Episode 163: 2025 Retirement Planning Guidebook Updates

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SUMMARY KEYWORDS

Retirement planning, financial personality, Medicare changes, catch-up limits, Social Security updates, Windfall Elimination Provision, Government Pension Offset, RMDs on inherited IRAs, qualified charitable distributions, QLACs, real interest rate assumptions, funded status, healthcare contingency, tax planning.

SPEAKERS

Bob French, Briana Corbin, Wade Pfau, Alex Murguia

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.

Briana Corbin 00:41
Retirement Planning just got a 2025, update, and so did Wade Pfau's book this week, Alex and Wade cover everything from Medicare changes to new catch up limits and share why Wade's updated guide belongs on your bookshelf.

Alex Murguia 00:54
Hey everyone, welcome to retire with style. I'm Alex, and I'm here with my very trusted companion and prolific author. Wade Pfau, how we doing? Wade,

Wade Pfau 01:06
hello, everyone. Doing great! Yourself, Alex?

Alex Murguia 01:09
doing great as well. Great as well. And any news, any updates to you want to share with the faux the file grab

Wade Pfau 01:20
adventures, been hard at work. I don't know if that's going into I've got a 2025, update for the retirement planning guidebook that's not been released. Is that what you're going for? Or was it more pickleball updates?

Alex Murguia 01:34

Or that had to be pickleball. Although, have you started playing yet? We're gonna go on tour this year. We need you to play pickleball. Man, whole

Wade Pfau 01:41
country is freezing right now. So

Alex Murguia 01:46
no, I It's been bad. How bad has it been in Dallas, by the way,

Wade Pfau 01:50
it's kind of down into the 20s. It's been pretty rough. Yeah, I was actually in Minneapolis recently, where it was like minus 10. So I know we've got it good for the most part, but yeah, across the board, 20. Sure they're really pickleball weather. I'm

Alex Murguia 02:04
sure there's someone in Anchorage saying, Hold my beer kind of thing. Yeah, DC has been pretty. It's been in the 10s, I want to say. And yeah, I know you have it's been in the 10s, like at 1pm I mean, maybe that happens at four in the morning, sometimes in the Ditto winter, but it's pretty Yeah, it's very cold, but so it is. So is everyone's feeling the same thing, and we can move on. Today, we're going to talk about the updates in your book, correct? That's

Wade Pfau 02:33
right, yeah, the retirement planning guidebook 2025, edition is now released. It's available. There'll be a link in the show notes to Amazon, where you can get it most easily, especially in paperback form. And there's a variety of digital copy ebooks available if you'd like to see a full list of options for that just books to read.com/retirement and that's the number two. So books number two read.com/retirement get gives you a full list of options if you prefer to go outside of the Amazon network, though, for paperbacks and hard copies, Amazon would be the place to go.

Alex Murguia 03:11
And we could put that stuff in the show notes too, in case people want to refer to it later and the like. And that's totally fine. Okay. The other thing I would say, as I was reviewing this and you were, we were reviewing the new, the new stuff that's out, you know, regardless if you pick up the book or not, which is, I do suggest you get because it really is the, the main reference guide for all things retirement income. I mean, professionals use it. Consumers use it. So I highly recommend it. I'll leave it at that. But even listening to this episode, the new stuff that's in there, the updates that are in there, are relevant for anyone doing a financial plan, because obviously, if you deemed it important enough to update it within the book, it is something that people should be considering as new developments for 2025 that should be incorporated in a plan or not, you know, based on specificity of your situation, is that a correct assessment on my part? Wade,

Wade Pfau 04:06
that's right. Yeah, this episode could be a standalone episode on just what's new with retirement planning in 2025 but more specifically, if you don't have a copy of the retirement planning guidebook, it's just to let you know that the 2025 update is out there. And yeah, we're going to

highlight some of the key changes in 2025 so as I update the book each year, the updates I made emphasizing what's new, what's different in 2025

Alex Murguia 04:29
Perfect. Okay, and so we have here a couple of topics, and I'll kick it off and let you answer. Wade. Sound good? Sounds great. All right, so with regards to Medicare. Part D, how does the new $2,000 out of pocket spending cap on qualified prescription costs under Medicare? Part D, impact retirement planning?

