

Your Financial Future

Developing A Realistic Retirement Income Strategy

(NAPSA)—From a financial planning point of view, the retirement stage can be one of the most complicated to navigate. One of the thorniest decisions is determining how much you can afford to spend each month so that 1) your security throughout retirement is assured and 2) your financial goals are met. The challenge is magnified when your upcoming or recent retirement runs head first into a bear market such as the one experienced recently.

Fortunately, it is possible to develop a viable plan based on reasonable projections of what you will need to retire on and what resources you can expect to have available upon retirement.

As a general rule you will need between 60 to 80 percent of your preretirement annual income to maintain your lifestyle in retirement. According to experts at T. Rowe Price, the usual approach is to add up your assets and project an average rate of return. This method may seem simple, but it is not considered a reliable way to plan for a lifetime of retirement income.

The T. Rowe Price Retirement Income Manager prefers to approach this decision by using a computer program to evaluate the many factors that are critical to meeting retirement income needs.

The Retirement Manager may be best suited for people who are a year or two away from or into retirement. It recommends a personalized income and investment strategy based on assets and goals.

The program uses cutting-edge computer models that project the



Planning for retirement should factor in annual inflation as well as goals and priorities.

success of various income strategies over 500 potential market scenarios. The analysis factors in annual inflation, a tax-smart withdrawal strategy, a full range of investment choices, and the individual's personal goals and preferences. For example, it asks people to rate the importance of various retirement objectives, such as achieving a high monthly income or preserving principal.

It also asks about the investor's willingness to incur risk. The result can be a realistic income strategy that fits an investor's goals and priorities.

For more information, call 1-800-831-1377 between 8 a.m. and 10 p.m. Monday through Friday and weekends from 8:30 a.m. to 5 p.m. Eastern Standard Time.



Note to the Editor: This article should not be run in the state of Maryland.