Creating Retirement Income:

Turning Savings into Paychecks

Presented by:

Clark Engle, CFP®

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The Essential Retirement Question

Will you outlive your income?

OR

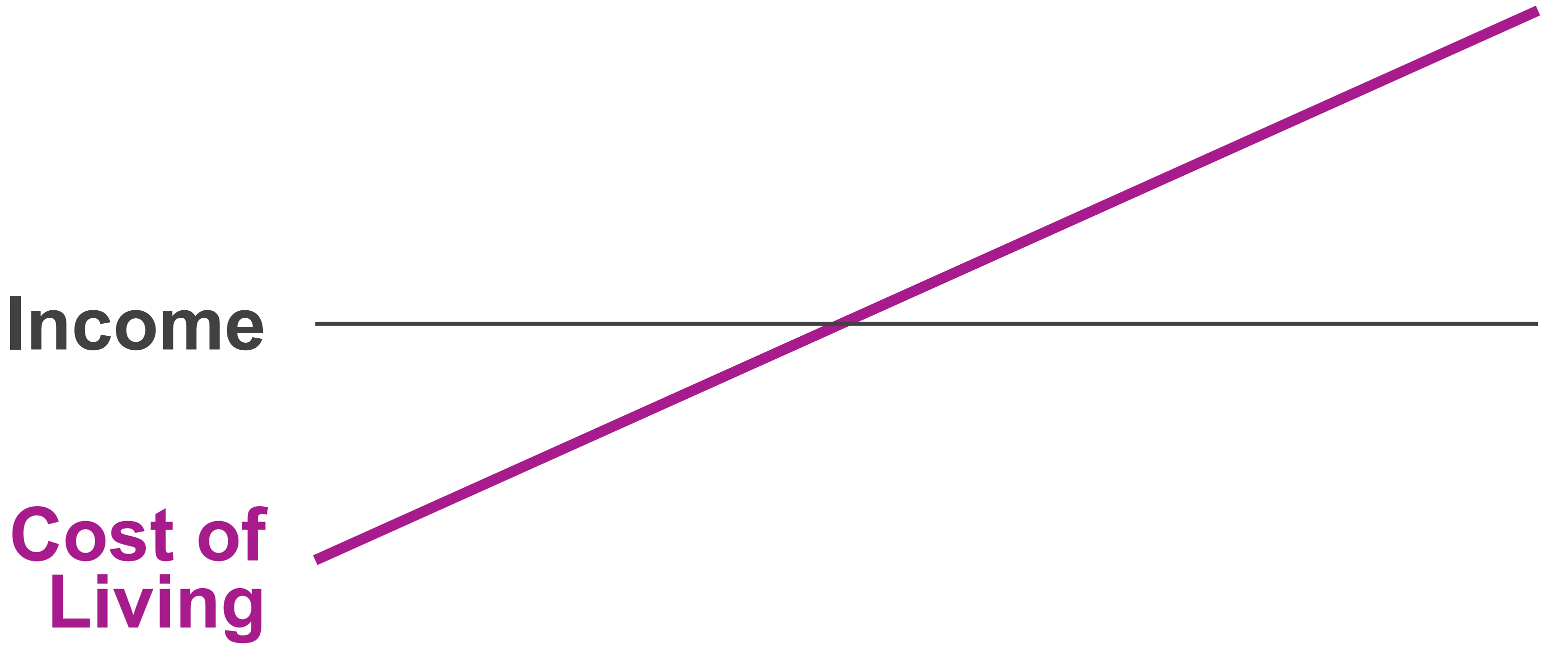
Will your income outlive you?

