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RETIREMENT INCOME

A guide to managing your retirement income strategy

You've spent years putting away money so that one day you'll be able to retire. As that time draws near, this guide can help you create a solid plan to turn your savings and investments into a source of steady, monthly retirement income.

Determine your definition of success

There isn't a singular definition of a successful retirement. Success ultimately comes down to your retirement meeting your expectations. It's important to take a moment to determine what those expectations are. Below are three common definitions. Are any of them right for you?:

Define your threshold

You want your retirement portfolio to remain above a certain amount:

- A stated account value or balance OR
- Your objective assessment of a successful retirement plan

Maintain and protect your principal

Keeping your portfolio above your threshold amount means:

- Spending only the income that your portfolio generates
- Avoiding the need to sell investments to raise cash

Achieve your legacy objective

- Success here is determined by your ability to pass assets to heirs or accomplish your philanthropic goals

Consider your sources of income

Guaranteed income

- Social Security
- Pension
- Annuity
- Maintenance or alimony

Non-guaranteed income

- Portfolio
- Part time employment or a new business venture
- Rental property income
- Inheritance

As you consider your sources of income, know your liquidity needs

*Honestly assess the amount of reliable cash flow you'll need **and** your tolerance for assuming more risk should you need to increase that amount.*

Social Security:
The nucleus of a retirement income portfolio

For most of us, Social Security is a central component of our guaranteed sources of retirement income.

Understanding how and when to start taking advantage of Social Security can help you maximize your benefits—and positively impact your retirement lifestyle.

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

Birth year

-1954	1955-1959	1960+
66	66+	67

Full retirement age

Consider which benefits you are eligible to collect

	Individual	Spousal	Survivor	Dependent
Calculation	Primary Insurance Amount (PIA) determined by earnings history	50% of spouse's PIA	Based on deceased partner's benefit	% of parents' PIA
Eligibility	Min. 40 quarters of significant earnings[1]	• Married 1+ yr & spouse collecting OR • Married before 10+ yr & ex is 62+	• Married 9+ mos before spouse's death[3] OR • Married 10+ yr to ex, now deceased	• Minor dependent children OR • Child disabled before 22
Initial collection age	62 - 70[2]	62+[2]	60+[2]	N/A
What to do	Review your work history at ssa.gov for accuracy	Know that if eligible for individual and spousal benefits, you must collect both	Consider the higher earner's collection decision in terms of joint life expectancy	Keep in mind the family maximum, 150 - 188% of PIA

For specifics on full retirement age, primary insurance amount and other information relevant to your situation, visit ssa.gov

Review with your advisor to make an informed collection decision – be sure to discuss these items:

1. Discuss longevity expectations
2. Identify all eligible benefits
3. Review tradeoffs for collecting early vs waiting
4. Coordinate your Social Security decision with the rest of your plan

1 $1,510 per quarter in 2022
2 Earlier if disabled
3 No length of marriage requirement if death was due to an accident or military service

Knowledge is power:
Understanding your income portfolio

Your investment portfolio

Just as Social Security is a central component of your guaranteed sources of retirement income, your investment portfolio is equally as important as a non-guaranteed source of income.

Income investing has changed

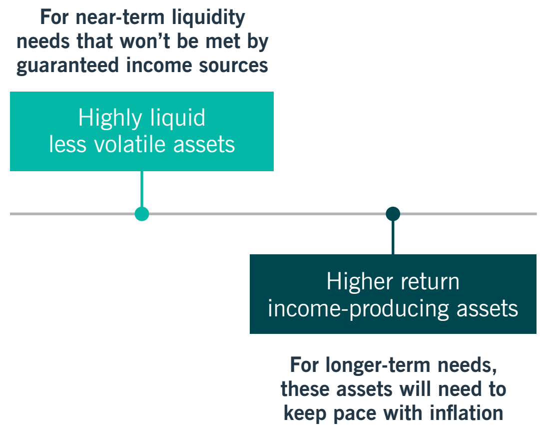
30 years ago a retirement income portfolio was likely comprised of bonds, government bills and notes, and possibly certificates of deposit. Times have changed, and it's critical to review your strategic asset allocation for your income portfolio.

