20 YEARS IN BUSINESS
2006 - 2026
CastleRock
Investment Company

Replacing Your Paycheck in Retirement

A Guide to Retirement Income Planning

THE PAYCHECK PROBLEM

When Your Paycheck Stops

For most of your career, your employer handles the heavy lifting:

✓ Consistent bi-weekly deposits
✓ Taxes withheld automatically
✓ Benefits deducted seamlessly

In retirement, YOU become your own payroll department. You must generate reliable income from multiple sources — and make it last 20–30+ years.

Key Facts

$1.27M	Avg. needed to retire comfortably (Fidelity 2024)
50%	Workers with <$50K saved at retirement age
20+ yrs	Average retirement duration for a 65-year-old
70-90%	Target: pre-retirement income replacement rate

Today's Roadmap: Social Security → Annuities → Systematic Withdrawals → Building YOUR Plan

SOCIAL SECURITY: THE FOUNDATION

How Benefits Are Calculated

- Based on your 35 highest-earning years (indexed)
- AIME (Avg. Indexed Monthly Earnings) → PIA formula
- 2024: Max benefit at FRA = $3,822/mo
- FRA: 67 for those born 1960 or later
- Earn 40 credits (10 yrs of work) to qualify

Claiming Strategy Matters

- Age 62: Earliest — but up to 30% reduction
- FRA (67): Full benefit — no reduction
- Age 70: Maximum — 8%/year bonus (delayed credits)
- Break-even age ~78–82 for delayed claiming
- Taxes: Up to 85% taxable if income > $34K single

Boosting Your Benefit

- Work longer to replace low-earning years
- Coordinate with spouse for maximum household income
- Review your SSA statement for errors annually
- Consider earnings impact if claiming before FRA
- Use SSA.gov 'my Social Security' to model scenarios

💡 *Tip: If you have irregular income years or periods of lower pay, Social Security's AIME calculation could undercount your peak earning years. Review your SSA record.*

SOCIAL SECURITY: SURVIVOR & SPOUSAL BENEFITS

SPOUSAL BENEFITS

Up to 50% of spouse's PIA
If your own benefit is lower than half your spouse's full benefit

No work record required
A non-working spouse can still receive benefits based on spouse's record

Must be 62+ to claim
Or any age if caring for child under 16 or disabled child

Divorced spouses qualify
If married 10+ years, divorced 2+ years, and currently unmarried

Does NOT affect spouse
Your spousal claim does not reduce your spouse's own benefit

SURVIVOR BENEFITS

Up to 100% of deceased's benefit
Widow(er) can receive the full amount the deceased was receiving

Claim as early as age 60
Or 50 if disabled; any age if caring for qualifying child

Switch strategy
Take survivor benefit early, switch to own at 70 (or vice versa)

Remarriage rules
Remarrying after 60 (50 if disabled) does NOT end eligibility

Children & parents
Minor children and dependent parents may also qualify

INCOME ANNUITIES: GUARANTEED LIFETIME INCOME

An income annuity is a contract with an insurance company: you exchange a lump sum for guaranteed income payments — for life or a set period. Think of it as purchasing your own private pension.

SPIA

Single Premium Immediate Annuity

Payments begin within 1 month. Best for retirees who need income NOW. Simple and transparent.

✓ Immediate income, no complexity

✗ No liquidity after purchase

DIA

Deferred Income Annuity

You pay now, income begins at a future date (e.g., age 80). Lower cost per dollar of income.

✓ Higher payout rate, longevity hedge

✗ Long deferral — money locked up

QLAC

Qualifying Longevity Annuity Contract

A DIA funded with IRA/401k money. Prior to annuitization, the value of the QLAC is excluded from RMD calculations.

✓ Reduces RMD burden, longevity protection

✗ Strict IRS limits ($210K indexed for inflation)

★ SPECIAL IRS RULES

VA/FIA

Variable / Fixed Indexed Annuity

Annuity with growth potential tied to markets, plus optional income riders for lifetime income.

✓ Upside potential with income floor

✗ Complex, fees can be high (1–3%+)

RMD- Age 73 for tax years 2023 and later.

If you reach age 72 after December 31, 2022, you must begin receiving required minimum distributions by April 1 of the year following the year you reach the age 73.

QUALIFYING LONGEVITY ANNUITY CONTRACTS (QLACs)

What Makes QLACs Unique?

1. **Funded with pre-tax IRA/401(k) money**
   Use existing tax-deferred retirement funds — no new out-of-pocket dollars required.

