NEWS

For immediate release

Media Contact:
Dori Thomas
Impact Communications, Inc.
913-649-5009
DoriThomas@ImpactCommunications.org

The Great Wealth Transfer Could Become a Great Wealth Mirage

New Dunham research highlights how inflation and outdated retirement planning could consume assets prior to reaching heirs

SAN DIEGO, CA [September 29, 2026] — Dunham & Associates Investment Counsel, Inc. ("Dunham"), a San Diego-based asset management firm with more than 40 years of asset management experience, today announced the release of the research report *The Arithmetic of Failure: How Obsolete Retirement Planning Mathematics May Prevent the Great Wealth Transfer*, by Salvatore M. Capizzi, CEPA, CBDA, Executive Vice President of Dunham. The paper argues that much of today's retirement planning remains based on 20- to 25-year time horizons, even as retirees may need portfolios to last 40, 50, or more years.

"The Great Wealth Transfer assumes assets will still be there to transfer," Capizzi said. "But if people live longer, spend longer, and invest under assumptions built for a much shorter retirement, the inheritance may be quietly consumed before it ever reaches the next generation."

The report calls this potential shortfall the **Great Wealth Mirage**. Its central warning is that inflation can steadily erode purchasing power and increase withdrawals over the course of a long retirement, even when annual inflation appears modest and portfolio returns remain positive.

Among the paper's findings:

- Baby Boomers held 51.4% of U.S. household wealth in the first quarter of 2025, according to Federal Reserve data cited in the paper. The anticipated transfer of that wealth rests in part on

the assumption that retirees will not need to spend down a much larger share of it over extended lifespans.

- Under the paper's illustrative assumptions, a couple retiring with $100,000 in disposable income could spend nearly $2.6 million on food alone over 50 years. The analysis uses a 9.7% share of food spending and a long-run annual food-inflation assumption of 3.55%.

- In a hypothetical $1 million portfolio with $40,000 in first-year withdrawals that rise 2% annually for inflation, a 4% net annual return exhausts the account in year 34. A 5% net return exhausts it in year 43.

- In another hypothetical example, two retirees receive the same 5% average annual return over 48 years and make identical inflation-adjusted withdrawals. The retiree receiving lower positive returns runs out of money first, in year 27, while the retiree receiving higher returns retains more than $1.9 million after 48 years, illustrating what the paper calls the **Retirement Investment Paradox™**.

The paper's "Target Sustainability Rate" analysis concludes that, in its 50-year hypothetical with 4% initial withdrawals and 2% annual inflation, a 6% net return is the minimum tested return that avoids depletion.

THE RETIREMENT REAL RETURN RULE

Capizzi argues that traditional discussion of retirement sequence risk focuses too narrowly on early market losses. The paper introduces **the Sequence of Inflation Risk**, which contends that higher inflation early in retirement can accelerate depletion, even when average inflation and investment returns are the same for two retirees.

The analysis also proposes a **Retirement Real Return Rule**: for long retirements, portfolio returns may need to exceed inflation by approximately 4 to 5 percentage points, subject to withdrawal needs and other assumptions. The paper emphasizes that its models are hypothetical, do not account for every personal variable, and are not individualized investment advice.

"This is not an argument for ignoring market risk or simply taking more risk," Capizzi said. "It is an argument for being honest about longevity risk. A plan that looks conservative over 20 years may be dangerously underpowered over 50."

The paper also warns of a broader family consequence Capizzi calls **Multi-Generation Retirement™**: adult children and grandchildren could be required to support longer-living

relatives whose retirement assets are depleted, potentially reducing or eliminating inheritances and placing new strain on younger households.

To download a free PDF, visit https://23808446.fs1.hubspotusercontent-na1.net/hubfs/23808446/The%20Arithmetic%20of%20Failure%20Whitepaper%207.16.26.pdf

ABOUT DUNHAM

Dunham & Associates Investment Counsel, Inc. is a San Diego-based Registered Investment Adviser (RIA) and Broker/Dealer with more than 40 years of experience serving independent financial advisors and RIAs. The firm's turnkey asset management platform (TAMP) provides professional financial advisors access to institutional investment management, trust services through Dunham Trust, Wyoming-based private trust solutions through Dunham Private Trust, and a suite of proprietary mutual funds backed by a performance-aligned, fulcrum-fee model. To learn more, visit Dunham.com.

Dunham & Associates Investment Counsel, Inc. is a Registered Investment Adviser and Broker/Dealer. Member FINRA / SIPC. Advisory services and securities offered through Dunham & Associates Investment Counsel, Inc. Trust services are offered through Dunham Trust, an affiliated entity. Dunham Private Trust is the Wyoming division of Dunham Trust.

###