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## Retirement Planning Process & Techniques

### Six Step Process for Managing Retirement Income

As we continue to build on the Process & Techniques for a retirement plan that will provide confidence and maximize results, we are at the point where data has been collected, assets have been invested and now we must put all that diligent work into effect; it's time to start living the plan!

#### Step Five: Converting Resources into Income

A review of Step One's comments about identifying your actual spending needs during retirement would be useful at this point. A strong budget is essential before withdrawal rate can be determined. If you take too much, your investments will be depleted too soon. Take too little and you leave some "lifestyle" on the table. Working closely with your advisor throughout the planning phase will be important with regards to choosing investments that are likely to provide the returns that you need along with withdrawal features to feed your necessary income stream.

To create the income stream (converting resources into income) there are two options for this:

Option 1: A systematic withdrawal plant (SWP). The SWP income component offers the flexibility and control needed to meet discretionary spending needs.

Option 2: An integration of income annuities to secure a "floor" of income to cover essential spending needs. If a retiree lives long enough, an annuity component (with appropriate fees, restrictions and limitations) can actually preserve the value of the estate over time, assuming the issuing company is highly rated with long-term ability to pay.

Stay tuned for Step Six: Maintaining, Monitoring and Updating the Plan