2. **Defers Required Minimum Distributions**
   Amounts in a QLAC are excluded from your RMD calculation until payments begin (max age 85). This can significantly reduce early RMDs.

3. **2026 lifetime contribution limit: $210,000**
   As of 2026, the lifetime maximum contribution limit for a QLAC is $210,000 indexed for inflation. Limit applies across ALL QLACs combined.

4. **Must begin by age 85**
   Payments can start as early as 72 but must begin no later than age 85 by IRS rule.

5. **Return-of-premium rider available**
   If you die before collecting your premium, heirs receive a refund (slightly reduces payout).

QLAC Example

Person:	Jane, age 62, retiring at 65
IRA Balance:	$600,000
QLAC Premium:	$150,000
Income Start:	Age 80
Monthly Income:	~$2,200–$2,700/mo (for life)
RMD Impact:	Excludes $150K from RMD calc at 73, saving ~$5,460/yr in early RMDs (est.)

⚠ Payout estimates vary by insurer, gender, and interest rates. Always compare multiple quotes.

SYSTEMATIC WITHDRAWAL PLANS (SWPs)

A Systematic Withdrawal Plan draws income from a portfolio over time — flexible, but requires discipline and market awareness.

The 4% Rule

(Bengen / Trinity Study)

- Withdraw 4% of portfolio in Year 1
- Adjust for inflation each subsequent year
- Based on 50/50 stock-bond portfolio
- Historical success: ~96% over 30 years
- 2024 revisit: some researchers suggest 3.3–3.5% is safer for 40-yr retirements

Dynamic Withdrawal

(Guardrails / Ratchet)

- Adjust spending based on portfolio performance
- Guyton-Klinger: reduce spending if portfolio drops
- Ratchet: never cut spending when portfolio rises
- More sustainable in volatile markets
- Requires active monitoring and flexibility

Bucket Strategy

(Time Segmentation)

- Bucket 1 (0–2 yrs): Cash/money market for expenses
- Bucket 2 (2–10 yrs): Bonds/stable income
- Bucket 3 (10+ yrs): Stocks for growth
- Refill Bucket 1 from gains annually
- Psychological comfort during downturns

KEY RISK: Sequence of Returns Risk — a market crash in early retirement years can permanently impair a portfolio. Pairing annuities with SWPs mitigates this risk.

ANNUITY MARKETPLACES: INCOME SOLUTIONS & BLUEPRINT INCOME

These platforms help you shop and compare annuity quotes from multiple insurers — reducing cost and improving transparency.

Income Solutions

Institutional Platform
Partners with Vanguard, Fidelity, Schwab, and major 401(k) plans. Often accessible directly through your employer plan.

Competitive Quotes
Compares SPIAs, DIAs, and QLACs from 15+ A-rated insurers in real time.

Fiduciary Standard
Platform designed to present unbiased comparisons — no commission inflation.

IRA & 401(k) Friendly
Facilitates direct rollover from existing accounts — smooth, tax-efficient transfers.

Educational Tools
Scenario modeling: compare income amounts across start dates and inflation options.

Blueprint Income

blueprintincome.com

Retail-Friendly Interface
Consumer-focused platform built for individuals — easy to use without a financial advisor.

Personalized Income Plans
Input your age, savings, and income needs — get a customized annuity ladder recommendation.

Quote Comparison Engine
Live quotes from top insurers including MassMutual, Pacific Life, New York Life, and others.

Annuity Ladder Strategy
Blueprint specializes in helping clients build phased annuity purchases over time.

Low Minimum
Some products available starting at $10,000 — accessible for a range of savings levels.

Both platforms allow you to compare multiple insurers — never buy from just one quote. Even a 0.2% higher payout rate on $200K = $400+ more per year in income.

EXAMPLE 1: MARIA — PARALEGAL, AGE 62

Her Profile

Salary	$68,000/yr
Retirement Age	67 (FRA)
IRA Balance	$280,000
401(k) Balance	$120,000
SS Benefit (FRA)	$2,050/mo
Monthly Need	$4,200/mo
Gap to Fill	$2,150/mo

Maria's Income Plan

#	Source	Strategy	Monthly $
1	**Social Security at 67**	Claim at FRA for $2,050/mo. Avoids early claiming penalty.	$2,050
2	**SPIA (IRA Rollover)**	Purchase $100K SPIA via Income Solutions. Immediate income for life.	$580
3	**QLAC ($70K)**	Fund QLAC from IRA. Income begins at 82, protects against longevity risk.	$620 (at 82)
4	**SWP from 401(k)**	4% initial withdrawal from $120K 401(k) invested 60/40.	$475
5	**Part-time/Bridge**	Work part-time 67–70 to allow SS to grow if desired in plan B.	Flexible
	Total at Retirement (ages 67-82):		**~$3,105/mo**