Wade Pfau 04:53
Yeah, yeah, this is absolutely one of the big changes in 2025 when. However, you're using Medicare Part D to get your prescription drug coverage, you now have an on any qualified like medications that are eligible under Medicare. There is now a $2,000 cap on your out of pocket spending related to any costs going to the towards those co pays and so forth with prescription drug coverage, that's a big change, because it does make planning easier if you're worried about large out of pocket expenses. Well, last year, there was an out of pocket cap, effectively, of $8,000 but going back two years, and this is all from the inflation Reduction Act of 2022, going back two years, once you got to $7,400 of out of pocket spending, you entered into a catastrophic phase where you were on the hook as a co pay of 5% of any costs. And as we know, some medications get extremely expensive. So if you're still paying 5% of the cost, that could still be a lot. And so if you're worried about, well, what if I have a significant healthcare bill in the future? Very expensive prescription drugs could have been a problem. That problem is alleviated in the case that now, once you hit $2,000 of out of pocket spending, you're no longer on the hook to make payments towards those medications, assuming they're covered through Medicare, and in that regard, if you're worried about large out of pocket costs related to health care, well, if you have Original Medicare with the comprehensive supplement, a Plan G supplement and Part D coverage, you really can have a pretty good sense of what the maximum amount that you'd have to pay for health care for eligible. Now, there are some things that fall outside of Medicare, but anything that falls under Medicare coverage, you now have a pretty good idea that this is the maximum amount I could spend in a particular calendar year on my health care expenses. That reduces some of the spending shock risk. We talk about the three major risks of retirement, longevity, market volatility and spending shocks. This $2,000 cap on Out of pocket expenses and Medicare Part D prescription drug coverage is pretty significant in reducing the potential spending shocks related to health care. So I think it's really one of the big differences to highlight as we talk about changes in 2025

Alex Murguia 07:19
Yeah, I agree significantly. I wonder, I wonder what the knock on effects this will have, you know, how sort of government negotiating drug prices, etc, etc, it's almost like going to be more pronounced. I would Gander that it may be more pronounced now because of the spending cap that you know, the government is going to obviously pay more on behalf of the of the patient, if you will. And I wonder if they use that now they have no other choice but to negotiate with pharmaceutical companies to a greater extent. But again, that's beyond my ken, obviously, but it just, they just started thinking about it while you were giving your answer, right?

Wade Pfau 07:58

Yeah. I mean, it's not all in a vacuum. We could see changes, like premiums may go up at some point, lists of medication that are covered may change. There may be more negotiation, because that's where, starting in 2026 the government has more power to negotiate prices. It's

Alex Murguia 08:14
almost like they're they're going to have to negotiate because, you know, benefits just went, Yeah, they capped it on us. So someone's got a paper, okay, social security changes regarding social security, the question is, what does the elimination of the Windfall Elimination Provision and Government Pension Offset mean for retirees receiving Social Security benefits.

