AI-04651 Paycheck at 60

Run the following scenario:
What does $500K, $1M, $1.5M, $2M, $2.5 at 60 actually pay you if you stop working today using an ROI of 0%,10%,12%,15% for 30 years. Create an amortization table comparing all scenarios.

Yes. I'll treat **"actually pays you"** as:

> **A fixed annual withdrawal that completely amortizes the starting portfolio to $0 at the end of 30 years**, assuming the stated ROI is earned every year and withdrawals occur at the end of each year.

That is the standard payout-annuity/amortization approach. (OpenStax)

1. The headline answer

$500K	$16,667/yr	$53,040/yr	$62,072/yr	$76,150/yr
$1.0M Starting portfolio	$33,333/yr **0% ROI**	$106,079/yr **10% ROI**	$124,144/yr **12% ROI**	$152,300/yr **15% ROI**
$2.0M	$66,667/yr	$212,158/yr	$248,287/yr	$304,600/yr
$2.5M	$83,333/yr	$265,198/yr	$310,359/yr	$380,750/yr

Monthly equivalent

$500K	$1,389	$4,420	$5,173	$6,346
$1.0M Starting portfolio	$2,778 **0%**	$8,840 **10%**	$10,345 **12%**	$12,692 **15%**
$2.0M	$5,556	$17,680	$20,691	$25,383
$2.5M	$6,944	$22,100	$25,863	$31,729

So, for example, **$1.5M at 12% for 30 years supports about $186,215/year or $15,518/month**, under these assumptions.

The mathematical relationship is:

$$
Withdrawal = P\frac{r}{1-(1+r)^{-30}}
$$

where (P) is the starting portfolio and (r) is the annual return. (OpenStax)

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2. What happens to the portfolio?

A useful way to visualize the difference is the **$1.5M portfolio**:

The important insight is that **higher ROI doesn't merely preserve the principal—it dramatically increases the amount you can withdraw while still exhausting the portfolio exactly at age 90.**

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3. Full amortization — 0% ROI

At 0%, this is simply principal divided by 30.

0	$500,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
5 **Year**	416,667 **$500K**	833,333 **$1M**	1,250,000 **$1.5M**	1,666,667 **$2M**	2,083,333 **$2.5M**
15	250,000	500,000	750,000	1,000,000	1,250,000
20	166,667	333,333	500,000	666,667	833,333
25	83,333	166,667	250,000	333,333	416,667
29	16,667	33,333	50,000	66,667	83,333
30	**$0**	**$0**	**$0**	**$0**	**$0**

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4. Full amortization — 10% ROI

Annual withdrawals:

- $500K → **$53,040**
- $1M → **$106,079**
- $1.5M → **$159,119**
- $2M → **$212,158**
- $2.5M → **$265,198**

0	$500,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
5 **Year**	481,443 **$500K**	962,886 **$1M**	1,444,328 **$1.5M**	1,925,771 **$2M**	2,407,214 **$2.5M**
15	403,424	806,847	1,210,271	1,613,694	2,017,118
20	325,906	651,811	977,717	1,303,622	1,629,528
25	201,062	402,124	603,186	804,248	1,005,310
29	48,218	96,436	144,654	192,871	241,089
30	**$0**	**$0**	**$0**	**$0**	**$0**

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5. Full amortization — 12% ROI

Annual withdrawals:

- $500K → **$62,072**
- $1M → **$124,144**
- $1.5M → **$186,215**
- $2M → **$248,287**
- $2.5M → **$310,359**

0	$500,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
5 **Year**	486,838 **$500K**	973,676 **$1M**	1,460,514 **$1.5M**	1,947,352 **$2M**	2,434,190 **$2.5M**
15	422,763	845,526	1,268,288	1,691,051	2,113,814
20	350,720	701,439	1,052,159	1,402,879	1,753,598
25	223,755	447,510	671,265	895,020	1,118,775
29	55,421	110,843	166,264	221,685	277,106
30	**$0**	**$0**	**$0**	**$0**	**$0**

6. Full amortization — 15% ROI

Annual withdrawals:

- $500K → **$76,150**
- $1M → **$152,300**
- $1.5M → **$228,450**
- $2M → **$304,600**
- $2.5M → **$380,750**

0	$500,000	$1,000,000	$1,500,000	$2,000,000	$2,500,000
5 **Year**	492,246 **$500K**	984,491 **$1M**	1,476,737 **$1.5M**	1,968,982 **$2M**	2,461,228 **$2.5M**
15	445,278	890,556	1,335,833	1,781,111	2,226,389
20	382,180	764,359	1,146,539	1,528,719	1,910,899
25	255,267	510,534	765,801	1,021,068	1,276,335
29	66,217	132,435	198,652	264,870	331,087
30	**$0**	**$0**	**$0**	**$0**	**$0**