What I want from my retirement portfolio: Stable income with reduced volatility.

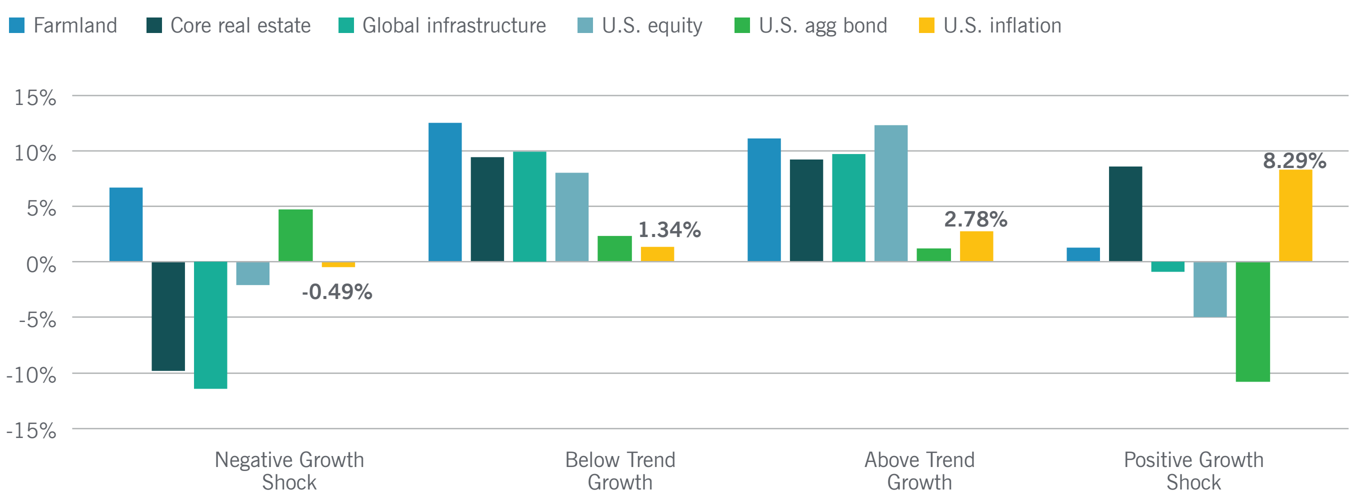
What's in my way: Higher levels of inflation and bond market volatility that requires a more robust approach to generating income.

Potential solution: Work with a financial professional who recognizes the roadblocks and can help you construct a portfolio that seeks to address both those goals.

Your retirement income portfolio time horizon



Historical real returns during nominal growth regimes



Data source: Bloomberg, quarterly index return data from December 2004 to June 2022. "Negative growth shock" represents quarters where trailing 4Q U.S. Nominal GDP growth is a standard deviation below the trailing 40Q average growth. "Positive growth shock" represents quarters where trailing 4Q U.S. Nominal GDP growth is a standard deviation above the trailing 40Q average growth. "Below Tend" and "Above Trend" are the remaining periods, and represent when trailing 4Q U.S. Nominal GDP growth is below or above the trailing 40Q average growth. Asset class definitions: Farmland = NCREIF Total Return (%) Farmland Index; Core Real Estate = NCREIF Fund Index Open End Diversified Core (ODCE) Total Index Value; Global Infrastructure = S&P Global Infrastructure Total Return Index; U.S. Large Cap Equity = Russell 1000 Index Total Return; U.S. Aggregate Bond = Bloomberg US Agg Total Return Value Unhedged USD.

Understanding asset location

Pay close attention to your accounts and the investments in them.

The accounts where you keep your investments – between tax-advantaged, tax-free and taxable accounts – play a critical role in maximizing after-tax wealth and consequently, your retirement income. Taxes can take a significant toll, which makes asset location one of the top ways you can improve your portfolio from a management perspective.

