TrustStone
Wealth Partners

SOLVING FOR RETIREMENT INCOME:

BUILDING A STRATEGY TAILORED TO YOU

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TrustStone Wealth Partners, LLC

About Us

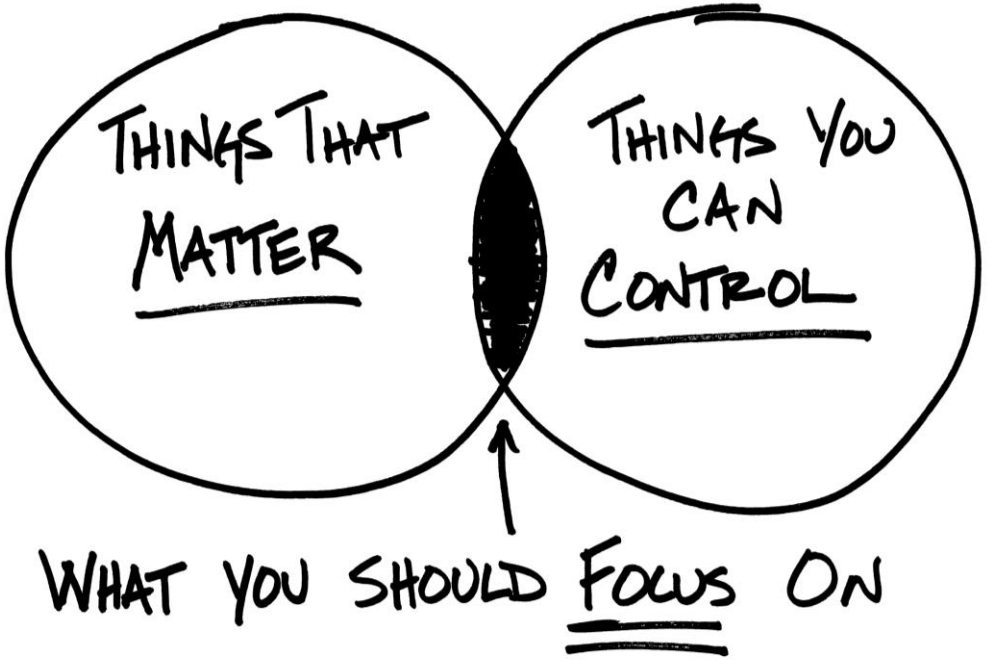
TrustStone
Wealth Partners

- Who We Are
- Who We Serve
- Our Approach

Our Mission: To help individuals and families achieve a financially secure and purpose-filled retirement.

Agenda

- Case Study Introduction
- The Retirement Framework
- Income Planning
- Closing Remarks



Case Study: Meet Bill & Jill

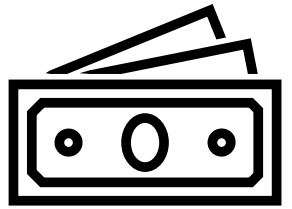
- Bill & Jill (married, age 60)
- Planning to retire in 5 years (age 65)
- Have a combined $2 million in their investment accounts
- Two adult children in their 20s
  - No grandchildren (yet)

The Retirement Framework

- Lifestyle
- Liquidity
- Longevity
- Legacy

Lifestyle

Monthly expenses required to maintain your desired lifestyle.



Liquidity

Accessible cash for emergencies and one-off expenses.

Longevity

Life expectancy and evolving needs as you age.

Legacy

Leaving assets to family, friends, and/or charities.

Lifestyle

Baseline monthly expenses required to maintain your desired lifestyle.

NEEDS
(Essential/Ongoing)

- Rent
- Food
- Utilities
- Insurance (Health/Home/Auto)
- Etc.

WANTS
(Non-Essential)

- Shopping
- Entertainment
- Travel
- Gifting to Charity/Others
- Etc.

DEBTS
(Essential/Temporary)

- Home (Mortgage)
- Auto/Car
- Credit Card
- Personal Loans
- Etc.

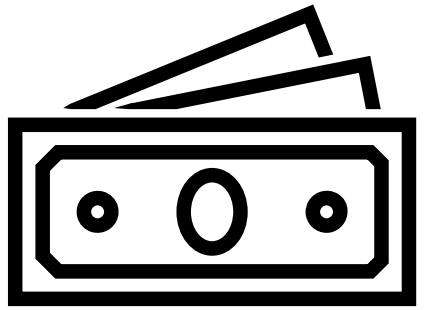
If you do not know your monthly expenses, this should be your top priority!

