



EVERGREEN WEALTH MANAGEMENT, LLC
— WEALTH STRATEGIES REDEFINED —

PLANNING SERIES | ARTICLE 1 OF 3

Retirement Income Planning: Building the Foundation

From your planning team at Evergreen Wealth Management

"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."

— Robert Kiyosaki

There is a moment in nearly every client relationship when the conversation shifts, quietly but profoundly, from building wealth to using it. The question changes from 'How do I grow this?' to 'How do I live on this without running out?' That transition is one of the most consequential financial decisions a person makes, and it is far more complex than most people realize until they are standing at its edge.

This is the first in a three-part Planning Series on retirement income. Our goal is simple: to make sure that everything we do together on the planning side of your financial life is understood, not just executed. Planning is the engine that gives your portfolio its purpose, and an informed client is a better-served client. Our hope is that these articles prompt questions, surface things you may have forgotten to mention, and reinforce that comprehensive planning is the foundation of everything we build together.

In this first article we cover the foundational shift from accumulation to distribution, the four pillars of retirement income, and the strategies we use to translate your assets into a reliable paycheck. The next two articles will go deeper on tax strategy and the longer-term risks of inflation and longevity.

The Shift: From Accumulation to Distribution

For most of your working life, the financial planning playbook is relatively straightforward: earn, save, invest, repeat. Time is your greatest asset. Market downturns are buying opportunities. Contributions keep coming. The math of compounding works in your favor.

Retirement flips this equation. The portfolio that once had decades to recover from a bad year now has to write a check every month. Withdrawals begin. Contributions stop. A 30% market decline in year one of retirement carries consequences that the same decline in year twenty of saving simply does not.

This is not a reason to fear retirement; it is a reason to plan for it with the same rigor you applied to building wealth. The transition from accumulation to distribution requires a fundamentally different framework, and getting it right early matters enormously.

Why the First Years of Retirement Matter Most

Financial planners often talk about sequence-of-returns risk, and while the term sounds technical, the concept is straightforward. It simply means that the order in which your investment returns occur matters, not just the average return over time.

Imagine two retirees who both earn an average of 7% per year over a 20-year retirement. One experiences strong returns early and poor returns late. The other experiences the reverse: poor returns early, strong returns late. Despite identical average returns, the second retiree can run out of money years earlier. The reason is that withdrawals taken during a market decline permanently reduce the capital base available to participate in the eventual recovery.

This is why the first five to seven years of retirement are often the most financially consequential. A thoughtful income strategy, one that anticipates this risk and builds in protection, is not optional. It is the difference between a retirement that works and one that quietly erodes.

The Four Pillars of Retirement Income

Most retirees draw income from some combination of four sources. Understanding each, and how they interact, is the foundation of a well-designed retirement income plan.

1. Social Security

Social Security is the most underappreciated planning lever available to most retirees. The decision of when to claim, which can range from age 62 to 70, is one of the highest-impact financial decisions you will make, with lifetime benefit differences often exceeding \$150,000 to \$200,000 depending on health, longevity, and spousal considerations.

The general principle: every year you delay claiming beyond your full retirement age, your benefit grows by approximately 8%; a guaranteed, inflation-adjusted return that is difficult to replicate anywhere in a portfolio. For healthy individuals with average or above-average life expectancy, delaying to 70 is often the optimal strategy. For those with health concerns, earlier claiming may make more sense. For married couples, coordinating claiming strategies between spouses adds another layer of complexity and opportunity.

This is one of the areas where a detailed analysis of your specific numbers, your earnings history, your health assumptions, and your spouse's benefit, matters enormously. We do this work for you, and we encourage any clients who have not recently reviewed their Social Security strategy to raise it at your next meeting.

2. Portfolio Withdrawals

For most clients, the investment portfolio is the largest and most flexible source of retirement income. The challenge is not generating the income; it is doing so in a way that is sustainable over a 20, 25, or even 30-year retirement horizon, while preserving enough growth to outpace inflation.

A common starting point is the **4% rule**, a guideline suggesting that withdrawing 4% of your portfolio in year one, then adjusting for inflation annually, has historically provided a high probability of lasting 30 years. It is a useful benchmark, but not a complete answer. Your actual sustainable withdrawal rate depends on your asset allocation, your flexibility to adjust spending in down markets, your other income sources, and your time horizon. We analyze all of these factors as part of your specific plan.

3. Pension and Annuity Income

Traditional pensions are increasingly rare in the private sector, but many of our clients, particularly those with public sector careers, military service, or long tenures at larger corporations, have pension income as part of their

picture. If you have a pension, the key decisions often revolve around survivorship options: whether and how to protect your spouse's income if you pass first.

Annuities occupy a complicated space in retirement planning. Done well, they can serve a real purpose, particularly in providing a guaranteed income floor that removes longevity risk from a portion of your plan. Done poorly or oversold, they can be expensive, illiquid, and poorly matched to your needs. We evaluate annuity options on their merits and help you understand exactly what you are buying and at what cost before any recommendation is made.

4. Other Income Sources

Rental income, part-time work, business distributions, and inherited assets can all play meaningful roles in a retirement income plan. Each carries its own tax implications, risk profile, and planning considerations. The goal is to understand your full income picture, not just the investment portfolio in isolation.

Income Strategies: How We Translate Assets Into Income

There is no single correct approach to drawing income from a portfolio. The right strategy depends on your temperament, your flexibility, your other income sources, and the specific goals of your plan. Below is a summary of the most common approaches and when each tends to work best.

