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# Trust UPDATE

Stillman BANK

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## How much is enough?

*Dear Trust Officer: My 401(k) is now worth $1 million. Is that enough for me to retire on?*

—*LOOKING AHEAD*

Maybe. Much more information is needed to answer that question. How old are you? Did your parents enjoy long lives, suggesting you will have a very long retirement? What other assets will you have to draw upon in retirement? Will you have a pension? How large will your Social Security benefit be? What will your monthly budget look like in retirement?

Another way to express your question might be: "What are the chances that I will outlive my retirement money?" Or yet another way: "How much can I withdraw from my retirement account each year without exhausting it before I die?"

Expressed that way, the conventional answer for many years has been "4%."

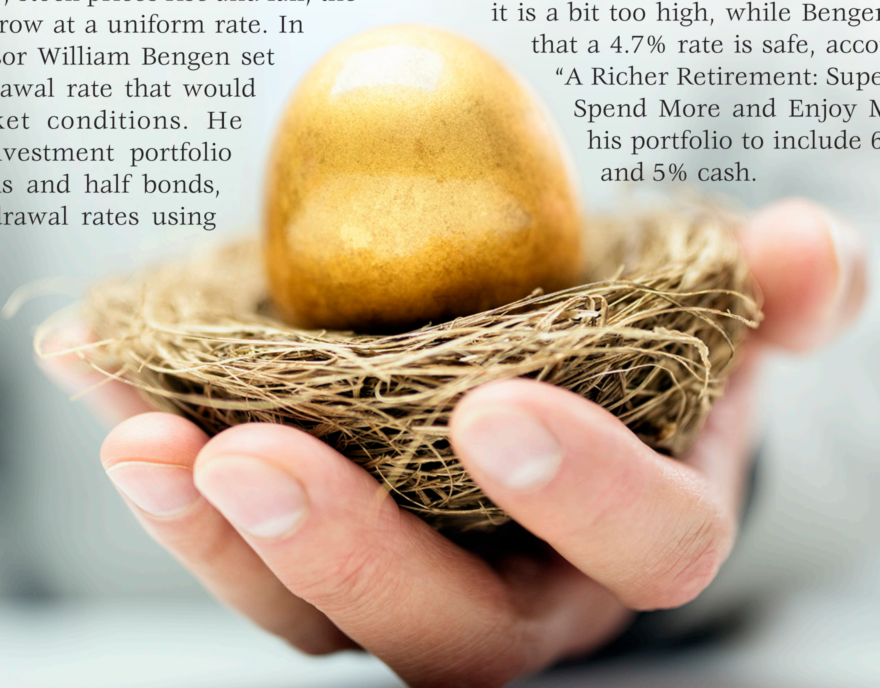
### *Elements of the "4% rule"*

The difficulty in determining a safe rate for consuming a retirement nest egg is that financial markets are volatile. Interest rates change; stock prices rise and fall; the economy does not grow at a uniform rate. In 1994, financial advisor William Bengen set out to find a withdrawal rate that would work in any market conditions. He assumed that an investment portfolio would be half stocks and half bonds, and he tested withdrawal rates using 50 years of market data. That covered bull and bear markets, recessions and periods of strong economic growth. Bengen also factored inflation into the equation. He found that for 30-year periods, a 4% initial withdrawal rate, boosted each subsequent year for inflation, would not exhaust the portfolio.

*Example*. In year one of your retirement, 4% of your $1 million 401(k) comes to $40,000. If inflation during year one came in at 3%, then in year two you would withdraw $41,200. If there is no inflation, there is no change in the withdrawal rate. Note that fluctuations in the later investment performance of the portfolio *do not* enter into the calculations. Total return might exceed 4% in some years, so the portfolio would then continue to grow.

*Caveat*. When you reach age 73, you will have to begin taking Required Minimum Distributions (RMDs) from your 401(k). A 4% withdrawal will easily cover these until age 75, when the RMD is 4.07%. What's more, RMD calculations *do* take portfolio value into account. This concern does not affect after-tax portfolios.

The 4% rule is an easily understood rule of thumb, but it is not a guarantee. Some researchers believe that it is a bit too high, while Bengen himself now believes that a 4.7% rate is safe, according to his 2025 book, "A Richer Retirement: Supercharge the 4% Rule to Spend More and Enjoy More." He has adjusted his portfolio to include 65% stocks, 30% bonds, and 5% cash.



So, will $40,000 plus your Social Security benefits be enough for you to live comfortably in retirement? If not, you may want to consider delaying tapping that resource by putting your retirement off for another year or two.

### *Flexible tool for retirement security*

By means of an arrangement called a *revocable living trust,* retired men and women draw upon our knowledge of investments without tying up their money or locking themselves into a program that cannot be changed as the years go by.

With this highly flexible arrangement, we supply full investment management supervision. As trustee, we also provide safekeeping for securities, maintain the records needed for tax and investment purposes, redeem called or matured bonds and take care of other routine portfolio chores.

Our customers can revise or expand the directions that they give us whenever they wish. They can add money to the trust for investment, make withdrawals or cancel the entire arrangement.

With all this flexibility, a revocable trust can offer significant additional advantages, including financial protection in the event of incapacity and probate avoidance. The trust can be the cornerstone of a fully developed estate plan. If you have not already investigated the advantages of a revocable living trust, put it high on your list of retirement options worth exploring.

### *We can help you*

We've worked with a broad spectrum of business owners, executives and professionals to solve the problems—and maximize the opportunities—associated with retirement. Our experience is yours to draw upon. Whether you are retiring early, retiring late, or regrouping to start a new career, we stand ready to propose realistic strategies, geared to your personal requirements.

## Our services for retirees

You don't have to be retired to benefit from these financial services, but if you have started your retirement (or plan to soon), you should give them some careful consideration. At your request, we'd be happy to tell you more.