The Essential Retirement Answer

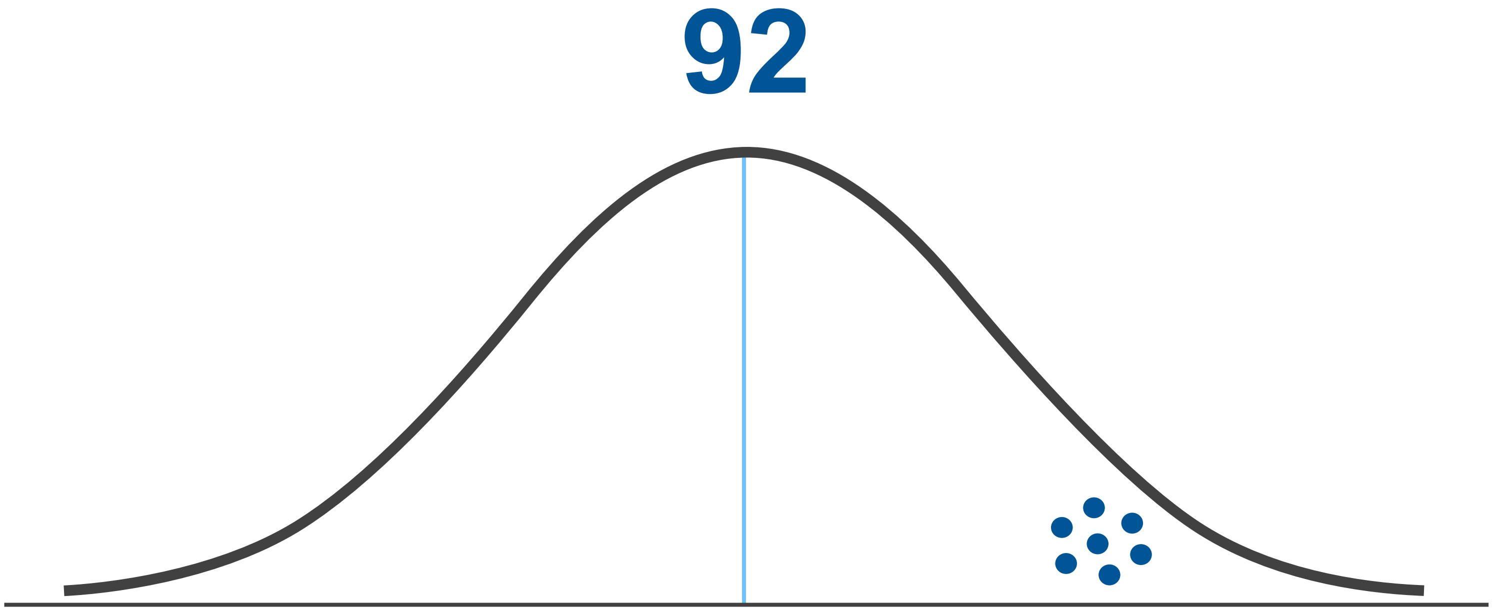
For our income to outlive us…

it must grow *at least* at the rate our cost of living grows.

A Fixed Income in Retirement Cannot be the Answer



Even if You Aren't Preparing For a Three-decade Retirement…



…it is preparing for you!

Income Need in Year 1 of Retirement: $8,000/Month

CPI inflation has grown at 2.9% annually since 1926.

Source: Dimensional Matrix Book 2025.

Question

Where (historically) do we find that kind of rising income?

Answer

Owning companies, not lending to them.

Dividends: The Inflation Killer

Since 1960

Consumer Price Index	Cash Dividend of the S&P 500
11 Times	**40** Times

Data as of 12/31/25.
Source for S&P 500 Earnings History: NYU Stern School of Business, Aswath Damodaran. Raw data from Bloomberg and S&P.
Source for Consumer Price Index: https://inflationdata.com/Inflation/Consumer_Price_Index/HistoricalCPI.aspx?reloaded=true

Oh, by the way…

Since 1960

S&P 500

118 Times

58.11 in 1960
6,845 in 2025

Data as of 12/31/25.
Source: Raw data from Bloomberg and S&P.