Wade Pfau 08:44
Yeah, this was a big one, and the book is up to date. Actually, the book is up to date with the new inflation numbers that came out on january 15. That was the last thing I was waiting for, with 2.9% inflation last year. But it was very at the end of December, the Social Security Fairness Act of 2024 eliminated the Windfall Elimination Provision and the Government Pension Offset for Social Security benefits. That simplifies Social Security. It's not relevant for everyone, but it's relevant for individuals who spent part of their careers outside of the Social Security system. There are some different state and local government jobs, railroad related employment, few other things where they fall. Most workers are covered by Social Security, but it is possible, especially in government sector, to have a position that falls outside of Social Security, where you get your traditional defined benefit pension through there. Now, the reason we had a Windfall Elimination Provision and Government Pension Offset is because Social Security is designed to be progressive, so that the higher your lifetime earnings, the lower the replacement rate you get from Social Security. Now, if you spent part of your career outside of. Social Security, you're adding a bunch of zeros. Social Security benefits are calculated on your top 35 years of earnings, and then applies a progressive formula to that, where you're getting the 90% replacement rate on the lower part of your your average index monthly earnings, than a 32% rate, than a 15% rate. Well, if you're getting this pension outside of Social Security, and therefore you have more zeros in your top 35 years of earnings. It makes you look poor from the perspective of Social Security, which gives you a higher replacement rate. The Windfall Elimination Provision reduced those primary insurance amounts there that 90% of the initial amount could be reduced to as low as as 40% if you spend a significant portion of your career outside of Social Security for a maximum reduction of $587 that's gone the Government Pension Offset. So the Windfall Elimination Provision lowers your own primary insurance amount. The Government Pension Offset potentially lowered any spousal benefits espouse survivor benefits you could have gotten from other individuals, earnings records, what you would get would be reduced by two thirds of the amount of the pension you're receiving, which could, in some cases, push those down to zero. That's why those provisions existed, but they're gone now. So if you have part of your career outside of Social Security, you may see a significant boost in your Social Security benefits with the higher primary insurance amount, with the elimination of the government pension all set. So these are definitely things you want to be looking at if you spent part of your career outside of Social Security. Now there's questions about whether or not this is fair. One interesting point I did see, though, is Social Security is based on some nice actuarial factors, 2.9% real interest rate longevity from 1983 so it may have been giving you your money's worth in a significant manner that other types of pensions, if you just were getting a raw deal from the pension, it could improve fairness by eliminating the Windfall Elimination Provision and Government Pension Offset. So whether or not it's fair or not, we're not really going to we don't need to get into too much. We just need to note, if you are

impacted by either of those provisions, you no longer are, and that was a change happened right at the end of last year, and is going to be backdated retroactively to the end of 2023 so you may be looking at a nice increase in your Social Security benefits again in those somewhat not common cases where you you spent part of your career outside of the Social Security System and got a pension from that.

Alex Murguia 12:40
Okay. I'm just trying to think of anything related to that, but that's fine. Got nothing from that step. Watch the clean

Wade Pfau 12:50
asset management in the Washington, DC area. We know that that's going to be an area where a lot of people do have pensions that fell outside of traditional the Social Security system.

Alex Murguia 13:01
No, 100% I mean, our obviously, we have clients from all over the country at this point just because of our presence. But, yeah, we, since we started in McLean, which is greater DC, we have, we're quite well versed in in the back and forth here, with regards to these kind of items, catch up contributions. Next topic, well,

Wade Pfau 13:25
don't you might have glossed over one of those. We don't want to forget about the RMDs on inherited IRAs. Or were you saving that for, for less?

Alex Murguia 13:33
No, let me see here. Oh yeah, I did. I missed it. Sorry, sorry about that. I for whatever reason, the Medicare, the Social Security, yes, got the second one. I had one job. Wade, one job. What are the let's go back to the topic of requirement, required minimum distributions, RMDs and inherited our IRAs. What are the clarified rules on RMDs for inherited IRAs, and how should retirees adjust their planning strategies to comply with these updates?

Wade Pfau 14:10
Yes, so if you have an inherited IRA, this is an important topic. The Secure act, going back to the end of 2019 created this 10 year rule for individuals who are not spouses and not eligible designated beneficiaries, which there's a whole host of things that can make you an eligible designated beneficiary, but generally, if you're an adult child receiving an IRA as part of your inheritance from a parent, you're not going to be an eligible designated beneficiary. You'll have this 10 year rule, which says you have to distribute the entire account balance by the end of the 10th year that came with the secure act at the end of 2019, and at the time, everyone assumed, if you want, you could wait until year 10 and take the full balance out at that time. That's how there's a separate five. Year rule for Non Non Humans, and that's how that other five year rule works. So everyone was just assuming, if I want, it's not necessarily, from a tax planning perspective, a good idea to wait till the end of year 10 to distribute the entire account. But the assumption was, if you wanted to, you could, then later the Treasury Department announced, not so fast, they thought you should apply a required minimum distribution each year during that 10 year window. And that led to a lot of panic and confusion and back and forth. And it's taken a long time. But finally, late last year, late in 2024, and so in past editions of the book, I always had to say, this is still under consideration. We now know how it's going to work. So by late

