

10-Step Retirement Income Planning



1. Educate - Retirement saving planning differs from income planning. Shift your thinking from save to strategic withdrawal to decrease your chances of running out of money in retirement.

2. Evaluate - Evaluate your current personal and financial situation. Some things to get crystal clear on include when to retire, part-time work in retirement, living situation, lifestyle.

3. Goals - Identify and prioritize your retirement goals. This is an important step because it will help with financial decision-making later.

4. Need - List your expected retirement expenses realizing they will change. Distinguish between expenses needed for survival and wants that make life enjoyable. The latter can be cut when inevitable financial belt-tightening is required.

5. Resources - Identify income and assets available to generate your retirement income. The goal is to pay needs from guaranteed income sources like Social Security, Pension, Annuities.

6. Calculate - Calculate how financially prepared you are for retirement. Software with appropriate assumptions including life expectancy, inflation, returns, and taxes can be helpful.

7. Shortfall - Develop strategies to address your retirement income shortfall for wants, not needs (if applicable). Your thinking might include downsizing, savings as much as possible in a tax efficient manner during working years, reducing spending during retirement, just to name a few.

8. Tax - Identify federal income tax and legal issues. Having a tax-efficient retirement resource withdrawal strategy is key keeping as much of your retirement money as possible.

9. Risk - Consider risks that could derail your retirement income plan and possible solutions. A major risk top-of-mind for most retirees is outliving their money. Strategies like delaying Social Security and Fix Income Annuities may be helpful.

10. Convert - Convert your retirement assets into retirement income. There are 3 main approaches but what approach is right for you?