

RETIREMENT INCOME

A guide to managing your retirement income strategy

You've spent years saving and investing for retirement. As that time draws near, this guide can help you create a solid plan to turn your assets into a source of steady income throughout your retirement years.

Determine your definition of success

As a first step, it can be helpful to think about what you want from your retirement income plan. There is no universal definition of success; it all depends on your specific wishes and expectations for your retirement assets. Some common retirement income objectives include:

- **Define a threshold** — You want your retirement portfolio value to remain above a certain amount
- **Preserve principal** — You want to spend only the income generated by the assets in your retirement portfolio, never reducing the principal value
- **Leave a legacy** — You want to pass significant assets to your heirs and charitable organizations

What will retirement income success look like for you?

Manage retirement income risk

You know that diversifying an investment portfolio across asset classes can help reduce risk. When it comes to your retirement plan, diversification takes on additional dimensions. It entails accounting for a range of different trade-offs, such as guaranteed and non-guaranteed income sources, liquid vs. illiquid investments, yield vs. total return, tax-advantaged and not tax-advantaged vehicles as well as types of accounts. The best combination of each will depend on your vision of success as well as your tolerance for various kinds of risk. That means the right way to diversify a retirement income portfolio will differ for each person.

Account for all sources of income

Most investors will have multiple sources of income. These generally fall into two categories: guaranteed and non-guaranteed. Each of these sources has different risk characteristics. For example, although Social Security is a guaranteed source of income with no market risk, no inflation risk, and no longevity risk, it does entail legacy risk in the event you were to die prematurely.

Guaranteed income



- Social Security
- Pension
- Annuity
- Maintenance/alimony

Non-guaranteed income



- Investment portfolio
- Qualified retirement plan
- Part-time or new employment
- Rental property income
- Inheritance

Guaranteed income

Social Security: the base of a retirement income portfolio

For most investors, Social Security represents a core source of guaranteed income in retirement. Understanding how and when to start taking your Social Security benefits can help you maximize this income over your retirement years.

Make an informed collection decision

Your decision about when to begin collecting Social Security benefits will impact how much you — and possibly your dependents — ultimately receive. It’s advisable to consult with your financial professional to consider the multiple factors that can play a role:

- Estimate longevity expectations
- Identify all eligible benefits
- Review tradeoffs for collecting early vs. waiting
- Coordinate your Social Security decision with the rest of your plan

Your full retirement age (FRA) is a variable based upon your birth year

Birth year		
1960+	1955–1959 ¹	1960+
67	66+	67

Full retirement age

Social Security benefits you may be eligible for

	Individual	Spousal	Survivor	Dependent
Formula	Primary Insurance Amount (PIA) ²	50% of spouse’s PIA	Based on deceased partner’s benefit	% of parents’ PIA
Eligibility	Min. 40 quarters of significant earnings ³	<ul style="list-style-type: none"> • Married 1+ year AND spouse collecting OR • Married before >10 years AND ex is >62 and currently unmarried 	<ul style="list-style-type: none"> • Married 9+ months⁵ OR • Married 10+ years to ex (now deceased) and unmarried prior to 60 	<ul style="list-style-type: none"> • Minor dependent children OR • Child disabled before 22
Initial collection age	62–70 ⁴	62+ ⁴	60+ ⁴	N/A
Important considerations	Review your work history at ssa.gov for accuracy	If eligible for individual and spousal benefits, you must collect both	Joint life expectancy is a key factor for the higher earner’s collection decision	Keep in mind the family maximum, 150%–188% of PIA

For more information about your full retirement age, primary insurance amount and other factors that apply to your situation, visit ssa.gov

¹ For every birth year after 1954, add two months to age 66 to get full retirement age

² Primary insurance amount is determined by earnings history

³ \$1,810 per quarter in 2025.