7. The really interesting part: total money paid to you

Because the withdrawals are fixed for 30 years:

$500K	$500K	$1.591M	$1.862M	$2.285M
$1M **Starting capital**	$1.000M **0%**	$3.182M **10%**	$3.724M **12%**	$4.569M **15%**
$2M	$2.000M	$6.365M	$7.449M	$9.138M
$2.5M	$2.500M	$7.956M	$9.311M	$11.423M

For the $1.5M example

At age 60:

$1,500,000

At 12%:

$186,215/year

or

$15,518/month

Over 30 years:

$5,586,465 withdrawn

and the portfolio reaches:

$0 at age 90.

That's why the return assumption is so powerful.

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8. One important distinction

This is **not the same thing as a safe withdrawal rate**.

The calculation deliberately says:

> *"Assume I know the portfolio will return exactly 10%, 12%, or 15% every year, and I want to mathematically consume the entire portfolio over 30 years."*

Real markets don't behave that way. A 12% long-term average can include years of +30%, −20%, +5%, etc. **Sequence of returns risk** makes actual retirement withdrawals substantially different from this smooth mathematical amortization.

Also, these figures are **before taxes, fees, inflation, and changes in spending**.

So I would interpret the scenarios this way:

- **0%** = pure principal consumption
- **10%** = aggressive constant-return mathematical model
- **12%** = very aggressive planning assumption
- **15%** = highly aggressive / stress-test upside case

The annuity mathematics itself is sound; the question is whether the assumed return is realistic and sustainable. (OpenStax)

Bottom line

If you stop working at **60**, the mathematical 30-year income capacity looks like this:

$1M → $8,840/month at 10%, $10,345/month at 12%, $12,692/month at 15%.

$1.5M → $13,260/month at 10%, $15,518/month at 12%, $19,038/month at 15%.

$2M → $17,680/month at 10%, $20,691/month at 12%, $25,383/month at 15%.

And **$2.5M → $22,100/month at 10%, $25,863/month at 12%, $31,729/month at 15%.**

(OpenStax)

$1.5M portfolio amortization over 30 years

Ending portfolio balance under fixed annual withdrawals designed to reach $0 at year 30.

0	1,500,000	1,500,000	1,500,000	1,500,000
5 **year**	1,250,000 **r0**	1,444,328 **r10**	1,460,514 **r12**	1,476,737 **r15**
15	750,000	1,210,271	1,268,288	1,335,833
20	500,000	977,717	1,052,159	1,146,539
25	250,000	603,186	671,265	765,801
29	50,000	144,654	166,264	198,652
30	0	0	0	0

My previous question is not ideal or realistic nor 2026 and beyond appropriate, reframe the question and provide answers

Yes. The original question is mathematically correct, but **it is the wrong retirement-planning question for 2026**.

The biggest problem is that it assumes you can predict a smooth **0%, 10%, 12%, or 15% return every year**, then deliberately spend the portfolio down to exactly $0 at age 90. That is not how a real retirement portfolio behaves.

A more realistic 2026 question is:

> **"If I retire at age 60 today with $500K, $1M, $1.5M, $2M, or $2.5M, how much can I reasonably spend each year while preserving a high probability that my portfolio lasts for at least 30 years, accounting for inflation, market volatility, sequence-of-returns risk, and other retirement income?"**

That is the question I'd use going forward.

The 2026 retirement model

For a **30-year retirement beginning at 60**, I'd model four spending approaches rather than four assumed investment returns:

1. **3.0% — Conservative**

2. **3.5% — Very sustainable**
3. **3.9% — 2026 evidence-based baseline**
4. **5.0% — Flexible/aggressive**

Morningstar's latest 2026 research puts its base-case safe starting withdrawal rate at **3.9%**, assuming a 30-year retirement and a 90% probability of success. It also finds that retirees willing to adjust spending as markets change can start considerably higher—nearly 6% in some flexible strategies. (Morningstar)

And this matters because current forward-looking assumptions are much less supportive of simply assuming 10–15% returns indefinitely. Vanguard's July 2026 model, for example, currently projects only **4.2%–6.2% annualized for U.S. equities over the next 10 years**. (Vanguard)

Portfolio income at different withdrawal rates

$500K	$15,000/yr	$17,500	**$19,500**	$25,000
$1M Portfolio	$30,000 **3.0% Conservative**	$35,000 **3.5%**	**$39,000 3.9% 2026 Base**	$50,000 **5.0% Flexible**
$2M	$60,000	$70,000	**$78,000**	$100,000
$2.5M	$75,000	$87,500	**$97,500**	$125,000

Monthly starting income

$500K	$1,250	$1,458	**$1,625**	$2,083
$1M Portfolio	$2,500 **3.0%**	$2,917 **3.5%**	**$3,250 3.9%**	$4,167 **5.0%**
$2M	$5,000	$5,833	**$6,500**	$8,333
$2.5M	$6,250	$7,292	**$8,125**	$10,417

These are **starting withdrawals**, not guaranteed income. Under a traditional inflation-adjusted strategy, the dollar withdrawal would generally increase with inflation.

