An Empirical Evaluation of Dynamic vs. Static Withdrawal Strategies: It’s a Dynamic Small World After All.

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Abstract

This study compares simple dynamic withdrawal strategies with the static withdrawal method, examining not only failure rates and ending wealth but also spending. In addition, this study investigates the use of small company stocks in place of large company stocks. Results indicate that use of small stocks is superior to using large stocks in the portfolios. When U.S. historical stock returns are adjusted downward, there is the potential that some dynamic strategies will not ensure income for life. This study demonstrates that the simplest dynamic strategy is superior to two popular dynamic strategies.

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