Liquidity

Accessible cash for emergencies and large one-off expenses.

Cash Reserves (Emergency Savings)

- Cash set aside for unplanned emergency expenses that may arise.
  - Examples: Home/car repairs, medical bills, etc.
- Determine the amount that you feel comfortable with.
  - Consider setting aside at least 3-6+ months of monthly expenses.



One Time Major Expenses

- Any planned large expenditures outside of your normal monthly expenses.
  - Examples: Home Renovation, Wedding, New Car, etc.
- Consider setting aside the cash 1-3 years in advance.

Tip: Consider using cash equivalents with strong yields (high interest savings, money market, etc.)

Liquidity (High-Yield Savings example)

Consider a High Yield Savings Account.

Flourish Cash

3.25% APY*

$7.5M FDIC Insurance

No Fees

No Minimums

Unlimited Transfers

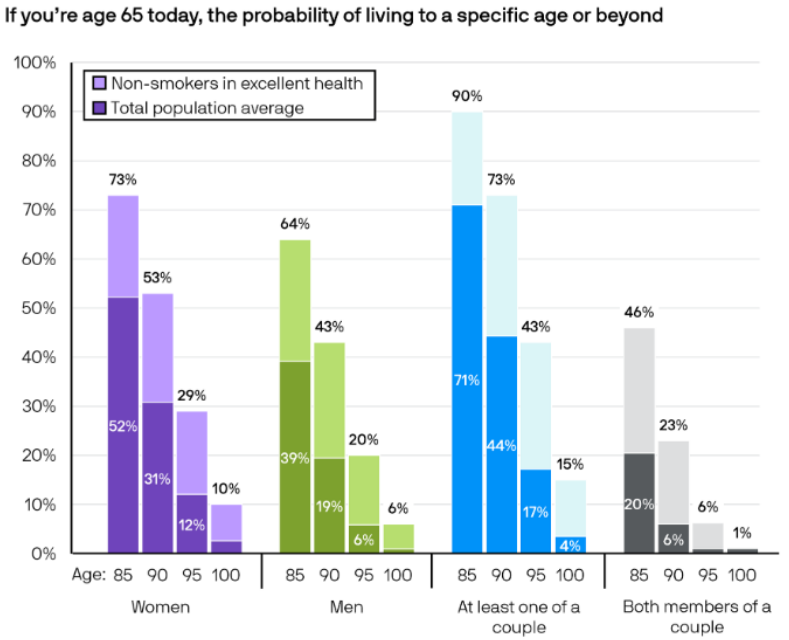
Invite Only

*Flourish Cash rate effective as of 12/11/2025. Rates are subject to change. Visit flourish.com/rates for the current rate and more information.

Longevity

Life expectancy and evolving needs as you age.

- Plan for a retirement that *could* last 30+ years
- When estimating life expectancy, examine your:
  - Medical history (health)
  - Family history (genetics)
- Consider the challenges that come with aging:
  - Evolving needs involving housing and daily living
  - Inflationary effects on cost of living and healthcare



Did you know? *For a healthy couple age 65, there is nearly a 50% chance that at least one spouse will live until 95!*

Source: Social Security Administration, Period Life Table, 2022 (published in the 2025 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, longevityillustrator.org (accessed January 2026): J.P. Morgan Asset Management.

Legacy

Leaving assets to family, friends, and/or charities.

Most tend to fall into one of three categories:

- Leaving a legacy is not a focus/goal.
- Leave as much of a legacy as possible while prioritizing our income goals.
- Leaving a target dollar amount.

Tip: Consider the tax advantages/strategies of gifting during your lifetime and through your estate.

