YHPR ELITE · YOUR HIDDEN PATH

Avoid These 13 Retirement Blunders

The quiet mistakes that cost families the retirement they spent thirty years planning for — and the questions that catch them early.

I THE THINKING BLUNDERS
II THE MONEY BLUNDERS
III PROTECTION & LEGACY BLUNDERS
IV THE FIVE SEARCHES
V THE 30-MINUTE READINESS CHECK

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CO-FOUNDERS · LICENSED IN 11 STATES

A NOTE BEFORE YOU BEGIN

We are not going to tell you what to do with your money.

That may sound like an odd way for two insurance professionals to open a book. But it is the honest one, and it is how we actually work.

What we will do is show you where retirement plans usually break. Not the dramatic breaks — not a bad stock pick or a crash that makes the news. The quiet ones: the reasonable decision, made in isolation, that nobody ever put next to the other reasonable decisions. Those are the ones that cost people the retirement they had already earned.

Every blunder here has three things in common. Someone smart made it. It felt sensible at the time. And it was invisible until it was expensive.

So we have written this the way we run a first conversation: one question at a time, in plain English, with no product attached to the answer. At the end of each blunder there is one question. If you do nothing else, answer those thirteen honestly. Most people find two or three they cannot answer — and those are worth more than the other ten.

You will notice we do not promise a return, recommend a specific investment, or tell you what your plan should look like. We cannot — and more importantly, we should not, because we have not met you yet. What we can do is make sure you know what to ask.

> WHO WE ARE
>
> YHPR Elite is made up of licensed insurance professionals, not licensed financial or investment advisers. We do not sell securities and we do not manage investments. Everything in this book is educational and is not financial, legal, investment, or tax advice. For anything specific to your situation, please consult a qualified professional.

OUR PROMISE, IN SEVEN WORDS

We teach first, so every decision stays yours.

Tony Ehlinger & Reginald Williams

CO-FOUNDERS, YHPR ELITE

HOW TO READ THIS BOOK

Thirteen blunders, in the order they usually happen.

The book has five parts. The first three hold the thirteen blunders, grouped by what kind of mistake they are: how you **think** about retirement, how you **handle the money**, and what you do to **protect the people** it is meant for. Part four takes the five questions people search for most – the ones the internet answers confidently and incompletely – and shows what they leave out. Part five is a self-check you can finish in about thirty minutes.

Each blunder follows the same shape, so you always know where you are:

The blunder	What it actually is, in one paragraph.
Why it happens	Nobody makes these on purpose. This is the reason it feels reasonable.
What it costs	The part that shows up years later.
What to do instead	The structural fix. Not a product – a decision.
The question	One question to answer for yourself before you move on.

A word on how to use it. Do not read all thirteen in one sitting. The value is not in knowing the list – it is in sitting with one question long enough to notice that you cannot answer it. Read one blunder. Answer the question. Close the book. Come back tomorrow.

If you want to go faster, go to Part Four first, take the readiness check, and then read only the blunders you did not tick. Both ways work.

> ONE THING TO KEEP IN MIND
>
> Nothing here is a prediction about markets, taxes, or laws, which change and which we do not control. These are structural ideas – the architecture of a retirement plan. Architecture is what you can still fix at 58, at 68, and usually even at 78.

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INTRODUCTION

The retirement nobody plans for

For most of your working life, retirement was a number. Then one day the number stopped answering the question you were actually asking.

Ask anyone in their forties what retirement looks like and they will give you a balance. Ask someone who retired last spring, and they will give you a different answer entirely – because they have discovered that the balance was never the point. The balance cannot tell you how much you are allowed to spend. It cannot tell you whether the money will still be there in year twenty-three. It cannot tell you what happens if the market falls in March and you need groceries in April.

Saving for retirement and living on retirement are two different problems that share one account balance. Almost every blunder in this book comes from treating them as the same problem.

TWO PROBLEMS WEARING ONE COAT

Accumulation is a math problem with a finish line. You put money in, you leave it alone, time does the work. The rules are simple and forgiving: contribute steadily, do not panic, be patient. Patience is rewarded here. Being early is better than being late, and being wrong for a few years costs you very little if you keep going.

