

Retirement Income Planning Worksheet

Use this worksheet to identify your retirement income needs and sources. Divide your expenses into two categories: Basic Needs and Lifestyle Wants. Then list your income sources to compare your needs vs. resources.

1. Basic / Ongoing / Needs (Essential Expenses)

These are necessary expenses that will likely continue throughout retirement.

Essential Expense Category	Estimated Monthly Cost (\$)
Mortgage / Rent	
Property Taxes	
Homeowner's or Renter's Insurance	
Utilities (Electric, Gas, Water, Sewer)	
Groceries / Food	
Health Insurance Premiums	
Out-of-Pocket Medical Costs	
Prescriptions	
Transportation (Car Payment, Gas, Insurance, Maintenance)	
Phone / Internet	
Debt Payments (Credit Cards, Loans)	
Clothing / Personal Care	
Total	

2. Wants / Desires / Lifestyle (Discretionary Expenses)

These are non-essential expenses that enhance your lifestyle.

Lifestyle Expense Category	Estimated Monthly Cost (\$)
Travel / Vacations	
Dining Out / Restaurants	
Entertainment (Movies, Concerts, Events)	
Hobbies / Clubs / Classes	
Gifts / Donations	
Shopping / Non-Essential Items	
Cable / Streaming Services	
Fitness Memberships / Sports	
Home Upgrades / Renovations	
Total	

3. Retirement Income Sources

List your sources of retirement income and estimated monthly income from each.

Income Source	Estimated Monthly Cost (\$)
Social Security (Self)	
Social Security (Spouse)	
Pension	
IRA / 401(k) Withdrawals	
Annuity Income	
Rental Income	
Part-Time Work	
Other Income (Investments, Dividends, etc.)	
Total	



RETIREMENT
PROTECTION SOLUTIONS



HANDLING RETIREMENT RISK:

SAFE MONEY STRATEGIES
THAT PROTECT WHAT YOU
CAN'T AFFORD TO LOSE

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Handling Retirement Risk

Great question — when we talk about retirement risk, we're really talking about the risks that can derail income security in retirement. This report expands the Avoid / Manage / Transfer framework and contrasts Wall Street vs. Safe Money solutions.



Options to Handle Retirement Risk

MARKET RISK

RISK: Losing money due to market downturns, especially early in retirement (sequence-of-returns risk).

AVOID:

Sit in cash or CDs (safe, but little growth).

MANAGE (WALL STREET):

Diversify across stocks, bonds, alternatives; rebalance; stay the course.

TRANSFER (SAFE MONEY):

Fixed Indexed Annuities (FIAs) or MYGAs → principal protection, lock in gains.

LONGEVITY RISK

RISK: Outliving your money — retirement could last 25–35 years.

AVOID:

Spend less, lower lifestyle expectations.

MANAGE (WALL STREET):

Follow withdrawal rules (100% At Risk!), delay Social Security.

TRANSFER (SAFE MONEY):

Income annuities that act like a personal pension, guaranteeing income for life.

INFLATION RISK

RISK: The cost of living doubles every ~20 years at just 3.5% inflation.

AVOID:

Keep spending flat, avoid lifestyle creep.

MANAGE (WALL STREET):

Hold growth assets (stocks, REITs, commodities), buy TIPS.

TRANSFER (SAFE MONEY):

FIAs with increasing income riders that adjust upward.

HEALTH & LONG-TERM CARE RISK

RISK: Medical or long-term care costs consuming assets — the #1 threat to retirement security.

AVOID:

Hope you don't need care; rely on family

MANAGE (WALL STREET):

Self-fund by earmarking assets or health savings accounts.

TRANSFER (SAFE MONEY):

LTC insurance or annuities with LTC multipliers (income can double if care is needed).

TAX & RMD RISK

RISK: Higher future taxes or mandatory withdrawals shrinking your nest egg.

AVOID:

Stay in tax-deferred accounts and hope rates don't rise.

MANAGE (WALL STREET):

Optimize withdrawal sequencing, harvest gains, use tax-advantaged funds.