Determine Your Framework (Case Study)

Lifestyle

- Monthly expenses total $12,000/month
  - Needs: $6,000/month
  - Wants: $4,000/month
  - Debt: $2,000/month (mortgage)

Liquidity

- Maintain cash reserves of $100,000
- Purchase a new car in 7 years for $50,000 cash

Longevity

- Both are in great health and planning to live a long time (age 95+)

Legacy

- Leave as much as possible to heirs while prioritizing their needs

Income Planning

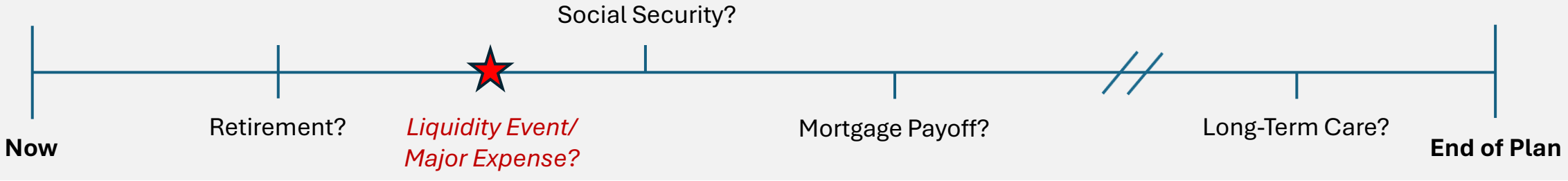
- Retirement Income Timeline
- Identify Any Gaps
- Build Your Income Strategy
  - Annuities
  - Portfolio Withdrawals
  - Time Segmentation

Map Out Your Retirement Income Timeline

Create a visual timeline to track income/expense changes over time.

What to include:

- **Income:** Any current or expected reliable income sources and the date they will begin/end
  - Examples: pension, social security, annuities, wages, rental income, etc.
- **Expense Changes**: Any changes that will result in a material change to baseline monthly expenses.
  - Example: debt payout, lifestyle change, etc.
- ***Liquidity Events:*** *Planned one-time major expenses*
  - *Note: Liquidity events should be accounted for separately.*



Map Out Your Retirement Income Timeline (Case Study)

Reliable Income Sources

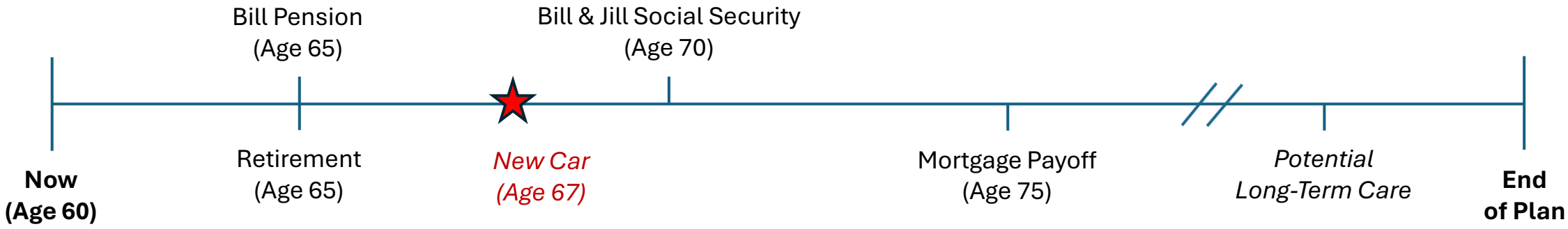
- Pension: Bill has a pension that will pay him $1,000/month at age 65.
- Social Security: Bill & Jill both plan to delay Social Security, which will total $5,000/month at age 70.

Expense/Lifestyle Changes

- Debt: Mortgage payment ($2,000/month) will end at age 75.
- *Potential for Long Term Care in final years of retirement.*

Planned One-time Major Expenses

- New Car: planning to purchase a car in cash in 7 years (age 67)



Identify the Gaps (Case Study)

Age 65 (Retirement)	Age 70 (Claim Social Security)	Age 75 (Mortgage Payoff)
Monthly Expenses: $12,000	**Monthly Expenses: $12,000**	**Monthly Expenses: $10,000**
Needs: $6,000	Needs: $6,000	Needs: $6,000
Wants: $4,000	Wants: $4,000	Wants: $4,000
Debt: $2,000	Debt: $2,000	**Debt: $0**
Reliable Income: $1,000	**Reliable Income: $6,000**	**Reliable Income: $6,000**
Pension: $1,000	Pension (Bill): $1,000	Pension (Bill): $1,000
	Social Security: $5,000	Social Security: $5,000
Income Gap: $11,000	**Income Gap: $6,000**	**Income Gap: $4,000**

Build Your Income Strategy to Fill Any Gaps

Primary Strategies

Protected Income (Annuity)

Purchase ‘guaranteed’ income through an insurance contract.

