Retire confidently with sound retirement solutions

The Key Building Blocks

With a little advanced planning, a comfortable retirement can be within reach. Actively managing the allocation of your retirement savings to these 3 building blocks is a key to retiring confidently.

1 Growth Potential

Investments like stocks, bonds, mutual funds, and variable annuities

Pros to consider

- Helps your savings keep pace with inflation
- Creates room for discretionary expenses
- Can contribute to a legacy for your heirs

Cons to consider

- Subject to investment risk, including the possible loss of principal
- Income from these assets is not guaranteed

2 Access

Liquid capital that's readily available, like money market or simple savings accounts

Pros to consider

- Provides money for emergencies, unanticipated expenses, or changing needs
- Helps preserve sources of predictable income

Cons to consider

- Loses value as inflation rises

3 Predictable Income

Guaranteed income sources not subject to market fluctuations, such as Social Security, pensions, and income from annuities

Pros to consider

- Is income you can count on
- Helps cover basic living expenses
- Allows the growth portion of your portfolio to accumulate any earnings more efficiently by reducing the need for withdrawals

Cons to consider

- Arrives periodically in limited amounts
- May not keep pace with inflation

When, How Much, What: Mapping Your Retirement Income Needs

To start allocating your retirement savings appropriately, ask yourself a few key questions about your needs and preferences for after you've left the workforce:

When do I need to start receiving retirement income?

Planning for when you will begin taking income is critical to determining how to allocate your money among the growth, access, and predictable income building blocks of your retirement portfolio. Your strategy should be flexible enough to meet your changing needs over time.

How much guaranteed income do I need to cover my living expenses?

Once you know when you plan to retire, you can begin to map out a budget and start balancing the components of your retirement savings. Make sure to include sources of guaranteed income—i.e., stable assets not impacted by market ups and downs, such as Social Security, pensions, and income from annuities.

What risks should I consider?

Various factors could put you at risk of running out of income. Externally, investment losses and inflation can reduce a portfolio's value. Living longer, and healthcare & housing costs that accompany it, can also put a strain on savings. You may end up drawing down your money faster than you originally expected, and to avoid depleting your portfolio, you might need to decrease your withdrawal rate and/or make lifestyle modifications.

Your Retirement Time Horizon

Depending on how many years away you are from retirement, and your personal risk tolerance, consider allocating your retirement savings with a different emphasis on growth potential, access, and predictable income.

Long-term
(11+ years until retirement)

Growth Potential

This is the longest investment time horizon. The focus is on growth to support future predictable income needs.

Intermediate-term
(6–10 years until retirement)

Growth Potential + Access

Retirement crunch time—results in these years can significantly affect retirement. Strike a careful balance between growth and access. You can reallocate these assets once in retirement to provide more predictable income.

Near-term
(0–5 years until retirement)

Predictable Income + Access

The focus is primarily on predictable income to cover basic living expenses. The access component includes assets available for emergencies or supplemental income needs.

Estimating Future Income and Expenses

The 4 Box Strategy® is a simple but effective way to plan for income in retirement, covering your most important expenses while still allowing for growth potential and flexibility throughout retirement.

Lifestyle Costs

Necessary Expenses

These are the monthly costs for things you need.

- Housing
- Food
- Healthcare
- Other

Discretionary Expenses

These are non-essential costs that enhance your quality of life.

- Travel
- Hobbies
- Other

Income Sources

Predictable Income

These are reliable, predictable sources of income that are not exposed to market risk.

- Social Security
- Pensions
- Income from Annuities

Income from Assets

This kind of income is less predictable and may not be sustainable.

- Stocks
- Bonds
- Dividends
- Mutual Funds
- Life Insurance Cash Value[1]
- Other income

Regularly review and adjust your plan as needed.

By actively managing your retirement income strategy, you can retire with more confidence.
Reach out to your financial professional to discuss a strategy that works for you.

[1] Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

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