Spending down is not that. Spending down is an income-design problem with no finish line, because you do not know when it ends. You are taking money out of a system that moves, on a schedule you control, for a duration you cannot see. Patience is no longer the virtue – **sequence** is. The order in which things happen starts to matter as much as the things themselves.

Retirees do not get to be approximately right. A person still saving can recover from a decade of mediocre decisions by saving more and working longer. A person living on the money usually gets one good attempt at the design.

THE QUIET PART

Here is what we have seen across hundreds of these conversations. Almost nobody makes a catastrophic retirement decision. There is no single moment where the plan falls apart.

What happens instead is this. You keep the money in the old 401(k) because moving it felt complicated. You take Social Security at the age the paperwork arrived. You leave the mortgage because the rate is low. You let the insurance lapse because it was one more bill. You do not review the beneficiaries because you changed them in 2009 and that was the hard part. You do not run a tax projection because you have an accountant and that is what accountants are for.

Every one of those was reasonable. Each one was made on its own, in a different year, by a person doing their best. None of them ever sat down at the same table with the others. And the plan that comes out the other side is not the plan anyone designed – it is the residue of a series of small, sensible decisions that never spoke to each other.

That is what makes these blunders dangerous. They are not loud. They compound.

> THE PATTERN, STATED PLAINLY
>
> Retirement plans rarely fail because of one bad decision. They fail because six good decisions were made in six different rooms and nobody ever opened all the doors at once.

WHY "YOUR HIDDEN PATH"

We named the company after a line we believe: the path that protects a family is rarely the one that looks dramatic. It is the one that looks like nothing is happening.

Paying attention to the order of withdrawals looks like nothing. Reviewing a beneficiary form takes four minutes and produces no visible result. Deciding that five years of essential spending will live somewhere the market cannot touch looks, from the outside, like leaving money on the table.

Then, twenty years later, one family is still making the same decisions and the other family is making different ones. Nobody watching could tell you when the gap opened, because it opened quietly, on a Tuesday, in an office, when someone asked a question they had been avoiding.

That is the path. It is hidden because it is unremarkable while you are walking it.

WHAT THIS BOOK WILL NOT DO

It will not tell you that retirement is simple, and it will not tell you it is hopeless. It will not tell you that you need a particular product, because we do not know you yet and neither does the product. It will not use fear to move you, because fear makes people sign things they regret and we would rather you decide slowly and be right.

What it will do is hand you thirteen questions – plus five more you may already have typed into a search bar and never quite had answered. Some you will get through in a minute. Some will keep you up. The ones that keep you up are the reason this book exists.

PART ONE

The thinking blunders

Before a single dollar moves, a plan is either clear or it is not. These four blunders are about what you believe retirement is — and every blunder that follows is downstream of them.

01 Planning for a date instead of an income
02 “We’ll figure it out when we get there”
03 Believing the highest return is the goal
04 Keeping every dollar in one tax bucket

BLUNDER ONE

Planning for a date instead of an income

You know the day you stop working. Almost nobody knows the number that has to arrive every month once you do.

THE BLUNDER

A retirement date is a decision about your job. A retirement income is a decision about your life. They are not the same decision, and most people make the first one carefully and the second one by default.

Ask a room of fifty-year-olds when they want to retire and you will get an answer within a second – a year, sometimes a month. Ask them what they need to have coming in each month to live the retirement they just described, and the room goes quiet. The date is specific because it was chosen. The income is vague because it was assumed.

Then the date arrives, and for the first time you find out whether the assumption was true.

WHY IT HAPPENS

Because the date is visible and the income is abstract. A date is a thing you can put on a calendar, mention at a cookout, and count down to. An income is a set of assumptions about how you will live – which is a much harder question to ask yourself than "when?"

It gets easier to avoid because there is a comfortable answer available at all times: we'll spend less. And some of that is true. Many people spend less in their seventies than in their sixties. But the spending does not disappear, it changes shape – travel becomes health care, meals out become in-home help, and the expensive decade is often the last one rather than the first. The "we'll spend less" assumption is not wrong everywhere. It is just unexamined, and it is doing an enormous amount of work holding up the plan.

WHAT IT COSTS

The gap between what you have and what you can safely spend is where retirement anxiety actually lives. Not in the balance – in the gap between the balance and the life.

That anxiety produces two opposite mistakes, and both are expensive.