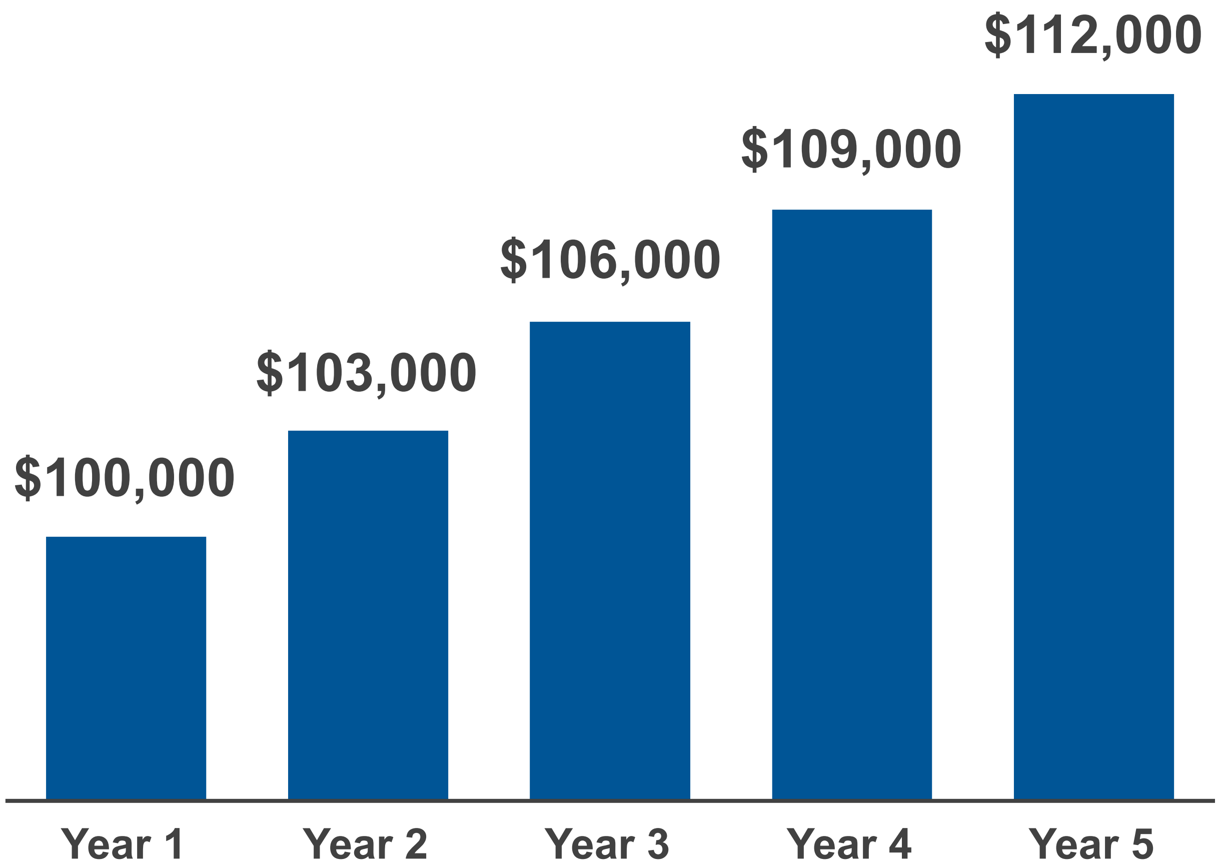
The Next Step:

Calculating Your Number

1. Assume you'll need to replace your income of $150,000
2. Take off $50,000 a year for Social Security
3. Divide the remaining $100,000 by 0.05

Your number is $2 million

Increase Your Cash Withdrawals 3% Per Year to Offset Inflation



…and so on

Let’s Get Practical

Next Steps

Create a balance sheet

Run a retirement projection

Bucket philosophy

Mentally prepare

What is your purpose?

Continue to monitor and plan

Create a Personal Balance Sheet

Assets

- Cash
- Taxable Accounts
- Retirement Accounts
  - 401k
  - IRA
  - Pensions
- Real Estate
- Business Ownership
- Vehicles
- Other Valuables

Liabilities

- Mortgages
- Lines of Credit
- Car Loans
- Tax bills
- Personal Loans
- Student Loans
- Credit Cards

Assets – Liabilities = Net Worth

Retirement Projection

1. Determine current value of investable assets
2. Determine annual savings amount
3. Determine annual interest rate growth
4. Time Value of Money calculation using Retirement Date

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Retirement Projection Example

John and Jane Doe:

- Both born in 1970 (Age 55) – planning to retire at age 65
- $500k in investable assets
- Saving $30,000/yr
- Historical stock market return: 10%

Estimate at age 65: $1,775,000

For illustrative purposes only. Past performance is not a guarantee of future results.

The Next Step:

Calculating Your Retirement Need

1. Assume you'll need to replace your income of $150,000
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How Should We Invest?

Time Segmentation Strategy

Investing and Historical Returns Since WWII

Liquid Investments | Not Liquid

	1	2	3	4	5	6
EXPECTED RETURN	**2% to 4%**	**5% to 7%**	**8% +**	**9% to 10%**	**10% +**	**-100% to 50%+**
Types of Investments	• Intermediate Bonds • Municipal Bonds • Global Bonds • High Yield Bonds	• Balanced Funds	• Diversified Large Cap Stocks • High Dividend Paying Stocks	• Mid Caps • Small Caps	• Real Estate • Emerging Markets	• Owning Your Own Business • Direct Real Estate • Private Equity • Venture Capital
No Historical Losses After	4 years	5 years	11 years	11 years	11 years	• High potential returns • Risk of losing entire investment
Potential to Double Every	24 years	10-12 years	9 years	7 years	7 years	3-5 years

Dimensional Matrix Book, 2025. Print. The potential to double every number of years is not guaranteed. Future results may vary from past performance.

