

Strategic Insights



Making Sure Your Retirement Lasts: How to Convert a Lump Sum to a Monthly Income

Study after study shows that the top concern for people during retirement years is running out of money. Here's a quick way to determine how much your retirement pot will provide on a monthly basis, depending on a steady rate of return and fixed number of years.

Using the chart

1. Find the factor that corresponds to the number of years and an assumed rate of return.
2. Multiply the value of your retirement fund by that number.

For example, if you expect to earn 8 percent on your \$100,000 retirement fund and want the payout to last 15 years, then limit your withdrawal to \$956 (\$100,000 multiplied by 0.00956)*.

Number of Years		5	10	15	20	25	30
Rate of Return	6%	0.01933	0.01110	0.00844	0.00716	0.00644	0.00599
	8%	0.02028	0.01213	0.00956	0.00836	0.00772	0.00734
	10%	0.02125	0.01322	0.01075	0.00965	0.00909	0.00878

*Chart assumes monthly compounding. Example is not indicative of any specific return you may receive from any particular investment.

See reverse for worksheet.



Worksheet

Years/Return	Fund Amount	Factor	Monthly Income
15/8	\$100,000	0.00956	\$956
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/			
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What if you don't have enough? Here are several ways to increase your monthly income:

- Reduce the number of years of payout
- Increase the rate of return
- Save more
- Some combination of the above

To learn more about making your money last and other retirement issues and opportunities, consult your financial professional.

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