



ZION FINANCIAL

THE RETIREMENT INCOME GUIDE

How Retirees Turn Their Savings Into
Reliable Paychecks



Social Security

\$2,500



Guaranteed Income

\$3,500



Investment
Withdrawals

\$1,000



Social Security

\$2,500

Guaranteed Income

\$3,500

Investment
Withdrawals

\$1,000

ZION FINANCIAL RESEARCH

THE RETIREMENT INCOME GUIDE

How Retirementes use their Savings to make sure they have reliable
Paychecks.

Prepared by

Rodell Razor, MBA

Licensed Financial Professional.

Roth Conversion Retirement Specialist.

Zion Financial

Introduction

Income was not complicated in most of your working life.

You worked.

You received a paycheck.

You paid your bills.

Your savings for retirement were in the backdrop.

However, once one gets retirement life, everything becomes different.

Your paycheck stops.

All at once, the question is:

What can I do with my savings as an income?

The failure of most retirement plans comes here.

There is a lot of emphasis on asset growth in most aspects of financial advice, with very little emphasis laid on the conversion of assets into income.

It is not the amount of savings made that matters in retirement planning.

It is concerning whether or not such savings will be able to sustain your lifestyle for the rest of your life.

This guide reveals the paradigm shift that retirees have to undergo as they shift towards income and not accumulation.

The Retirement Income Issue.

Income is not very clear with many retirees who are going into retirement with a huge portfolio.

They may have:

401(k) accounts

IRAs

investment portfolios

However, such accounts do not yield predictable income at all.

On the contrary, retirees usually get to hear that they should draw out money from their portfolio every year.

This practice creates a number of questions.

What is the maximum that can be safely withdrawn?

So what should one do in case the market goes down?

Can my money sustain me up to my ninety-fiftieth year?

These issues are not imaginary.

It is one of the most prevalent fears that retirees have.

The Retirement Risk Zone

The first decade before and after retirement is usually the most hazardous time for a retirement portfolio.

It is also referred to as the Retirement risk zone.

The loss of the market within this period of time may be disproportionately affecting long-term retirement results.

When the markets fall, there is a chance that the portfolio will reduce at a higher rate than anticipated upon withdrawals.

This is referred to as sequence-of-returns risk.

Even those portfolios that seemingly suffice on paper may not last in case of poor market performance at the beginning of retirement.

That is the reason why retirement income planning is not only about growth, but it is also about income reliability.

The 3 Sources of Retirement Income.

The majority of the retirees have three main income streams.

Social Security

Retirement savings

Investment income

Social Security is a good source of income.

Nevertheless, it hardly subsidizes all retirement costs.

It implies that they have to get extra revenue through savings and investments.

The question is how these assets can be turned into credible sources of income.

The Distinction between Savings and Income.

Retirement portfolio is a sum of money.

Nevertheless, a retirement income strategy is a paycheck.

These are unlike concepts.

A portfolio value is dependent on the market conditions.

An income stream gives us certain payments that we receive irrespective of the market performance.

This difference is even more critical when the retirees are getting older.

Retirees tend to spend a lower amount than they can afford when their income is unpredictable.

Retirees will have a better time in retirement when they have a predictable income.

The Role of Lifetime Income

This is one way of dealing with the retirement income issue, whereby some of the retirement savings could be transformed into lifetime earnings.

Lifetime income plans are meant to offer income payouts, which will continue throughout the life of the retiree.

This would serve to overcome one of the largest dangers in retirement: Longevity risk.

When people live longer than projected, the number of years that the retirement assets have to provide income is increased.

Lifetime income plans may be used in order to make sure that some part of retirement income is maintained despite the length of retirement.

A Balanced Retirement Income Strategy.

Several retirement income plans employ multiple sources of income.

For example:

Social Security can be used to pay part of the basic costs.

A systematic income plan can offer extra sound income.

The rest of the portfolio can be held to grow and for personal expenditure.

Such a structure forms what others call a retirement income base.

It is not aimed at substituting a whole investment portfolio.

This is aimed at having a stable income that would cover the basic needs of living.

Why This Matters

Retirement must not be a balancing act of finances.

When retirees are made aware of the source of their income, they become confident of how much they will be getting.

They do not have to be bothered by market changes or withdrawals from their portfolios, and instead, they are able to enjoy their retirement, which they had worked so hard to attain.

Retirement confidence is achieved by the clarity of income.

The Next Step

Each case of retirement is a case in point.

Strategy on income must always be considered in the framework of a whole retirement strategy.

In the following meeting, we will discuss your present assets, sources of income, and retirement plans, and decide that changes in your income strategy are necessary to make your retirement plan more reliable and efficient.

The objective is simple:

To assist in making sure your retirement savings are in place to offer the income you require during the retirement period.