RETIREMENT PLANNING WHITE PAPER

From a Growth Mindset to an Income Mindset

Why retirement still needs growth - but now income, liquidity, taxes, and risk must be coordinated around spending.

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Executive Summary

Saving for retirement and living in retirement are different financial jobs. During the accumulation years, success is often measured by contributions, growth, and account balance. In retirement, the portfolio must also help pay bills, manage taxes, absorb emergencies, and support spending for an unknown number of years.

That does not mean growth becomes unimportant. Inflation and longevity can make growth essential. The change is that growth is no longer the only objective. The plan must coordinate growth with reliable income and liquidity.

Planning principle

The right decision depends on the household's complete circumstances. Use this guide to identify the questions that should be answered before money is moved, benefits are claimed, or long-term income choices are locked in.

Retirement creates competing risks

A portfolio that is too aggressive can suffer losses at the same time withdrawals are needed. A portfolio that is too conservative may fail to keep pace with inflation over a long retirement. The right balance depends on spending needs, guaranteed income, time horizon, health, legacy goals, and the ability to reduce withdrawals after poor markets.

FINRA notes that retirees should reassess risk because they may have less time to recover from downturns, while also guarding against inflation risk.

Give every dollar a job

One way to make the plan easier to understand is to define what different assets are expected to accomplish. Near-term money may be assigned to upcoming spending and reserves. Intermediate assets may support income several years out. Longer-term assets can remain invested for growth and recovery.

This does not require one particular bucket strategy or product. It is a planning framework: match time horizon and risk to the purpose of the money instead of treating the entire retirement balance as one undifferentiated account.

What to remember

Retirement planning is a coordination exercise. Taxes, liquidity, market risk, longevity, income guarantees, and survivor needs should be evaluated together rather than one account at a time.

Coordinate income sources

Social Security, pensions, retirement accounts, taxable savings, and insurance contracts behave differently. Some are predictable, some fluctuate with markets, and some provide tax advantages or restrictions. A retirement-income plan should know which source pays essential expenses and which source can be adjusted.

Withdrawal order also matters. Taking money from taxable, tax-deferred, and Roth accounts in different sequences can affect current taxes, future RMDs, Social Security taxation, and Medicare-related income thresholds.

Measure success differently

Retirement success is not simply the highest possible ending account value. A strong plan also asks whether essential spending was covered, whether emergency liquidity was available, whether taxes were managed intentionally, whether market declines forced unwanted sales, and whether a surviving spouse remains financially secure.

A clear income plan can make portfolio decisions easier because the household knows what each account is supposed to do and which risks are being accepted in exchange for potential growth.

Questions to Ask Before You Act

- ✓ How much monthly spending is essential versus discretionary?
- ✓ Which income sources are dependable for life?
- ✓ How much cash or low-volatility liquidity is needed for near-term spending and emergencies?
- ✓ Which assets can remain invested long enough to recover from a market decline?
- ✓ How will taxes affect the order of withdrawals?
- ✓ What changes after the first spouse dies?
- ✓ Does the plan preserve enough long-term growth to address inflation and longevity?

A useful next step

Bring recent statements, plan documents, Social Security estimates, pension information, tax returns when relevant, and your expected monthly spending to a retirement-income review. The goal is to understand what you already own, what the money needs to accomplish, and which risks need to be addressed before a transaction is made.

Schedule a Retirement Income Review

Visit **www.retirementincomesolutionsnc.com** to request a review.

Sources and Further Reading

FINRA - Managing Your Retirement Portfolio
https://www.finra.org/investors/learn-to-invest/types-investments/retirement/managing-retirement-income/managing-your-retirement-portfolio

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https://www.investor.gov/additional-resources/retirement-toolkit/managing-lifetime-income

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