



## Creating a retirement paycheck

By Jon Sevenker

Learning to live without a paycheck is one of the challenges soon-to-be retirees and the newly retired must come to terms with. But what if I told you we can create a retirement paycheck for you from your investment and retirement accounts? Would you be interested in having a consistent amount automatically deposited in your checking account every month or even bi-weekly?

I recently had a client tell me that he and his wife are spending less in retirement than their financial plan shows them being able to spend. (We've written before about how hard it can be to [flip the switch](#) from accumulation mode to decumulation.) During our conversation, it came up that not having a paycheck hitting their bank account each month makes it more difficult to know how much they should be spending.

I suggested that we set up a retirement paycheck by creating a consistent withdrawal from their investment account that lands directly in their bank account. Having been paid on the 15<sup>th</sup> and 30<sup>th</sup> during his working career, we will establish these transfers to automatically hit their bank account on the 15<sup>th</sup> and 30<sup>th</sup>. Whether this solves the underspending issue or not, only time will tell.

With [interest rates on short-term US Treasuries hitting 5%](#) for the first time in 15 years, one other tool that we've been employing lately for accounts that have regular cash demands is a bond ladder. For example, let's say a client spends \$8,000 per month, which amounts to \$24,000 per quarter. Knowing this, we can buy Treasuries that mature in 3, 6, 9, and 12 months, which will fund their monthly cash needs for the next year. This helps the client see where the withdrawals will be coming from and helps us avoid disturbing the equity or stock side of the portfolio in the short-term.

The logistics of replacing your income in retirement might be as simple as creating a retirement paycheck. If this concept resonates with you, please reach out to your Lead Advisor to learn more.

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