

Your Retirement Income Source Map

Your sources in one place, what each one pays, and whether a gap shows up between income and essential costs.

A paycheck tends to be simple: one employer, one amount, on a regular schedule. Retirement income can come from several places, and each one may start at a different time and be taxed a different way.

Those sources are not always written down in one place. This guide gives you a page to do that, and then to compare the total against what you expect to spend.

What is inside, and how to use it

- Page 2 explains three common kinds of retirement income and how each tends to behave.
- Page 3 lists four questions worth asking about each source.
- Pages 4 and 5 are yours to fill in, one line per item. Rough figures are fine.
- Page 6 compares lifetime income with essential spending to check whether there is a gap.
- There is no score. A blank line is a question worth raising.

This guide is educational. It is not financial planning advice, tax advice, a recommendation, or a suitability review, and it does not account for your individual circumstances. Rules and ages referenced can change over time. Individual results will vary.

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Three Common Kinds of Retirement Income

Each one tends to behave differently in retirement.

1. Lifetime income

Social Security, a pension, or an annuity. An annuity is a contract with an insurance company that pays a set amount on a set schedule. These generally continue for as long as you live.

2. Portfolio income

What you withdraw from savings. That can include a 401(k) or traditional IRA, where the money was set aside before tax; a Roth account, where the tax was paid when the money went in; or an ordinary investment account with no retirement rules attached.

3. Other income

Part-time work, rental property, or a business interest. For some households this covers a meaningful share of the monthly total. It can also be less permanent, since a job can end, a tenant can leave, or a business can be sold.

Why the split matters to you

Lifetime income generally arrives whether markets rise or fall. Portfolio income generally depends on what the accounts are worth when you withdraw.

If more of your monthly income is the lifetime kind, a poor market year may be uncomfortable to watch without changing what arrives each month. If more of it comes from withdrawals, the same year can mean selling more investments to produce the same income.

Four Questions to Ask About Each Source

The answers make the list more useful for planning.

1. When does it start?

Social Security and account withdrawals generally begin when you decide, within the limits the rules allow. A pension may start on a date the plan sets. An annuity begins on the date written in the contract. Those dates do not always line up.

2. Does it adjust for inflation?

Social Security generally receives an annual cost-of-living adjustment, an increase tied to changes in prices. Many pensions and annuities pay a fixed amount that does not rise with costs, though some contracts include an increase.

3. How is it taxed?

Withdrawals from a traditional retirement account are generally taxed as ordinary income, the same way wages are taxed. Roth withdrawals are generally tax free if the account rules are met. Depending on your total income, as much as 85 percent of your Social Security can be counted as taxable income. That is a limit on how much is counted, not a tax rate.

4. Does it continue for a spouse?

Social Security generally pays a surviving spouse the larger of the two benefits, so a couple typically loses the smaller one. A pension may continue in full, be reduced, or stop, depending on the option chosen at retirement. An annuity follows its contract. For couples, this question can carry a lot of weight.

Your Sources, One Line Each

Rough figures are fine. This is for a conversation, not a filing.

List each source you expect in retirement. Write the monthly amount if you know it, and the age or date it begins. If you are not sure, leave it blank and note the source so you can ask.

Lifetime income

Social Security	
Social Security, spouse	
Pension	
Annuity	

Portfolio and other income

Retirement accounts	
Ordinary investment accounts	
Work or business income	
Rental or other	

What You Expect to Spend

The other half of the comparison.

Essential expenses are the ones that tend to continue whether markets rise or fall. Discretionary expenses are the ones you could adjust in a difficult year. Where you draw that line is a personal judgment, and it can help to draw it before a difficult year rather than during one.

Essential, each month

Housing, property taxes, and insurance	
Food and household	
Health care and premiums	
Utilities and transportation	

Discretionary, each month

Travel and hobbies	
Gifts and giving	
Everything else	

Whether There Is a Gap

One subtraction, and what it can tell you.

Total lifetime income each month

Total essential expenses each month

The difference, if any

If this is a shortfall, savings may need to cover it.

What the result can mean

If lifetime income covers essential expenses, savings are generally paying for discretionary spending, which is the part you could adjust in a difficult year.

If it does not, savings may be covering some essentials too, and more of the plan may depend on what markets do. Neither result is right or wrong. They point toward different decisions about cash on hand, how accounts are invested, and when to claim Social Security.

What to bring to a conversation

- This guide, filled in as far as you got
- Your most recent Social Security statement from ssa.gov
- A recent statement for each retirement and investment account
- Any pension or annuity paperwork
- Any questions you were unsure how to answer

Have a question about your own sources?

A conversation about your income sources can be a good place to start.

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Sources

Social Security Administration, Retirement Benefits and Survivor Benefits. ssa.gov

Internal Revenue Service, Publication 915, Social Security and Equivalent Railroad Retirement Benefits. irs.gov

Internal Revenue Service, Retirement Topics: Required Minimum Distributions. irs.gov

SECURE 2.0 Act of 2022, required minimum distribution age provisions

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