⁴ Earlier if disabled

⁵ No length of marriage requirement if death was due to an accident or military service

Non-guaranteed income

Beyond the base: Get the most from your investment portfolio

Just as Social Security is the core of your guaranteed sources of retirement income, your investment portfolio may be your most important non-guaranteed source of income.

Diversifying your portfolio among asset classes that perform differently in different market and economic environments (see Figure 1, below) may help reduce portfolio volatility and potentially provide a more consistent income stream. Consider including a mix of both traditional and alternative asset classes, as well as public and private markets.

Figure 1. Performance of different asset classes for the 10-year period 2015–2024

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Private RE 15.0%	HY bonds 17.1%	Non-U.S. stocks 27.2%	U.S. PE buyout 10.5%	U.S. LC equity 31.5%	U.S. PE buyout 22.2%	U.S. PE buyout 40.2%	Private RE 7.5%	U.S. LC equity 26.3%	U.S. LC equity 25.0%
U.S. PE buyout 10.8%	U.S. PE buyout 13.6%	U.S. LC equity 21.8%	Private RE 8.4%	Non-U.S. stocks 21.5%	U.S. LC equity 18.4%	U.S. LC equity 28.7%	Private credit 6.3%	Non-U.S. stocks 15.6%	Diversified portfolio 12.7%
Private credit 5.5%	U.S. LC equity 12.0%	U.S. PE buyout 18.9%	Private credit 8.1%	Diversified portfolio 19.5%	Diversified portfolio 12.3%	Private RE 22.2%	Cash 1.5%	Diversified portfolio 15.3%	Private credit 11.3%
Munis 3.3%	Private credit 11.2%	Diversified portfolio 15.3%	Cash 1.8%	U.S. PE buyout 18.1%	Non-U.S. stocks 10.7%	Diversified portfolio 17.5%	U.S. PE buyout -1.4%	HY bonds 13.5%	U.S. PE buyout 8.8%
Diversified portfolio 2.3%	Private RE 8.8%	Private credit 8.6%	Munis 1.3%	HY bonds 14.3%	Core bonds 7.5%	Private credit 12.8%	Munis -8.5%	Private credit 12.1%	HY bonds 8.2%
U.S. LC equity 1.4%	Diversified portfolio 8.5%	Private RE 7.6%	Core bonds 0.0%	Private credit 9.0%	HY bonds 7.1%	Non-U.S. stocks 7.8%	Diversified portfolio -11.0%	U.S. PE buyout 10.6%	Non-U.S. stocks 5.5%
Core bonds 0.6%	Non-U.S. stocks 4.5%	HY bonds 7.5%	Diversified portfolio -1.2%	Core bonds 8.7%	Private credit 5.5%	HY bonds 5.3%	HY bonds -11.2%	Munis 6.4%	Cash 5.3%
Cash 0.0%	Core bonds 2.7%	Munis 5.4%	HY bonds -2.1%	Munis 7.5%	Munis 5.2%	Munis 1.5%	Core bonds -13.0%	Core bonds 5.5%	Core bonds 1.3%
HY bonds -4.5%	Cash 0.3%	Core bonds 3.5%	U.S. LC equity -4.4%	Private RE 5.3%	Private RE 1.2%	Cash 0.0%	Non-U.S. stocks -16.0%	Cash 5.1%	Munis 1.1%
Non-U.S. stocks -5.7%	Munis 0.2%	Cash 0.8%	Non-U.S. stocks -14.2%	Cash 2.2%	Cash 0.5%	Core bonds -1.5%	U.S. LC equity -18.1%	Private RE -12.1%	Private RE -1.4%

