

MORNINGSTAR Income Worksheet for Retirees

Figuring how to make your retirement nest egg last your lifetime is a challenge. Follow the steps below to determine how much you can spend in retirement. And be sure to read two accompanying articles, “How Much Can You Spend in Retirement” and “More Retirement-Spending Tactics,” written by Morningstar.com’s resident financial planner.

Part 1 Determine Your Withdrawal Rate

1 Circle which asset mix comes closest to your current allocation.

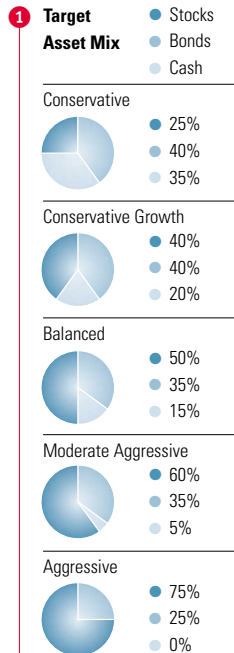
2 Circle how long you plan to tap this portfolio in retirement.

3 Circle how confident you are in your portfolio’s ability to last.

4 Find where your asset mix, number of years in retirement, and confidence level intersect. This is your withdrawal rate.

Assumptions:

- Expected real compound rates of return are: large-cap stocks 5.5%, mid/small-cap stocks 6.5%, international stocks 6.0%, bonds 3.0%, cash 1.5%
- Withdrawals increase annually by rate of inflation
- \$0 in portfolio at death



3 Level of Confidence

95%
85%
50%
95%
85%
50%
95%
85%
50%
95%
85%
50%

2 Years Expected in Retirement/Withdrawal Rate

	10 Years	20 Years	30 Years	40 Years
95%	9.7%	5.3%	3.9%	3.3%
85%	10.5%	5.9%	4.4%	3.8%
50%	11.8%	6.9%	5.3%	4.5%
95%	9.4%	5.3%	4.0%	3.3%
85%	10.4%	6.1%	4.6%	4.0%
50%	12.2%	7.3%	5.8%	5.0%
95%	9.2%	5.2%	4.0%	3.3%
85%	10.3%	6.1%	4.7%	4.0%
50%	12.4%	7.6%	6.0%	5.3%
95%	9.0%	5.2%	4.0%	3.3%
85%	10.3%	6.2%	4.8%	4.1%
50%	12.7%	7.9%	6.3%	5.6%
95%	8.7%	5.0%	3.9%	3.3%
85%	10.2%	6.1%	4.9%	4.3%
50%	12.9%	8.1%	6.6%	5.8%

Part 2 Calculate How Much You’ll Spend in the First Year of Retirement

5 What are your investable assets?

Taxable Account Balances:

○ Brokerage accounts \$ _____

○ Mutual funds \$ _____

○ Stocks \$ _____

○ Bonds \$ _____

○ Other \$ _____

Tax-Deferred Account Balances:

○ IRAs \$ _____

○ 401(k)s \$ _____

○ 403(b)s \$ _____

○ 457s \$ _____

○ Other \$ _____

Total Investable Assets \$ _____

7 Which fixed sources of income will you have in retirement?

Social Security (Annual):

○ Me \$ _____

○ My Spouse \$ _____

Pension (Annual):

○ Me \$ _____

○ My Spouse \$ _____

Other Fixed Income (Annual):

○ Me \$ _____

○ My Spouse \$ _____

Total Fixed Sources of Income (Annual) \$ _____

6 How much will you withdraw from your investable assets during your first year in retirement?

Total Investable Assets \$ _____

Withdrawal Rate Factor (from Part 1) ⊗ % _____

Withdrawal Amount for First Year \$ _____

8 What is your total income in your first year in retirement?

Total Fixed Sources of Income (Annual) \$ _____

Withdrawal Amount for First Year ⊕ \$ _____

Total Income (pretax) \$ _____

9 What is your total after-tax income in your first year in retirement?

Total Income (pretax) \$ _____

Taxes ⊖ \$ _____

Total Income for First Year (aftertax) \$ _____