risk in such a manner that I might be able to start with a noticeably higher initial spending rate because I have that flexibility built in. So individuals who are more comfortable adjusting their spending over time, it's a very powerful way to manage sequence risk and it can throw something like the the whole conversation around the 4% rule goes out the window because a problem with the spend conservatively approach is traditionally defined is you invest aggressively, but you have no flexibility for your spending that maximizes the sequence risk, there is no release valve for that portfolio

volatility, the spending flexible flexibility strategy is really saying if if I want to invest with a for growth for volatility and growth, I need to be flexible with my spending. And if I am flexible with my spending, then I have a release valve for that sequence risk and that can let me just spend at an overall much higher level throughout retirement something

Alex Murguia 19:32
that has an episode on that something that this has echoes of Wade in our and you know it's funny right when you're what you're saying is I literally just thought of this right? And I don't did I use the word literally appropriately there. By saying I literally just started it. I have no idea.

Wade Pfau 19:51
I think I'd be right. Well, we'll figuratively

Alex Murguia 20:00
out Here is the RISA remeber how when we started the Risa we read all these books and we, you know, collected all these concepts was blinded spending. Flexibility is really at the heart of one of the secondary factors. Remember, accumulation distribution, and ultimately, accumulation sits very well with accumulation mindsets, it's very well with the total return approach, because what you're effectively subscribing to there is that you're fine with variability in your income, you know, you you're recognizing that because you want the probability of those market you want the successful you want the manifestation of the probability of the market returns in your, in your, you know, from your portfolio, hence your kind of acquiescing to the my spending is going to be flexible, because at the end of the day, that's, that's fine with me for the, for the big picture, in the interesting way.

Wade Pfau 20:58
Yeah, yeah, scintillation preference, it's definitely correlated with total returns, it's I'm more focused on the growth of my portfolio, I'm less worried about having a predictable income, ie, I have flexibility for my spending. Whereas with income protection, you tend to see more the distribution mindset, which is, I'm less worried about maximizing growth, although you don't have to necessarily sacrifice growth. But let's focus on that more focused on predictable income as a goal for my retirement. And therefore, your income protection, you may have less flexibility for your spending to something academics will say, There's no such thing as a quote unquote, safe spending rate from a volatile investment portfolio. If you want to have a volatile investment portfolio, you have to be flexible with your spending. If you don't want to be flexible with your spending, you shouldn't be in a volatile investment portfolio. And that's yeah, to some extent, the the implication of that is just, if you're trying to fund fixed spending from a volatile portfolio, it's it's just it's really inefficient as we'll be getting into more detail. So the 4% rule that the spend conservatively concept, it's really the least effective way to approach spending, if your total returns, you definitely want to put some consideration into a flexible spending strategy. And we will go into that in depth and as part of this arc as well.

Alex Murguia 22:31
Okay, Wade, you're getting on my case for like jumping on the approaches for sequence risk, and you're talking about

Wade Pfau 22:38
A whole?

Alex Murguia 22:43
Let me put me what Alright, number three, surveys.

Wade Pfau 22:50
Reduce portfolio volatility. And so it's kind of the other implication of what I was just saying in terms of, well, if you kind of buy into this idea that if you want volatility, you should be flexible with your spending. If you don't want volatility for spending, if you want fixed spending, you should reduce portfolio volatility. But that doesn't mean simply just using bonds to fund retirement because the level of spending that's sustainable with bonds can be so low that that's where how do you want to be more than that? Is it with a total return probability based approach or more with the income protection or time segmentation based? So

Alex Murguia 23:31
it's an interesting thing, that is a bit of a conundrum because, you know, you would naturally think reducing portfolio volatility is increasing your exposure to bonds. But ultimately, when you're talking about a total return strategy, and wait, you can chime in here. There's, I don't know, like, you don't want to go more than like 70% in bonds, because that's going to start to really affect your what your sustainable withdrawal rate is, you almost need to have a little bit of an equity, and over, you know, an over allocation, but you know, over being more than 50% allocation to equity, simply to be able to sustain the sustainable withdrawal rate. So, you could be looking at this, okay, I'll spend conservatively check. I don't want to do that. I don't want to spend, I don't want to have spending flexibility, but you know what, I'll just do a, an 80% fixed income to 20% equity portfolio because that'll reduce my portfolio volatility. That's not the way to go. Invariably, you Why don't you take it from there, you know what?