But there's an even better way to ask the question

Rather than asking:

> "What does $1.5M pay me at 12%?"

I'd ask:

> **"What lifestyle can each portfolio realistically fund at age 60?"**

That's much more useful.

Then add **Social Security, pension income, rental income, or other guaranteed income** on top.

That changes the retirement picture dramatically. Morningstar specifically emphasizes that predictable nonportfolio income can make flexible withdrawal strategies more effective. (Morningstar)

The critical 2026 change: don't model returns in isolation

Instead of:

Portfolio → ROI → withdrawal

we should model:

Portfolio → market returns → inflation → taxes → withdrawals → Social Security → spending adjustments → remaining portfolio

That's a much more realistic retirement engine.

For example, a retirement simulation should contain:

Market

- Variable annual returns
- Bull markets
- Bear markets
- Recessions
- Sequence-of-return risk
- Different stock/bond allocations
- Inflation shocks

Spending

- Initial retirement spending
- Inflation adjustments
- Essential vs discretionary spending
- Spending reductions during major downturns
- Optional spending increases after strong markets

Income

- Social Security
- Pension
- Other guaranteed income
- Investment income

Social Security itself is inflation-adjusted; the 2026 COLA is **2.8%**. (Social Security Administration)

Taxes

Especially important if the portfolio is primarily:

- 401(k)
- Traditional IRA
- Roth IRA

- taxable brokerage

A $100K withdrawal isn't necessarily $100K of spendable money.

Here's the model I'd actually use for you

For someone asking this question at **60**, I'd build a **30-year Age 60 → 90 retirement stress test**.

Scenario A — Survival

3.0% withdrawal

Goal:

> Don't run out of money.

Scenario B — Conservative

3.5% withdrawal

Goal:

> Strong sustainability with reasonable lifestyle.

Scenario C — 2026 baseline

3.9% withdrawal

Goal:

> Evidence-based 30-year retirement income.

Scenario D — Flexible retirement

5.0% initial withdrawal

Goal:

> Spend more, but accept that spending needs to respond to market performance.

Scenario E — Aggressive

6.0%

Goal:

> Maximum lifestyle rather than maximum portfolio longevity.

Morningstar's research indicates flexible strategies can support substantially higher initial spending than the 3.9% fixed-real baseline, but the tradeoff is **variable spending**. (Morningstar)

And here's the most important reframing

The goal shouldn't necessarily be:

> **“Have $0 at age 90.”**

That's the flaw in the original amortization model.

At 60, you don't know whether you'll live to:

70 → 80 → 90 → 100.

And you don't know what healthcare, family support, inflation, or major purchases will require.

A better retirement objective is:

> **Maximize lifetime spending while maintaining a high probability of never running out of money.**

That creates a very different strategy.

For example, with **$1.5M**:

3.0%	$45,000	$3,750
3.5% **Strategy**	$52.500 **Initial annual spending**	$4.375 **Monthly**
5.0%	$75,000	$6,250
6.0%	$90,000	$7,500

Then **Social Security gets added separately**.

So if someone had $1.5M plus $4,000/month of Social Security, the retirement-income picture isn't:

$1.5M → $15,518/month at 12%.

It becomes something much more useful:

Portfolio: ~$4,875/month at 3.9%
Social Security: ~$4,000/month
Total: ~$8,875/month

And unlike the original model, we're not assuming the market delivers 12% every single year.

The question I'd use from now on

"I'm 60 and considering retirement today. For portfolios of $500K, $1M, $1.5M, $2M and $2.5M, calculate sustainable retirement income for the next 30 years using realistic 2026 assumptions. Model 3.0%, 3.5%, 3.9%, 5% and 6% withdrawal strategies; account for inflation, variable market returns, sequence-of-returns risk, Social Security, taxes and spending flexibility; show annual portfolio balances, annual withdrawals, cumulative withdrawals, probability of portfolio survival and ending balances. Compare conservative, base-case, flexible and aggressive retirement strategies."

That is a much better retirement question than "What does my money pay me at 10%, 12%, or 15%?"

And notably, Vanguard's current outlook reinforces why I would **not** make 10–15% the base case for 2026 planning: its current 10-year U.S. equity forecast is only 4.2%–6.2%, while its forecasts are explicitly probabilistic rather than guarantees. (Vanguard)

What each portfolio can initially support at 3.9%

Initial annual portfolio spending using the 2026 Morningstar base-case withdrawal rate.

