

Question: If one has a properly diversified investment portfolio, what percentage do you feel is safe to plan on withdrawing annually so that my account value never decreases?

Answer: As long as you limit your withdrawals to the amount of interest, dividends and capital gains generated, you won't have to touch your principal and the value of your account won't decrease. For example, let's assume you have a \$400,000 account value and by the end of the year your balance has increased to \$425,000. If you only take out \$25,000, your principal will remain intact.

For most people however, limiting their withdrawals to only interest, dividends or capital gains isn't realistic because most people don't hold investments that only go up in value. In short, their portfolios rise and fall in value with the normal stock and bond market fluctuations and could be worth more or less than their original investments. Additionally, most people won't have a pension so they'll have to rely heavily on an income stream from their portfolio. In many cases, these portfolios are scheduled to be depleted over time.

The issue of not running out of money and creating a sustainable income is hard because we don't know how long we're gonna live. I mean, when you retire, will you be around for 10 years or 30+ years? It's anyone's guess; so you'll have to monitor your withdrawals at least annually.

Bill's Bottom-line: The less money you take out, the lower inflation is, and the higher return you earn on your money, the longer it will last. Conversely, the more money you take out, the higher inflation is, and the lower your return is, the shorter your nest egg will last.



Bill Losey, CFP®, CSA, America's Retirement Strategist™, has nearly 20 years experience in the financial planning industry and has been interviewed on the CBS Radio Network, CNNfn, and FOX's "Hannity & Colmes". Bill publishes *Retirement Intelligence*®, a free weekly award-winning newsletter that reaches over 5,000 subscribers worldwide, and is the author of ***Retire in a Weekend! The Baby Boomer's Guide to Making Work Optional***. Bill can be reached by calling 1-866-786-2521 or online at www.MyRetirementSuccess.com and www.RetireinaWeekend.com.