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The Retirement Income Playbook

Turn Your Savings Into a Lifetime Paycheck

18 PAGES · 14 MIN READ

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A NOTE FROM THE AUTHOR

Welcome

Thank you for downloading *The Retirement Income Playbook*. My team and I wrote this guide for one reason: the retirement industry loves jargon, but real families need answers.

Everything inside is based on what we've learned helping hundreds of Arizona families transition from working years to retirement years — calmly, confidently, and without running out of money.

If anything raises a question for you, please don't guess. Call us at **(602) 376-7260** or book a free 30-minute review at **AZIRS.com/schedule**. No sales pitch, no obligation — ever.

— Dana Artzer, Founder & Licensed Insurance Producer (NPN 8965858)

WHAT'S INSIDE

Key Takeaways

- The 4% Rule — and why it may no longer work
- How to build a 3-bucket income strategy
- When guaranteed annuities outperform the market
- Tax-efficient withdrawal sequencing
- Sequence-of-returns risk explained in plain English
- Worksheet: Your personal income gap analysis
- Case studies: 3 real households, 3 different plans
- Glossary + printable retirement-readiness checklist

About AZIRS: We are an independent Arizona-based brokerage specializing in retirement income, annuities, Medicare, and life insurance. We work with 30+ A-rated carriers and have no sales quotas. Our only job is to put the right plan in writing for you.

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1 Chapter 1 — The Retirement Income Crisis

For 40+ years you collected a paycheck. In retirement, that paycheck stops — but the bills don't. The single biggest fear of today's retirees isn't death. It's outliving their money.

A 65-year-old couple today has a 50% chance that one spouse will live to 92, and a 25% chance one lives to 97. Plan for 30 years of income, not 15.

At the same time, traditional pensions have nearly disappeared. In 1985, 62% of private-sector workers had a pension. Today it's under 15%. That means the job of turning a lump sum into a lifetime paycheck now falls squarely on YOU.

2 Chapter 2 — Why the 4% Rule Is Broken

The famous 4% withdrawal rule was built in 1994 by financial planner Bill Bengen using historical returns and bond yields that no longer exist. It assumed a 30-year retirement, a 50/50 stock/bond portfolio, and average inflation.

Updated research from Morningstar (2024) suggests 3.3% is the new "safe" starting rate for a 30-year retirement with high confidence of not running out.

Translation: A $1,000,000 nest egg may only safely produce ~$33,000/year — before taxes and inflation. For many households, that's not enough to cover the gap between Social Security and actual expenses.

The 4% rule also ignores something retirees feel viscerally: the emotional toll of watching your portfolio drop 30% in a bad year while you're still withdrawing from it.

3 Chapter 3 — Sequence-of-Returns Risk (The Silent Killer)

Two retirees with identical $1M portfolios and identical average returns can end up with wildly different outcomes — just based on WHEN the good and bad years happen.

Retiree A retires in a bull market. Her portfolio grows for 5 years before the first big downturn. She can weather it.

Retiree B retires into a bear market. He sells shares at a loss to generate income in years 1–3. His portfolio may never recover, even if markets bounce back later.

This is why the first 5 years of retirement are the most important. Protecting that window — with cash, bonds, or guaranteed income — is often worth more than chasing extra return.

4 Chapter 4 — The 3-Bucket Strategy

Bucket 1 (Years 1–3): Cash, money market, short-term CDs. Covers immediate expenses. Zero market risk. Let's you sleep at night.

Bucket 2 (Years 4–10): Bonds, fixed annuities, conservative funds. Provides predictable income and gets refilled from Bucket 3 when markets are strong.

Bucket 3 (Years 11+): Growth investments — stocks, equity funds, indexed strategies. Keeps you ahead of inflation over the long haul.

The genius of the bucket strategy is psychological as much as financial: when markets crash, you are spending from Bucket 1, not selling stocks at a loss.

5 Chapter 5 — Where Guaranteed Income Fits

A modern fixed indexed annuity with an income rider can provide a guaranteed lifetime paycheck — one that you cannot outlive, regardless of market performance.

For most retirees, the goal is to cover ESSENTIAL expenses (housing, food, healthcare, utilities, insurance) with guaranteed income: Social Security + pension (if any) + annuity. Then use market-based investments for discretionary spending — travel, gifts, hobbies.

Research from Wharton, the Stanford Center on Longevity, and the Alliance for Lifetime Income all point to the same finding: households with a mix of Social Security + guaranteed annuity income report higher retirement satisfaction AND spend more confidently than those relying solely on a portfolio.

6 Chapter 6 — Tax-Efficient Withdrawal Sequencing

The conventional wisdom for decades was: spend taxable accounts first, then tax-deferred (IRA/401k), then Roth last. That's no longer optimal for most households.

The modern approach blends withdrawals to "fill up" low tax brackets each year. Example: if you're in the 12% bracket, pull just enough from your IRA to stay under the 22% threshold — then take the rest from savings or Roth.

Consider Roth conversions in your 60s — especially between retirement and age 73 (RMD age). A few years of converting $40K–$80K/year at 12–22% rates can save six figures in lifetime taxes and dramatically reduce RMDs later.