The first is **underspending**. People who have enough, and cannot make themselves believe it, and spend twenty years protecting a number instead of living the retirement they funded. We have watched retirees with more than they will ever need decline a grandchild's wedding because the flight was expensive. That is not a math failure. It is a design failure — nobody ever drew the line that said this much is safely spendable.

The second is **overspending early**. Nobody intends to. But without a spending line, the first five years are set by feel, and the "go-go" years are expensive because you are still healthy enough to say yes to things. Five years of comfortable over-spending at sixty-two is very hard to recover from at seventy-eight, because the recovery has to come out of the years you can no longer work.

WHAT TO DO INSTEAD

Answer three numbers before you answer the date.

One: your essential monthly expenses. The number that must arrive whether or not you feel like it — housing, food, utilities, insurance, transportation, minimum debt payments, prescriptions. Be specific. This number is the floor of your retirement, and it is not negotiable the way the other numbers are.

Two: your guaranteed monthly income. Social Security, a pension, anything that arrives whether markets are up or down. This is the part of retirement that does not depend on you being clever.

Three: the difference. If one is larger than two, that difference is the job your assets have to do. And now you have a real question: can they do it, reliably, for as long as I live? That question has an answer. It did not have an answer this morning.

Everything else — the travel, the gifts, the second place — comes out of what is left after the floor is funded. That is not a smaller retirement. It is a retirement with a foundation, which is the only kind you can enjoy without checking the balance twice a week.

> A COMPOSITE SCENARIO, USED FOR ILLUSTRATION
>
> A couple, both sixty-three, has $780,000 saved and a plan that says "retire at sixty-seven." They have never separated the numbers. When they do, they find that essentials run about $4,400 a month and that Social Security at full

> retirement age will cover roughly $3,900 of it. The gap is $500 a month – modest, and easily addressed.
>
> But the second number is the one that changes the conversation: $2,100 a month is what they actually want to spend on travel and family in their first ten years. Now the assets have to produce $2,600 a month, not $500, and the question becomes a real one about how much of that should be protected from sequence risk. They did not discover a crisis. They discovered the actual question – which they had been two years from answering for the first time.

THE BLUNDER IN ONE LINE

A retirement date tells you when the paycheck stops. It says nothing about when the next one starts.

THE QUESTION

If I stopped working next month, what is the exact dollar amount that has to arrive every month – and which specific sources would deliver it?

BLUNDER TWO

"We'll figure it out when we get there"

A plan that lives in your head cannot be reviewed, cannot be tested, and cannot be handed to the person who will need it most.

THE BLUNDER

Most retirement plans are not written down anywhere. They exist as a shared sense between two people that the money is being handled, that the house will be paid off, that Social Security will be enough, that someone at work explained the pension once.

This is not laziness. It is a completely understandable response to a genuinely unpleasant task. Sitting down to write a retirement plan means confronting your own mortality, your own math, and possibly your spouse's opinion about both, all in the same hour. Nobody volunteers for that on a Saturday.

So the plan stays in the head. And a plan in the head is not a plan. It is a feeling about a plan.

WHY IT HAPPENS

Because until something goes wrong, a head plan works fine. You know roughly what you have and roughly what you spend. The two seem compatible, and nothing forces the question.

There is a second, more honest reason. For most of your life, nobody asked you to write one. Your employer handled the retirement account, the government handles Social Security, your accountant handles the taxes. Each was a piece. Nobody was ever responsible for the whole, so the whole was never written down.

WHAT IT COSTS

Three things, and each of them is worse than it sounds.

It cannot be tested. A plan in your head has no assumptions to look at, so you cannot stress-test any of them. You cannot find out what happens if you live to ninety-four or need care for three years, because those facts have nothing to attach themselves to. Ambiguity feels flexible. It is just unexamined.

It cannot be reviewed. You cannot check a feeling against reality once a year; you can only check a document. This is why disciplined people still drift — not because they stopped caring, but because there was nothing on paper for the caring to land on.

It cannot be handed over. This is the one that should keep you up. If you became incapacitated tomorrow, your spouse would inherit not just the money but the entire job of understanding it, during the worst week of their life — with no idea which decisions had already been made, or why.

> WORTH SITTING WITH
>
> The most common thing a surviving spouse says in the first meeting is not "we needed more money." It is "I don't know what he was doing." The plan did not fail. It was never shareable.

