

The Retirement Income Blueprint™

A practical guide to building guaranteed retirement income, protecting your assets, and creating a plan that lasts as long as you do.

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FranchiseBenefits LLC™

"Built by a Franchisor. For People Who've Earned This.™"

1 in 3

Americans run out of money in retirement

\$0

in fees for a properly structured SPIA income annuity

30+

years your plan may need to fund

This guide will walk you through the five decisions that determine whether your retirement is financially secure — or whether it's held together by hope. Every concept is grounded in math and actuarial science, not opinion.

WHAT'S INSIDE

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INTRODUCTION

The Problem Most People Don't See Coming

Most people approaching retirement have done what they were told. They saved in their 401(k). They didn't touch the money. They watched the balance grow. And now, as retirement approaches, they have a number that looks reassuring — \$600,000, \$900,000, maybe more.

But here's what almost nobody tells them: a portfolio balance and a retirement income are two entirely different things.

A \$900,000 portfolio at a 4% withdrawal rate generates \$36,000 per year — or \$3,000 per month — before taxes. For many people, that barely covers essential expenses. And if the market drops 30% in the first two years of retirement, the math gets significantly worse.

The Question That Changes Everything

"How much guaranteed monthly income will you have in retirement — income that shows up regardless of what the market does?"

Most people don't know the answer. This guide will help you find it — and close the gap.

This blueprint covers five decisions that determine whether your retirement is financially secure. We'll cover guaranteed income, longevity, taxes, risk transfer, and investment strategy — in plain language, with no jargon and no sales pitch. Just math and practical guidance.

Take the free Retirement Readiness Score™ assessment at heitsbenefits.com to see exactly where you stand across all five dimensions.

CHAPTER 1

Foundation Income™ vs. Freedom Income™

The most important thing you can do before retirement is separate your money into two buckets — and make sure each bucket is funded for its specific job.

■ Foundation Income™

GUARANTEED

Covers your essential expenses every month — no matter what the market does.

- Social Security (optimized)
- Pension (if applicable)
- Income Annuity (SPIA or DIA)
- Rental income

COVERS: Housing · Food · Utilities · Healthcare

■ Freedom Income™

NON-GUARANTEED

Funds your lifestyle goals. Comes from your investment portfolio. Can fluctuate.

- 401(k) / IRA withdrawals
- Brokerage account income
- Part-time work / consulting
- Investment dividends

FUNDS: Travel · Dining · Hobbies · Gifts · Experiences

The key insight: build your Foundation Income first. Most advisors do the opposite — they optimize the investment portfolio and hope it generates income. That approach puts you at the mercy of market timing from day one.

Finding Your Foundation Income Gap

Your Foundation Income Gap is the difference between your guaranteed monthly income and your essential monthly expenses. It's the most important number in retirement planning, and most people have never calculated it.

EXAMPLE CALCULATION

Social Security (both spouses)	\$3,400/mo
Pension	\$0/mo
Essential Monthly Expenses	\$5,200/mo
FOUNDATION INCOME GAP	\$1,800/mo

A \$1,800/month gap means this couple needs to draw \$1,800 from their investment portfolio every single month before they spend a dollar on anything discretionary. Over 25 years, that's \$540,000 in required withdrawals — before inflation. This is the problem an income annuity solves.

CHAPTER 2

The #1 Retirement Risk — And It's Not the Market

50%

The probability that at least one member of a couple both aged 65 today will live past age 92.

Source: Society of Actuaries

If you retire at 62 and live to 92, you need 30 years of income. Most retirement portfolios were never designed for a 30-year draw period. And the longer you live, the more likely you are to encounter all the other risks: a major market downturn, a long-term care event, rising healthcare costs, cognitive decline.

What Are Mortality Credits?

Mortality credits are the secret ingredient that makes income annuities the most efficient lifetime income vehicle available — and they cannot be replicated by any investment product.

When you purchase an income annuity, you pool your longevity risk with thousands of other policyholders. People who die younger than average contribute their unused principal to those who live longer. The insurance company pays every annuitant more than they could earn from a bond of the same size — because the pool itself generates the extra income.

The Math That Makes Annuities Unique

A 65-year-old investing \$200,000 in a 5% bond portfolio earns \$10,000/year in interest — and must preserve the \$200,000 to keep earning it.

The same \$200,000 in a SPIA might pay \$13,000–\$14,000/year for life — more income, guaranteed, and it continues even if they live to 105. The extra \$3,000–\$4,000/year comes entirely from mortality credits.

Deferred Income Annuities — Your Personal Pension

A Deferred Income Annuity (DIA) — sometimes called longevity insurance — is one of the most efficient ways to address the longevity risk. A relatively small premium at age 62–65 can lock in a guaranteed income stream beginning at age 80 or 85.