2024 what the government has decided is there's two scenarios here. So if the owner died before their required beginning date, which is April 1 in the year after the year that they reached the age where their RMDs begin, which now with secure act two that came around later is either going to be age 72 or 73 depending on which year they passed away, assuming we're now post secure act so if they died before April, 1 of the year after they reached their required beginning, they reached the age they started. So RMBs, they could wait until year 10, if they want. There's no annual required minimum distribution, but for account owners who died after the required beginning date. So that would be and since the cure act 2.0 they turned 73 in a particular year, April 1 of the following year, is their required beginning date. And it doesn't matter if they took an RMD before then or not. That would be the date they had to take their first RMD. But if they die after that date, there is an annual RMD required as part of that 10 year window, and that annual RMD required minimum distribution is based on the old rules, where you use the single life table and a fixed life expectancy based on the age of whoever was younger you or the person you're inheriting the IRA from. Then you have that number and you subtract, well, this is a little complicated. Make sure you do follow the rules carefully, but you subtract one from that number each year for years one through nine, and that would be a required minimum distribution each year in years one through nine, and then the remaining account balance would have to be removed in year 10. And that's how it's going to work. So this the clarification only affects individuals who are non spouses, not eligible designated beneficiaries, who would have a 10 year window to draw down the account, and when the owner died after their required beginning date, they have to take an RMD, RMD each year for the years one through nine as well. Now the government has excused taking those for the years 2021 2022 2023 and 2024 so if you hadn't been taking them, because of the lack of clarity and because every year they were announcing you're excused, you're no longer excused in 2025 you do have to begin taking the RMDs for the rest of the 10 year window that applies to the inherited IRA that you have. Okay, that's clear that it's a complicated topic, especially to just explain them, but that's the idea.

Alex Murguia 18:38
No, I got it. I follow. All right,

Briana Corbin 18:42
retirement planning doesn't have to feel overwhelming. On February 4, at 2pm Eastern, Wade Fauci is hosting a free webinar, How much do I need to retire? You'll get a deep dive into his book updates and learn strategies to confidently plan your future. Head to Risa profile.com/podcast resaprofile.com/podcast, to register today. That's resa profile.com/podcast or check the show notes below this episode. We'll see you there.

Alex Murguia 19:13
Now. The next topic, we'll talk about catch up contributions. How do the new special catch up contributions for qualified employee retirement plans at ages 60 through 63 provide additional opportunities for saving. And what are the contribution limits?

Wade Pfau 19:32
Yeah, so this is now something that we knew was coming from the secure act, but in 2025 it's now here, and that is, there's some additional catch up contributions that can be made in your employer plan between the ages of 60 and 63 so in 2025 and this the in the retirement plan guidebook, I all all the numbers related to taxes are updated. So, so this number is just the annual update in 2025 employ. Employees can contribute $23,500 to their employer based

retirement plan. If you're 50 or older, you can contribute an extra $7,500 to get your total up to $31,000 now what's new in 2025 is if your age is 6061, 62 or 63 you can actually, instead of having the catch up contribution of $7,500 your catch up contribution is $11,250 which means, if you're one of those four ages, you can contribute $34,750 in 2025 to your employer as an employee contribution to your employer plan. That one's not as complicated as the inherited IRAs but, but that's we knew this was coming, and it's here in 2025 special increased. It's another 50% increase in the catch up contributions you're allowed to make at those four ages.