TRANSFER (SAFE MONEY):

Roth conversions + annuities as an RMD shield. 20% bonus or 40% Boost to help pay the Conversion Tax!

Wall Street vs. Safe Money Solutions

Risk	Wall Street (Manage)	Safe Money (Transfer)
Market Risk	Stocks, bonds, diversification, rebalancing	FIA's, MYGA's, principal protection
Longevity Risk	Withdraw conservatively, 4% rule	Lifetime income annuities
Inflation Risk	Growth assets, TIPS, REITs	FIA's with increasing income riders
Health & LTC Risk	Self-fund, HSAs	LTC annuities, income multipliers
Tax & RMD Risk	Withdrawal sequencing, Roth conversions	Roth conversions + RMD Shield annuities



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Disclosures:

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RETIREMENT
PROTECTION SOLUTIONS

THE RETIREMENT INCOME SURVIVAL KIT

A practical guide for pre-retirees & retirees who want to grow,
protect or guarantee income — without market stress

Your three strategic paths to retirement income explained simply.



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If you're age 55-75, you're entering the most important decade (and beyond) of your financial life. It's no longer about just accumulating assets — it's about creating income you can't outlive.

Many people nearing retirement are still focused on growth, assuming that the market will solve everything. But what happens if the market tanks right when you start drawing income?



At Retire Stress Free, we believe the smarter move is to focus first on the portion of your money you cannot afford to lose — the chunk that has to deliver reliable income for life. Then only after that base is secure do you consider growth.”

There are basically three strategic paths to generating retirement income. Each has a place — but they are not identical. Doing them incorrectly (or alone) could cost you the peace of mind you seek. This guide explains each path, how they differ, and how to choose the right mix for you.

1. The Bank Strategy

(CDS & CASH-TYPE SAFE MONEY)

DEFINITION

Using bank products (e.g., CDs, savings, money-market) to generate income via interest rather than market risk.

WHY RETIREES CONSIDER IT

It's "safe" (FDIC insured up to limits), principal is preserved, you know the return (if you lock in a CD).

EXAMPLE

A retiree puts \$200,000 in a 5-year CD yielding say 4%. That gives \$8,000/year (before taxes/ inflation).

PROS

- Low (very low) risk of principal loss (when held to maturity and issuer safe).
- Simple to understand.
- Liquidity (depending on term and penalties) is better than some other options.
- Good vehicle for the "emergency fund" or near-term bucket.

CONS (AND WHY IT'S NOT ENOUGH)

- **Inflation risk:** Even if you earn 4% on a CD, if inflation is 2.5–3% you have only a ~1.5–2% real return. ([Fidelity](#))
- **Reinvestment risk & term risk:** When a CD matures you may only find lower rates. ([Investopedia](#))
- **Opportunity cost:** You may be giving up higher income potential from other vehicles.
- **Limited lifetime income:** CDs generate interest, but they don't guarantee payments for life. If you live 30+ years in retirement, interest alone may not suffice.

RESEARCH SNAPSHOT

- ✓ An article on inflation points out that "safe but low-return traditional savings products (think money markets and CDs) may not be equipped to address inflation head on." ([Protected Income](#))
- ✓ In another analysis: "CDs ... even the best CD rates are still competitive" but real return (after inflation & taxes) may be minimal. ([Investopedia](#))

PRACTICAL TAKEAWAY

The bank strategy is good as a *component* for liquidity and safety, but as the **sole** income strategy it leaves you vulnerable to inflation and longevity risk.

CASE EXAMPLE

John, age 65, is retiring and puts \$300,000 into a 5-year ladder of CDs yielding ~4.5%. That gives ~\$13,500/year. But if inflation runs 3% and taxes eat another 1-1.5%, his real income might only grow slightly (or shrink). Meanwhile his spending needs may increase (healthcare, travel). Over 20–30 years, that gap adds up.



2. Wall Street Strategy (BONDS, STOCKS, MUTUAL FUNDS, ETFs)

WHAT IS IT?