$500K	19,500
$1M **portfolio**	39,000 **income**
$2M	78,000
$2.5M	97,500

"I'm 60 and considering retirement today. For portfolios of $500K, $1M, $1.5M, $2M and $2.5M, calculate sustainable retirement income for the next 30 years using realistic 2026 assumptions. Model 3.0%, 3.5%, 3.9%, 5% and 6% withdrawal strategies; account for inflation, variable market returns, sequence-of-returns risk, Social Security, taxes and spending flexibility; show annual portfolio balances, annual withdrawals, cumulative withdrawals, probability of portfolio survival and ending balances. Compare conservative, base-case, flexible and aggressive retirement strategies."

Yes. This is the version I would actually use for a **2026 retirement decision**.

The key change is that I would **not** assume a fixed 10%, 12%, or 15% return. Current 2026 capital-market forecasts are much more restrained: Vanguard's current outlook describes muted U.S. stock returns over the next 5–10 years, while its July 2026 material points to probabilistic rather than guaranteed returns. (**Vanguard**)

Morningstar's 2026 retirement research puts a **3.9% starting withdrawal rate** at the center of its 30-year, 90%-success framework for a retiree with roughly 30%–50% equities, while flexible strategies can support higher initial withdrawals if spending is allowed to adjust. (**Morningstar**)

The 2026 Retirement Model

Assumptions

I'm going to model:

- **Retirement age:** 60
- **Horizon:** 30 years, age 60 → 90
- **Portfolios:** $500K, $1M, $1.5M, $2M, $2.5M
- **Starting withdrawal rates:** 3%, 3.5%, 3.9%, 5%, 6%
- **Inflation:** 2.5%/year planning assumption
- **Investment return:** variable rather than fixed
- **Illustrative long-run nominal return:** 5.5%
- **Illustrative volatility:** 12%
- Withdrawals increase with inflation
- Market returns occur before that year's withdrawal
- No salary or additional contributions
- Social Security is treated separately
- Taxes are shown as a **planning adjustment**, not as a precise tax return calculation
- 30-year survival is the primary objective

Important: the 5.5%/12% market model below is an illustrative planning model—not a forecast or guarantee. The actual 2026 Vanguard outlook is more conservative for U.S. equities. (Vanguard)

1. How much can you initially spend?

This is the cleanest starting point.

$500K Portfolio	$15,000 **3.0% Conservative**	$17,500 **3.5% Cautious**	**$19,500 3.9% Base**	$25,000 **5.0% Flexible**	$30,000 **6.0% Aggressive**
$2M	$60,000	$70,000	**$78,000**	$100,000	$120,000
$2.5M	$75,000	$87,500	**$97,500**	$125,000	$150,000

Monthly

$500K	$1,250	$1,458	**$1,625**	$2,083	$2,500
$1M Portfolio	$2.500 **3.0%**	$2.917 **3.5%**	**$3.250 3.9%**	$4.167 **5.0%**	$5.000 **6.0%**
$2M	$5,000	$5,833	**$6,500**	$8,333	$10,000
$2.5M	$6,250	$7,292	**$8,125**	$10,417	$12,500

The **3.9% column is the most important one**. Morningstar's current research specifically identifies 3.9% as its 2026 base-case starting rate for a 30-year retirement with a 90% success target. (Morningstar)

2. What inflation does to your withdrawal

This is something the original question completely missed.

Suppose you retire with **$1.5M** and start at 3.9%.

Year 1:

$58,500

At 2.5% inflation:

60	1	$58,500
61 **Age**	2 **Year**	$59.963 **Withdrawal**

63	4	$62,998
64	5	$64,573
65	6	$66,187
70	11	$74,879
75	16	$84,691
80	21	$95,785
85	26	$108,319
89	30	**$119,439**

So you aren't really asking:

> "Can $1.5M pay me $58,500?"

You're asking:

> **"Can $1.5M support approximately $58,500 of spending today, rising to approximately $119,000 nominally by age 89?"**

That's a much harder—and much more useful—question.

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3. Base-case portfolio trajectory

Using the illustrative 5.5% nominal return / 2.5% inflation model, here is what happens to a **$1M portfolio**.

These are *not* Monte Carlo probabilities; they're the deterministic baseline used to understand the mechanics.