Alex Murguia 21:04
Okay, now this is a little bit more about qualified charitable distributions and the like, and so I'll just read it off here with neat Well, let me do this qualified charitable distributions. I'm going to refer to them as qcds When I get to the question and qualified longevity annuity contracts, I'm going to refer to them as Q lax as I read the question. Okay, so with the new inflation adjusted limits for qcds and Q lax, how can retirees maximize the benefits of these tools.

Wade Pfau 21:44
Yeah. And so what's worth mentioning here is these numbers are inflation adjusted. I'll mention what Sarah in a little more detail. And actually the QCD is was inflation adjusted last year too. But I don't know if how many people recognize that, but that was first with the QCD. If you're age 70 and a half or older, and that's still the age that used to be the age for RMDs. RMDs are now 73 but QCD stayed at 70 and a half at the time, you could have contributed up to $100,000 directly to a qualified charity and not have it count, apply it against what RMDs you would have had to made. But the cool tax planning implication was that stayed entirely out of your adjusted gross income, which can add a lot of value to tax planning. We recently had a whole tax planning arc where we talked about a lot of different factors that link to your adjusted gross income. So keeping money out of your adjusted gross income instead of charitable contributions are usually below the line deductions that don't reduce your adjusted gross income. A qualified charitable distribution gave you the opportunity to reduce your the reduce your adjusted gross income by making that donation directly to a qualified charity. And if you had RMDs, you could apply it against those RMDs to keep your adjusted gross income down. Now those were $100,000 a year, and actually last year, it increased to $105,000 I don't know if that was commonly known, so that's why I included it on the list. A lot of numbers are inflation adjusted in the tax code, and like I mentioned, everything in the retirement planning guidebook is inflation or is updated for the current values this year. But just emphasizing qcds are now up to $108,000 for 2025 and I think that's something people might not have really been all that familiar with, even though technically, last year was the first year we saw an inflation increase for that number. The other one, qualified longevity annuity contracts, you can contribute a portion of your account balance in an IRA or other qualified employer plan to purchase a longevity annuity, annuity that begins in an advanced payments at an advanced age. And the reason those were created in the first place was if those income payments didn't start until after the age your RMDs began, you had a problem. It was like a contradiction, where you're supposed to take an R and D, but you can't, because you have it in an irreversible contract that hasn't begun making payments yet. So the Q lax allowed with particular rules that you could purchase a longevity annuity and not have to worry about that RMD issue, gave you a chance to get additional tax deferral by not having to make RMDs on those assets until the income starts coming out of the annuity. That this is the first year where we're seeing an inflation adjustment for that number. So it's now $210,000 it was $200,000 it was $200,000 last year. That's what the the secure act set now $210,000 inflation adjusted, each year as well, like many other numbers in the tax code.

Alex Murguia 24:54
Okay? And then the one more of these. Uh. Interest Rate assumptions. How does it increase in real interest rate assumptions from 1.75 to 2.25% improve the funded status of retirement plans, and what are the implications for long term planning?