Wade Pfau 24:32
Yeah, it's not giving you enough exposure to the risk premium from the stock market. If, if your probability based but you're just investing in bonds, you're not going to have a high level of sustainable

Alex Murguia 24:44
spending. It's almost like a time segmentation thing that you should,

Wade Pfau 24:47
so that that's an alternative there. Within the total returns context, I think one thing we can talk about in a future episode is Michael Kitsis. And I did the research articles on the rising equity glide path. Definitely there's some controversy there. But it's an example of trying to reduce portfolio volatility when it matters the most. And we'll talk about that in a future episode. But then really with this reduced portfolio volatility category, that's more of an in an entry into other styles, whether it's time segmentation, trying to reduce volatility by having that fixed income ladder on the front. So we don't have to sell stocks. So we can leave the stocks alone, hoping that they'll grow by the time we have to spend from them. That's also an income protection, moving bonds into an annuity of some sort in with risk scrap as well. It's partly reducing the volatility for spending so that you, you might still invest

aggressively. But if you put guardrails to protect your spending, that that's another manner where you're really reducing portfolio volatility. But those sorts of the time segmentation, the income protection and the risk crap, that'll be well, we'll get to all those in more depth in the future. But that's not part of the current kind of arc of episodes that we're doing on this spending from investments right now.

Alex Murguia 26:11
And if you're playing a drinking game at home, I think we've said our, I don't know, seven times.

Wade Pfau 26:18
I don't know what else can call, we don't have seasons or anything, but this is our season, our season on sustainable spending. Those are strategies that kind of are moving too far away from that core theme.

Alex Murguia 26:29
And then another one that moves away from it are buffer assets, correct?

Wade Pfau 26:34
Yeah, yeah. And number two make a comprehensive list here. Buffer assets would be the fourth way to manage sequence of returns risk. With buffer buffer assets, it's something held outside the investment portfolio and to really say, Okay, that's a buffer asset, instead of just part of the portfolio, it's, I really don't think of it as part of my portfolio. And it's not volatile, like the stock market, you'll hear the term non correlated, sometimes it's some asset outside the portfolio, that hopefully has some sort of growth component to it, but is otherwise not correlated, not exposed to losses, that is liquid and accessible. And that can provide a temporary spending resource. So that say, after a big market downturn, rather than having to sell from my investment portfolio and lock in those losses, which triggers a sequence of returns risk, I can just say, okay, hold on, I don't want to sell from my portfolio right now, because it's down 10 or 15%, I will cover my spending through the buffer asset, to try to buy myself some time, so that hopefully my portfolio will recover before I have to resume taking distributions from the wage just

Alex Murguia 27:48
to just a level set here. Because at the beginning, when you're talking about non correlated assets, and this and that, can you provide an example or two of what they are, I'll just say, you know, and then you could fill in, I just don't want people to confuse when you say non correlated to kind of like the jokers on CNBC powerlines talking about Oh, you want it theory? Because that's a non correlated asset or, you know, just silliness like that. Not that there's anything wrong with the crypto I'm just, I'm just kind of like really poking fun at the folks at CNBC more than anything. But what does that mean, to me when you're talking about this? It's not like, oh, gold, or stuff like that? You're Yeah, I want to

Wade Pfau 28:32
No, downside risk isn't not not only is it not correlated, but just it doesn't lose, it doesn't have losses,

Alex Murguia 28:37
you're talking about like the equity in your house access to the equity in your house, or maybe cash value and a life insurance policy that you may have going on, maybe unpack that a little bit.