This is the traditional “portfolio” approach: invest in a mix of stocks, bonds, funds, ETFs, and hope for growth plus withdrawals to generate income.

TWO SUB-PATHS

1. **Bonds** (including bond ladders, corporate/government bonds)
2. **Stocks / Mutual Funds / ETFs** (growth and income-oriented equities)

BONDS

WHY IT SEEMED GOOD

Historically for decades bonds offered decent yields with lower volatility than stocks. Many retirees believed in “laddering” bonds to match spending needs.

WHY NOW IT'S MORE CHALLENGING

- Yields have fallen (for many bond types) meaning you need more principal to generate a given income. ([Protected Income](#))
- **Interest-rate risk:** If rates rise, bond values fall (impacting those who need to sell).
- Bond income by itself does *not* guarantee lifetime payment. If principal is spent or bonds mature without reinvestment, income can shrink.

RESEARCH SNAPSHOT

- ✓ One article says: “Based on the assumption that bonds are yielding rates as low as 1%, they would need \$29.41 for each dollar of income ... That means, in order to produce \$10,000 in annual income, an investment of \$294,100 is required.” ([Protected Income](#))
- ✓ That illustrates the inefficiency of relying solely on bonds in a low-yield environment.

STOCKS / MUTUAL FUNDS / ETFs

WHY PEOPLE LIKE IT

Many retirees stick with Wall Street strategies because it’s what they’ve always known — focused on growth, excitement, and familiar market language. But in retirement, that same strategy can backfire, as the goal shifts from chasing returns to securing guaranteed, predictable income for life.

RISKS AND DRAWBACKS

- Market risk/volatility: If you start withdrawing during a downturn (sequence of returns risk) your portfolio can be depleted faster.
- Not designed primarily for lifetime income: Unless specific structures or systematic withdrawals are designed, you may end up running out of money.
- Complex: You must manage withdrawals, asset allocation, rebalancing, tax impacts.

RESEARCH SNAPSHOT

- ✓ One article suggests that instead of focusing purely on interest and dividends, retirees should “think of their whole portfolio ... including cash balances and asset sales ...” i.e., a total return approach. ([Schwab Brokerage](#))
- ✓ Another paper on annuitized income showed that increasing guaranteed income significantly affects the optimal equity allocation of the remaining portfolio. ([Financial Planning Association](#))

SUMMARY: THE WALL STREET PATH

- ✓ This path offers growth potential and is necessary for stretching your retirement horizon and dealing with inflation.
- ✓ But as your sole income strategy you face: market risk, longevity risk (you might live longer than expected), and the need to manage withdrawals carefully.
- ✓ For many retirees (especially those who want “sleep-at-night” income) this path should be part of the plan—not the entire plan.

EXAMPLE

Mary, age 62, invests \$500,000 in a balanced fund (50% stocks, 50% bonds) expecting 5% average return. She plans to withdraw \$25,000 a year. If the market drops 30% in her first year of retirement and her portfolio shrinks, she still withdraws the \$25k, reducing principal further — a classic sequence-risk scenario.



3. Index/Income Annuities (SAFE, SECURE, GUARANTEED)

WHAT IS IT?

These are insurance-company contracts (such as fixed index annuities (FIAs), income annuities, lifetime income riders) that provide a guaranteed income stream for life (or a period) and often protect principal from market losses.

They are the “guaranteed income” strategy. Your baseline income that protects you from outliving your money or being entirely subject to market ups/downs.

WHY THIS STRATEGY MATTERS

- Retirees face two major risks: **longevity risk** (living longer than expected) and **sequence-of-returns risk** (bad market early in retirement).
- A lifetime income annuity can provide payments for life, even if the underlying account value drops to zero. Research shows such guarantees improve retirement outcomes. ([J.P. Morgan](#))
- As Charles Schwab & Co. notes, “SPIA payout rates ... are now at their highest levels in over a decade.” ([Schwab Brokerage](#))
- Also, an article by Symetra says “income annuities can outperform bonds ...” ([Symetra](#))

PROS

- **Guarantees:** You get a contract that provides fixed payments for life (or period) — removing the “will I run out of money?” anxiety.
- **Protection of principal** (in many designs): While you may forfeit some flexibility or potential upside, you avoid market losses on that portion.
- **Clarity:** You know your “income base” ahead of time.
- **Better inflation hedge** (depending on contract features) than CDs or low-yield bonds.

