STRATEGIC GUIDE

Retirement Income Planning for Business Owners

A practical framework for turning business wealth into reliable, tax-efficient retirement income that lasts.

Retirement Readiness

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The Business Owner's Retirement Challenge

Most business owners have the majority of their net worth concentrated in a single, illiquid asset: their company. That concentration creates real risk.

Retirement planning for business owners means solving two problems at once: extracting value from the business and deploying it into income-producing assets that can sustain your lifestyle for 25 to 30 years or more.

Common Gaps

- Over-reliance on a future business sale as the sole retirement funding event
- Minimal diversification outside the business
- No clear picture of how much annual income is actually needed
- Tax-inefficient withdrawal sequencing from multiple account types

> **KEY INSIGHT**
>
> *The most successful transitions start 5 to 10 years before your target retirement date. Early planning gives you time to diversify gradually, optimize taxes, and reduce concentration risk.*

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Calculating Your Retirement Income Need

Before you can build an income plan, you need a clear target. Start with your current lifestyle spending, then adjust for changes you expect in retirement.

1. Document current spending. Track 12 months of personal expenses, separating fixed costs (housing, insurance, utilities) from discretionary spending (travel, dining, hobbies).
2. Adjust for retirement changes. Some costs drop (commuting, business expenses), while others rise (healthcare, travel, leisure). A realistic estimate is typically 75 to 90 percent of pre-retirement spending.
3. Account for inflation. At three percent annual inflation, your purchasing power drops roughly in half over 24 years. Your income plan must grow over time.

4. Factor in taxes. Different income sources carry different tax burdens. A dollar from a Roth IRA is worth more than a dollar from a traditional 401(k) because no tax is owed.
5. Build in a margin of safety. Plan for living longer than you expect and spending more than you project. A 10 to 15 percent buffer protects against surprises.

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Your Retirement Income Sources

A reliable retirement income plan draws from multiple sources, each with different tax treatment, timing, and risk characteristics.

Source	Tax Treatment	Key Consideration
Social Security	Up to 85% taxable	Delaying to age 70 increases benefit ~8%/year past 62
Traditional 401(k)/IRA	Fully taxable as income	Required minimum distributions start at age 73
Roth 401(k)/IRA	Tax-free withdrawals	No RMDs for Roth IRAs; powerful legacy tool
Brokerage Accounts	Capital gains rates	Flexibility with no age restrictions or penalties
Business Sale Proceeds	Varies by structure	Asset vs. stock sale has major tax implications
Rental / Real Estate	Partially sheltered	Provides inflation-adjusted income stream

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Tax-Smart Withdrawal Sequencing

The order in which you draw from different accounts matters as much as the total amount saved. A strategic withdrawal sequence can save tens of thousands of dollars over a 30-year retirement.

Phase 1: Early Retirement

Draw from taxable brokerage accounts first. Use this low-income window for Roth conversions at favorable tax rates.

Phase 2: Social Security Starts

Layer in Social Security, supplement with traditional accounts. Manage withdrawals to stay in lower tax brackets.

Phase 3: RMDs Begin (Age 73)

Required distributions drive floor income. Use Roth accounts strategically for larger expenses or bracket management.

> **KEY INSIGHT**
>
> *Roth conversions in the years between retirement and age 73 can be one of the most powerful tax-saving strategies available. This window is often underutilized.*

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Planning for Business Exit

If your business represents a significant portion of your retirement funding, the structure and timing of your exit directly impacts your income plan.

Asset Sale vs. Stock Sale: Each structure carries different tax consequences. Work with your CPA and financial advisor to model both scenarios.

Installment Sales: Spreading proceeds over several years can keep you in lower tax brackets and provide built-in early retirement income.

Earnout Provisions: If part of the sale price is contingent on future performance, your income plan needs to account for the uncertainty.

Transition Timeline: Most successful exits take 3 to 5 years of preparation. Start early enough to maximize valuation and negotiate from strength.

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Building Your Action Plan

Retirement income planning is not a one-time event. It is an ongoing process that should be reviewed and adjusted as your circumstances change.

Immediate next steps:

- Complete a detailed personal cash-flow analysis for your current spending
- Inventory all retirement assets with current balances and account types
- Estimate your Social Security benefit at ages 62, 67, and 70 using ssa.gov
- Get a realistic business valuation if you plan to sell within the next 10 years
- Schedule a comprehensive retirement income review with a fiduciary advisor

What a Fiduciary Review Covers

A fiduciary advisor is legally required to act in your best interest. A comprehensive review typically examines:

- Income durability across multiple market and inflation scenarios
- Exit-to-income coordination for business-dependent retirement plans
- Tax sequencing efficiency across traditional, Roth, and taxable accounts
- Concentration risk and single-point-of-failure exposure
- Social Security claiming strategy coordinated with withdrawal sequencing

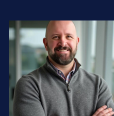
No obligation. No product pitch. Just clarity.

Ready to Build Your Plan?

Schedule a complimentary retirement income review. No obligation. No product pitch. Just clarity.

A fiduciary review covers: Income durability | Exit-to-income coordination | Tax sequencing | Concentration risk | Social Security strategy

Reach out to Tyler directly to schedule your review:



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