Data source: Bloomberg, L.P., as of 31 Dec 2024. Performance data shown represents past performance and does not predict or guarantee future results. Representative indexes: U.S. PE buyout: Cambridge U.S. Buyout Index; U.S. LC equity: S&P 500 Index; Non U.S. stocks: MSCI ACWI Index; Private credit: Cliffwater Direct Lending Index; Private RE: NCREIF ODCE Index; Cash: Bloomberg U.S. Treasury Bill 1-3 Months Index; Core bonds: Bloomberg U.S. Aggregate Index; High yield bonds: Bloomberg U.S. Corporate High Yield Index; Municipal bonds: Bloomberg Municipal Bond Index; Diversified portfolio: 40% U.S. LC equity, 7% U.S. PE buyout, 10% Non U.S. stocks, 8% Private credit, 5% Private RE, 2% Cash, 10% Core bonds, 4% High yield bonds, 14% Municipals. Diversification does not assure a profit or protect against loss.

A key factor in portfolio construction decisions is the proportion of yield-generating assets compared to those intended to contribute to total return. The best way to structure your portfolio will depend primarily on the goals you set for your retirement income. For example, if you set a goal of preserving principal, you may want a higher allocation to yield-generating assets, such as municipal bonds, preferred stocks and high-yield bonds. The amount of yield generated by these investments will depend on the level of interest rates. Currently, many of these types of investments are generating historically attractive yields, as shown in figure 2 on page 4.

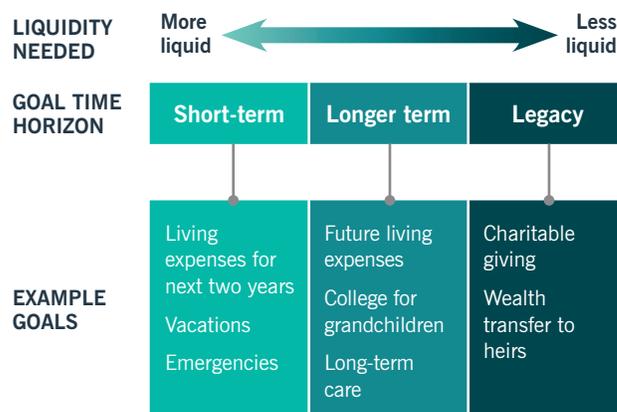
In contrast, if legacy is your goal, you may wish to allocate more to investments that have the potential to generate long-term total return, such as U.S. and foreign stocks, private equity and private credit. Speak to your financial professional about the balance that’s right for your specific needs.

Balanced liquidity can help address cash needs and achieve longer-term goals

Liquidity broadly refers to the ability to easily turn assets into cash. Some investments, such as publicly traded securities and bank account balances, are highly liquid. Others are less liquid due to various characteristics. For example, private market investments are often thinly traded in smaller markets that are less accessible to individual investors. Some investment vehicles, such as CDs or private funds, may offer only periodic access to the underlying invested assets. Businesses and rental properties may take time to sell. And finally, assets held in trust may not be accessible because the underlying assets may no longer be in your name.

Achieving your goals requires the right balance of illiquid and liquid assets. While your risk tolerance will influence this decision, your time horizon is also an important consideration. Some investors overestimate their liquidity needs, which may also limit their ability to generate the income they need over the longer term.

Align liquidity with goal time horizon



Consider the tax treatment of your investments

How much you can spend in retirement is limited to what remains after you pay income taxes. That's why it's important to carefully consider the tax treatment of your retirement income sources.

Social Security offers a tax advantage in that a maximum of 85% of Social Security income is subject to federal taxes and most states don't tax the income at all.

The different assets you use to generate income will have different tax treatment. For example, although corporate bonds generate interest that's generally taxed at ordinary income rates, municipal bonds are generally exempt from federal taxes and may also be exempt from state tax, depending on the state of residency of the investor and the state of origin of the bond. Private market REITs often generate income yield that is treated as return on capital and not considered taxable income in the current year. Figure 2 illustrates the net yield of various investments after accounting for income taxes.