Taxable vs. Tax-advantaged accounts

Taxable accounts	Tax-deferred and tax-exempt accounts
• Savings and checking accounts • Brokerage or investment accounts	• 401(k) • 403(b) • Individual retirement account (IRA) • Qualified annuity

It's important to understand how you apportion your assets in these accounts – certain investments may be better suited for taxable accounts, others for tax-deferred or tax-exempt. Consult with your financial professional who can offer you ideas specific to your needs and portfolio.

Investment considerations by account type

Taxable accounts	Tax-deferred and tax-exempt accounts
Passively managed • Low turnover • Index funds	**Actively managed** • High turnover • Small cap • International
High dividend (qualified) stocks	**Low dividend stocks**
Long-term capital gain stocks	**Short-term capital gain stocks**
Tax-exempt income • Municipal bonds • Closed-end municipal funds	**Taxable income** • Corporate/government bonds • Preferred/REITs

Envision how you will spend your retirement

Think about the lifestyle you want in retirement. This includes thinking through:

How you will spend your time in retirement
Where you will live

What is most important to you
What your family will look like

What your preferences are
What concerns you have, etc.

It is important discuss these topics with your spouse or partner to make sure you both have a clear understanding of how you both feel about them and how you prioritize them.

Once you have that vision, you need to estimate how much your lifestyle will cost:

If your income is not enough to cover your monthly spending, you'll need to adjust your budget accordingly. Our worksheet on page 6 can help get you started.

Consider where you can cut costs entirely or look for ways to minimize your spending.

If your income sources produce more than you anticipate spending, your financial professional can help you plan to invest or deploy the assets in a way that aligns with your goals.

Making informed choices regarding your spending in retirement can be one of the most valuable decisions that you make. Ever-changing market expectations make it critical to set a realistic budget and discuss spending plans with your financial professional on a regular basis.

CAUTION:
Unplanned expenses ahead

As careful as you will be in planning your retirement, unforeseen circumstances may occur. It's important to consider that you may, in retirement, 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

It's important to understand that, given their scope, length and severity, **these events may deplete your retirement portfolio.**

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

Retirement budgeting

To get started, assess your essential and discretionary expenses. This will enable you to compare your anticipated income with your expenses and identify potential gaps to be addressed

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

Retirement income formula

Income – Spending = Remaining portfolio balance

INCOME

Guaranteed sources

Social Security
Pensions
Annuities
Maintenance (alimony)

Non-guaranteed sources

Rental income
Part-time work

Your portfolio

Short-term assets

- Cash
- Highly liquid
- Less volatile

Long-term assets

- Growth-oriented
- Less liquid

–

SPENDING

Essential expenses
(i.e. housing, meals, healthcare)

Other essential expenses
Emergency expenses
Discretionary expenses
(vacations, dining out)

Long-term goals
Replenish short-term assets

=

Remaining portfolio balance

A successful retirement

Remember at the beginning when you determined what a successful retirement plan looks like for you? Keep this in mind as you regularly assess how your income and your spending affects your retirement portfolio.

Key decisions to discuss with your financial professional

Decide what success looks like

Pick a definition of success that aligns with your expectations and goals.

- I maintained a steady portfolio balance throughout my retirement
- I didn't have to sell any of my investments to raise needed cash
- I achieved a fully-funded legacy

Consider your sources of income

What Social Security collection strategy is right for you? How does that impact your overall retirement income plan?

- I will review my Social Security collection strategy with my financial advisor
- I am aware of my available sources of guaranteed income
- I will work with my advisor to identify available sources of non-guaranteed income and discuss options for positioning my portfolio for success

Envision how you will "spend" your retirement

Imagine the life you want and understand how you will fund it.

- I will align my spending to my available budget
- I will adjust my budget to ensure that my retirement portfolio remains intact
- If I have a surplus, I will consult my financial advisor on strategies to help me invest or deploy those dollars

Bring it all together to define your strategy

You've worked hard to create a meaningful retirement – make sure your retirement portfolio works just as hard for you.

- Consult with your financial advisor early and often
- Make sure you include your spouse or partner in critical conversations and important decisions
- Closely and carefully follow the plan you've crafted

Please consult your financial professional for more information. For financial professionals, please contact Nuveen at 800-221-9271. Visit us at Nuveen.com

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