



Building a bridge from retirement vision to retirement income

VISUALIZE RETIREMENT

Retirement planning can be broken down into two phases. The first is the accumulation phase, or saving money while you're still working. You've probably been in this phase for years as you allocate savings toward your retirement accounts.

The second is the distribution phase—creating a plan for structuring and spending your retirement income in a way that meets your needs and leaves you fulfilled. But how can you plan for your income needs in retirement if you haven't thought much about what your retirement will look like?

A retirement vision can serve as the bridge connecting these two phases. A retirement vision can help you understand your retirement income needs, which then helps identify the types of investments you'll want to include in your retirement portfolio.

- 1 Create Your Vision**
Consider your ideal retirement.
- 2 Understand Preferences Around Retirement Income**
Identify your retirement income needs.
- 3 Your Investment DNA**
How your preferences affect your investment choices.

1 | Create Your Vision

Retirement planning is a financial and nonfinancial process. You've been saving for retirement, but life is about more than an account balance. Having a clear idea about your quality of life in retirement will provide clarity and peace of mind. Here are some questions to get the conversation started:



WHO are you going to spend time with?



WHAT do you want to do, day to day, week to week?



WHERE do you want to live and travel?



WHEN do you plan on retiring?



WHY are you getting out of bed in the morning? What is your sense of purpose in retirement?



For a deeper dive, go to troweprice.com/visionworkbook and complete the Visualize Retirement Workbook. The workbook will walk you through a 3-step plan to (1) create your retirement vision, (2) build a personalized action plan to bring clarity to your vision, and (3) assess your retirement spending needs, to help you make your vision a reality.

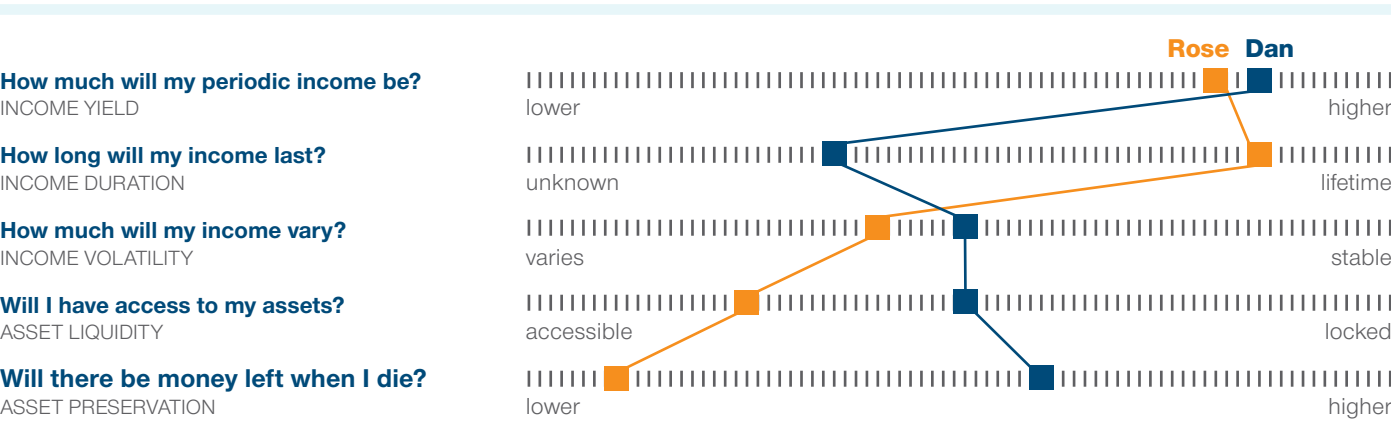
2 | Understand Preferences Around Retirement Income

Now that you’ve spent time on your retirement vision, a good next step is to identify the retirement income solutions that can help make that vision a reality. Here are five questions to get you thinking about your income needs in retirement:

- **How much income will you need?** (INCOME YIELD)
Do you plan to maintain a similar quality of life? Or do you plan to live it up by traveling or buying a beach house? Maybe you want to downsize? The “what” and the “where” of your vision could provide some insight into the income needed to support that vision. “When” may also help, since your income needs may change over time.
- **How long will you need your income to last?** (INCOME DURATION)
What’s your family health history? Do you plan to retire early? You may need retirement income designed to last for 30 years, or even longer. The “when” component of your vision will provide some great insight here—for you as well as your spouse. And there may be needs beyond yourself, such as legacy assets.

