2026 Retirement Income Guide

Age 60 Today • 30-Year Retirement (to Age 90)

Realistic 2026 Assumptions • Flexible Strategies • Better Outcomes

Goal

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

Why This Matters

Market returns vary. Sequence of returns matters. Inflation rises. A flexible plan adapts.

Better Question

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

Key Insight

3.9% is the 2026 research baseline for a 30-year retirement with ~90% success.

2026 Key Assumptions

- **Retirement Age:** 60
- **Horizon:** 30 Years (to age 90)
- **Inflation:** 2.5% / year
- **Illustrative Return:** 5.5% / year (nominal)
- **Volatility:** 12%
- **Withdrawals:** Increase with inflation
- **Market Returns:** Variable (not fixed)
- **No Contributions** • **Social Security Separate**
- **Taxes:** Planning adjustment (not exact)

1. How Much Can You Initially Spend?

Initial Annual Withdrawal (Year 1)

3.0% Conservative • 3.5% Cautious • 3.9% Base (2026) • 5.0% Flexible • 6.0% Aggressive

Portfolio	3.0% Conservative	3.5% Cautious	3.9% Base (2026)	5.0% Flexible	6.0% Aggressive
$500,000	$15,000 / year $1,250 / month	$17,500 / year $1,458 / month	$19,500 / year $1,625 / month	$25,000 / year $2,083 / month	$30,000 / year $2,500 / month
$1,000,000	$30,000 / year $2,500 / month	$35,000 / year $2,917 / month	$39,000 / year $3,250 / month	$50,000 / year $4,167 / month	$60,000 / year $5,000 / month
$1,500,000	$45,000 / year $3,750 / month	$52,500 / year $4,375 / month	$58,500 / year $4,875 / month	$75,000 / year $6,250 / month	$90,000 / year $7,500 / month
$2,000,000	$60,000 / year $5,000 / month	$70,000 / year $5,833 / month	$78,000 / year $6,500 / month	$100,000 / year $8,333 / month	$120,000 / year $10,000 / month
$2,500,000	$75,000 / year $6,250 / month	$87,500 / year $7,292 / month	$97,500 / year $8,125 / month	$125,000 / year $10,417 / month	$150,000 / year $12,500 / month

2. Inflation Increases Your Withdrawal

Example: $1,500,000 Portfolio at 3.9%

Starting withdrawal: $58,500 (Year 1)

Age	Year	Withdrawal
60	1	$58,500
65	6	$66,187
70	11	$74,879
75	16	$84,691
80	21	$95,785
85	26	$108,319
89	30	$119,439

Withdrawals rise with inflation to maintain your purchasing power.

Inflation assumption: 2.5% / year

3. Base-Case Portfolio Trajectory

$1,000,000 Portfolio Balance (Illustrative Baseline)

Assumptions: 5.5% nominal return, 2.5% inflation

Age	3.0%	3.5%	3.9%	5.0%	6.0%
60	$1.000M	$1.000M	$1.000M	$1.000M	$1.000M
65	$1.160M	$1.123M	$1.094M	$1.014M	$941K
70	$1.312M	$1.230M	$1.165M	$985K	$822K
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

At 3.9%, the portfolio can still grow and end with $1.23M at age 90 in this illustrative baseline while providing rising, inflation-adjusted income every year.

4. Cumulative 30-Year Withdrawals

$1,500,000 Starting Portfolio

(Nominal Dollars)

3.0% Conservative	$1.98M
3.5% Cautious	$2.30M
3.9% Base (2026)	$2.57M
5.0% Flexible	$3.29M
6.0% Aggressive	$3.95M

Cumulative withdrawals are in nominal dollars and include inflation adjustments.

5. Understanding the Strategies

3.0% Conservative

Very low withdrawals. Preserve capital.

Best For: Risk averse retirees who prioritize leaving a legacy and weathering any market environment.

Outlook:

3.5% Cautious

Low withdrawals. Safety first.

Best For: Retirees who want strong sustainability with modest lifestyle flexibility.

Outlook:

3.9% Base (2026)

Research baseline. ~90% success target.

Best For: Balanced retirees following 2026 research-based guidance (Morningstar).

Outlook:

5.0% Flexible

Higher withdrawals with spending guardrails.

Best For: Retirees comfortable adjusting spending based on market performance.

Outlook:

6.0% Aggressive

Highest withdrawals. Lifestyle-first.

Best For: Retirees prioritizing lifestyle today and willing to cut spending in downturns.

Outlook:

6. Add Social Security & Other Income

Portfolio Withdrawals + Social Security (Inflation-Adjusted*) + Other Guaranteed Income = Total Retirement Income

Social Security COLA for 2026 is 2.8%*

7. Taxes Matter

- **Traditional Accounts** — Withdrawals usually taxable
- **Roth Accounts** — Qualified withdrawals tax-free
- **Taxable Accounts** — Tax only on gains & income

$ Withdrawal ≠ $ Spendable — Plan for taxes to understand real income.

8. Key Reminders

- Returns are uncertain. Market drops happen.
- Sequence of returns early in retirement matters most.
- Stay flexible. Adjust spending, not just investments.
- Keep a cash buffer for 1–2 years of expenses.
- Review your plan yearly and rebalance.
- This is a plan, not a guarantee.

This is an illustrative planning model, not a guarantee.

Sources: Morningstar Retirement Research 2026, Vanguard 2026 Capital Market Outlook, SSA COLA 2026.