Gap of ~$1,095/mo covered by part-time work or delayed SS claiming to 70 (increases SS to ~$2,550/mo)

EXAMPLE 2: DAVID & LINDA — ATTORNEY & SPOUSE, AGES 60 & 58

Profile & Plan

David SS at 70:	**$3,800/mo (delayed)**
Linda Spousal:	**$1,900/mo at her 67**
IRA/401(k) Total:	**$820,000**
Taxable Portfolio:	**$210,000**
Target Income:	**$9,500/mo net**
QLAC Purchase:	**$200K from IRA**
QLAC Income:	**$4,100/mo at David's 85**
SPIA:	**$150K → ~$900/mo**
SWP (4% of $670K):	**$2,233/mo initial**

Income by Phase

Phase 1: Ages 60-70

Both still working part-time, David delays SS

Bridge: Taxable acct + Linda's SS (if claimed) + part-time

~$6,000-$7,500/mo

Phase 2: Ages 70-85

David's SS + Linda's spousal + SPIA + SWP

$3,800 + $1,900 + $900 + $2,233 = $8,833

~$8,800/mo

Phase 3: Ages 85+

QLAC kicks in, SWP scales down

$3,800 + $1,900 + $900 + $4,100 = $10,700

~$10,700/mo

Survivor protection: Linda's spousal flips to survivor benefit (100% of David's $3,800) if David predeceases her. QLAC includes return-of-premium rider for heirs.

STRESS TESTING YOUR RETIREMENT PLAN

A good retirement plan survives bad scenarios. Test yours against these five stress tests:

📉 Market Crash at Retirement

Scenario: 30–40% drop in year 1 of retirement | Impact: Can permanently impair an all-SWP plan

✓ Floor income (SS + annuities) covers essentials. Don't sell equities in a down year. Use Bucket Strategy cash reserves.

💔 Spouse Predeceases

Scenario: Loss of one SS income stream | Impact: Household income drops significantly

✓ Survivor benefit replaces lower SS with deceased's higher benefit. Joint-life annuity payout option. Review all income sources.

📈 Inflation Surge

Scenario: Sustained 5–7% inflation for 5+ years | Impact: Fixed annuity income loses purchasing power

✓ SS is inflation-adjusted (COLA). Choose CPI-linked annuity options. Maintain equity exposure for real growth.

⚖️ Sequence of Returns (SOR)

Scenario: Below-average returns first 5–10 years | Impact: Withdrawals lock in losses at worst time

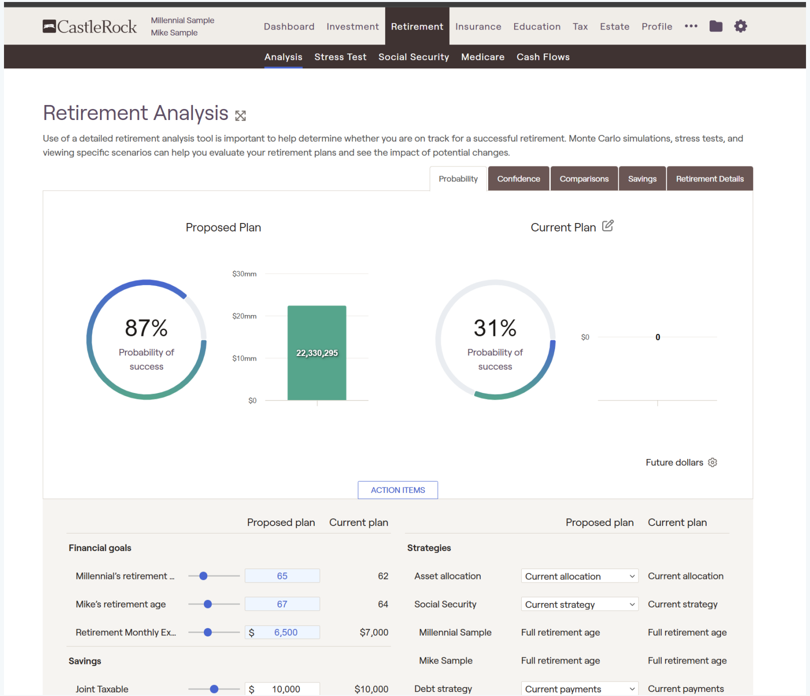
✓ Guardrail rules: reduce withdrawals 10% if portfolio drops 20%+. Buy-in: annuities de-risk sequence exposure by guaranteeing floor.

