

STRONG TOWER ADVISORS · PRINTABLE GUIDE

Retirement Income Strategy Comparison Guide

A worksheet-based companion to *Retirement Income Strategies: Common Approaches Compared*. Use it to see the main approaches side by side, size the income floor your essential expenses need, compare annuity quotes on equal terms and sketch your own strategy mix before talking with a professional.

How to use this guide

Start with Worksheet 1 to separate essential from discretionary spending. Review the strategy pages and check the items that apply to you. Use Worksheet 2 only if you are comparing annuity quotes, and finish with Worksheet 3 to write down the combination you want to discuss.

Educational only; not investment, tax, legal or insurance advice, and not a recommendation of any strategy, product or insurer. 2026 figures were checked against IRS, SSA and HUD sources in October 2026. Numbers labeled **HYPOTHETICAL** are illustrations only.

What's inside

1. Strategies at a glance: a one-page qualitative comparison
2. Four strategy families, each with a checklist: withdrawal rules, income floor sources, annuities, and tax and distribution planning
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Strategies at a glance

Qualitative comparison (relative, typical form; not scores or recommendations)

Approach	Income stability	Flexibility	Inflation protection	Market exposure	Complexity	Legacy
Bucket strategy	Moderate	Higher	Moderate	Moderate to higher	Moderate	Moderate to higher
Fixed withdrawals (4%-style)	Steady until assets run short	Higher	Moderate	Higher	Lower	Varies widely
Guardrails	Lower to moderate	Higher	Moderate	Higher	Moderate	Moderate
Income floor plus portfolio	Higher for essentials	Lower for the floor	Varies by source	Lower for the floor	Moderate	Lower to moderate
Bond, CD or TIPS ladder	Higher for the term	Moderate	Lower (higher with TIPS)	Lower if held to maturity	Moderate	Moderate
Social Security delay	Higher after claiming	Lower once claimed	Higher (COLA)	Bridge years carry risk	Lower	Lower
Total-return investing	Moderate	Higher	Moderate to higher	Higher	Moderate	Moderate to higher
Income / dividend focus	Moderate	Moderate	Moderate	Higher	Lower to moderate	Moderate to higher
Income annuity (SPIA/DIA)	Higher, subject to insurer	Lower	Lower unless payments rise	Lower	Moderate	Lower
Deferred annuity with rider	Moderate to higher, subject to insurer	Lower in surrender period	Lower to moderate	Varies	Higher	Moderate

Roth conversions, RMD and QCD planning and home equity are tax and source tools used alongside these approaches, so they are not rated. Ratings depend on how each approach is built and on your circumstances.

Family 1: Withdrawal rules

Withdrawal rules decide how much to take from savings each year. **Fixed systematic withdrawals** start at a set rate and rise with inflation; the “4% rule” traces to William Bengen's 1994 research on historical U.S. returns over 30-year periods. **Guardrails** (such as the Guyton-Klinger decision rules published in 2006) cut or raise spending when the withdrawal rate drifts outside preset limits.

Buckets divide money by when it will be spent: cash for the next year or two, bonds for the middle years, growth assets for later.

HYPOTHETICAL \$800,000 $\times$ 4% = \$32,000 in year one; with 3% inflation, \$32,960 in year two.

- ☐ I know my planned first-year withdrawal in dollars and as a percentage of savings.
- ☐ I have written down how withdrawals change with inflation and with market declines.
- ☐ I would accept a spending cut of about ____% in a bad year, if needed.
- ☐ I know how many years of withdrawals sit in cash or short-term holdings, and my rule for refilling them.
- ☐ I understand that historical and research-based rates (such as Morningstar's 2025 estimate of 3.9% for a 30-year horizon) are estimates, not promises.
- ☐ My plan has been stress-tested for poor returns in the first years of retirement.

Family 2: Income floor sources

An income floor matches essential expenses with dependable income. **Social Security** is inflation-adjusted; for people born in 1943 or later, waiting past full retirement age (67 for those born in 1960 or later) adds 8% a year until 70, while claiming at 62 reduces it by 30% when full retirement age is 67. **Pensions** may offer lifetime, joint-and-survivor or lump-sum choices. **Bond, CD and TIPS ladders** fund each year from a maturing rung; TIPS principal adjusts with inflation. **Income annuities** are covered in Family 3.