WHAT TO DO INSTEAD

Write one page. Not a financial plan — a page. Four columns, done by hand, in an hour.

Income in. Every source, the amount, and when it starts. Social Security, pension, annuity, rental income, part-time work, portfolio withdrawals.

Expenses out. Two lines only: essentials and everything else.

Risks I cannot absorb. The events that would not be inconvenient but catastrophic — a long-term care need, a death, a lawsuit, a market fall in the first three years. Naming them is what makes them plannable.

Who needs to know. The names, and where the documents live.

One page. It will be wrong in places. That is the point — a wrong page can be corrected, a correction requires a conversation, and the conversation is where the actual planning happens. Every plan we have ever built started as a page that was half wrong.

THE BLUNDER IN ONE LINE

A plan in your head is a plan only as long as your head is available.

THE QUESTION

If something happened to me tomorrow, could my family find this plan in ten minutes — and understand it without me there?

BLUNDER THREE

Believing the highest return is the goal

For thirty years, “more growth” was the correct answer. Nobody tells you the day the question changes.

THE BLUNDER

Retirement money and growth money are the same dollars and completely different jobs. Optimizing for return is the right instinct in accumulation, where a bad year is a discount and time is on your side. It becomes the wrong instinct in distribution, where a bad year is a forced sale and time is no longer something you have in surplus.

The blunder is not that people chase returns. It is that they keep doing it in a season of life where the thing they need is not growth – it is reliability. A plan can be perfectly positioned for growth and still fail to deliver a paycheck in the one year the paycheck mattered most.

WHY IT HAPPENS

Because nobody ever told you the question changed, and because every input you receive assumes it did not. Statements report returns. Fund comparisons rank returns. Conversations at the family dinner table are about returns. Even the vocabulary of retirement planning is borrowed from investing: performance, allocation, growth. Almost nothing in the culture of money teaches you to think in terms of income reliability, which is the only measure that matters once you stop earning.

WHAT IT COSTS

Two retirees can hold the exact same investments, earn the exact same average return, and finish ten years apart. The only difference is the order the returns arrived in. This is called sequence-of-returns risk, and the reason it is so costly is that it is arithmetic, not psychology. It does not care how disciplined you are.

Here is what it looks like in real numbers. Two people, $500,000 each, withdrawing $30,000 at the start of every year. Both earn the same ten annual returns – 7.5% on average. One experiences the bad year first. The other experiences it last.

YEAR	RETURNS, BAD YEAR FIRST	BALANCE	RETURNS, BAD YEAR LAST	BALANCE
Start		500,000		500,000
1	–25%	352,500	+9%	512,300
2	+18%	380,550	+16%	559,468
3	+12%	392,616	+6%	561,236
4	+22%	442,392	+10%	584,360
5	–8%	379,400	+15%	637,514
6	+15%	401,810	–8%	558,913
7	+10%	408,991	+22%	645,273
8	+6%	401,731	+12%	689,106
9	+16%	431,208	+18%	777,745
10	+9%	437,316	–25%	560,809
Difference	–	**$123,493**	–	–

Illustrative only. Same ten returns, same average, same withdrawals — only the order changed. Withdrawals taken at the start of each year; no fees, taxes, or inflation included.

Same investments. Same average. Same discipline. One hundred and twenty-three thousand dollars apart in ten years, and the gap widens the longer it runs. Nobody did anything wrong. The order did it.

WHAT TO DO INSTEAD

Stop asking the portfolio to be one thing. Split the question in two.

Ask: which dollars do I need in the next three to five years? Those dollars should not be in a place that can fall twenty-five percent in a quarter, because you do not have the option of waiting for a recovery when the money is already promised to next month's expenses.

Then ask: which dollars can I genuinely leave alone for fifteen years? Those can pursue growth, and should, because they are the dollars that have to fight inflation over a long horizon.

This is not market timing and it is not a trick. It is the recognition that a retirement plan needs two kinds of money – one kind that must be reliable

and one kind that can be patient — and that treating them identically is what creates the risk. The reliability layer is what lets you stay invested with the growth layer, instead of selling it at the bottom because you needed groceries.

THE BLUNDER IN ONE LINE

In accumulation, average return decides the outcome. In withdrawal, the order decides it — and the order is the one thing you cannot choose in advance.

