



WEALTH MANAGEMENT: PREPARING FOR POST- RETIREMENT SPENDING

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**JOHNSON
BENDER & CO**
WEALTH MANAGEMENT

What should you expect from a wealth manager when it comes to planning for your post retirement lifestyle? At Johnson, Bender & Company, we pride ourselves on having relationships with our clients that allow us to plan for the most important financial event of your life: **Retirement**. Instead of starting with a strictly quantitative strategy, we work with retirees to understand how each individual defines true retirement satisfaction. What do you care about? What will bring meaning and satisfaction to your golden years? And, how can you get there?

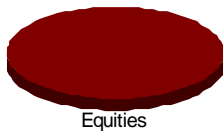
In general, we utilize a three layered approach to insure that your income needs are met for:

1. **You and your spouse**
2. **Your children**
3. **Charities**



Your retirement spending levels are greatly influenced by your portfolio allocation at the time of retirement. The general rule of thumb is to withdraw 4% of your portfolio each year after retirement. While this method is widely used, it assumes that the markets are steady, and we have seen a great deal of volatility in the markets lately. The reality is that the more your portfolio is affected by conditions in the market, the more conservative you should be when determining your withdrawal rate. To put it simply, the higher your equity exposure, the lower your withdrawal rate.

100% Equity Portfolio



3%-3.5% Withdrawal Rate

65/35 Portfolio



4%-5% Withdrawal Rate

50/50 Portfolio



5%-6% Withdrawal Rate

Planning for your income

We plan to keep three years of withdrawals in reserves, with the goal of avoiding the liquidation of equities. The problem with a higher equity exposure in retirement is the volatility that comes with it. While the upside potential can be beneficial, the downside risk is also a factor that must be considered. The chart to the right shows the loss that one might experience in a down year for each of the portfolios shown above.

Life Expectancy

In general, retirees need more money in the younger retirement years, ages 55 to 75, on the theory that they are out enjoying their new-found freedom. In the middle years of retirement, people don't typically spend quite as much— they have completed their extensive travels and are ready to settle in. In the later retirement years is when health problems often start to materialize, requiring more income. The typical post-retirement income stream should be greater at the beginning and end, but probably less in the middle.

As wealth managers, we are committed to making sure that your personal goals are met. During annual reviews we discuss questions relating to spending, cash flow needs, family gifts and one-time expenses, to make sure that you are on track to meet your financial goals regardless of the market environment.

Loss That One Might Experience in a Year	
Portfolio	% Loss
100% Equities	-22%
65/35 Balanced Portfolio	-14%
50/50 Conservative Portfolio	-11%

Source: Alliance Bernstein