Market-Based Income (Portfolio Withdrawals)

Pull income from your investment portfolio through regular withdrawals.

Time Segmentation (Ladders/Buckets)

Allocate income to match future cash flow needs over the short, mid, and long term.

Protected Income: Insurance (Annuities)

- An annuity is an insurance contract, purchased through a financial institution that pays out a guaranteed stream of income payments for life or a fixed period of time.
- Ideal for individuals looking for steady cash flow in retirement to reduce the stress of market fluctuations and/or fear of outliving their savings.

Pros	Cons
• **Potential Lifetime Income:** reducing longevity risk • **Peace of Mind:** protection from market volatility • **Simplicity:** low maintenance, once in place • **Customizable:** can be structured to meet your objectives through optional riders.	• **Growth Potential:** may miss out on higher returns • **Lack of Liquidity:** funds are typically locked once funded • **Inflation Risk:** payments may lose purchasing power • **Legacy Impact:** often little/no remaining assets for heirs • **Higher Potential Costs:** fees vary based on the policy

Annuities (Additional Considerations)

- **Customization:** There are countless different ways to structure.
  - Single Premium vs Flexible Premium
  - Immediate vs Deferred
  - Fixed vs Indexed vs Variable
  - Life and/or Period Certain
  - Joint vs Single Life Payouts
  - Optional Riders (Inflation Rider, Death Benefit Rider, LTC Rider, etc.)
- **Carrier Selection:** Ensure you purchase from a highly rated carrier to mitigate counterparty risk.
- **Interest Rates:** Payout rates are affected by current interest rates – consider this when purchasing.
- **Insurance Broker vs. Agent:** Brokers typically provide access to a broader range of products.
- **Work with a Fiduciary:** Ensure recommendations are in your best interest.

Caution: Do your research before purchasing an annuity!

Market-Based Income: Portfolio Withdrawals

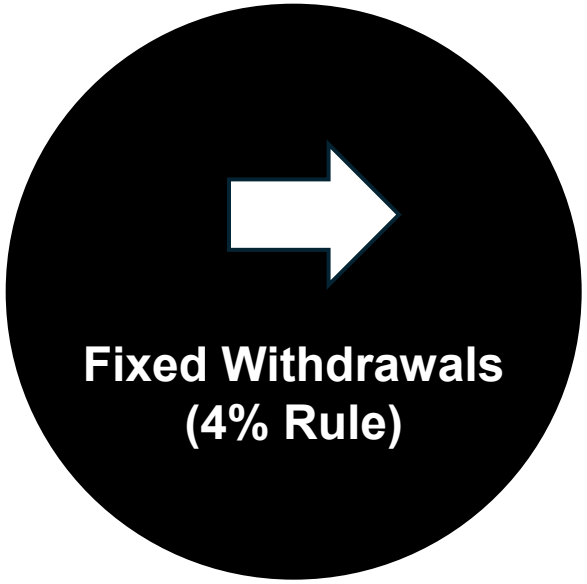
Making regularly (usually monthly) withdrawals from your investment portfolio to cover your remaining spending needs.

Note: Suggested initial annual withdrawal rates range from 4% to 5%+ of portfolio balance, depending on the withdrawal strategy used.

Pros	Cons
• **Growth potential:** Potential for higher returns. • **Liquidity/Flexibility:** Assets are easily accessible. • **Customizable:** Strategies can be tailored to your goals. • **Tax Planning:** Tax-efficient when managed properly. • **Legacy Planning:** Greater potential for wealth transfer.	• **Market Risk:** income is dependent on market performance. • **Longevity Risk:** Outliving savings if not managed properly. • **Sequence of Return Risk:** Poor performance early in retirement can negatively impact your long-term outlook. • **Requires Active Monitoring:** Ongoing monitoring is needed to ensure sustainable withdrawals.

Income Planning: Safe Withdrawal Rates

Withdrawal Rate: How much can I safely withdraw from my portfolio?



