PLANIN30 ARTICLE PDF

The 4% Rule in 2026: Morningstar Says 3.7%, Bengen Now Says 4.7% - Which One Applies to You?

Morningstar says 3.7%, Bengen says 4.7%, and the classic rule says 4.0%. See one retirement calculator scenario tested across all three rates.

CALCULATOR	UPDATED	ARTICLE
Retirement Calculator	**2026-05-25**	**4 percent rule 2026**

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If you've read anything about retirement in the last 18 months, you've probably noticed something strange: nobody seems to agree on the 4% rule anymore.

- **Morningstar's 2024 update** cut its "safe" rate to **3.7%**.
- **Bill Bengen — the guy who invented the 4% rule in 1994** — now says **4.7%** is fine.
- A pile of advisors still default to a flat **4.0%**.

So which is right? The honest answer: **all three, and none of them.** The "right" rate depends on your portfolio, your timeline, and how you actually plan to spend.

To make that concrete, we ran one household through our retirement calculator at all three withdrawal rates. Here's what changed — and what didn't.

If your first question is less about the withdrawal-rate debate and more about "what age can I retire with this monthly spending?", start with the Financial Independence Planner. It keeps the same retirement cash-flow foundation but frames the result around age, spending, and whether the plan lasts.

The household we tested

To keep this an apples-to-apples comparison, we used the calculator's built-in "Filled-out example" household:

Current age	50
Retirement age	63
Plan-to age	92 (30-year retirement)
Total saved today	**$755,000** across 401(k), Roth IRA, taxable brokerage, and HSA
Monthly contribution	**$4,641** + $463/mo employer match
Pre-retirement allocation	70% stocks / 25% bonds / 5% cash
Post-retirement allocation	45% stocks / 45% bonds / 10% cash (standard glide-down)
Social Security	$3,200/mo at FRA 67, 2.5% COLA
Inflation assumption	3%
Projected portfolio at retirement	**$2,909,804** (or $1,981,435 in today's dollars)

This household is realistic for the "DIY mass-affluent" segment — meaningful savings, a real glide path, Social Security in the mix, multiple account types with different tax treatments.

Then we varied **one thing only**: the Year-1 withdrawal rate.

Three withdrawal rates, three different retirements

Morningstar 3.7% — "the cautious update"

Year 1 spending: **$6,110/mo** in today's dollars ($107,673/yr inflation-adjusted in Year 1 of retirement).

> **Monte Carlo: 85% probability of success.** Funded past plan age 92, **ending balance ~$2.4M**.

This is the "I want to leave room for a bad sequence" version. The household sails through retirement with seven figures left on the table for legacy or unexpected expenses.

The classic 4.0% — Bengen's original 1994 paper

Year 1 spending: **$6,605/mo** in today's dollars ($116,396/yr in Year 1).

> **Monte Carlo: 78% probability of success.** Funded to Age 92+, **ending balance ~$1.4M**.

Still passes the textbook bar. But notice the headline change: a $1M lower ending balance for spending only $495/mo more. That's the cost of going from "very conservative" to "textbook" — about a million dollars of legacy.

Bengen-updated 4.7% — "the new gold standard"

Year 1 spending: **$7,761/mo** in today's dollars ($136,767/yr in Year 1).

> **Monte Carlo: 57% probability of success. Funded to Age 90 — 2 years SHORT of plan.**

Wait. Bengen himself revised his own number UP — and the calculator is telling us this household runs out of money two years early at his updated rate?

Yes. And this is where the headlines get dangerous.

Why Bengen says 4.7% — and why it doesn't apply to most people

Bengen's 2024 update isn't wrong. He revised the rate upward because his historical research now includes:

1. **Small-cap value tilts** (which have outperformed historically)
2. **A higher equity allocation maintained through retirement** (not the standard glide-down)
3. **A more diversified asset mix** including international and real estate

Most households — including ours — don't do that. The default post-retirement allocation in our example glides from 70/25/5 down to **45/45/10** by retirement. That's a sensible "don't blow up at 80" choice, but it's not the portfolio Bengen modeled.

So we ran a fourth scenario: same 4.7% withdrawal rate, but **hold the 70/25/5 allocation through retirement** instead of gliding down.