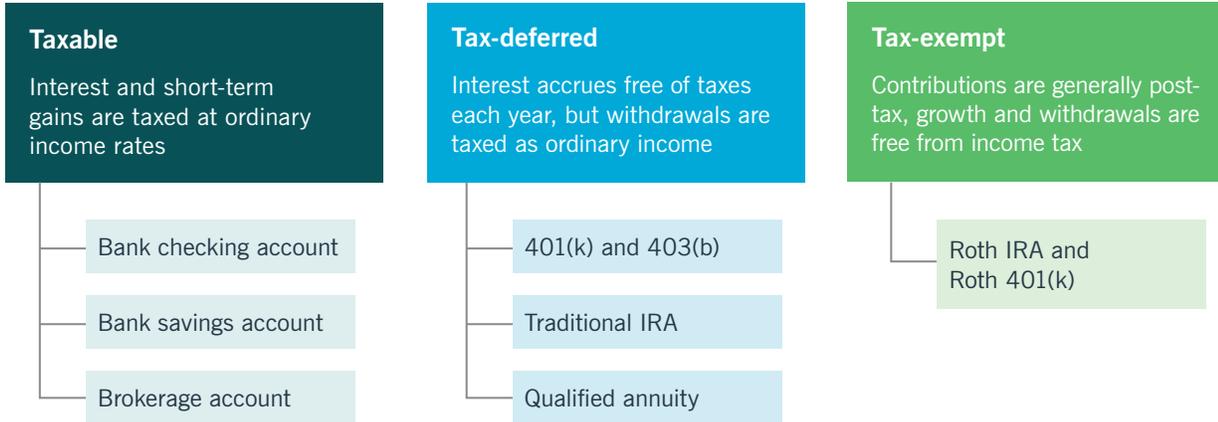
Figure 2: Taxable-equivalent yields for select asset classes



Data source: Bloomberg, L.P., as of 17 July 2025. Performance data shown represents past performance and does not predict or guarantee future results. Representative yields and indexes: **3-month T-bill** reflects the Bloomberg 0-3M T-Bill Index; **U.S. Treasuries**: Bloomberg U.S. Treasury Index; **Broad bond market**: Bloomberg U.S. Aggregate Index; **Mortgage-backed securities**: Bloomberg U.S. Mortgage-Backed Securities Index; **Investment grade corporates**: Bloomberg U.S. Corporate Investment Grade Index; **Investment grade municipals**: Bloomberg Municipal Bond Index; **Asset-backed securities**: ICE BofA Fixed Rate ABS AA-BBB Index; **Emerging markets debt**: Bloomberg Emerging Market USD Aggregate Index; **Commercial mortgage-backed securities**: ICE BofA Fixed Rate CMBS AA-BBB Index; **Preferred securities**: ICE BofA U.S. All Capital Securities Index; **High yield corporates**: Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index; **Senior loans**: Credit Suisse Leveraged Loan Index; **High yield municipals**: Bloomberg High Yield Muni Bond Index. **Taxable-equivalent yield (TEY)** is the yield a taxable investment needs to possess (before taxes) for its yield to be equal to that of a tax-free municipal investment. The yields shown are based on the highest individual marginal federal tax rate of 37%, plus the 3.8% Medicare tax on investment income. Individual tax rates may vary. They do not take into account the effects of the federal alternative minimum tax (AMT) or capital gains taxes. **You cannot invest directly in an index. Index returns do not reflect a deduction for fees and expenses.**

Asset location matters

Beyond the tax treatment of individual investments, decisions about where you keep your income-generating investments — between taxable, tax-deferred and tax-exempt accounts — also play an important role in helping you maximize after-tax wealth.



Although tax-deferred and tax-exempt accounts offer a way to minimize the toll that taxes take on some investments, there's little advantage to holding tax-advantaged assets, such as municipal bonds, in a tax-advantaged account.

Considering the tax treatment of both individual assets and accounts in combination is key to maximizing after-tax income. Below are some general guidelines for apportioning assets among taxable and tax-advantaged accounts. You should consult with your financial professional for guidance on your specific holdings.