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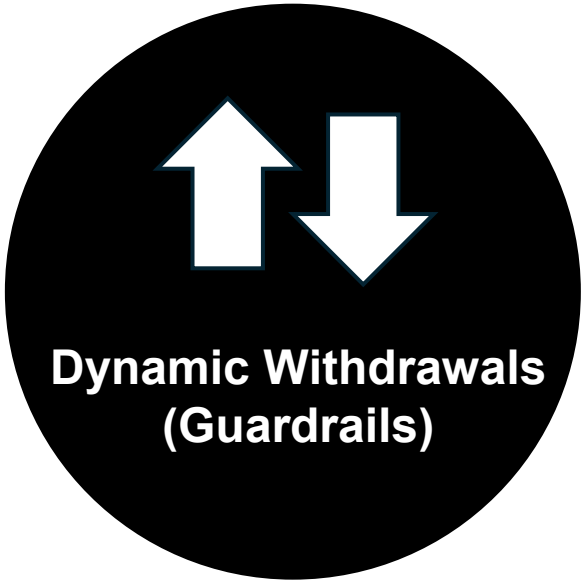


Fixed Withdrawals: The 4% Rule

How It Works ($1,000,000 Portfolio Balance)

Step 1: Start by withdrawing up to 4% of your investment portfolio.

- 4% ($40,000/year or $3,330/month)

Step 2: Each year adjust withdrawals based on annual inflation*.

- Year 1: $40,000/year or $3,330/month
- Year 2: $41,000/year or $3,420/month
- Year 3: $42,030/year or $3,500/month
- Year 4: $43,080/year or $3,590/month
- Year 5: $44,150/year or $3,680/month

Pros	Cons
• Simple to implement and follow. • Historically provides a very high success rate (90%+) of not outliving your savings over 30 years.	• There remains a small risk of outliving your savings. • There remains a large risk of severe underspending. • Does not account for variables like market performance, change in spending needs, etc.

*Assumes 2.5% annual inflation rate.

Dynamic Withdrawals: Guardrails

How It Works ($1,000,000 Portfolio Balance)

Step 1 – Determine Your Starting Withdrawal Rate (5% suggested)

- 5% ($50,000/year or $4,200/month)

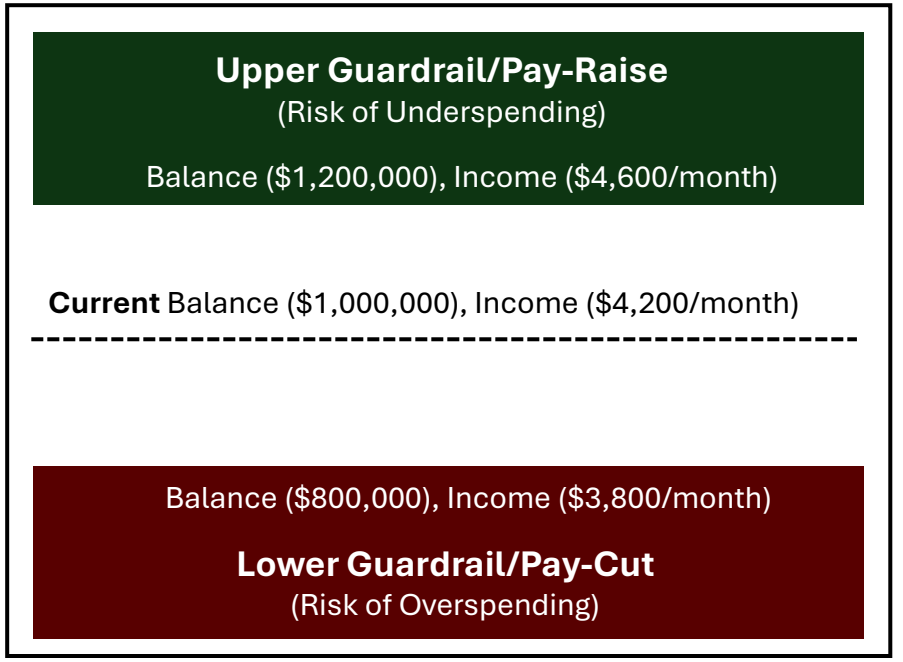
Step 2 – Set Upper Guardrail and Lower Guardrail.

- Upper Guardrail: 20% above your current portfolio balance.
- Lower Guardrail: 20% below your current portfolio balance.