4.7% withdrawal + aggressive 70/25/5 in retirement

> **Monte Carlo: 62% probability of success** (up from 57%). **Funded to Age 92+** (no longer 2 years short), ending balance ~$844K.

The plan went from a red "Age 90" outcome to a green "Age 92+" outcome — just by holding more stocks in retirement. The blended post-retirement return rose from 4.88% to 5.85%.

That's a real improvement. It's also a real risk: at 70/25/5, a 2008-style crash 3 years into retirement can vaporize a decade of safety. **You can't get Bengen's 4.7% without taking Bengen's allocation.**

The trap: "% of portfolio" mode never fails

While running these scenarios, we found something worth flagging.

Our calculator (like most) lets you express spending two ways:

- **$ Amount**: a fixed real-dollar paycheck (inflation-adjusted), which is what Bengen actually means.
- **% of Portfolio**: 4% of *current* balance, recomputed each year.

Set % of Portfolio to 4%, and the calculator returns a **100% probability of success — automatically.**

That's not because 4% is magically safe. It's because if your spending shrinks with your portfolio, the portfolio *mathematically cannot deplete*. You'd just be eating cat food in your 80s.

The calculator literally calls this out:

> "100% is automatic in % of Portfolio mode — spending scales with the balance, so the portfolio can't deplete. Switch to $ Amount mode for a meaningful probability."

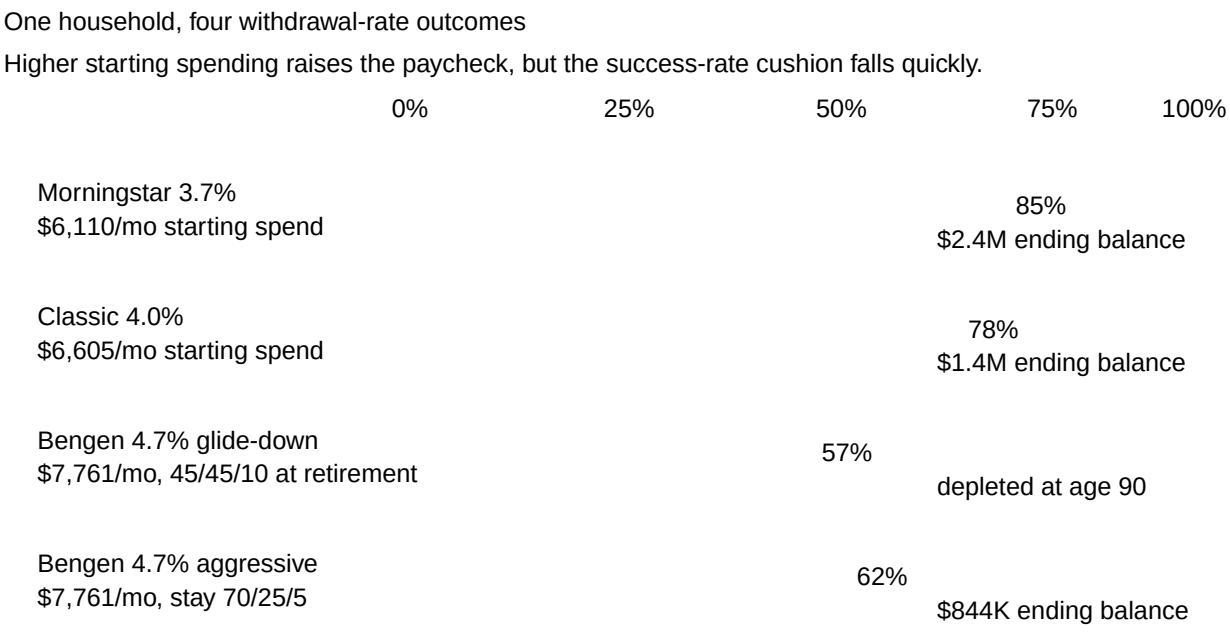
When experts quote "safe withdrawal rate," they mean the **fixed-real-dollar** version. The constant-percentage version is a different (and inferior, for most people) strategy. Don't confuse the two.