Don't forget IRMAA (Medicare surcharge) cliffs. Crossing a bracket by $1 can cost $1,000+ in extra premiums two years later. Plan conversions with a two-year look-ahead.

7 Chapter 7 — Case Study: The Millers (Age 64, $850K saved)

Jim and Susan Miller came to AZIRS worried about retiring in 2026. Combined Social Security at FRA: $58,000/year. Essential expenses: $72,000/year. Gap: $14,000/year.

Their plan: Delay Jim's Social Security to 70 (adds ~$18K/year permanently). Bridge the gap with a fixed indexed annuity income rider funded with $200K from his rollover IRA — producing ~$14,000/year starting at 65, guaranteed for life.

Remaining $650K stays invested across buckets 2 and 3 for growth, travel, and legacy. Result: every essential dollar covered by guaranteed income. Market volatility now touches only their "fun money."

8 Chapter 8 — Case Study: Single Retiree Maria (Age 67, $420K saved)

Maria is widowed, owns her home, no children. Social Security: $31,000/year. Essentials: $44,000/year. Gap: $13,000/year over ~28 expected years.

Concern: longevity — her mother lived to 96. A pure 4% withdrawal approach gets tight after age 85.

Plan: $175K into a SPIA (single premium immediate annuity) producing ~$13,200/year for life. Remaining $245K stays in a balanced portfolio for inflation, healthcare surprises, and legacy to her nieces.

Outcome: Maria's floor is locked. She knows the lights stay on no matter how long she lives or what the market does.

9 Chapter 9 — Case Study: Early Retirees (Age 58, $1.4M saved)

Dave and Priya retired early after Dave's company buyout. They can't touch Social Security for 4+ years and can't enroll in Medicare until 65. Two big gaps: income AND health insurance.

Plan: Build a 7-year bridge using Rule 72(t) equal periodic payments from Dave's IRA, an ACA marketplace health plan with income-managed subsidies, and Roth conversions in the low-income "gap years" to reduce future RMDs.

At 65, they turn on an FIA income rider purchased at 58 — which had 7 years of 7% roll-up — producing guaranteed lifetime income that, combined with Social Security at 70, fully covers essentials.

10 Worksheet — Your Personal Income Gap

Step 1. MONTHLY ESSENTIAL EXPENSES

Housing (mortgage/rent, tax, insurance): $_____

Utilities & internet: $_____

Food & household: $_____

Health insurance / Medicare premiums: $_____

Transportation (car, gas, insurance): $_____

Other recurring bills: $_____

TOTAL ESSENTIAL / month: $_____

Step 2. MONTHLY GUARANTEED INCOME

Your Social Security: $_____

Spouse's Social Security: $_____

Pension(s): $_____

Existing annuity income: $_____

TOTAL GUARANTEED / month: $_____

Step 3. THE GAP

Essential expenses – Guaranteed income = $_____ / month

Multiply by 12 = $_____ / year gap to fill

Step 4. DISCRETIONARY (above essentials)

Travel, gifts, dining, hobbies goal: $_____ / year

11 Printable Retirement-Readiness Checklist

☐ Calculated monthly essential expenses

☐ Pulled Social Security benefit estimate at SSA.gov/myaccount

☐ Identified the income gap (annual)

☐ Decided on claiming age for each spouse

☐ Reviewed all retirement account balances and beneficiaries

☐ Modeled Roth conversion opportunities before age 73

☐ Built (or updated) a 3-bucket allocation

☐ Stress-tested plan against a 30% market drop in Year 1

☐ Reviewed long-term care and healthcare cost plan

☐ Confirmed estate documents: will, POA, healthcare directive

☐ Scheduled a free second-opinion review with AZIRS

12 Glossary — Plain-English Definitions

RMD (Required Minimum Distribution) — The amount the IRS forces you to withdraw from traditional IRAs/401(k)s starting at age 73.

Roth Conversion — Moving money from a pre-tax IRA to a Roth IRA; you pay tax now so future growth and withdrawals are tax-free.

SPIA — Single Premium Immediate Annuity. Lump-sum in, guaranteed paycheck out (usually starting within 12 months).

FIA — Fixed Indexed Annuity. Principal-protected product that credits interest based on a stock-market index, subject to caps.

GLWB — Guaranteed Lifetime Withdrawal Benefit. An optional rider that turns on a lifetime paycheck even if the annuity's account value reaches zero.

Sequence-of-Returns Risk — The danger of experiencing poor market returns early in retirement while withdrawing, which can permanently damage portfolio longevity.

IRMAA — Income-Related Monthly Adjustment Amount. A surcharge added to Medicare Part B and D premiums for higher-income retirees.

Safe Withdrawal Rate — The percentage of your portfolio you can withdraw annually (adjusted for inflation) with a high probability of not running out.

13 Your Next Step

The gap you just calculated is the single most important number in your retirement. Once you know it, every product, strategy, and decision can be measured against one question: does it help close the gap — reliably, for as long as I live?

AZIRS offers a complimentary Retirement Income Review. We'll run your numbers, compare illustrations from 30+ A-rated carriers, and put our recommendation in writing. No pressure, no cost, no obligation.

Visit azirs.com/schedule or call the number on the back cover.