Model Portfolios

Years From Retirement	Model Name	Buckets 1	2	3	4	5
10+	Aggressive	0%	0%	60%	30%	10%
10 to 5	Mod. Aggressive	10%	20%	40%	22%	8%
5 to -10	Moderate	20%	40%	20%	13%	7%
-10 to -20	Moderate Conservative	40%	40%	10%	6%	4%
-20 and beyond	Conservative	60%	40%	0%	0%	0%

Mentally Prepare

Mental Prep Work

John and Jane's experience (assuming they were born 1970)

The year they were born:

- The S&P 500 was down 36% over the previous 18 months (largest drop since great depression)
- Surprise invasion in Cambodia – President Nixon orders 1,000 FBI agents to be armed at college campuses in wake of anti-war protests
- US Post Office worker strike for two weeks
- Environmentalists predicted we would run out of resources due to population boom
- Inflation was near 6%
- US on the brink of leaving the gold standard
- Minnesota Vikings lost the Super Bowl ☹

Source: https://www.historic-newspapers.co.uk/blog/1970-timeline/, https://www.thepeoplehistory.com/1970.html, Bureau of Labor Statistics: https://www.bls.gov/

Mental Prep Work

John and Jane's experience using three bear markets:

January 1973 – October 1974

S&P 500 Return: -48%

Key Drivers:

- Recession: GDP down 3.2%
- US Inflation at 6% in 73' and 11% in 74'
- Unemployment: peaked at 9%
- Yom Kippur War & Oil embargo - price of oil increased 200% - speed limit of 55mph imposed
- Watergate and Nixon resignation

Source: https://www.washingtonpost.com/opinions/2023/10/30/october-flashback-1973-watergate-middle-east/, https://www.thepeoplehistory.com/1973.html, Bureau of Labor Statistics: https://www.bls.gov/,

Mental Prep Work

John and Jane's experience using three bear markets:

March 2000 – October 2002

S&P 500 Return: -49%

Key Drivers:

- Dot-com bubble – Nasdaq down 75%
- 9/11 Terrorist Attacks
- Enron and various accounting scandals

Source: https://corporatefinanceinstitute.com/resources/career-map/sell-side/capital-markets/dotcom-bubble/

Mental Prep Work

John and Jane's experience using three bear markets:

October 2007 – March 2009

S&P 500 Return: -57%

Key Drivers:

- Mortgage crisis
- Lehman brothers and financial crisis
- Biggest recession since the great depression
- Mass layoffs

Mental Prep Work

	1970	12/31/2025	Increase
S&P 500 Index	92	6,845	74x
Earnings	$5.51	$271	49x
Dividend	$3.19	$79	25x
CPI	40	327	8x

Source: https://finance.yahoo.com/, JP Morgan Guide to the Markets as of 12/31/25, Bureau of Labor Statistics: https://www.bls.gov/, https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/spearn.htm, https://inflationdata.com/Inflation/Consumer_Price_Index/HistoricalCPI.aspx?reloaded=true

The Logic of Companies

MARRIOTT

WHOLE FOODS MARKET

REI

Retiring with Purpose

- Retire TO something, not AWAY from something
- Retirement is more than just having enough money to do what you want

An individual who "PUSHES" tends to age well:

- Has a sense of Purpose
- Uses time to work, help others, go to events and/or participate in activities
- Socializes with friends & family; spends time with others
- Practices Healthy behaviors
- Expresses gratitude
- Focuses on Strengths and abilities

Source: JP Morgan Guide to Retirement

Continue to Monitor and Plan

Reminder that major life events don't stop in retirement:

- Grandchildren
- Health care
- Legacy
- New interests
- World events
- Changes to the tax code

The Everhart Advisors mission statement is to help as many families as possible reach financial security – please reach out for help with this material any time

July 28

10 AM EST

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Everhart Advisors

844-GOT-401K (844-468-4015)

help@everhartadvisors.com

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