CONS (WHAT YOU NEED TO WATCH)

- **Liquidity:** Once you convert cash into a lifetime income annuity, you generally can’t access the full principal — though most contracts allow limited annual withdrawals (often up to 10%). The trade-off? Your money is protected and working safely for you.
- **Legacy:** These products are designed first and foremost for income, not inheritance. That said, many offer legacy or beneficiary options depending on the contract structure.
- **Complexity & Fees:** Annuities include moving parts — riders, surrender schedules, inflation adjustments, and insurer credit strength. They can be incredible tools once you understand how they work.
- **Not All Annuities Are Created Equal:** Features vary widely, so make sure to **ask the right questions and speak with an expert** before you decide.





RESEARCH SNAPSHOT

- ✓ From "Guaranteed Income: A License to Spend" report: "Despite decades of research on the potential benefits of income annuities, few retirees buy financial products that provide a lifetime income guarantee." ([Protected Income](#))
- ✓ From payout rate data: "We looked at 21 years of data and found income payout rates ... are now around 7% while the Moody's Aaaa corporate bond yield is around 5%." ([Schwab Brokerage](#))
- ✓ From "Building a Safe Decumulation Strategy ...": "In the example a lifetime income annuity provided more income relative to the other two options" (stock/bond or bonds alone) in a low rate environment. ([nylannuities.com](#))

EXAMPLE

Tom, age 65, has \$250,000 he intends to use for income. He purchases an income annuity with payments set at age 67. The contract pays him \$16,000/year for life. Whether he lives 10 years or 30 years, the payment continues. Meanwhile, the rest of his portfolio can remain invested for growth.

Scenario: If he instead tried to generate income via bonds or withdrawals, he might have had to set aside far more principal to ensure the same level of income, or face the risk of outliving his money.

How to Think About These Three Paths (and how they work together)

YOUR INCOME “FLOOR”, “GROWTH” AND “STRETCH” BUCKETS

FLOOR (GUARANTEED INCOME)	This is your baseline — the income that covers essential living expenses (housing, food, health care). Here you lean heavily on safe/guaranteed strategies (Bank + Income Annuity).
GROWTH/INFLATION BUFFER	To ensure your income keeps up with rising costs and gives you flexibility (travel, hobbies, legacy), you use strategies with some risk/return (Stocks/Mutual Funds/ETFs).
STRETCH OR DISCRETIONARY	For additional upside and legacy goals, maybe a higher risk portfolio or opportunistic investments.



SAMPLE ALLOCATION FRAMEWORK

Suppose you are age 63 and need \$60,000/year in retirement income.

- Secure \$40,000 via guaranteed income (e.g., Social Security + Income Annuity).
- Use \$100,000 in CDs or laddered safe money to cover the first 3–5 years of living expenses.
- Use remaining portfolio in diversified stocks/bonds to cover inflation, legacy and discretionary spending.

The key: **Don’t force the growth money to carry the floor.** The floor must be on safe ground.

KEY QUESTIONS TO ASK

- ✓ Do I have enough guaranteed lifetime income to cover my essential expenses?
- ✓ How much of my nest-egg is exposed to market risk? How much do I need to protect?
- ✓ What is my inflation assumption? Can my income keep pace? (Fidelity uses ~2.5% inflation.) (*Fidelity*)
- ✓ What happens to my income if markets drop 30% in year 1 of retirement? Can my plan survive the long haul?
- ✓ Do I understand the fees, terms, surrender charges, and guarantee backing of any annuity I buy?
- ✓ How much liquidity do I need in early retirement (for big expenses, health, lifestyle)? Do I have safe money set aside?