Step 3 – Adjust Withdrawals When Guardrails Are Hit:

- Upper Guardrail Hit: 10% increase in monthly income
- Lower Guardrail Hit: 10% decrease in monthly income

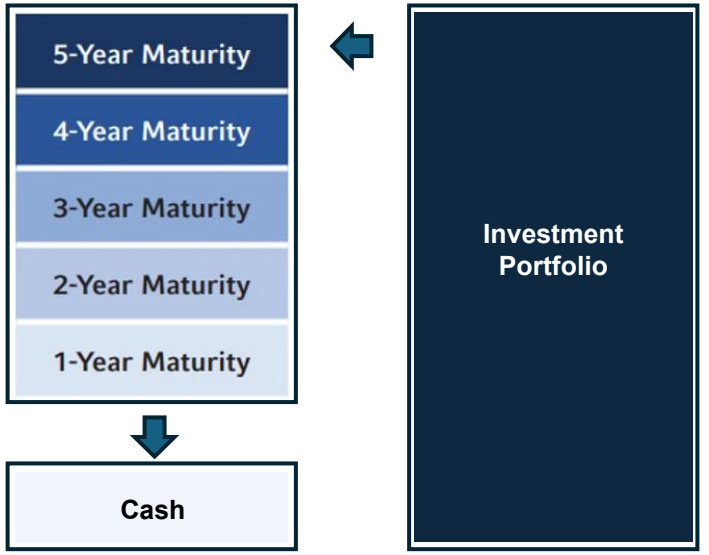
Step 4 – If a guardrail is hit, reset guardrails based on new portfolio balance.



Pros	Cons
• Typically allows for a higher starting withdrawal rate. • Reduces the risk of overspending (running out of money). • Reduces the risk of severe underspending .	• More complex to implement. • May result in occasional reductions in income available

Time Segmentation: Ladders/Buckets

- Allocate income to match future cash flow needs based on time horizon, creating predictable income.
  - Short-Term: 1-3 years of ‘cash’
  - Mid-Term: 3-7 years of laddered bonds
  - Long-Term: Remainder invested for growth & future needs
- Can be used as a temporary solution (short-term bridge) or ongoing solution.



Pros	Cons
• **Balanced Approach:** A mix of stability and growth. • **Peace of Mind:** Protection from short-term market volatility. • **Risk Mitigation:** Helps reduce sequence of return risk. • **Maintain Control:** No contract like with an annuity	• **Rebalancing Complexities:** Rebalancing can become more complex than it initially seems (rolling ladder). • **Market & Longevity Risk:** These risks still remain since bond purchases are funding with portfolio assets. • **Requires Active Monitoring:** Ongoing monitoring is needed to ensure sustainable withdrawals. • *Potential performance drag if not managed properly.*

Building Your Income Strategy to Fill Gaps (Case Study)

After reviewing their options, Bill & Jill decide on the following income plan (see following slides):

Age 65 (Retirement)	Age 70 (Claim Social Security)	Age 75 (Mortgage Payoff)
Monthly Expenses: $12,000	**Monthly Expenses: $12,000**	**Monthly Expenses: $10,000**
Needs: $6,000	Needs: $6,000	Needs: $6,000
Wants: $4,000	Wants: $4,000	Wants: $4,000
Debt: $2,000	Debt: $2,000	**Debt: $0**
Reliable Income: $1,000	**Reliable Income: $6,000**	**Reliable Income: $6,000**
Pension: $1,000	Pension (Bill): $1,000	Pension (Bill): $1,000
	Social Security: $5,000	Social Security: $5,000
Income Gap: $11,000	**Income Gap: $6,000**	**Income Gap: $4,000**

Building Your Income Strategy to Fill Gaps (Case Study)

1. Protected Income through an Annuity

To help avoid longevity risk, Bill & Jill prefer that the majority (80%) of their lifetime expenses be covered by reliable income sources, so they plan to purchase an annuity to provide an additional $2,000/month beginning at age 65 with a 100% joint and survivor clause.