Example: a 63-year-old might pay \$50,000 today for a guaranteed income of \$1,800/month starting at age 82 — for life. That's longevity insurance at its most efficient.

CHAPTER 3

How to Create Guaranteed Lifetime Income

Not all annuities are the same. In fact, the word 'annuity' covers eight fundamentally different products that do completely different things. The question is never 'do you need an annuity?' — it's 'which income problem are you trying to solve?'

SPIA Single Premium Immediate Annuity	Income starts within 30 days. No fees. Simple and powerful. Best for: Closing the income gap immediately. Replacing a pension. Best payout of any income product.
DIA Deferred Income Annuity	Low premium today. High guaranteed income starting at a future age (80–85). Best for: Longevity insurance. Funding the 'care years' without a large upfront premium.
FIA Fixed Index Annuity	0% floor — can't lose principal. Growth tied to an index (S&P; 500, etc.). Best for: Pre-retirement accumulation. Growth with downside protection. Often includes income rider.
MYGA Multi-Year Guaranteed Annuity	CD alternative. Guaranteed rate for a fixed term (3–10 years). No fees. Tax-deferred. Best for: Safe accumulation. Rate-sensitive clients moving off CDs or money markets.

Important: Most Income Annuities Have No Fees

One of the most persistent misconceptions about annuities is that they all have high fees. This is only true of variable annuities — and most income annuities are not variable annuities. SPIAs, DIAs, and MYGAs have zero management fees. They generate revenue for the insurer through the spread between what they earn on invested premiums and what they pay out — the same way a bank uses your CD deposits.

CHAPTER 4

The Tax Problem Hiding in Your 401(k)

Here is something almost nobody tells you before retirement: the IRS is a silent partner in your 401(k) and Traditional IRA. Every dollar you withdraw is ordinary income. And at age 73, Required Minimum Distributions (RMDs) force you to withdraw a specific amount every year — whether you need the money or not.

The Three Tax Buckets

Think of your retirement assets in three categories:

■ TAXABLE NOW

Brokerage accounts, savings accounts. You pay tax now.

■ TAX-DEFERRED

Traditional 401(k), Traditional IRA. You'll pay tax later — at unknown future rates.

■ TAX-FREE

Roth IRA, Roth 401(k), properly structured life insurance cash value.

Most people approaching retirement have 80–90% of their assets in the middle bucket — tax-deferred. That means the government has a claim on most of your retirement savings at rates that haven't been determined yet.

The RMD Trap

Starting at age 73, the IRS requires you to withdraw a minimum amount from your tax-deferred accounts each year. The amount increases as you age. If you have \$1.2M in Traditional IRAs at 73, your first RMD is roughly \$43,000. Add that to Social Security and other income, and you may find yourself in a significantly higher tax bracket than anticipated — whether you need the money or not.

What You Can Do Now

• Roth Conversions

Converting tax-deferred assets to Roth in your 50s and early 60s — while your income may be lower — can save significant taxes over a 20–30 year retirement. The conversion is taxed at today's rates; all future growth and withdrawals are tax-free.

• High-Cash-Value Life Insurance

Properly structured whole life or IUL policies grow cash value tax-deferred and allow tax-free withdrawals via policy loans. There are no contribution limits, no RMDs, and the death benefit passes to heirs tax-free.

• Social Security Timing

Delaying Social Security from 62 to 70 increases your benefit by up to 76%. That's permanent, inflation-adjusted, tax-advantaged income. For most people, this is the single highest-return 'investment' available.

CHAPTER 5

Transferring the Catastrophic Risks

You don't self-insure your house. If it burns down, you don't rebuild it out of pocket. You transfer that risk to an insurance company — because the potential loss is too large to absorb alone.

Yet many people enter retirement self-insuring risks that are far larger than their home: a spouse dying early, a long-term care event, a disability that cuts short their earning years. When one of these events occurs without coverage, it can erase decades of savings.

■ Life Insurance

- ✓ Replaces your income if you die before your spouse is financially independent
- ✓ Funds your surviving spouse's Foundation Income
- ✓ IUL (Indexed Universal Life) builds tax-free Freedom Income over time
- ✓ Living benefit riders provide LTC acceleration — one policy, two jobs
- ✓ Legacy: passes assets to heirs income-tax-free

Term insurance covers the income replacement risk. Permanent insurance (whole life or IUL) adds the tax-free income and legacy dimensions.