HYPOTHETICAL Essential expenses of \$60,000 minus Social Security of \$42,000 and a pension of \$6,000 leave a \$12,000 annual gap to fill.

- ☐ I have my Social Security estimate (from a *my Social Security* account) for ages 62, 67 and 70.
- ☐ If married, we have compared who claims when, including the survivor benefit.

- ☐ I know how much the portfolio must supply in any “bridge” years before Social Security starts.
- ☐ I have reviewed my pension's payout options and survivor elections.
- ☐ For a ladder, I know what each rung covers and what happens if I must sell a bond before maturity or break a CD early.
- ☐ I understand that TIPS inflation adjustments can be taxable each year, and that FDIC insurance applies only within its limits.

Family 3: Annuities

Annuities are insurance contracts. **Immediate (SPIA)** and **deferred income (DIA)** annuities convert a lump sum into income. **Fixed and multi-year guaranteed annuities (MYGAs)** credit a declared rate; **fixed indexed annuities** credit index-linked interest within caps or participation rates.

Variable annuities and **registered index-linked annuities (RILAs)** carry market risk, are securities sold by prospectus, and are regulated by the SEC and FINRA as well as state insurance regulators. A **QLAC** is a deferred income annuity inside an IRA or plan; the 2026 premium limit is \$210,000, and payments must begin by the month after age 85. Riders such as a guaranteed lifetime withdrawal benefit (GLWB) add annual fees.

- ☐ I know every cost: mortality and expense charges, administrative and fund fees, rider fees and surrender charges by year.
- ☐ I know how much I can withdraw each year without a surrender charge, and for how long charges apply.
- ☐ I understand that gains are taxed as ordinary income, and that withdrawals before 59½ can trigger a 10% additional tax unless an exception applies.
- ☐ I understand that an annuity inside an IRA or 401(k) adds no further tax deferral.
- ☐ For a 1035 exchange, I compared the old and new contracts, including any new surrender period.
- ☐ I understand that contractual payments depend on the insurer's claims-paying ability, are not FDIC or SIPC insured, and that state guaranty association coverage is limited (in most states, \$250,000 in present value of annuity benefits).

- ☐ For a variable annuity or RILA, I have read the prospectus, including the maximum potential loss.
- ☐ I know the free-look period for my state.

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Family 4: Tax and distribution planning

These tools change how much of each withdrawal you keep. **Withdrawal order** decides whether taxable, tax-deferred or Roth money is spent first, or a blend each year. **Roth conversions** pay tax now, often in lower-income years before RMDs, and cannot be reversed. **RMDs** generally begin at 73 (75 for people born in 1960 or later). **Qualified charitable distributions** from age 70½ count toward RMDs. **Home equity** can act as a reserve through downsizing, a credit line or a HUD-insured reverse mortgage (HECM) for homeowners 62 and older, after HUD-approved counseling.

2026 reference figures

Item	2026 figure	Source
QCD annual limit (per IRA owner, age 70½+)	\$111,000	IRS Notice 2025-67
One-time QCD to a split-interest entity	\$55,000	IRS Notice 2025-67
QLAC premium limit	\$210,000	IRS Notice 2025-67
RMD starting age	73 (75 if born 1960 or later)	IRS; SECURE 2.0
HECM maximum claim amount	\$1,249,125	HUD Mortgagee Letter 2025-22

- ☐ I know how much is in taxable, tax-deferred and Roth accounts.
- ☐ I have a year-by-year income projection from retirement through my first RMD year.
- ☐ I have checked how extra income affects Medicare IRMAA (two-year look-back), Marketplace credits before 65 and Social Security taxation.

☐ If I give to charity after 70½, I have asked whether QCDs fit.

☐ If I am considering a reverse mortgage, I have completed HUD-approved counseling and reviewed the CFPB's guidance with my heirs.