Wade Pfau 25:19
Yeah, this is a big one. And going back, I think in the original first edition of the retirement planning guidebook, I'd have to double check, I think it might have been a 0% real interest rate. And over the last few years, especially in 2022 where a lot of people saw losses on their bond funds, because there was a big rise in interest rates that year, 20% Yeah, yeah, potentially. But so in the 2024 edition, I tried to base numbers loosely on where they are on January 1 of each year. So in 2024 I was using a 1.75% real interest rate. And that also, I think, was the number I used in the second edition, going back to 2023 as well this year, at the start of the year, we're looking at numbers much more aligned with a 2.25% real interest rate. That just comes from tips, where are long term treasury, inflation protected security interest rates. Now today, since I set these numbers closer to January 1, since then, we've already seen long term tips yields get up over to about two and a half percent, they have come back down a little bit. There's around 2.4% but I try to pick a number that's still relatively reasonably conservative, but pretty much in line with where we were. And so what I use in the 2520 25 edition of the retirement planning guidebook is a 2.25% real interest rate. I do also use two and a half percent inflation. That's the same number as last year. That comes from the difference you see between Treasury rates and tips rates, which has maintained somewhat consistent numbers and values over a pretty significant length of time at this point. But what does it mean to have a 2.25% real interest rate instead of a 1.75% interest rate, well, it means that it's easier to have enough assets to retire to your your assets are if you hold risk free trips, treasury inflation protected securities, they'll earn higher yields, real yields, inflation adjusted yields, and so you don't need as much assets to meet your future spending goals, and so it does make it easier to have enough to retire and to have a higher funded status. If you're looking at the funded ratio, comparing how much assets you have against your liabilities, as interest rates come up, the value of your liabilities goes down. Technically, the value of some of your assets goes down as well, like your Social Security, future benefits and things, but for most people, with very rare exceptional cases, whenever interest rates go up, the value of your liabilities, which are your future retirement expenses, will drop by more than the value of your assets, and then you'll have a higher ratio of assets to liabilities, you'll be more funded for retirement. It's it's easier to make your retirement plans work. Yeah.

Alex Murguia 28:06
Conceptually people, some people will get what you said, Some people won't, and it has to do with present value of items. You may want to just maybe talk about that a little bit so they understand why the statement you made makes sense. Yeah,

Wade Pfau 28:25
sure. So let's just say we can just make up a number, because I'm not going to run the math. Let's say just trying to spend $10,000 a year from now, each year for the next 30 years. How much do I need to set aside today to be able to fund that? That's what the present value is getting at, and it depends on what rate of return I'll earn on those funds while they're set aside for the future. Well, if I can earn a 2.25 and as we'll assume, that $10,000 I mentioned increases

for inflation every year, this goes back to one of our Q and A episodes. Since the spending will be inflation adjusted, we'll be talking about real interest rates just $10,000 a year, but in current purchasing power. Well, if the interest rate is 2.25% I don't need to have as much set aside today as I would if the interest rate was 1.75% because my funds will grow faster in the future. And so that's the real intuitive reason for why the cost of that future spending is less today, because I don't need as much today, because my assets will grow with a higher rate of return, and at the end of the day, that's all the present value is. It's saying that the cost to me Presently, the assets I need today to fund that future spending goal, are less because whatever I have set aside can earn a higher rate of return so that I can take the distributions to meet those expenses and not deplete the asset base, and then the present value is just this calculation of the precise amount I would need to have set aside today to meet that future liability, to meet those future expenses. Services. Okay,

Alex Murguia 30:03
now Wade something that you hinted at here, and I agree this. These are, these are items that we're going through, and they're not necessarily like, sure they're good for trivia pursuit and things along those lines, but the reality is all of these impact financial plans and the things that the items that you had mentioned, are all different slivers that would need adjustment in a comprehensive financial plan, that that will move the needle. The we talked about, the the funding, you know, the funding status of retirement plans and the like. And maybe it's good to just take a quick sidetrack here to talk about an upcoming webinar that we're doing on February the fourth at 2pm titled, How much can I spend in retirement? How does that contextualize what you've just said above, specifically with regards to the funded status of items?