THE QUESTION

Which specific dollars in my plan am I counting on within the next five years — and what would happen to them in a year when the market falls twenty-five percent?

BLUNDER FOUR

Keeping every dollar in one tax bucket

Retirement is the only time in your life when you get to choose which dollars you pay tax on. One bucket means one choice.

THE BLUNDER

There are three kinds of dollars in a retirement plan, and they are taxed differently.

Taxed already. Ordinary savings, brokerage accounts, cash. You paid income tax on the way in. Growth may be taxed along the way, but withdrawals are not income.

Taxed later. Traditional 401(k)s, traditional IRAs, most pensions. You deducted on the way in. Every dollar that comes out is taxable income in the year you take it.

Taxed never – or once, at a known rate. Roth accounts you funded with after-tax money. Certain life insurance cash value. The mechanics differ, but the shared property is that withdrawals do not behave like taxable income.

Most people arrive at retirement with almost everything in the second bucket. Not by design – because that is where the employer match was, and where the tax deduction was, and nobody ever suggested building the third.

WHY IT HAPPENS

Because during your working years, the question "what kind of dollars should these be?" has a simple answer: the kind that gives you the biggest deduction today. That is entirely rational. It is also a decision made forty years before the consequences are visible.

Nobody sits a thirty-year-old down and says the choices being made now will determine, at seventy-five, whether there is any flexibility about which income gets reported. So nobody builds flexibility. They build a bucket.

WHAT IT COSTS

A single bucket is not just inflexible – it is expensive, in a way that compounds quietly through the whole distribution phase. Retirement taxes are not a filing event. They are a withdrawal decision. Every dollar you pull from a pre-tax

account lands on that year's return as income, and that number interacts with several other things at once: how much of your Social Security becomes taxable, whether you cross a Medicare premium threshold, which capital gains rate applies, and whether you can stay inside a lower bracket.

With one bucket, you have no lever. You need $40,000, so you take $40,000 from the only place it exists and report $40,000, whether that was a good idea that year or not. With three buckets, the same $40,000 can be assembled differently in different years. Over a twenty-five year retirement, that ability to steer which dollars are taxed in which year is frequently worth more than the difference between a good fund and a great one.

And there is a deadline nobody mentions. Once Required Minimum Distributions begin, the government starts choosing your taxable income for you. The window where the choice is yours is the years between retirement and that age — and most people spend those years with one bucket and no lever.

WHAT TO DO INSTEAD

Start with a map, not a product. Take a piece of paper and sort every account you own into the three columns above. Most people have never seen their money organized this way, and the map alone changes the questions.

Then ask two things. First: if I needed $40,000 next year, which bucket would it come from, and do I have a second option? Second: does my current mix give me any room to manage my taxable income decade by decade — or has it already decided?

You do not have to fix this in a week. You do have to know which bucket you are short of, because that knowledge is what makes every later decision — a contribution, a conversion, a withdrawal, a beneficiary choice — a decision rather than a default.

THE BLUNDER IN ONE LINE

If every dollar you own is taxed the same way, then you are not making withdrawals — you are just taking money out.

THE QUESTION

Do I know what percentage of my retirement money is pre-tax, what percentage is already taxed, and which one I am short of?

PART TWO

The money blunders

These are the ones that show up in the numbers. None of them requires doing anything foolish – only doing something sensible that never got checked against the rest.

05 Planning to the average
06 Retiring straight into a bad market
07 Leaving inflation out of the plan
08 Standing on one leg
09 Retiring into debt with no cash-flow plan

BLUNDER FIVE

Planning to the average

Three averages quietly decide most retirement plans: how long you will live, what you will earn, and what you will spend. All three are misleading, and one of them is expensive to get wrong.

THE BLUNDER

A plan built on averages is a plan that works for a person who does not exist – someone who lives exactly the median lifespan, earns exactly the average return every year, and spends the same amount in every decade of retirement.

You are not that person, and nobody is. The people on the wrong side of the average are the ones who need the plan most.

WHY IT HAPPENS

Because averages are comfortable, available, and the default in every planning tool. They are also, in the case of lifespan, actively dangerous – because the average is not the relevant number.

