A RETIREMENT PLANNING GUIDE

Retire SMART: A Simple Guide to Retirement

Avoiding common mistakes, generating reliable income, and protecting what you've built

PROVIDED TO YOU BY

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This booklet is for general educational purposes only and is not intended as personalized tax, legal, or investment advice. Hypothetical examples are illustrative only — actual results will vary based on your age, health, income, state of residence, and market conditions at the time. Please consult a qualified professional before implementing any strategy discussed here.

Common Retirement Financial Mistakes

Many Americans spend years planning for retirement, only to discover once they arrive that some issues simply can't be resolved by math and time alone. Below are several common mistakes that occur in retirement financial planning — ones you can plan now to avoid.

Mistakes that simple math and time alone won't fix

Underestimating your life expectancy: A generation ago, it was reasonable to assume men would live to about 70 and women to 75. Advances in medical science have pushed those numbers up fifteen to twenty years. Realistic planning should assume at least one spouse lives to 90 or beyond.

42%	90+	½
CHANCE ONE SPOUSE LIVES TO AGE 90+	PLANNING AGE TO TARGET	OF US BANKRUPTCIES TIED TO HEALTH COSTS

Many workers also plan to work into their 70s — until illness, disability, or fatigue forces a change of plans. Don't count on extra working years to cover essential expenses; build a sufficient nest egg by 65 in case health reasons end your working years sooner than planned.

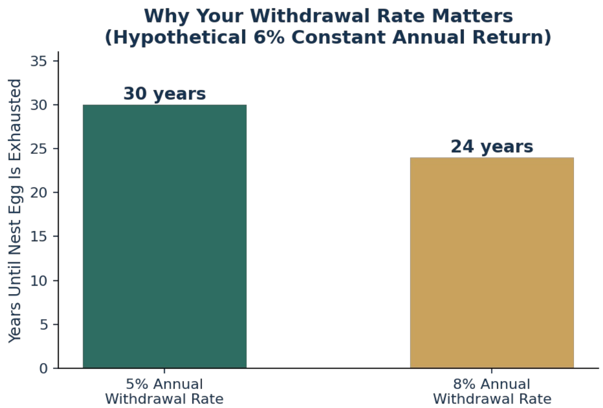
Neglecting health care costs: This is the #1 error in senior financial planning. Don't count on government programs to cover everything — make sure your health coverage is adequate and that you have a plan for long-term care needs.

For a married couple where both have reached age 65, there is a 42% chance at least one will live to age 90 (kitces.com joint life expectancy calculator, visited 12/11/25). Medical debt is the leading cause of bankruptcy, Associated Press, visited 12/11/25.

More Mistakes Worth Avoiding

Settling for low returns: Don't let fear of risking principal guarantee that you'll run out of money. Thoughtful asset allocation can help manage risk — though it never guarantees a profit or against loss. Holding large sums in three-month CDs and T-bills for long periods often means earnings too low to keep pace with inflation and taxes. Your investment horizon should match your actuarial life expectancy: if you're 70 with 16 years of expected life remaining, your portfolio should be built to serve you for 16 years, not 6 months.

Failure to monitor your distribution rate: A general rule of thumb is to withdraw somewhere between 3% and 5% per year, depending on your portfolio's mix of equity and fixed income. We've seen real financial hardship result when retirees spend beyond this level.



Hypothetical: a $500,000 portfolio at a constant 6% return.

Refusing to get a fresh perspective: No matter how effective your current advisor or plan is, a second opinion rarely hurts. Different advisors bring different areas of expertise — tax, mutual funds, insurance — and a fresh set of eyes may surface insights you'd otherwise miss.

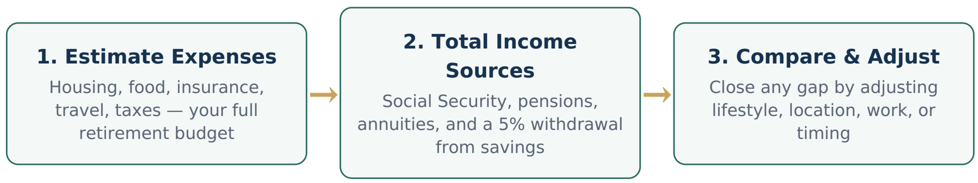
> **The takeaway:** The remaining sections of this booklet walk through practical ways to address each of these issues — starting with how to actually generate retirement income.

CalcXML withdrawal rate calculator, bit.ly/2XDhPJE, visited 12/11/25. Asset allocation does not ensure a profit or protect against loss in declining markets.

