



Dynamic Income Strategies for Retirement

Most conversations about retirement focus

on investment diversification. Today we will discuss strategies for creating retirement income.

Think about your own retirement plan. Have you invested and diversified exactly the same as everyone else while accumulating for retirement? Are your retirement goals exactly the same as everyone else? Is your health history the same as everyone else? If not, should you really use an income strategy the same as everyone else that doesn't take other factors into consideration?

Some people look at their retirement as a point of destination, but it is actually a starting point where you will control your time and your income for the rest of your life. Have you spent more time on your investment diversification than on your retirement income strategies? While some of the basics for investment diversification and income strategies are universal, adapting to today's investment world and your specific income needs are of equal importance to your enjoyment in retirement.

For most retirees today, pensions no longer exist. They have been replaced by the 401(k) plans. Over the past 20 years, accumulating money for your retirement and then creating income from the bucket of money has fallen squarely on the shoulders of the retiree. With that being the case, is a 4% standard withdrawal rate really the best option for everyone regardless of their circumstances or are there other more adaptive income strategies to be considered in the 21st Century?

You may not have heard much about using Dynamic Income Strategy, but I think that you will start to hear a lot about this type of income strategy.

What do I mean by a Dynamic Income Withdrawal Strategy? What if your retirement income strategy was designed based on your desire to either use just your earnings or your earnings and principal over your life? Will you want or need the same amount of income when you're in your 60s, 70s, 80s, or 90s? What impact could changing markets have on your income? What about inflation, taxes, your family history or changes in your lifestyle as you age?

Using a Dynamic Income Strategy to manage your retirement income, while addressing your investment allocation and diversification could be the winning tandem needed for a more effective use of your nest egg over the traditional approach. Adapting to the changing economic environment and adjusting to your income needs through the various stages of retirement, could help you to maximize your enjoyment for the later years of your life. This type of income strategy could help provide greater income consistency and reduce the likelihood of either running out of money or accumulating excess wealth that is unlikely to be used by the retiree.

If you are looking to maximize your retirement enjoyment, but concerned about out-living your nest egg, taking a non-traditional approach to creating income in retirement may be your answer.

You only have one retirement, make sure that you are able to maximize your enjoyment!

Steve Schou, Chairman, CFO

Steve is the CFO at Klaas Financial, inc. and is a CERTIFIED FINANCIAL PLANNER™ professional who helps clients prepare for retirement — the biggest transition of their lives.



KlaasFinancial.com | 815-877-8440 | 4707 Perry Ridge Lane, Loves Park, IL 61111

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