Retirement Income Cheat Sheet

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Introduction

Retirement Income can be complex. In this brief guide, I touch on 10 of my favorite strategies!

1. **Quantify your Needs, Wants & Wishes.** Make a spending budget, but break it into Needs (non-negotiable spending), Wants (planned spending) & Wishes (stretch spending). Finance your Needs with safe income sources, and your Wants & Wishes with equities.

2. **Wait to 70.** Social Security is a great way to finance a portion of your Needs, and you should defer until age 70 to get the maximum benefit (even if you don't *feel* like you can afford to), unless you are in poor health.

3. **Take the Payments.** If your pension plan gives you the option take the lump sum or the payments, take the payments. Although your payments are probably not inflation protected, it is still great to have an additional income that you can't outlive.

4. **Build Your Ladder.** Build a 10-year bond ladder to finance the remaining portion of your Needs. The bond ladder protects you from interest rate risk and "sequence of returns" risk. A great product for your ladder is Invesco's low-cost Bulletshares ETFs which gives you access to hundreds of bonds (which diversifies credit risk).

5. **Secure Longevity Protection.** While many annuities have high costs and are oversold, there's a compelling case for a *low-cost, commission-free* annuity to help you manage longevity risk (the possibility of living to be very old). Commission-free annuities remove conflicts of interest and improve returns.

6. **Follow the Evidence.** Reposition the rest of your portfolio to equities to finance your Wants & Wishes. Build an evidence-based portfolio of low costs funds from Dimensional Fund Advisors or ETFs from Vanguard. Set your dividend and capital gains distributions to pay to cash, and rebalance when appropriate.

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7. Evaluate Long-Term Care Protection. Huge unplanned assisted living and/or nursing home bills can disrupt the best retirement income plan. Determine whether your equity portfolio is large enough to self-insure against this risk. If not, purchase a standalone long-term care policy with a one-year elimination period (which reduces your premium).

8. Execute Roth Conversions. Take full advantage of your low tax bracket in retirement and convert some IRA money to Roth each year. Your tax rate late in retirement could he higher than your tax rate early in retirement (for a myriad of reasons).

9. Enhance Your After-Tax Returns. Generate enhanced portfolio returns (without extra risk) by practicing asset location (putting the right assets in the right accounts), tax loss harvesting, and charitable giving through a Donor Advised Fund.

10. Get Expert Help. Work with an advisor who 1] has true retirement income expertise, 2] practices evidence-based investing, and 3] charges a fixed flat fee (avoids the expense & conflicts in commission and percentage compensation schemes).

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How Else Can I Help You?!

- Access more of my Free Guides
- Watch my Videos on Retirement Income Planning
- Schedule your free Retirement Income Strategy Session
- Join my Retirement Income Facebook Group
- Call me at 978-364-0605
- Connect with me on LinkedIn or Facebook or Twitter

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About Bradley Clark

- Founder & CEO, Clark Asset Management
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