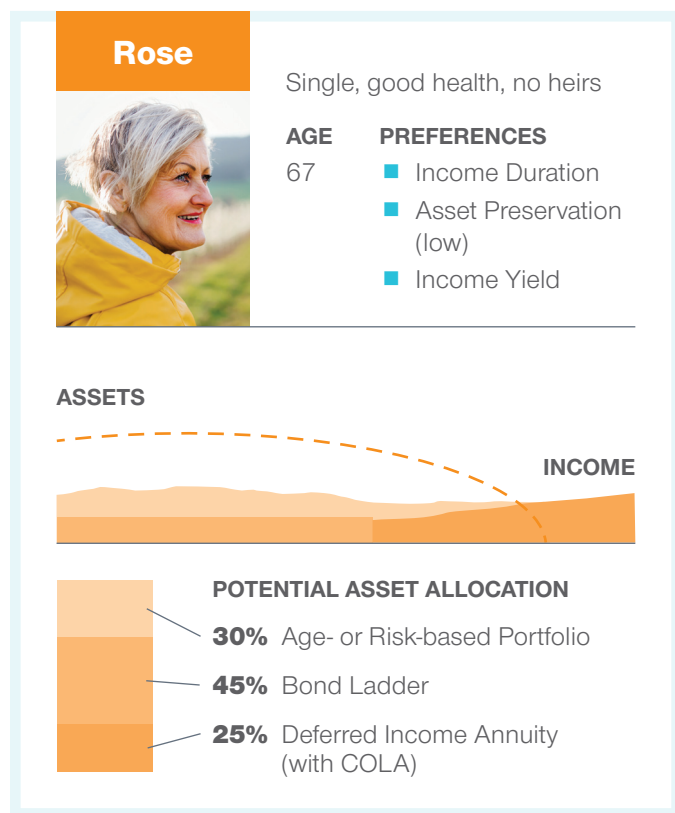
- **How much can your income vary from month to month? Year to year?** (INCOME VOLATILITY)
Does your retirement vision include a large amount of fixed costs, like a mortgage payment or other financial commitments? Will you have other family members depending on you financially? Would volatile markets disrupt your retirement vision? The “who” and “what” of your vision could help with this.
- **Will you need access to your assets?** (ASSET LIQUIDITY)
Does your vision require liquidity? For example, are you considering starting a small business that might require access to retirement assets? The critical “what” component of your vision can help. Liquidity needs are also very tied to your “when,” as in when you anticipate needing to draw the assets.
- **Will you want to leave money behind?** (ASSET PRESERVATION)
Do you want to leave a financial legacy to your children? Or to a charitable organization close to your heart? While connected to your “who,” it largely links to your “why,” or your purpose in retirement.

When talking about retirement income, it’s important to understand that there are tradeoffs between these preferences. For example, generally the more fixed and stable an income source is, the less likely it will have potential growth to keep up with inflation.

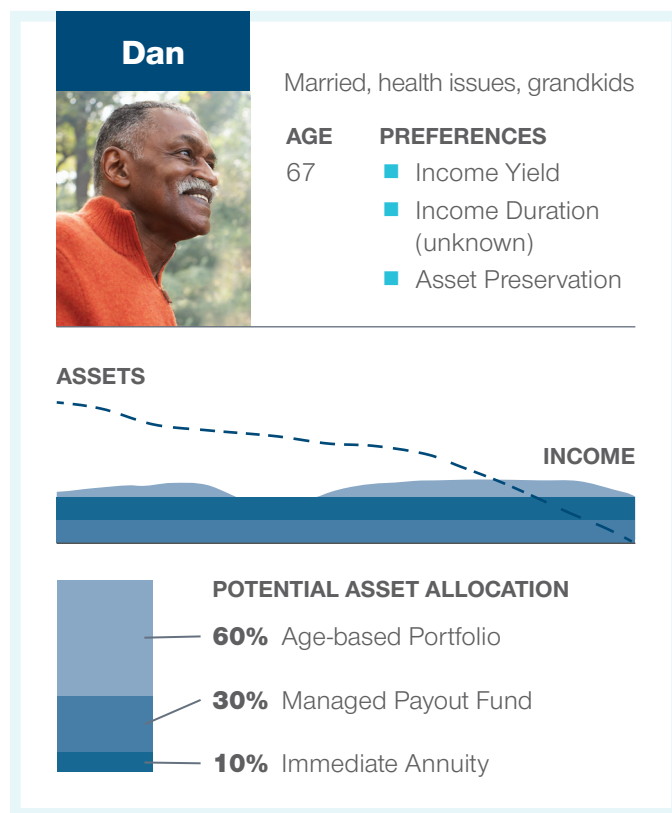


3 | Your Investment DNA

There's no silver bullet in retirement income planning. Different financial products will generate income at different rates, with varying consistency, dependent upon market conditions. Various asset classes will perform differently in changing market conditions. That's why it's prudent to consider a broad set of solutions in your asset allocation.



Hypothetical Case Study 1



Hypothetical Case Study 2

Next Steps

1. Complete the Visualize Retirement Workbook to more clearly define your retirement vision and the steps to help you make your vision a reality. (troweprice.com/visionworkbook)
2. Discuss your vision with your family and financial professional and use it as input into your retirement income preferences.
3. Talk with your financial professional about income solutions that meet your income preferences and ultimately help support your retirement vision.

T. Rowe Price Investment Services, Inc.

INVEST WITH CONFIDENCE®

All investments are subject to market risk, including the possible loss of principal.

©2021 T. Rowe Price. All rights reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the bighorn sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.

This material is provided for general and educational purposes only, and not intended to provide legal, tax or investment advice. This material does not provide recommendations concerning investments, investment strategies or account types; and not intended to suggest any particular investment action is appropriate for you. Please consider your own circumstances before making an investment decision.