60	$1.000M	$1.000M	**$1.000M**	$1.000M	$1.000M
65	$1.160M	$1.123M	**$1.094M**	$1.014M	$941K
Age	**3.0%**	**3.5%**	**3.9%**	**5.0%**	**6.0%**
75	$1.485M	$1.339M	**$1.223M**	$904K	$614K
80	$1.680M	$1.446M	**$1.260M**	$747K	$281K
85	$1.900M	$1.547M	**$1.263M**	$485K	~$0
90	**$2.098M**	**$1.617M**	**$1.232M**	**$173K**	**$0**

This illustrates something extremely important:

A 3.9% withdrawal does NOT necessarily mean your portfolio goes to zero.

If returns are reasonably favorable, you can actually reach age 90 with **more money than you started with**, despite taking inflation-adjusted withdrawals every year.

That's the fundamental difference between a **retirement withdrawal strategy** and the old "amortize everything to zero" model.

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4. $1.5M example

This is probably the most useful example to examine.

Starting portfolio:

$1,500,000

3.9% strategy

Initial withdrawal:

$58,500/year

or:

$4,875/month

Under our illustrative baseline:

60	$1.500M
65 **Age**	$1.641M **Portfolio**
75	$1.835M
80	$1.890M
85	$1.895M
90	**$1.847M**

Meanwhile, you've been withdrawing increasing amounts to keep up with inflation.

That's a much more realistic retirement objective:

> **Spend enough to enjoy retirement while maintaining a substantial probability of having money left at 90.**

5. Cumulative withdrawals

For the $1.5M portfolio under our inflation assumption, the first-year withdrawals and approximate 30-year cumulative withdrawals are:

3.0%	$45,000	**$1.98M**
3.5% **Strategy**	$52,500 **Initial withdrawal**	**$2.30M** **Approx. 30-year withdrawals**
5.0%	$75,000	**$3.29M**
6.0%	$90,000	**$3.95M**

Those cumulative figures are **nominal dollars**. They should not be confused with today's purchasing power.

6. The 5% and 6% strategies need a different interpretation

This is where the original question becomes particularly misleading.

I would **not** call 5% or 6% "safe fixed withdrawals."

Instead:

5% = Flexible retirement

Start around:

$75,000 on $1.5M

But if the market crashes, you reduce discretionary spending.

For example:

> Good market → $75K
> Normal market → $75K + inflation
> Bad market → $65K
> Severe bear market → $55K

Then increase spending again when the portfolio recovers.

Morningstar's research specifically finds that guardrail/flexible approaches can support substantially higher starting rates than the 3.9% fixed-real baseline; one of its 2026 analyses puts a guardrails approach around **5.2%**. (Morningstar)

6% = Lifestyle-first

$90,000 from $1.5M.

That's attractive.

But you have to accept:

You don't get to demand the same spending regardless of what markets do.

A 6% strategy is fundamentally a **spending-management strategy**, not a "safe paycheck" strategy.

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7. Sequence-of-returns risk

This is the biggest reason I don't want to use your original 10%, 12%, 15% model.

Imagine two retirees:

Retiree A

Year 1: +20%
Year 2: +15%
Year 3: +12%
Then several mediocre years.

Retiree B

Year 1: −25%

Year 2: −15%

Year 3: +5%

Then eventually gets the exact same long-term average return as A.

They can end up with dramatically different retirement outcomes.

That's sequence-of-returns risk.

The average return isn't enough.

The **order of returns matters when you're withdrawing money.**

That's why a retirement model needs stochastic returns rather than:

> 10% every year.

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8. What about probability of survival?

Here's where I want to be very precise.

There are **two different numbers**:

Research-based probability

Morningstar's 3.9% figure is designed around a **90% probability of success over 30 years** under its specific portfolio, return, inflation and spending assumptions. (Morningstar)

It does **not** mean:

> "Every $1.5M portfolio has a 90% chance."

Portfolio allocation and spending behavior matter.

Our scenario model

A proper personalized Monte Carlo should specify:

- stock/bond allocation
- expected returns
- volatility
- correlations
- inflation distribution
- taxes
- Social Security timing
- withdrawal rules
- spending floor
- spending ceiling
- rebalancing
- Roth vs traditional vs taxable accounts

Without those inputs, giving you a fake "97.3% survival probability" would be false precision.

So I would use:

3.0%	Very conservative
3.5% **Strategy**	Conservative **Planning interpretation**
5.0%	Flexible/guardrails
6.0%	Aggressive/flexible

And **not pretend that 5.0% has an exact universal survival probability.**

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9. Social Security changes the equation

This is another major omission from the original question.

Social Security is effectively a separate income floor rather than an investment portfolio that you need to amortize.

And it is inflation-adjusted. The 2026 COLA is **2.8%**. (**Social Security Administration**)

So your retirement-income equation becomes:

Portfolio income

•

Social Security

•

Other guaranteed income

=

Total retirement cash flow

For example, **$1.5M at 3.9%**:

$58,500/year portfolio withdrawal

plus whatever Social Security ultimately provides.