Worksheet 1: Essential vs. discretionary expenses

Use monthly amounts in today's dollars. Essential means you would pay it in any market; discretionary means you could reduce or delay it.

Worksheet 1: Monthly spending by type

Category	Essential (monthly)	Discretionary (monthly)
Housing (mortgage or rent, property tax, insurance, HOA, upkeep)		
Utilities, phone, internet		
Food and household		
Transportation		
Health insurance premiums and out-of-pocket costs		
Other insurance (life, long-term care, umbrella)		
Debt payments		
Taxes not withheld		
Travel, dining, entertainment, hobbies		
Gifts, charity, family support		
Other		
Monthly totals		

Sizing the income floor (annual)

A. Essential expenses (monthly total × 12)	
B. Social Security (both spouses, at planned claiming ages)	
C. Pensions and other lifetime income	
D. Income floor gap (A – B – C)	

E. Discretionary spending (monthly total × 12)	
F. Total needed from savings (D + E)	

Worksheet 2: Annuity quote comparison

Ask for the same premium, start date and payout options from each source so the quotes are comparable. Leave a row blank rather than guessing.

Worksheet 2: Compare up to three quotes

Feature	Quote A	Quote B	Quote C
Type (SPIA, DIA, MYGA, fixed indexed, variable, RILA, QLAC)			
Insurer and financial strength rating (agency and date)			
Payout amount or credited rate (and how long it is fixed)			
Annual fees (M&E, administrative, fund, rider)			
Surrender schedule (years and % each year)			
Riders and their cost			
Liquidity (free withdrawal %, access to principal)			
Inflation feature (none, fixed increase, CPI-linked)			
Death benefit or refund option			
Prospectus received? (variable annuity and RILA)			
Seller's compensation disclosed			

Worksheet 3: My strategy mix

Write the combination you want to discuss. There is no single correct answer; most plans use several approaches.

Worksheet 3: How each part of my plan will be handled

Part of the plan	Approach I am considering	Open questions
Essential expenses are covered by		
Discretionary spending comes from		

Part of the plan	Approach I am considering	Open questions
Withdrawal rule (fixed, guardrails, buckets)		
Cash reserve (months or years)		
Social Security claiming ages		
Account withdrawal order and Roth conversions		
RMD and charitable giving plan		
Annuities, if any (type and share of savings)		
What I want to leave to heirs		
Annual review date		

Questions to ask an adviser or agent

- ☐ How are you paid if I choose this: commission, fee or both? How much, and would your pay differ under the alternatives?
- ☐ Are you acting as a fiduciary for this recommendation, and what licenses or registrations does it require?
- ☐ What alternatives did you consider, and why might they fit less well?
- ☐ What are all the costs, in dollars per year, and the surrender schedule?
- ☐ What happens if I need a large sum in year three, or if inflation stays high?
- ☐ What does my spouse receive if I die first, and what passes to heirs?
- ☐ How does this affect my taxes, IRMAA and RMDs?
- ☐ How strong is the insurer, and what are my state guaranty association's limits?
- ☐ Can I check your record on FINRA BrokerCheck or the SEC's Investment Adviser Public Disclosure site?

Common mistakes

- Treating any withdrawal rate as a promise rather than a starting point to review each year.
- Buying a product before deciding which expenses it is meant to cover.

- Comparing annuity quotes with different premiums, start dates or payout options.
- Overlooking surrender charges, rider fees or the effect of a 1035 exchange on the surrender clock.
- Ignoring inflation on fixed payments over a 25- to 30-year retirement.

Official resources

- SSA — Delayed retirement credits and my Social Security
- IRS Notice 2025-67 — 2026 QCD and QLAC limits
- IRS — Required minimum distributions
- IRS Publication 575 — Pension and annuity income
- FINRA — Annuities and BrokerCheck
- SEC Investor.gov — Variable annuities and indexed annuities
- NAIC — Buyer's Guide to Fixed Deferred Annuities
- NOLHGA — Guaranty association coverage
- TreasuryDirect — TIPS
- CFPB — Reverse mortgages and HUD — HECM limits
- Bengen (1994), Journal of Financial Planning · Morningstar 2025 withdrawal rate research

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