• **IRA rollovers.** When you receive a plan payout, you may preserve tax advantages for your retirement capital by arranging for an IRA rollover. Do you already have such an account with another firm but feel lost in the shuffle? We'd be happy to help you move your IRA so that you can begin to benefit from our personalized investment management.

• **Personal investment accounts.** After careful study of your goals and circumstances, resources and risk tolerances, we recommend, implement and monitor a personalized investment program for you. Because we charge annual fees linked to market value, our best interests and the best interests of our clients are clearly linked.

• **Living trusts.** The same personalized investment guidance is available to clients who wish to set up their investment programs as revocable living trusts. A trust-based financial plan doesn't impair the client's control of his or her investments, but it does offer such added benefits as probate avoidance, integration with the estate plan and financial management in the event of prolonged illness or incapacity.

# Longevity trends

***How long will your retirement last?***

We control the starting point for our retirements, but we can only estimate the ending point. Thanks to improved medical care and better nutrition, life expectancies have been steadily improving. One hundred years ago, in 1926, life expectancy in the U.S. was about 56.7 years. We've made a lot of progress since then.

Life expectancy dipped in 2019 and 2020 as a result of excess deaths from COVID-19. According to a recent report from the CDC, most population groups were back to pre-2019 life expectancies by 2024. As of 2024 (latest data), the life expectancy of a man reaching age 65 in the U.S. was 18.4 years, that is, on average he can expect to see his 83rd birthday. A 65-year-old woman has about 2.4 more years than a man to look forward to, to age 85. Thus, someone retiring at age 65 needs to plan for at least 20 years of retirement. Life expectancies through retirement are shown in the table below.

| Age | Men | Women | Everyone |
|---|---|---|---|
| 65 | 18.4 | 20.8 | 19.7 |
| 70 | 14.9 | 16.9 | 16.0 |
| 75 | 11.6 | 13.2 | 12.5 |
| 80 | 8.6 | 9.9 | 9.4 |
| 85 | 6.1 | 7.1 | 6.7 |
| 90 | 4.2 | 4.9 | 4.6 |
| 95 | 2.9 | 3.3 | 3.2 |
| 100 | 2.0 | 2.3 | 2.2 |

Source: National Vital Statistics Reports, Volume 75, Number 5 (August 25, 2026)

The life expectancy gap between men and women starts at 2.4 years at age 65 and narrows steadily, reaching 0.3 years at age 100. However, small mortality differences over a lifetime add up. The Vital Statistics Report offers an alternative context to consider. Out of 100,000 people born, how many will reach age 65? How many will reach each age milestone in retirement? Those figures are shown in this table:

| Age | Men | Women |
|---|---|---|
| 65 | 80,401 | 87,990 |
| 70 | 73,331 | 82,959 |
| 75 | 64,291 | 76,003 |
| 80 | 52,469 | 65,626 |
| 85 | 37,049 | 50,535 |
| 90 | 20,201 | 31,379 |
| 95 | 6,890 | 13,135 |
| 100 | 1,170 | 2,966 |

Source: National Vital Statistics Reports, Volume 75, Number 5 (August 25, 2026)

This table reveals that there are nearly 10% more women than men at age 65, and at age 90 there are over 50% more women than men, rising to nearly 100% more at age 95 and more than 150% at age 100.

Retirement planning needs to take into account the possibility of extended financial support for surviving spouses.

# Philanthropy by example

In 2006, a reporter from *The Chronicle of Philanthropy* asked Dolly Parton about her many charitable donations, Dolly said: "That's a great question, but it's none of your business. I have often said that I count my blessings a whole lot more than I count my money; the same is true for the contributions I make."

Here is a small sampling of the recent charitable work Dolly was reticent to discuss, as reported by *The Chronicle of Philanthropy:*

- $1 million to the Boys & Girls Club of the Smoky Mountains;
- $1 million to Vanderbilt University Medical Center supporting pediatric infectious-disease research;
- another $1 million to the medical center for COVID-19 research;
- an undisclosed amount to the East Tennessee Children's Hospital, which is now renamed the Dolly Parton Children's Hospital;
- $1 million to Mountain Ways, with matching funds from her businesses, to help those in eastern Tennessee who lost homes in floods after Hurricane Helene.

Dolly's most lasting contribution will likely be her creation of the Dollywood Foundation. Through the establishment of this philanthropic infrastructure, she created Dolly Parton's Imagination Library, which gave young children one book every month from birth until age 5. She was inspired by the fact that her father could not read or write. To date, the Foundation has distributed more than 330 million books in five countries—Canada, Britain, Australia, and Ireland, in addition to the U.S. An international study of 86,000 participating families determined that after receiving 10 books children were four times more likely to develop habits essential for a lifetime of literacy.

The Foundation also played a critical role in distributing thousands of dollars to families who lost homes in fires that swept through Sevier County in 2016, as well as raising some $9 million from other donors for that purpose.

In 1991, Dolly returned to her hometown school district, where the dropout rate was about 35%. She asked the seventh and eighth grade students to stay in school, promising each of them $500 on their graduation day. Additionally, each student paired up with a friend, and they promised to help each other make it to that goal in a "Buddy Program." The dropout rate fell to 6%.

In "How Dolly Parton Showed What Wealthy Donors Can Do," author Ryan Eller summed up her example. "Dolly's life offers a challenge to those of us entrusted with wealth and philanthropic institutions: Invest in the places that made us. Trust the people closest to the problem. Build institutions that outlast their founders. Measure whether people's lives change. Use influence to bring others to the table. And remember that wealth can accomplish something far more enduring than its own accumulation" [The Chronicle of Philanthropy, August 28, 2026].

Well said.