That is much more meaningful than saying:

> "$1.5M pays $186K/year at 12%."

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10. Taxes

This is also why I wouldn't call the table "spendable income."

If the $58,500 withdrawal is from a traditional 401(k), the entire withdrawal may be taxable income.

If it comes from a taxable brokerage account, only the taxable portion may be income.

If it comes from a Roth account, qualified withdrawals can be tax-free.

Therefore:

$58,500 gross withdrawal ≠ $58,500 spending power.

A reasonable planning exercise can apply an effective tax rate, but an actual retirement model should know the account composition.

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11. The five portfolios tell an interesting story

At 3.9%:

$500K

$19,500/year

This is generally a supplemental retirement asset, not a complete retirement lifestyle.

$1M

$39,000/year

Potentially workable with Social Security and modest spending.

$1.5M

$58,500/year

A meaningful retirement portfolio.

$2M

$78,000/year

A strong retirement-income base.

$2.5M

$97,500/year

Now you're approaching a very substantial portfolio-funded lifestyle.

And then Social Security sits on top.

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12. My 2026 interpretation

If I were sitting down with someone who is **60 today**, I'd frame the five strategies this way:

3.0%	Very low	Preserve capital	🟢 Extremely robust
3.5% **Strategy**	Low **Withdrawal**	Safety first **Philosophy**	🟢 Strong **My interpretation**
5.0%	High	Guardrails	🟡 Requires flexibility

6.0%	Very high	Spend aggressively	🔴 Requires substantial spending cuts if markets deteriorate

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13. The most important conclusion

Your original question implicitly asked:

> **"How much money can I extract from this portfolio?"**

The better retirement question is:

> **"How much can I spend while still retaining enough optionality to survive a bad decade?"**

That's a completely different mindset.

And for someone retiring at **60**, I'd actually be more interested in **age 60–70** than age 90.

Why?

Because the first decade is where sequence risk is most dangerous.

A retiree who gets a 30% market decline at 61 while withdrawing 6% is in a very different position from someone who gets that decline at 84.

My recommended retirement framework

For 2026 and beyond, I would use:

Core spending: 3.0–3.5%

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And establish a simple rule:

> **Never increase lifestyle spending simply because the market went up. Increase it only when the portfolio has earned the right to support it.**

That transforms retirement from a fixed mathematical amortization problem into a **dynamic financial operating system**.

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Also, the current Vanguard outlook makes it particularly inappropriate to build a 2026 retirement plan around a permanent 10–15% return assumption. (Vanguard)

The next logical step is to turn this into a true 30-year retirement simulation: 30 annual rows × 5 portfolios × 5 withdrawal strategies, with randomized market returns, inflation, Social Security beginning at 62, taxes, cumulative

withdrawals, bad-market scenarios, and ending portfolio values. That would give you the **actual retirement decision table**, rather than just an annuity calculation.

2026 base-case retirement income

Initial annual portfolio withdrawal at a 3.9% starting rate.

$500K	19,500
$1M **portfolio**	39,000 **income**
$2M	78,000
$2.5M	97,500

"I'm 60 and considering retirement today. For portfolios of $500K, $1M, $1.5M, $2M and $2.5M, calculate sustainable retirement income for the next 30 years using realistic 2026 assumptions. Model 3.0%, 3.5%, 3.9%, 5% and 6% withdrawal strategies; account for inflation, variable market returns, sequence-of-returns risk, Social Security, taxes and spending flexibility; show annual portfolio balances, annual withdrawals, cumulative withdrawals, probability of portfolio survival and ending balances. Compare conservative, base-case, flexible and aggressive retirement strategies."

Yes. This is the version I would actually use for a **2026 retirement decision**.

The key change is that I would **not** assume a fixed 10%, 12%, or 15% return. Current 2026 capital-market forecasts are much more restrained: Vanguard's current outlook describes muted U.S. stock returns over the next 5–10 years, while its July 2026 material points to probabilistic rather than guaranteed returns. (**Vanguard**)

Morningstar's 2026 retirement research puts a **3.9% starting withdrawal rate** at the center of its 30-year, 90%-success framework for a retiree with roughly 30%–50% equities, while flexible strategies can support higher initial withdrawals if spending is allowed to adjust. (**Morningstar**)

The 2026 Retirement Model

Assumptions

I'm going to model:

- **Retirement age:** 60
- **Horizon:** 30 years, age 60 → 90
- **Portfolios:** $500K, $1M, $1.5M, $2M, $2.5M
- **Starting withdrawal rates:** 3%, 3.5%, 3.9%, 5%, 6%
- **Inflation:** 2.5%/year planning assumption
- **Investment return:** variable rather than fixed
- **Illustrative long-run nominal return:** 5.5%
- **Illustrative volatility:** 12%
- Withdrawals increase with inflation
- Market returns occur before that year's withdrawal

- No salary or additional contributions
- Social Security is treated separately
- Taxes are shown as a **planning adjustment**, not as a precise tax return calculation
- 30-year survival is the primary objective

Important: the 5.5%/12% market model below is an illustrative planning model—not a forecast or guarantee. The actual 2026 Vanguard outlook is more conservative for U.S. equities. (**Vanguard**)

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1. How much can you initially spend?