KEY CONSIDERATIONS

- Relying entirely on the stock market for income.
- Thinking a CD that yields 3–4% will suffice when inflation is 3%+ and you may live 20–30 years.
- Assuming bonds are “safe” income producers when yields are low and reinvestment risk is high.
- Ignoring the value of lifetime income guarantees because “I might die early” (but that misses the longevity risk + ability to spend confidently).
- Treating an annuity like a savings account — without understanding the trade-offs (liquidity, legacy, cost).



Putting It All Together — Your Action Plan

1

CALCULATE YOUR ESSENTIAL INCOME NEED

- List your core expenses in retirement (housing, utilities, food, healthcare, insurance, taxes).
- Subtract guaranteed sources (e.g., Social Security, pension). The gap is your **guaranteed income target**.

2

IDENTIFY HOW MUCH YOU NEED TO TURN INTO GUARANTEED INCOME

- Once you know the gap, evaluate how much capital you might need (or how much income you need from annuities / safe allocations).
- Example: If you need \$25,000/month from age 65 for life, an income annuity may cost less than you think given current payout rates. (See research above).

3

BUILD YOUR LADDER/BUCKET FOR NEAR-TERM & LIQUIDITY

- Use safe money (CDs, laddered bonds) for the first 3-5 years of spending — it gives you time for the growth portion to do its work.
- Example: If you expect to spend \$40,000/year for 5 years, maybe allocate \$200,000 into short/medium-term safe investments.

4

ALLOCATE REMAINING FUNDS FOR GROWTH & LEGACY

- The rest of your assets go into a diversified portfolio designed for growth + inflation protection + legacy.
- Decide your withdrawal strategy: How much will you draw each year? What are your assumptions (rates, inflation, sequence of returns)?

5

REVIEW ANNUALLY & COURSE-CORRECT

- At least once a year undergo a “retirement income stress test”: What if markets fall 20% tomorrow? What if inflation goes 5%?
- Monitor your guaranteed income sources, confirm your annuity/contract remains backed by a strong insurer, update for changing goals (travel, downsizing, healthcare).
- Make sure your plan remains aligned with your risk tolerance — particularly now that you are in the retirement red zone.

Let's talk about your income map

If you'd like help creating your personal Retirement Survival Kit — mapping your guaranteed income, building your safe vs growth buckets, and showing you how an annuity might fit — let's schedule a free 30-minute discovery call.

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Summary & Final Thoughts

- Key takeaway: There's no single "perfect" retirement income strategy. The smart path blends safe money (Bank/Annuity) with growth money (Wall Street).
- Understanding the trade-offs matters: Risk vs return, liquidity vs guarantee, legacy vs income.
- Guaranteed income has often been the missing piece in retirement plans — it's what helps you sleep at night. Research supports that it improves outcomes. (J.P. Morgan)
- Inflation, longevity, market volatility — these are real risks for today's retirees. Your plan must address them.
- Use this Survival Kit as your checklist: Know where you are, where you're going, and what strategy mix will get you from "worried" to "secure."

Research & Sources (select)

- "Inflation Taking a Bite Out of Your Retirement Income?" — Protected Income. ([Protected Income](#))
- "Retiring This Fall? Now's the Time to Open a CD" — Investopedia. ([Investopedia](#))
- "Are CDs Worth It Right Now? Here's What Experts Say." — Bankrate. ([Bankrate](#))
- "The Case for Income Annuities When Rates Are Up" — Charles Schwab. ([Schwab Brokerage](#))
- "Boost your retirement spending power with income annuities" — Symetra. ([Symetra](#))
- "How Lifetime Income Funds Can Secure Retirement" — NCOA article. ([National Council on Aging](#))
- "Annuities Improve Outcomes" — JPMorgan Retirement Insights. ([J.P. Morgan](#))
- "Guaranteed Income: A License to Spend" — research paper. ([Protected Income](#))
- "Annuitized Income and Optimal Equity Allocation" — Financial Planning association. ([Financial Planning Association](#))
- "How Inflation-Proof Is Your Retirement Income?" — AARP article. ([AARP](#))