



Income Planning Guide

Will Your Income Last a Lifetime?



Your Retirement Advisor

KNOWING MORE MEANS HAVING MORE

Will Your Income Last a Lifetime?



Creating an Income for Life

Income planning for retirement can be a very complex and stressful process for many. Taking income from your portfolio is much more involved than simply growing your assets over time.

At the same time, retirees today face some formidable challenges when entering what we call *The Retirement Danger Zone*. This is the time shortly before or shortly after retirement when the retiree can, inadvertently, either “make it or break it” by making retirement decisions based on these major questions:

- How to suitably invest retirement assets for growth, while preserving principle?
- When to apply for Social Security to try to maximize income benefits?
- What’s the appropriate income distribution method to utilize, which reflects each client’s individual needs?

One of the most important decisions a retiree will need to make is how to develop an income distribution strategy that strives to offer income for life. There are a myriad of income distribution methods available, most of which are based upon the level of risk a retiree is willing to accept.

We’ve learned that typically a “combination” type income distribution strategy has the potential to yield the most value. It’s important to understand that there are many income distribution strategies and each one carries with it advantages and disadvantages.

The New Normal - Volatility

The investment landscape has changed tremendously over the past ten years with the advent of computer trading, online information and the emergence of the global economy.



Life expectancy continues to increase, adding more years in retirement and healthcare costs continue to rise putting many at risk of outliving their assets. Your Retirement Advisor urges you to have an income projection analysis performed sooner rather than later so you can determine if you're on track for retirement.

“Your advisor should help you develop an income distribution plan that strives to create an income for life based on your needs.”

Based on our research, we have seen two major economic downturns over the past 13 years with the S&P 500 index losing almost 50% in 2000-2001 and over 38% in 2008. Volatility appears to be on the rise and apparently this volatile financial environment may be the “new normal”.

In our opinion, traditional systematic withdrawal income plans (SWIP's), employed by many retirees and investment advisors today, do not work as well when managing a retirement portfolio in a volatile environment. Studies have shown that when taking income from a retirement portfolio, losses in the early years will tend to increase the likelihood of the retiree depleting the portfolio when utilizing a simple SWIP strategy.

Developing an Income Distribution Strategy should be based upon the retiree's:

- Tolerance for risk
- Degree of income desired
- Percentage of income needed from the portfolio
- Life expectancy/family medical history
- Estimated inflation rate
- Assumed rate of return on the retirement portfolio

We recommend that you work with an advisor who has the experience and specialized knowledge to help you navigate through this intricate landscape and develop an income distribution plan that strives to create an income for life, based on your needs.



Your Retirement Advisor's Retirement Income Projection Analysis (RIPA) is perhaps your most valuable retirement benchmark...helping you understand where you are, where you want to be and what changes need to happen in order to get you there. Your Retirement Advisor suggests that you include a RIPA as the foundation of your plan design strategy.

“61% of Americans fear outliving their income more than they fear death. Yet, 52% haven't calculated how much money they'll need in retirement.”

Your Retirement Advisor's affiliated advisors offer a Retirement Income Projection Analysis (RIPA). This proprietary process and software tests a variety of inputs and variables while providing the optimal retirement outcome:

- Cash flow: income sources, expenses, savings
- Income distribution
- Investments
- Retirement plan distributions
- Social security benefits
- Part time income
- Tax effect
- Health care costs
- Estimate inflation
- Estimated rate of return
- Sequence of return risk (stress test)

The RIPA is perhaps the most valuable retirement benchmark to help you understand where you are, where you want to be and what changes need to happen to get you there.

To request a complimentary Retirement Income Projection Analysis or for more information, please contact us at:

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