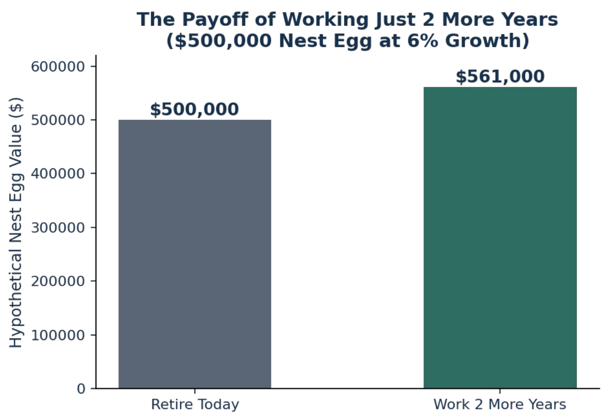
Generating Retirement Income — The Three Steps

Financial planning before retirement focuses on accumulation, tax minimization, and saving. Retirement planning shifts the focus entirely: maintaining income without a paycheck, maximizing pension and Social Security, securing adequate health and long-term care protection, and minimizing financial risk.

A Simple Three-Step Process



Example: if your expenses total $50,000 and a $500,000 nest egg supports a 5% ($25,000) withdrawal alongside Social Security and pension income, compare the two totals. If income falls short, you have options: spend less, relocate somewhere less expensive, work part-time, or simply retire a little later.



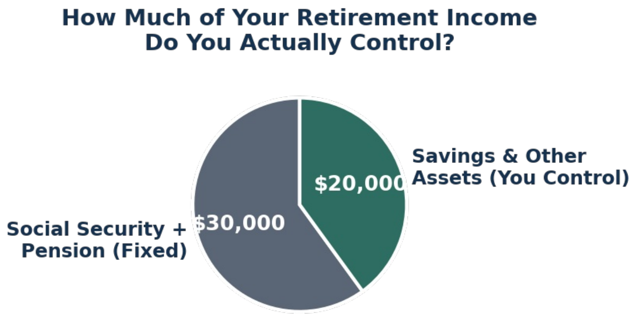
Two additional working years adds roughly $3,050 of extra annual spending power (5% of the gain).

Trinity Study: Sustainable Withdrawal Rates From Your Retirement Portfolio, Cooley, Hubbard & Walz, 1998, updated through 2024, thepoorswiss.com, visited 12/11/25. Hypothetical example for illustration only.

The Guaranteed Income Ladder

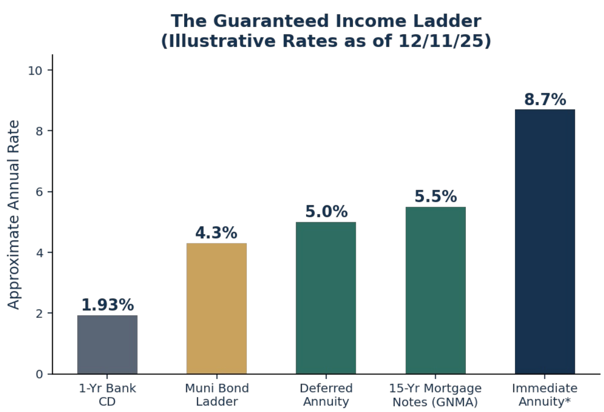
Many retirees lack control over 50% or more of their retirement income. If a retiree has $50,000 of annual income and $30,000 comes from Social Security and a pension, that retiree truly controls less than half their income. The sources you *can* control deserve the most attention.

Most retirees control less than half their income



Hypothetical $50,000 income example.

Here's a ladder of guaranteed-income options, roughly ordered by yield:



*Immediate annuity figure reflects cash-on-cash return (principal + interest), not a true yield; payments cease at death. Illustrative rates only.

— **Bank CDs:** Simple and FDIC-insured, but after taxes and inflation, long-term CD holdings often lose purchasing power.

— **Municipal bonds:** Federally tax-free interest; a laddered zero-coupon strategy can target specific future income years.

— **Annuities:** Backed by the issuing insurer's claims-paying ability; deferred annuities for growth, immediate annuities for income now.

— **Federally backed mortgage notes:** Ginnie Mae securities carry government backing and competitive yields.

Bankrate.com 1-year CD national average, 12/11/25. Comparative Annuity Reports, August 2025. Mortgage News Daily, Freddie Mac 15-year rates. Representative municipal bond, Schwab fixed income search, 12/11/25. Dividend stocks and mutual funds are not guaranteed and may change at any time.