If you are sixty-five, the question is not "when does the average person die?" It is "how long might this go on?" A healthy couple in their mid-sixties has a meaningful chance that one of them is still alive in their mid-nineties. Planning to the average means running the plan for a duration that, by definition, half of all people outlive.

You cannot recover from outliving your money. There is no refinancing option at ninety-one. That asymmetry is the whole argument for planning further out than you expect.

WHAT IT COSTS

Lifespan. Plan to eighty-five and live to ninety-six, and the last eleven years are funded by whatever remains – which is not a plan, it is a negotiation with your children.

Returns. A 7% average is not 7% every year. It is some years well above, some well below, and the order matters more than the average (see Blunder Three). Using an average to model a volatile thing hides exactly the risk you were trying to measure.

Spending. The flat line is a myth. Most retirements follow a curve: the go-go years, when you are healthy and the kids are far away; the slow-go years, when travel narrows; and the no-go years, when spending rises again – not on hobbies, but on care.

That last turn surprises people: the plan is not adjusted, it is eroded – and the rise arrives when the plan can least absorb it.

WHAT TO DO INSTEAD

Plan to the age past the average. Pick a number and be honest about why. If you and your spouse are healthy and your parents lived long, ninety-five is not pessimistic – it is realistic, and it costs very little in the plan to include it. If your health is poor, the number can come in. But choose it deliberately, and say out loud who is being planned for: in a couple, the plan must be built for whoever lives second.

Then test the plan rather than projecting it. Run three versions – the one you expect, one where the early years are bad, and one where you live ten years longer than you want to. You are not looking for the version that works. You are looking for the one thing that would break all three. That is what you plan around.

> A COMPOSITE SCENARIO, USED FOR ILLUSTRATION
>
> A man retires at sixty-six and builds his plan to age eighty-two, the age his father died – a reasonable instinct, and a very common one. What he does not factor in is his mother, who is ninety-one and living independently, and his wife, who is four years younger than he is.
>
> The plan is not wrong for him. It is wrong for his wife, who by the math may need to fund twenty-eight years rather than sixteen, with two Social Security benefits reduced to one. The fix at sixty-six is a modest structural decision. At eighty-four it is not available at any price.

THE BLUNDER IN ONE LINE

A plan built to the average assumes you will be average – and the people who need a retirement plan are usually the ones who will not be.

THE QUESTION

What age am I planning to live to, where did that number come from, and whose lifespan did I use?

BLUNDER SIX

Retiring straight into a bad market

The day you stop earning, market risk changes character. In saving, a fall is a discount. In spending, a fall is a forced sale.

THE BLUNDER

Retiring with no buffer between your retirement income and the market. Every dollar you own is invested for the long term, and every dollar you need comes out of it — month after month, starting immediately, regardless of what the market happens to be doing.

This is the most common structure we see, and it is the least discussed, because it looks completely normal. The portfolio is diversified. The allocation is reasonable. Nothing is obviously wrong. The problem is not what is inside the portfolio. It is that the portfolio has been given a second job it was never designed to do.

WHY IT HAPPENS

Because the retirement date is set by a birthday, a benefit, or a buyout — not by the market. Nobody offers you the option of retiring in a good year. People retire when the paperwork says so, and the paperwork does not read the news.

And because for thirty years the correct behavior was to stay fully invested and ignore the noise. That is genuinely the right advice for an accumulator. It becomes the wrong advice the month withdrawals start, and nobody sends you a notice when the switch flips.

WHAT IT COSTS

When you sell shares to fund spending after a decline, you lock in the loss on those shares permanently. They are gone, and they never participate in the recovery. This is the mechanical heart of sequence risk — and unlike most financial risks, it is not about feelings. It happens whether you are calm or panicking.

The damage is concentrated in the first few years, which is what makes it so unfair. A retiree who suffers a bad market in years one and two can be permanently behind even if the next twenty years are excellent, because the

money that would have compounded through those twenty years was sold at the bottom. The same bad market in year twenty is an inconvenience. In year one, it can rewrite the rest of the plan.

There is a second cost, and it is psychological: the reason so many retirees end up selling at the worst possible moment is that they never had a structure that let them avoid selling at all. Without a buffer, the only available response to a bad year is a decision made under fear – and fear is an expensive advisor.

WHAT TO DO INSTEAD

Build the buffer before you need it, not after.

