**How Real Retirement Spending Patterns**

**Change Traditional Retirement Withdrawal Strategies**

A Presentation by Dr. Derek Tharp

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**Session Description**

This presentation examines how real retirement spending patterns change traditional retirement withdrawal strategies. Specifically, commonly used retirement spending assumptions are compared to actual retirement spending patterns of retirees. This comparison reveals that typical assumptions of constant real spending often overstates retirement spending. As a result, commonly assumptions may overstate retirement savings need. Accounting for more realistic retirement spending results in higher safe withdrawal rates than prior research has typically indicated. Typical assumptions also fail to account for the potential to make adjustments in retirement that can keep a retirement spending plan on track.

**Learning Objectives**

1. Identify the traditional financial planning retirement spending assumptions.
2. Identify the traditional assumptions underlying safe withdrawal rate (SWR) research.
3. Identify how historical retirement spending data deviates from traditional assumptions.
4. Identify the implications that result from adopting more realistic assumptions.
5. Identify how adjustments in retirement spending can keep a retirement spending plan on track.

**Level of Complexity**

CFP/IMCA: Intermediate

**Topic Areas**

CFP: Retirement Savings and Income Planning

**Hour(s) of CE**

CFP: 1.0

**Outline**

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| Traditional retirement spending assumptions | 12 min |
| Historical retirement spending data | 10 min |
| The impact of assumptions on Safe Withdrawal Rates (SWRs) | 10 min |
| The impact of assumptions on Monte Carlo analysis | 8 min |
| Planning implications | 10 min |

**50 min**