

2 Funds for Life: Fine-Tuning Table

How adding **U.S. small-cap value (SCV)** to a **target-date fund (TDF)** changes return, risk and safe withdrawals, depending on how many years you are from retirement.

Read across: columns show years until retirement, from 25+ years out to 7 years after retiring ("7 after").

COMPOUND ANNUAL RETURN

Higher is better

PORTFOLIO MIX	25+	20	15	10	5	0	7 AFTER
0% SCV · 100% TDF	10.1%	9.8%	9.6%	9.3%	9.0%	8.6%	7.8%
10% SCV · 90% TDF ★	10.5%	10.3%	10.1%	9.8%	9.6%	9.2%	8.5%
20% SCV · 80% TDF	10.9%	10.7%	10.5%	10.3%	10.1%	9.8%	9.2%
30% SCV · 70% TDF	11.3%	11.2%	11.0%	10.8%	10.6%	10.4%	9.9%
40% SCV · 60% TDF	11.7%	11.6%	11.4%	11.3%	11.1%	10.9%	10.5%
50% SCV · 50% TDF	12.0%	11.9%	11.8%	11.7%	11.6%	11.4%	11.1%

WORST DRAWDOWN

Smaller loss is better

PORTFOLIO MIX	25+	20	15	10	5	0	7 AFTER
0% SCV · 100% TDF	-48%	-44%	-40%	-36%	-32%	-25%	-17%
10% SCV · 90% TDF ★	-49%	-46%	-42%	-38%	-35%	-29%	-17%
20% SCV · 80% TDF	-50%	-47%	-44%	-41%	-37%	-33%	-22%
30% SCV · 70% TDF	-51%	-48%	-46%	-43%	-40%	-36%	-28%
40% SCV · 60% TDF	-53%	-50%	-48%	-46%	-44%	-40%	-33%
50% SCV · 50% TDF	-54%	-52%	-51%	-49%	-47%	-44%	-39%

VOLATILITY (STANDARD DEVIATION)

Lower is smoother

PORTFOLIO MIX	25+	20	15	10	5	0	7 AFTER
0% SCV · 100% TDF	13.1%	12.1%	11.1%	10.1%	9.1%	8.0%	6.0%
10% SCV · 90% TDF ★	13.4%	12.5%	11.6%	10.7%	9.8%	8.7%	6.8%
20% SCV · 80% TDF	13.9%	13.1%	12.3%	11.5%	10.7%	9.7%	7.9%
30% SCV · 70% TDF	14.4%	13.7%	13.0%	12.4%	11.7%	10.8%	9.2%
40% SCV · 60% TDF	15.1%	14.5%	13.9%	13.4%	12.8%	12.1%	10.6%
50% SCV · 50% TDF	15.9%	15.4%	14.9%	14.4%	14.0%	13.4%	12.2%

30-YEAR SAFE WITHDRAWAL RATE

Higher is better

PORTFOLIO MIX	25+	20	15	10	5	0	7 AFTER
0% SCV · 100% TDF	3.7%	3.9%	4.1%	4.0%	3.9%	3.8%	3.3%
10% SCV · 90% TDF ★	3.8%	4.0%	4.3%	4.4%	4.3%	4.2%	4.0%
20% SCV · 80% TDF	3.9%	4.1%	4.4%	4.6%	4.6%	4.6%	4.4%
30% SCV · 70% TDF	3.9%	4.1%	4.4%	4.6%	4.8%	4.8%	4.8%
40% SCV · 60% TDF	3.9%	4.1%	4.3%	4.4%	4.6%	4.8%	4.8%
50% SCV · 50% TDF	3.7%	3.9%	4.0%	4.2%	4.3%	4.5%	4.9%

FOR COMPARISON · 100% U.S. SCV

Return **13.5%**

Volatility **20.6%**

Worst drawdown **-61%**

30-year SWR **2.5%**

★ Highlighted row: the "easy" 2 Funds for Life mix, 90% target-date fund + 10% small-cap value.

- Compound annual growth rates, standard deviations and drawdowns assume a fixed allocation and a lump-sum investment, rebalanced monthly, January 1970 through December 2025.
- 30-year safe withdrawal rates are based on the worst starting months from 1928 to 2025, using monthly returns and monthly rebalancing.
- Young investors who contribute regularly will likely see smaller drawdowns while contributions are large relative to the account balance.

- Investors who rebalance less often will likely see higher returns and larger drawdowns.
- Real (inflation-adjusted) returns were about 3.9% lower than the nominal returns shown, based on average inflation from 1970 to 2025.
- Past performance doesn't guarantee future returns. Drawdowns from 1928 to 1970 were worse by an additional 10% to more than 30%.