The actual takeaway

The 4% rule isn't dead. It also isn't 3.7% or 4.7%. It's a starting point that you have to adjust for **your** plan. For the evergreen version of the same question, see our guide to whether the 4% rule is still safe in 2026. If your retirement date comes before Social Security starts, also test the bridge years with retiring at 62 and delaying Social Security until 70.

For our test household with a standard glide-down portfolio, here's the honest summary:

Rule	Yr 1 spend	Success	Ending balance
Morningstar 3.7%	$6,110/mo	**85%**	$2.4M
Classic 4.0%	$6,605/mo	**78%**	$1.4M
Bengen-updated 4.7% (glide-down)	$7,761/mo	**57%**	depleted at 90
Bengen-updated 4.7% (stay 70/25/5)	$7,761/mo	**62%**	$844K



The visual makes the tradeoff clearer than the table alone: the extra spending from 4.0% to 4.7% is visible immediately, but the success-rate bar drops faster than the paycheck rises. The aggressive-allocation version repairs the funded-age headline, yet it still leaves the plan with a lower success rate and less legacy cushion than the lower-rate cases.

A few things that pop out of the math:

1. **The gap between 3.7% and 4.0% is not small.** It's $1M in legacy for $495/mo more spending. If "leave money for the kids" matters, 3.7% is paying for it.
2. **The gap between 4.0% and 4.7% is huge.** A $1,156/mo bump cuts your success rate from 78% to 57%. That's a coin flip on running out of money in your late 80s.
3. **Allocation matters more than the rate.** Holding 70/25/5 vs gliding to 45/45/10 added 5 points of success at the same spending. The rate is downstream of the portfolio.
4. **Social Security is the floor.** Even in the "depleted at 90" scenario, this household keeps $4,869/mo (real) coming in from SS. Running out doesn't mean zero income — it means a forced lifestyle cut.

Try it on your own numbers

The point of running the same household through three rates wasn't to crown a winner. It was to show that **the "safe withdrawal rate" debate is downstream of your portfolio, your timeline, and your tolerance for variability.**

Plug your own household into the retirement calculator and run the same three numbers. The honest version of "what's my safe rate?" is whichever rate gives you the Monte Carlo success probability you can actually sleep with.

For most people we've seen, that answer lands closer to 3.7-4.0% than to 4.7%. But yours might be different — and that's exactly the point.

For the simpler early-retirement version of the question, use the Financial Independence Planner to test the two levers most readers ask about first: "what age can I retire?" and "what can I spend if I retire at this age?"

Sources

- Morningstar, "The State of Retirement Income" research
- Bill Bengen, *A Richer Retirement* (2024) — the updated 4.7% defense
- Bengen's original 1994 paper: "Determining Withdrawal Rates Using Historical Data"
- IndexBox 2026 commentary: Retirement Savings Challenges and 4% Rule Criticism in 2026

Reproduce these scenarios yourself

All four runs above are reproducible on production in under 60 seconds. The exact recipe:

1. Open planin30.com/financial/retirement and click **"Show me an example"** to load the filled-out household.
2. Scroll to the **Retirement Spending** panel and confirm the toggle is set to **"$ Amount"** (not "% of Portfolio" — that mode auto-returns 100%).
3. Scroll to **Post-Retirement Allocation** and confirm it's set to **45 / 45 / 10** (Stocks / Bonds / Cash). If it's set to 70/25/5, change it back — this is the standard glide-down.
4. Now change **Monthly Spending in Today's $** to each of the four values below and screenshot the headline + Monte Carlo donut:

Scenario	Spending	Allocation	Expected headline
Morningstar 3.7%	$6,110/mo	45/45/10	Funded 92+, **85% success-**, $2.4M end
Classic 4.0%	$6,605/mo	45/45/10	Funded 92+, **77-78% success-**, $1.4M end
Bengen 4.7% (glide-down)	$7,761/mo	45/45/10	**Funded only to age 90**, 57% success, depleted
Bengen 4.7% (aggressive)	$7,761/mo	**70/25/5**	Funded 92+, **62% success-**, $844K end

Monte Carlo success rates vary by ~1 point per run because each simulation draws fresh random paths — that's expected. The headline ("Funded to Age 92+" vs "Funded to Age 90") is deterministic and won't move.