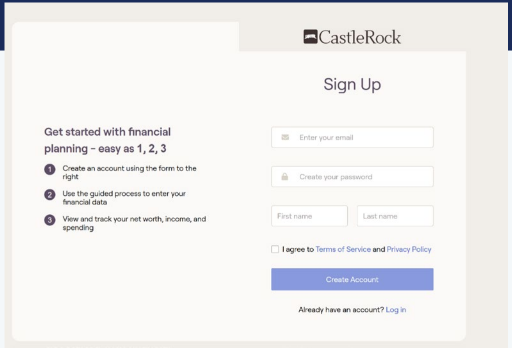
🏥 Long-Term Care Need

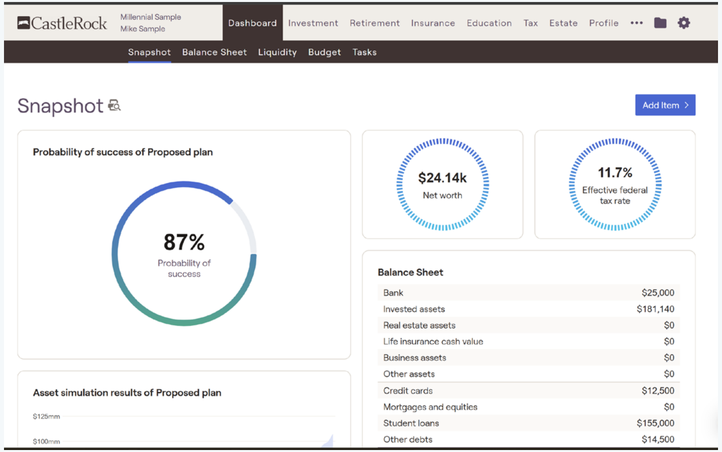
Scenario: 3–5 years of LTC at $6,000–$12,000/mo | Impact: Can deplete savings rapidly

✓ LTC insurance, hybrid life/LTC policy, or self-insure with a dedicated portfolio bucket. QLAC income helps at advanced age.

RightCapital Financial Planning Software







[RightCapital Recorded Webinar: Retirement Spending Strategies]

https://app.rightcapital.com/account/sign-up?referral=fU4Vd_iic6yKOQSIpglxqA&type=client

BUILDING YOUR PLAN: ACTION STEPS

01 Calculate Your Number

Estimate monthly expenses in retirement. Include housing, healthcare, travel, and fun. Multiply by 12 for your annual target. Your plan must generate this reliably.

02 Run Your SS Scenarios

Go to SSA.gov and create your 'my Social Security' account. Model claiming at 62, 67, and 70. Compare lifetime total benefits. Don't forget spousal and survivor options.

03 Get Annuity Quotes

Visit Income Solutions and Blueprint Income. Enter your age, lump sum, and desired start date. Compare SPIA, DIA, and QLAC options. Get at least 3 quotes before deciding.

04 Design Your Income Floor

Add SS + any pension + annuity income. This is your guaranteed floor — it covers essential expenses regardless of market conditions.

05 Set Up Your SWP

The gap between your floor and target income comes from your portfolio. Choose a withdrawal strategy (4%, guardrails, or buckets) and invest appropriately (60/40 or similar).

06 Stress Test & Adjust

Run the 5 stress tests. Does your plan survive? If not, adjust: delay SS, buy more annuity income, reduce spending, or plan a phased retirement.

The goal is a LAYERED income system: guaranteed floor + flexible growth + longevity protection.

KEY RESOURCES

- **SSA.gov**
  my Social Security account — model claiming scenarios
- **RightCapital**
  Utilize the Retirement Analysis tab to understand the probability of success of your plan and stress test your spending strategies..
- **IncomeSolutions.com**
  Income Solutions® is the only low-cost, automated delivery system for lifetime income quotes using a multi-issuer platform.
- **Blueprint Income**
  blueprintincome.com — retail annuity shopping
- **FINRA BrokerCheck**
  finra.org — verify annuity salespeople and insurers

Remember:

- No single product replaces a paycheck — it takes a system.
- Social Security is your most inflation-protected income source. Optimize it first.
- Annuities eliminate longevity risk — but shop widely and compare.
- QLACs are a powerful, underused tool for IRA holders facing RMDs.
- Stress test before you retire, not during.
- Start planning at least 5 years before your target retirement date.

This presentation is for educational purposes only and does not constitute financial or legal advice.