Wade Pfau 28:48
Yeah, in my mind, there's really only three types of buffer assets. And occasionally, somebody offers a suggestion of a fourth. And I usually say no, no, here's the reasons why that one doesn't count. But the three that are kind of really the legitimate three buffer assets, the original one was just cash, that I have a big pile of cash, I don't really think of it as part of my portfolio, I just so I've got my investment portfolio, but then I have this stockpile of cash on the sidelines. And I don't really consider it other than if there's a market downturn, I'll just tap into that cash instead of spending from my investments. That would be a buffer asset. The other two are you having a big pile of.... ....cash reserves. Yeah, it's not yielding anything though. So you might also have cash value of like a whole life insurance policy, or the growing line of credit on a reverse mortgage is specifically a variable rate, Home Equity Conversion Mortgage. So those are the kind of the three, the three buffer assets, that I'm aware of, sometimes someone will suggest another, but usually either it might not lose value, but it may not be fully liquid, and so forth. And that's where this is all I'm really willing to say are the are family of buffer assets, cash, cash value of whole life insurance in the line of credit on a reverse mortgage. And the idea, again, is just, I have that on the sidelines, if I'm worried about selling from my portfolio, because of losses and so forth, I temporarily spend from the buffer asset to leave my portfolio alone. And that can be quite effective in managing sequence risk as well.

Alex Murguia 30:44
Okay, but for, for this one, what we're going to focus on are the first two that we mentioned, spending conservatively, and flexibility. And something that I realized when looking at all these sustainable withdrawal rates, you know, taking it from the 4% rule to all of these other derivations of it, there's, there's, I, there are really just ways to handle points one and two of sequence around sequence risk. You know, there's they're just different variations of how you want to spend conservatively or aggressively, and how you want to spend flexibly or inflexibly. Would you see that's correct. I mean, that's, that's all it is. I mean, everyone kind of has their own little style, if you will. But ultimately, you know, other than just letting it run, which I think the 4% rule lets it run once you pick a certain percent, then it's just a nominal amount. And it's just, you know, tied to inflation, you know, that lets it run, but then you begin to put ceilings and floors around it. And you know, things get interesting, but what you're really doing is just is just the tackling points one and two spending conservatively and spending flexibility and spending flexibly, you know, to be able to deal with sequences. Is that a correct assessment Wade?

Wade Pfau 32:04
Yeah, well, that's what we're really focused on in this series in its what the total returns style would mostly be focused on is the available strategies for retirement. It's spending conservatively and spending flexibly.

Alex Murguia 32:22
All right. So what do we hit up next?

Wade Pfau 32:25

Yeah, yeah. So sequence risk is having to sell from a declining portfolio, managing that risk is trying to not have to sell from a declining portfolio. And now we really want to start digging into that. So our next episode, well, it'd be an episode devoted to the spending conservatively strategy as defined by Bill baingan, with his 1994 article that gave us the 4% rule for retirement.

Alex Murguia 32:51
All right, I can't Wade. I can't, bring it hot.

Wade Pfau 32:56
Well, we're really focused on the assumptions that went into that will introduce what happens when you vary the assumptions, and then we'll start digging deeper into, okay, let's see what are if we vary those assumptions, what happens and how can we put that all together to decide what we're comfortable with as a spending strategy for retirement? Yeah, and I guess that's what's coming. Yeah, excellent, man. And I can't stress enough, listen, we're gonna go into it. We're gonna really roll up our sleeves, because that's kind of what we do here.

Alex Murguia 33:23
It's called Retirement Researchers not retirement. What's its retire? podcast, but you know, you, you know, are the blog and stuff like that? I gotta, I gotta increase the dosage to gingko. No, but you'll see, when we go over the styles, I think it's important to know, the actual specificity of the levers that are pulled and the numbers are less important than what's happening at the higher level, which is how floors and ceilings are being set up around sustainable withdrawal rates. That's all on one day. All right, everyone. We'll catch you for the next episode. Thanks again for listening. Wade sign us off, man.

Wade Pfau 34:13
Thanks, everyone. See you next week on Retire with Style.

Alex Murguia 34:17
All right.

Bob French 34:18
Wade, and Alex are both principals in McLean Asset Management and Retirement Researcher. Both are SEC registered investment advisors located in Tyson's Virginia. The opinions expressed in this program are for general informational and educational purposes only and are not intended to provide specific advice or recommendations for any individual or on any specific securities. To determine which investments may be appropriate for you, consult your financial advisor. All investing comes with the risk including risk of loss. Past performance does not guarantee future results.