Protecting Your Assets — Senior Insurance

Everyone needs car, homeowners, and health insurance — but several types of coverage matter especially for seniors and retirees. Missing any of these can be the difference between a comfortable retirement and years of financial heartache.


The right coverage protects decades of saving

Life Insurance

Retirees aren't replacing lost wages, but senior life insurance still solves real problems: liquidity at death for a surviving spouse, easier estate settlement, funding for special needs, and covering estate taxes.

Health Insurance

A typical senior health program pairs Medicare (covering roughly 80% of costs) with private Medigap coverage for the remaining 20%. Relying on Medicare alone can leave significant gaps.

Funeral (Burial) Insurance

A funeral can easily cost $20,000. Most people can cover this from existing assets, but a structured funeral plan paired with insurance spares heirs from financial and logistical burdens during grief.

Long-Term Care Insurance

Just as disability insurance protects working years, long-term care insurance protects retirement — covering the cost of help with daily activities like bathing, dressing, cooking, and transportation.

Coverage needs vary by individual circumstances; consult a licensed insurance professional to determine appropriate coverage amounts and carriers.

Other Retirement Issues — Health, Housing & Moving

Retirement isn't just about the size of your nest egg. Where you live, your housing options, healthcare access, and how you stay mentally and physically active all shape the retirement experience. Here's a checklist worth reviewing.

Healthcare Needs

- Does your coverage protect against catastrophic costs?
- Do you live near the medical specialists you may need?
- Will your HMO or health plan travel with you to a second home or new location?
- Does your plan cover you if you travel outside the US?
- Do you have long-term care insurance? (Medicare does not cover most long-term care.)

If You're Considering a Move

- How do property, state income, and sales taxes compare — and are Social Security and retirement income taxed differently?
- If you eventually can't drive, is public transit a realistic option?
- Is the climate comfortable year-round, including allergy season?
- Are there sufficient senior housing, assisted living, and nursing care options nearby — and at what cost?
- Is there an active community of retirees to build new friendships with?

A fulfilling retirement extends well beyond the balance sheet.

Estate Planning Basics — Four Essential Tools

Estate planning isn't just for the wealthy — it's for anyone who cares about their heirs. Most of estate planning has little to do with money; it's about how your loved ones are cared for and how decisions are made on your behalf. If you haven't planned, federal and state default rules decide for you. No matter the size of your estate, these four tools form the foundation:

1. Will or Trust

Directs how your property is distributed, names an executor, and designates a guardian for minor children. A trust can add privacy, avoid court involvement, and include conservatorship provisions if you lose mental capacity later in life.

2. Durable Power of Attorney

Authorizes someone you trust to manage your financial affairs if you become incapacitated. This document must be created *before* incapacity — you cannot create one afterward.

3. Living Will

States your wishes regarding life-sustaining medical treatment if you become terminally ill and unable to communicate those wishes yourself.

4. Health Care Proxy (Medical Power of Attorney)

Designates someone to make health care decisions on your behalf when you cannot. Discuss your wishes with this person in advance, consistent with your living will.

Be proactive: No one will volunteer these estate planning basics to you. Ask your advisor what you need to put in place, and work with a qualified attorney consistent with your state's laws.

ABOUT YOUR ADVISOR

David Peters

Starting in 1994, David built his foundational experience helping clients invest and manage portfolios while working at a Wall Street firm. He works with a diverse clientele, ranging from private individuals and families to business and retirement plans. Demonstrating his entrepreneurial spirit, David founded Alliance Advisors Financial Services in November 1999, and ultimately the Registered Investment Adviser, Alliance Advisors Wealth Management. A graduate of the University of North Carolina with a degree in Economics, David maintains his comprehensive credentials, including a Series 65 securities license, as well as Life, Health, Accident, Property, and Casualty insurance licenses.

About Alliance Advisors Wealth Management

We are committed to helping individuals and families take control of their financial future with customized strategies and clear guidance. Our services span advanced tax planning, financial planning, long-term care solutions, and retirement planning — designed to simplify the complex and provide clarity at every life stage. We journey with our client families through their retirement years, offering the insights, resources, and tools needed for confident decisions and lasting peace of mind.

Alliance Advisors Wealth Management

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Schedule a 15-Minute Review →

Ready to Build Your SMART Retirement Plan?

There is no charge for an initial meeting. Call, email, or schedule a short Zoom consultation to find out which of these strategies fits your situation.

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