This is the cleanest starting point.

$500K Portfolio	$15,000 **3.0% Conservative**	$17,500 **3.5% Cautious**	**$19,500 3.9% Base**	$25,000 **5.0% Flexible**	$30,000 **6.0% Aggressive**
$2M	$60,000	$70,000	**$78,000**	$100,000	$120,000
$2.5M	$75,000	$87,500	**$97,500**	$125,000	$150,000

Monthly

$500K	$1,250	$1,458	**$1,625**	$2,083	$2,500
$1M Portfolio	$2,500 **3.0%**	$2,917 **3.5%**	**$3,250 3.9%**	$4,167 **5.0%**	$5,000 **6.0%**
$2M	$5,000	$5,833	**$6,500**	$8,333	$10,000
$2.5M	$6,250	$7,292	**$8,125**	$10,417	$12,500

The **3.9% column is the most important one**. Morningstar's current research specifically identifies 3.9% as its 2026 base-case starting rate for a 30-year retirement with a 90% success target. (**Morningstar**)

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2. What inflation does to your withdrawal

This is something the original question completely missed.

Suppose you retire with **$1.5M** and start at 3.9%.

Year 1:

$58,500

At 2.5% inflation:

60	1	$58,500
61 **Age**	2 **Year**	$59,963 **Withdrawal**
63	4	$62,998
64	5	$64,573
65	6	$66,187
70	11	$74,879
75	16	$84,691
80	21	$95,785
85	26	$108,319
89	30	**$119,439**

So you aren't really asking:

> "Can $1.5M pay me $58,500?"

You're asking:

> **"Can $1.5M support approximately $58,500 of spending today, rising to approximately $119,000 nominally by age 89?"**

That's a much harder—and much more useful—question.

---

3. Base-case portfolio trajectory

Using the illustrative 5.5% nominal return / 2.5% inflation model, here is what happens to a **$1M portfolio**.

These are *not* Monte Carlo probabilities; they're the deterministic baseline used to understand the mechanics.

60	$1.000M	$1.000M	**$1.000M**	$1.000M	$1.000M
65 **Age**	$1.160M **3.0%**	$1.123M **3.5%**	**$1.094M** **3.9%**	$1.014M **5.0%**	$941K **6.0%**
75	$1.485M	$1.339M	**$1.223M**	$904K	$614K
80	$1.680M	$1.446M	**$1.260M**	$747K	$281K
85	$1.900M	$1.547M	**$1.263M**	$485K	~$0
90	**$2.098M**	**$1.617M**	**$1.232M**	**$173K**	**$0**

This illustrates something extremely important:

A 3.9% withdrawal does NOT necessarily mean your portfolio goes to zero.

If returns are reasonably favorable, you can actually reach age 90 with **more money than you started with**, despite taking inflation-adjusted withdrawals every year.

That's the fundamental difference between a **retirement withdrawal strategy** and the old "amortize everything to zero" model.

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4. $1.5M example

This is probably the most useful example to examine.

Starting portfolio:

$1,500,000

3.9% strategy

Initial withdrawal:

$58,500/year

or:

$4,875/month

Under our illustrative baseline:

60	$1.500M
65 **Age**	$1.641M **Portfolio**
75	$1.835M
80	$1.890M
85	$1.895M
90	**$1.847M**

Meanwhile, you've been withdrawing increasing amounts to keep up with inflation.

That's a much more realistic retirement objective:

> **Spend enough to enjoy retirement while maintaining a substantial probability of having money left at 90.**

---

5. Cumulative withdrawals

For the $1.5M portfolio under our inflation assumption, the first-year withdrawals and approximate 30-year cumulative withdrawals are:

3.0%	$45,000	**$1.98M**

Strategy	Initial withdrawal	Approx. 30-year withdrawals
3.9%	$58,500	**$2.57M**
5.0%	$75,000	**$3.29M**
6.0%	$90,000	**$3.95M**

Those cumulative figures are **nominal dollars**. They should not be confused with today's purchasing power.

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6. The 5% and 6% strategies need a different interpretation

This is where the original question becomes particularly misleading.

I would **not** call 5% or 6% "safe fixed withdrawals."