Wade Pfau 31:00
Yeah, yeah. So each year we do like to do a webinar to support the launch of the current edition of the retirement planning guidebook. And this year I chose, how much do I need to retire? Seems like a very popular question, and the retirement planning guidebook provides an answer, and we also seek to provide tools to help you calculate answers as well, and that's the funded ratio. So in that webinar, February 4, 2pm eastern time, I'll talk about the framework you need to understand how much you need to retire, and it's based on this idea of the funded ratio. So it's homework. Chapter Three of the retirement planning guidebook talks about the topics I'll be discussing in that webinar, and so if you prefer to have that explained, please attend the webinar if you'd like to read it, or if you'd like to do both versions, so that you're more prepared, check out Chapter Three of the retirement planning guidebook. Join us on the webinar at 2pm eastern time on February 4, and learn about the funded ratio is a framework you'll need for understanding how much you need to retire and tying that back in as well to the updates in 2025 it's all pretty much good news from the perspective of the funded ratio. We talk about your healthcare contingency. What kind of spending shock Do you want to be prepared for with healthcare? That number might be less now that there's that cap on Out of pocket expenses of $2,000 for part D related prescription drug coverage, we talk about the present value of your assets and liabilities. Now that you can use a higher discount rate, it's easier to have enough assets to meet your future expenses. And then, if you are someone who benefits from the elimination of the Windfall Elimination Provision and Government Pension Offset, you might find that the present value of your assets is quite a bit higher, because you'll have a higher present value for your Social Security benefits. So we'll really work through the details you need to understand how that all fits together and gives you a good estimate of whether or not you have enough to retire?

Alex Murguia 33:03
Are there just to bring it back? I'll say, Yeah, this is one of our sort of anchor webinars that we do every year on the on the back of the, you know, the new, revised edition of Wade's retirement planning guidebook. But any other key adjustment retirees should consider within their financial plans, other than what you've mentioned here, that that will maybe discussed at the webinar, or that are in the book that you know we can only just provide so many but just to maybe just socialize a little bit without going into great detail, yeah,

Wade Pfau 33:38
yeah, yeah. So in addition to what I was just saying about like, your your health care reserves might be less. You may have a higher funded ratio. You have more social security benefits than you expected. Just remembering as well a couple of the other things, like, if you do have an inherited IRA and you're not a spouse or an eligible designated beneficiary, make sure you understand whether you do need to take that annual RMD each year. It does apply if the owner died after their required beginning date. Beyond that as well, if you're between the ages of 60 and 63 you can make that larger catch up contribution. If you are someone who likes to make qualified charitable distributions, recognize that that number is now inflation adjusted, and it's up to $108,000 if you've been thinking about a Cuba hacking, it's now up to $210,000 so I think that's all just important information. Not every one of those details applies to every listener, but some of that surely applies to everyone, especially anyone who uses Medicare. Definitely things you want to be aware of and be mindful of.

Alex Murguia 34:42
So I would definitely bone up on this. And that webinar again, is on Wade.

Wade Pfau 34:48
Do you have this? Yeah, February 1, 2pm Eastern Time. That's

Alex Murguia 34:53
right. How much can I spend in retirement? And what we're doing is we're going to review the funded ratio, which we're going to talk about. Those concepts. Which is many of many of you are listeners. You know, they do their financial plans on Excel, and they have, you know, so many assumptions in there already, and the like that a financial plan is a living document, and this is part of the rinse, repeat, revise, kind of portion of that living document that needs to be done. And so I encourage all of you to attend the webinar where we're going to show how this works within the construct of a financial plan. There it is anything else way?

Wade Pfau 35:32
No, I think we hit the highlights. That's what's new in 2025

Alex Murguia 35:36
well, you're going to be hitting the courts in pickleball courts, yeah. But that's all right. All right. All right, everyone. Well, thank you. Go on. Where you say,

Wade Pfau 35:44
Well, now that, now that I finished updating the book. Oh, is that?

Alex Murguia 35:47
What it is? Is that what was holding you back is that I'm gonna choose to believe you it, and

Wade Pfau 35:53
my next excuse is I'm now working on a Excel for for tax maps, maybe something. Oh,

Alex Murguia 35:58
yeah, episodes, too. Baited breast, baited breast. All right, everyone, thank you for listening in on this week's episode, and we'll catch you next week. Thank you for listening to retire with style.

Wade Pfau 36:13
Thanks everyone. Wade and

Bob French 36:15
Alex are both principals in McLean Asset Management and retirement researcher. Both are SEC registered investment advisors located in Tysons, 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 a risk, including Risk of Loss past performance does not guarantee future results.