- Initial Assets ($2,000,000) – Annuity Cost* ($400,000) = Remaining Assets ($1,600,000)

Age 65 (Retirement)	Age 70 (Claim Social Security)	Age 75 (Mortgage Payoff)
Monthly Expenses: $12,000	**Monthly Expenses: $12,000**	**Monthly Expenses: $10,000**
Needs: $6,000	Needs: $6,000	Needs: $6,000
Wants: $4,000	Wants: $4,000	Wants: $4,000
Debt: $2,000	Debt: $2,000	**Debt: $0**
Reliable Income: $3,000	**Reliable Income: $8,000**	**Reliable Income: $8,000**
Pension: $1,000	Pension (Bill): $1,000	Pension (Bill): $1,000
Annuity: $2,000	**Social Security: $5,000**	Social Security: $5,000
	Annuity: $2,000	Annuity: $2,000
Income Gap: $9,000	**Income Gap: $4,000**	**Income Gap: $2,000**

*The cost of the annuity shown in this example is for illustrative purposes only and is not tied to any specific product or provider. Actual costs and terms will vary depending on factors and product features.

Building Your Income Strategy to Fill Gaps (Case Study)

2. <u>Time Segmentation</u> (short-term bridge)

Bill & Jill have concerns that pulling $9,000/month from their portfolio early in retirement will expose them to sequence of return risk, so they plan to a purchase a bond ladder to provide $5,000/month ($60,000/year) for the first 5 years of retirement until their Social Security benefits begin.

- Initial Assets ($1,600,000) – Bond Purchases ($300,000) = Remaining Assets ($1,300,000)

Age 65 (Retirement)	Age 70 (Claim Social Security)	Age 75 (Mortgage Payoff)
Monthly Expenses: $12,000	**Monthly Expenses: $12,000**	**Monthly Expenses: $10,000**
Needs: $6,000	Needs: $6,000	Needs: $6,000
Wants: $4,000	Wants: $4,000	Wants: $4,000
Debt: $2,000	Debt: $2,000	**Debt: $0**
Reliable Income: $8,000	**Reliable Income: $8,000**	**Reliable Income: $8,000**
Pension: $1,000	Pension (Bill): $1,000	Pension (Bill): $1,000
Annuity: $2,000	**Social Security: $5,000**	Social Security: $5,000
Bond Ladder: $5,000	Annuity: $2,000	Annuity: $2,000
Income Gap: $4,000	**Income Gap: $4,000**	**Income Gap: $2,000**

Building Your Income Strategy to Fill Gaps (Case Study)

3. <u>Market-Based</u> (guardrails)

To covered their remaining expense requirements, Bill & Jill will withdraw from their investment portfolio using a guardrail strategy to help ensure they do not run the risk of outliving their savings. They are comfortable that their remaining assets will be enough to support their needs.

- Available Assets ($1,300,000): Initial 5% withdrawal rate allows for up to $5,400/month

Age 65 (Retirement)	Age 70 (Claim Social Security)	Age 75 (Mortgage Payoff)
Monthly Expenses: $12,000	**Monthly Expenses: $12,000**	**Monthly Expenses: $10,000**
Needs: $6,000	Needs: $6,000	Needs: $6,000
Wants: $4,000	Wants: $4,000	Wants: $4,000
Debt: $2,000	Debt: $2,000	**Debt: $0**
Reliable Income: $8,000	**Reliable Income: $8,000**	**Reliable Income: $8,000**
Pension: $1,000	Pension (Bill): $1,000	Pension (Bill): $1,000
Annuity: $2,000	**Social Security: $5,000**	Social Security: $5,000
Bond Ladder: $5,000	Annuity: $2,000	Annuity: $2,000
Income Gap: $4,000	**Income Gap: $4,000**	**Income Gap: $2,000**