■ Long-Term Care Insurance

- ✓ Average nursing home cost: \$8,000–\$10,000/month (2024 figures)
- ✓ 70% of people over 65 will need some form of extended care
- ✓ Average care event lasts 2–3 years — potential cost: \$200,000–\$360,000
- ✓ Hybrid LTC/Life policies: use it for care, or the death benefit passes to heirs
- ✓ Protects your spouse's Foundation Income from care costs

The 'use it or lose it' concern is solved by hybrid policies — you either use the LTC benefit or your heirs receive the death benefit.

■ Disability Income Insurance

- ✓ Before retirement, your greatest asset is your future earning capacity
- ✓ A disability at 58 doesn't just reduce income — it eliminates your retirement runway
- ✓ Own-occupation coverage pays if you can't perform your specific job
- ✓ Long-term DI policies can be structured to pay to age 65 or 67
- ✓ Business owners: key-person and business overhead coverage also available

Most overlooked in the 50s and early 60s — precisely the highest-risk window.

CHAPTER 6

The 7 Biggest Retirement Income Mistakes

1 Taking Social Security Too Early

Claiming at 62 instead of 70 can reduce your lifetime benefit by up to 76%. Social Security is permanent, inflation-adjusted, and partially tax-favored income. For most people with reasonable health, delaying is the highest-return decision available.

2 Ignoring the Income Gap Until It's Too Late

Most people don't calculate their Foundation Income Gap until they're ready to retire. By then, the tools to close it — income annuities, Roth conversions, savings acceleration — are far less effective than they would have been 10 years earlier.

3 Treating the Portfolio as the Income Plan

Withdrawing from a volatile portfolio to cover essential expenses exposes you to sequence-of-returns risk. A 30% market drop in year two of retirement can permanently damage a portfolio that was otherwise sized correctly.

4 Ignoring Taxes Until RMDs Hit

Waiting until age 73 to address tax-deferred balances means losing the most effective window for Roth conversions, which is typically the decade between retirement and RMD age when income — and tax rates — may be at their lowest.

5 Self-Insuring Long-Term Care

Planning to 'pay out of pocket if something happens' ignores the statistical probability (70%) and the magnitude of cost (\$200,000–\$400,000 or more). Self-insuring LTC risk is the most common single cause of retirement asset depletion.

6 Underspensing in the Go-Go Years

Fear of running out of money causes many retirees to underspend in the early, active years (ages 62–75) when they are most able to enjoy it. A properly structured plan with guaranteed Foundation Income eliminates this fear — which is the point.

7 Not Having a Written Plan

Verbally discussing retirement goals with a spouse or advisor is not a plan. A written plan that specifies guaranteed income sources, withdrawal strategy, tax approach, and risk coverage is what actually gets executed correctly when life becomes complicated.

CHAPTER 7

The Freedom Income Framework™ in Action

The Freedom Income Framework™ organizes retirement planning into five decisions, made in the right order. Each decision builds on the previous one. Together, they create a retirement that is mathematically sound rather than emotionally managed.

01

Build Your Foundation Income

Calculate your essential expenses. Identify your guaranteed income sources. Close the gap with Social Security optimization and income annuities.

02

Protect Against a Long Life

Model your income to your actuarial life expectancy, not just to 85. Add longevity insurance (DIA) if your Foundation Income doesn't extend to your longest likely life.

03

Don't Let Taxes Steal the Last Chapter

Evaluate your tax-deferred balance and RMD trajectory. Model Roth conversions. Consider high-cash-value life insurance for tax-free Freedom Income.

04

Transfer the Catastrophic Risks

Review life insurance adequacy. Add LTC coverage (traditional or hybrid). If still working, confirm disability income coverage is in place.

05

Free Your Freedom Income to Grow

With the Foundation secured, your investment portfolio can take appropriate risk without the emotional pressure of meeting essential expenses from a volatile account.

The counterintuitive result of this sequence: once your Foundation Income is set, you become a better investor. You stop making panicked decisions during market downturns because the essentials are already covered. Your portfolio is free to ride out volatility — which is exactly what long-term investing requires.

NEXT STEPS

Your Retirement Income Review

Reading this guide is the first step. The second step is finding out exactly where you stand across all five dimensions of retirement readiness.

Free Resources Available Now

■ Retirement Readiness Score™

Take the free assessment at heitsbenefits.com. Get your score across 5 dimensions and your estimated monthly income gap — in about 4 minutes.

■ 45-Minute Retirement Income Review

A complimentary, one-on-one working session. We'll calculate your income gap, model your tax situation, and identify which of the 5 Decisions apply to your specific numbers. No obligation.

■ Video & Email Series

5-part video series and 7-part email sequence — one topic per Decision. Subscribe at heitsbenefits.com.

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"Your retirement is too important to leave to opinion. Let's build your plan on math, guarantees, and clarity."

— Dave Heitner, Heits Benefits Group

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