Taxable account	Tax-advantaged account
Passively managed mutual funds	Actively managed mutual funds
Growth-oriented stocks	Dividend-producing stocks
Private market REITs	ETFs
Tax-exempt income <ul style="list-style-type: none"> • Municipal bonds • Municipal separately managed accounts 	Taxable income <ul style="list-style-type: none"> • Corporate/government bonds • Publicly traded REITs

Plan for your retirement lifestyle

It can be fun and helpful to start to envision what you will do retirement.

Ask yourself a few key questions:

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- 1 How will you spend your time?

 - 2 Where will you live?

 - 3 What will your family look like?

 - 4 What is most important to achieve or avoid?

Discuss your thoughts with your spouse, partner or other family members to make sure you both all have a clear understanding your shared priorities and concerns, as well as how those may differ.

Estimate your income needs

With a clearer vision of your day-to-day life in retirement, you can estimate how much that lifestyle will cost and gauge whether you'll have enough income to fund it.

The budgeting worksheet on the next page can help you get started and your financial professional can help you create a detailed budget that aligns with your overall plan. Given ever-changing markets, it's important that this budgeting step isn't one and done – you should discuss your spending, and especially any changes, with your financial professional on a regular basis to ensure you stay on track.

Achieving your retirement income goals often hinges on adhering to a prudent spending plan.

If your monthly expenses will exceed your total income...

You'll need to adjust your budget accordingly. Look for areas where you can reduce spending as well as any costs you may be able to eliminate entirely.

If your monthly expenses will fall below your total income...

Speak to your financial professional about how to invest or deploy the assets in a way that aligns with your goals.



CAUTION:
Unplanned expenses ahead

As careful as you will be in planning your retirement, unforeseen circumstances may occur. It's important to take into account that you may need to outlay assets to cover:

- Care for one or both parents
- Financial assistance for an adult child or children
- Larger-than-expected medical bills for yourself, spouse, partner or another family member

Depending on their scope, length and severity, **these events could even deplete your retirement portfolio.**

Consult with your financial professional early and often to best plan for and address potential unplanned expenses.

Retirement budget worksheet

The below worksheet can help you identify and estimate essential and discretionary expenses you may encounter during retirement. This information can serve as the foundation for a realistic budget and may help identify any gaps between your anticipated income and your expenses.

Essential	Per month	Discretionary	Per month
Household/Lifestyle			
Mortgage(s)/rent	\$	Home improvement	\$
Utilities/cable/internet	\$	Hobbies	\$
Property taxes and insurance	\$	Dues/memberships	\$
Household supplies	\$	Vacations	\$
Maintenance and fees	\$	Other:	\$
Credit card/debt payments	\$		\$
Other:	\$		\$
Meals			
Groceries	\$	Dining out	\$
Other:	\$		\$
Personal care			
Clothing	\$	Other:	\$
Products/maintenance	\$		\$
Healthcare			
Health insurance	\$	Long term care insurance	\$
Out of pocket/medical bills	\$	Other:	\$
Dental/vision	\$		\$
Other:	\$		\$
Transportation			
Car payments/insurance	\$	Other:	\$
Maintenance/fuel	\$		\$
Income tax			
Federal	\$	Other:	\$
State and local	\$		\$
Legacy			
Other:	\$	Charitable gifts	\$
	\$	Life insurance	\$
	\$	Caring for others (education, elder)	\$
Totals	Essential	Discretionary	
	\$		\$

Bring it all together to define your strategy

- 1 Determine your definition of success
- 2 Account for all sources of income
- 3 Consider tax factors
- 4 Plan for your retirement lifestyle
- 5 Create a strategic plan

**Remember that
you don't need to
do it alone**

Your financial professional can offer guidance and help you create a strategy designed to help you achieve your goals.

For financial professionals, please contact Nuveen at 800-221-9271. Visit us at [Nuveen.com](https://www.nuveen.com).

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