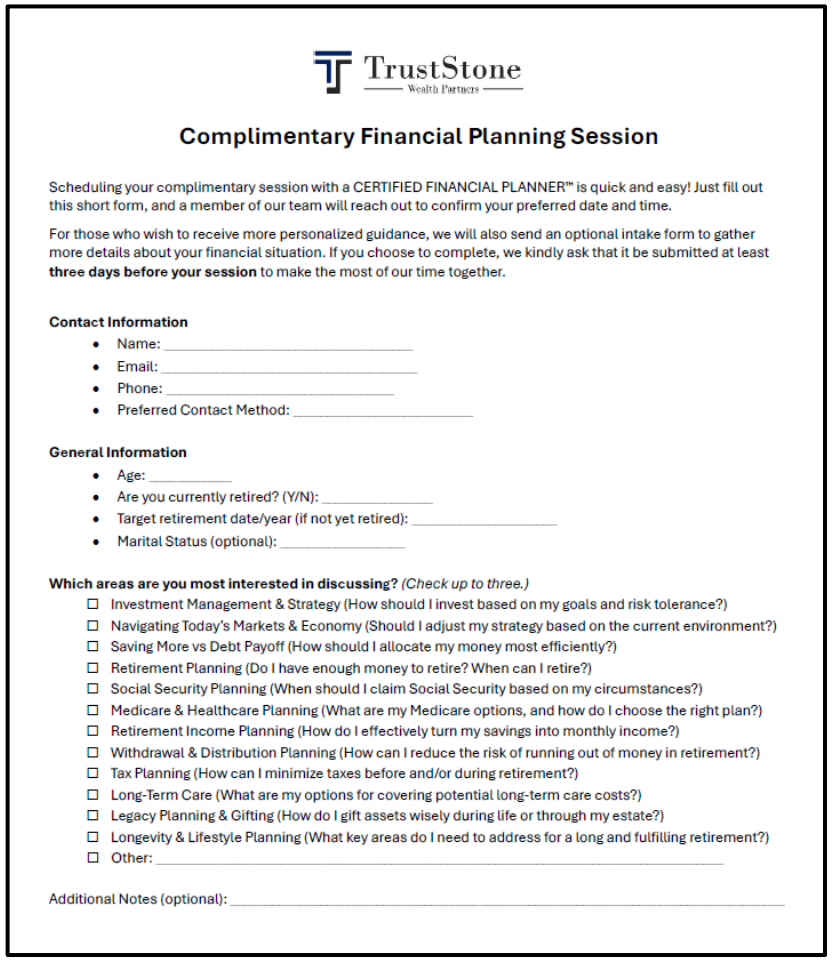
Closing Remarks

Summary Takeaways

- **Determine Your Retirement Framework**
  - Lifestyle (monthly expenses)
  - Liquidity (emergency savings and large one-off expenses)
  - Longevity (life expectancy and evolving needs as your age)
  - Legacy (if planning to leave assets to charity/others)
- **Income Planning**
  - Map out your retirement timeline (reliable income sources & expenses)
  - Identify any income gaps
  - Solve for the gaps through:
    - Annuities;
    - Portfolio Withdrawals; and/or
    - Time Segmentation strategies

Note: There is no universal 'one-size fits all' approach. Your retirement framework and income plan should be tailored to you based on your financial situation, goals/objectives, and risk tolerance.

Contact Info



TrustStone
Wealth Partners

Complimentary Financial Planning Session

Scheduling your complimentary session with a CERTIFIED FINANCIAL PLANNER™ is quick and easy! Just fill out this short form, and a member of our team will reach out to confirm your preferred date and time.

For those who wish to receive more personalized guidance, we will also send an optional intake form to gather more details about your financial situation. If you choose to complete, we kindly ask that it be submitted at least **three days before your session** to make the most of our time together.

Contact Information

- Name: _____
- Email: _____
- Phone: _____
- Preferred Contact Method: _____

General Information

- Age: _____
- Are you currently retired? (Y/N): _____
- Target retirement date/year (if not yet retired): _____
- Marital Status (optional): _____

Which areas are you most interested in discussing? *(Check up to three.)*

- ☐ Investment Management & Strategy (How should I invest based on my goals and risk tolerance?)
- ☐ Navigating Today's Markets & Economy (Should I adjust my strategy based on the current environment?)
- ☐ Saving More vs Debt Payoff (How should I allocate my money most efficiently?)
- ☐ Retirement Planning (Do I have enough money to retire? When can I retire?)
- ☐ Social Security Planning (When should I claim Social Security based on my circumstances?)
- ☐ Medicare & Healthcare Planning (What are my Medicare options, and how do I choose the right plan?)
- ☐ Retirement Income Planning (How do I effectively turn my savings into monthly income?)
- ☐ Withdrawal & Distribution Planning (How can I reduce the risk of running out of money in retirement?)
- ☐ Tax Planning (How can I minimize taxes before and/or during retirement?)
- ☐ Long-Term Care (What are my options for covering potential long-term care costs?)
- ☐ Legacy Planning & Gifting (How do I gift assets wisely during life or through my estate?)
- ☐ Longevity & Lifestyle Planning (What key areas do I need to address for a long and fulfilling retirement?)
- ☐ Other: _____

Additional Notes (optional): _____

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Wealth Partners

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Questions?

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