Strategy	Best For	How It Works	Key Consideration
Systematic Withdrawals	Growth-oriented investors	Sell a fixed % or dollar amount from the portfolio each year	Sequence-of-returns risk is the key variable to manage
Bucket Strategy	Those who want clarity by time horizon	Divide assets into short, mid, and long-term buckets with different risk levels	Requires discipline to refill buckets as markets move
Dividend & Income	Income-focused or conservative investors	Live off dividends, interest, and distributions without selling principal	Yield alone does not guarantee total return or inflation protection
Guardrails / Dynamic	Flexible spenders who can adjust	Set upper and lower spending limits; adjust withdrawals based on portfolio performance	Requires emotional flexibility when markets decline
Floor & Upside	Those with essential vs. discretionary expenses	Secure guaranteed income for essentials; invest the rest for growth and lifestyle spending	Requires planning around longevity; annuity-like instruments often used for the floor

In practice, most well-designed retirement income plans blend elements of several of these approaches. We typically anchor a plan around your fixed income needs: Social Security, pension, and required minimum distributions; then design the portfolio withdrawal strategy around what remains. The goal is always the same: reliable, sustainable income that maintains your purchasing power and supports your plan over your full retirement horizon.

How We Approach This With You

Retirement income planning is not a spreadsheet exercise we run once and file away. It is a living component of your financial plan that we revisit and refine each year, adjusting for changes in tax law, market conditions, your personal circumstances, and your goals.

In this first phase of the work, our focus is on building the right foundation:

- **Income gap analysis:** We map your projected income sources against your spending needs and identify the gap your portfolio must fill. This gap drives every portfolio structure decision we make together.
- **Social Security optimization:** We model the claiming decision in the context of your full income plan, including the impact of continued work, spousal benefits, survivor benefits, and the tax treatment of Social Security income.
- **Income strategy selection:** We work with you to select and blend the withdrawal strategies that best fit your temperament, flexibility, and income needs; whether that is a systematic approach, a bucket structure, an income-focused orientation, or some combination.
- **Full income picture:** We make sure pensions, rental income, part-time work, business distributions, and any other income sources are incorporated into the plan before we determine what the portfolio needs to do.

The deeper work on tax strategy, Roth conversions, withdrawal sequencing, inflation protection, and longevity planning builds on this foundation and will be covered in the next two articles.

Your Action Items for This Article

These are specific steps you can take before your next meeting, or items to raise with us if you are not sure where to start. You do not need to complete all of them; simply flag the ones that feel relevant to your situation.

<input type="checkbox"/> Build Your Income Map	Write down every anticipated income source in retirement: Social Security, pension, rental income, part-time work, portfolio withdrawals, and anything else. Bring this to your next meeting or let us know if you would like help pulling it together.
<input type="checkbox"/> Review Your Social Security Estimate	Log in to ssa.gov and review your current earnings record and estimated benefit at 62, full retirement age, and 70. If you have not done this recently, the numbers may surprise you.
<input type="checkbox"/> Identify Your Income Gap	Estimate what your monthly spending will look like in retirement. Subtract guaranteed income sources from that number. The difference is what your portfolio must cover and drives every allocation decision we make together.
<input type="checkbox"/> Know Your Account Types	Make a simple list of your retirement accounts and whether each is Traditional (pre-tax), Roth (after-tax), or taxable. If you are unsure, your most recent statements will show this. We will use this list to begin thinking about withdrawal sequencing.
<input type="checkbox"/> Flag Any Complexity	Is there a pension decision pending, a business you plan to sell, rental property, an inheritance, or any other financial complexity we may not have fully incorporated into your plan? Make a note and bring it up at your next review.

Questions Worth Reflecting On

Before your next meeting with us, consider the following questions. You do not need answers; just awareness of where the conversation might go next.

Q1 *Do you have a clear picture of what your monthly income will look like in retirement, from all sources combined?*

Q2 *Have you made a Social Security claiming decision, or is it still something you are figuring out later? When did you last review this with us?*

Q3 *If you had to estimate the gap between your guaranteed income and your expected spending in retirement, would you know where to start?*

Q4 *Is there income, assets, or financial complexity in your life that we have not fully incorporated into your plan: rental property, a business interest, an inheritance, or a pension decision pending?*

Q5 *Are there people in your life, adult children, aging parents, or a spouse with different financial instincts, whose needs or decisions could affect your retirement income picture?*

Coming in the Next Two Articles

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This is Part 1 of a three-part series on retirement income planning. In the articles ahead we will cover:

- Part 2: The Tax Dimension. How withdrawal sequencing across Traditional, Roth, and taxable accounts affects your lifetime tax bill; Roth conversion windows; and how Required Minimum Distributions can reshape your income picture after 73.
- Part 3: The Silent Risks and Our Approach. Inflation, longevity, and the specific planning tools we use to stress-test your plan, set spending guardrails, and keep your income sustainable for the full length of your retirement.

If any of those topics feel urgent for your situation right now, reach out and we will make time before the next article arrives.

Closing Thoughts

The most important thing retirement income planning does is give you a frame of reference: a clear sense of what you have, what you need, and what your portfolio must do to bridge the gap. Without that foundation, even a well-managed portfolio is working without direction.

If reading this article surfaced a question, a concern, or something you realized you have not shared with us; that is exactly the point. Reach out. That conversation is often the most valuable 20 minutes we can spend together.

With sincere gratitude,

Evergreen Wealth Management

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