Instead:

5% = Flexible retirement

Start around:

$75,000 on $1.5M

But if the market crashes, you reduce discretionary spending.

For example:

> Good market → $75K
> Normal market → $75K + inflation
> Bad market → $65K
> Severe bear market → $55K

Then increase spending again when the portfolio recovers.

Morningstar's research specifically finds that guardrail/flexible approaches can support substantially higher starting rates than the 3.9% fixed-real baseline; one of its 2026 analyses puts a guardrails approach around **5.2%**. (Morningstar)

6% = Lifestyle-first

$90,000 from $1.5M.

That's attractive.

But you have to accept:

You don't get to demand the same spending regardless of what markets do.

A 6% strategy is fundamentally a **spending-management strategy**, not a "safe paycheck" strategy.

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7. Sequence-of-returns risk

This is the biggest reason I don't want to use your original 10%, 12%, 15% model.

Imagine two retirees:

Retiree A

Year 1: +20%

Year 2: +15%

Year 3: +12%

Then several mediocre years.

Retiree B

Year 1: −25%

Year 2: −15%

Year 3: +5%

Then eventually gets the exact same long-term average return as A.

They can end up with dramatically different retirement outcomes.

That's sequence-of-returns risk.

The average return isn't enough.

The **order of returns matters when you're withdrawing money.**

That's why a retirement model needs stochastic returns rather than:

> 10% every year.

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8. What about probability of survival?

Here's where I want to be very precise.

There are **two different numbers**:

Research-based probability

Morningstar's 3.9% figure is designed around a **90% probability of success over 30 years** under its specific portfolio, return, inflation and spending assumptions. (Morningstar)

It does **not** mean:

> "Every $1.5M portfolio has a 90% chance."

Portfolio allocation and spending behavior matter.

Our scenario model

A proper personalized Monte Carlo should specify:

- stock/bond allocation
- expected returns
- volatility
- correlations
- inflation distribution
- taxes
- Social Security timing

- withdrawal rules
- spending floor
- spending ceiling
- rebalancing
- Roth vs traditional vs taxable accounts

Without those inputs, giving you a fake "97.3% survival probability" would be false precision.

So I would use:

3.0%	Very conservative
3.5% **Strategy**	Conservative **Planning interpretation**
5.0%	Flexible/guardrails
6.0%	Aggressive/flexible

And **not pretend that 5.0% has an exact universal survival probability.**

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9. Social Security changes the equation

This is another major omission from the original question.

Social Security is effectively a separate income floor rather than an investment portfolio that you need to amortize.

And it is inflation-adjusted. The 2026 COLA is **2.8%**. (Social Security Administration)

So your retirement-income equation becomes:

Portfolio income

-

Social Security

-

Other guaranteed income

=

Total retirement cash flow

For example, **$1.5M at 3.9%**:

$58,500/year portfolio withdrawal

plus whatever Social Security ultimately provides.

That is much more meaningful than saying:

> "$1.5M pays $186K/year at 12%."

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10. Taxes

This is also why I wouldn't call the table "spendable income."

If the $58,500 withdrawal is from a traditional 401(k), the entire withdrawal may be taxable income.

If it comes from a taxable brokerage account, only the taxable portion may be income.

If it comes from a Roth account, qualified withdrawals can be tax-free.

Therefore:

$58,500 gross withdrawal ≠ $58,500 spending power.

A reasonable planning exercise can apply an effective tax rate, but an actual retirement model should know the account composition.

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11. The five portfolios tell an interesting story

At 3.9%:

$500K

$19,500/year

This is generally a supplemental retirement asset, not a complete retirement lifestyle.

$1M

$39,000/year

Potentially workable with Social Security and modest spending.

$1.5M

$58,500/year

A meaningful retirement portfolio.

$2M

$78,000/year

A strong retirement-income base.

$2.5M

$97,500/year

Now you're approaching a very substantial portfolio-funded lifestyle.

And then Social Security sits on top.

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12. My 2026 interpretation

If I were sitting down with someone who is **60 today**, I'd frame the five strategies this way:

3.0%	Very low	Preserve capital	🟢 Extremely robust
3.5% **Strategy**	Low **Withdrawal**	Safety first **Philosophy**	🟢 Strong **My interpretation**
5.0%	High	Guardrails	🟡 Requires flexibility
6.0%	Very high	Spend aggressively	🔴 Requires substantial spending cuts if markets deteriorate

13. The most important conclusion

Your original question implicitly asked:

> **"How much money can I extract from this portfolio?"**

The better retirement question is:

> **"How much can I spend while still retaining enough optionality to survive a bad decade?"**

That's a completely different mindset.

And for someone retiring at **60**, I'd actually be more interested in **age 60–70** than age 90.

Why?

Because the first decade is where sequence risk is most dangerous.

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