The idea is simple: hold enough in genuinely stable, accessible money to fund several years of essential spending – the floor from Blunder One. Not your whole lifestyle, just the floor. Three to five years is the usual range, and the exact number depends on fixed income sources, health, and how much of your spending is optional.

What that money is held in is a conversation, not a rule. What matters is the property it must have: it does not fall meaningfully when markets fall, and you can reach it without penalty or delay. Then the rest of the portfolio can stay invested for the long term, where it belongs, because it is no longer responsible for next month.

The effect is not just mathematical. A retiree with three years of essentials in reserve behaves differently in a downturn, which is what allows the growth money to stay invested long enough to do its job. The buffer is not a drag on returns. It is what protects the returns.

THE BLUNDER IN ONE LINE

A retirement plan with no buffer is a plan that has to be right about the market in the exact year it starts.

THE QUESTION

If the market dropped twenty-five percent the month I retired, which dollars would I spend for the next three years?

BLUNDER SEVEN

Leaving inflation out of the plan

Every retirement projection is drawn in today's dollars. You will not be spending today's dollars.

THE BLUNDER

Planning for a thirty-year retirement in the prices of the year you retire. It is the single easiest mistake to make, because the numbers on the page look correct – and it does not hurt for the first five years, which is precisely why it survives.

WHY IT HAPPENS

Because inflation is invisible in the short term, and everyone's experience of it comes from a period where it did not matter much. If your working life overlapped with a long stretch of low inflation, your intuition was trained on a world where a dollar stayed a dollar. That intuition is now sitting inside the plan doing quiet damage.

And because inflation is the one assumption nobody enjoys raising. Increasing it makes the plan look worse, and a plan that looks worse is harder to approve. So the number stays where it is, the plan looks fine, and it is fine for exactly as long as prices stay flat.

WHAT IT COSTS

At 3% inflation a dollar of purchasing power becomes about 74 cents in ten years, 55 cents in twenty, and 41 cents in thirty – so a $4,000 monthly lifestyle costs roughly $5,400 in ten years, $7,200 in twenty, and $9,700 in thirty.

YEARS INTO RETIREMENT	PURCHASING POWER OF $1	MONTHLY COST OF A $4,000 LIFESTYLE
Today	$1.00	$4,000
10 years	$0.74	$5,376
20 years	$0.55	$7,224
30 years	$0.41	$9,709

Illustrative, assuming a steady 3% annual inflation rate. Actual inflation varies year to year and by category.

And the cost is not evenly distributed. Health care has generally risen faster than the general price level, and it is the category that grows as a share of spending in the later years. The part of your budget that expands is also the part inflating fastest.

WHAT TO DO INSTEAD

Stop asking whether your money grows and start asking which of your income sources grow.

Sort every source into one of two piles. **Keeps up with prices:** Social Security is adjusted annually for inflation, and so are some pensions and some annuity contracts with cost-of-living features. **Does not:** a level pension payment, a fixed annuity payment, a bond paying a fixed coupon, and cash. These pay the same number in 2050 as they pay today, which means they pay less.

The goal is not to eliminate level income — it is often the most reliable money you have. The goal is to know the split, because the split tells you how much of your plan has to be carried by assets that can grow. A retiree whose essentials are 90% covered by inflation-adjusted income needs very little from the portfolio. A retiree whose essentials are covered mostly by fixed payments needs a great deal more, and needs it to actually grow.

THE BLUNDER IN ONE LINE

A dollar that does not grow is a dollar that is shrinking — and the shrinking is not visible until it has already happened.

THE QUESTION

Which of my income sources will still pay me the same amount in twenty years — and do I know how much of my essential spending depends on them?

BLUNDER EIGHT

Standing on one leg

A retirement plan with one income source is not simple. It is fragile.

THE BLUNDER

Building the whole plan around a single leg – Social Security alone, a pension alone, or "the portfolio will handle it." One source carries the entire weight, and the plan has no answer if that source changes.

WHY IT HAPPENS

Because simplicity is a virtue we are all taught to value, and because for most of your life one source genuinely was enough. A salary carried everything for forty years. It is natural to assume retirement works the same way.

There is a subtler reason too. A single income source is easy to believe in. Social Security feels certain because it is government. The portfolio feels certain because it has grown for a decade. A pension feels certain because it is contractual. Certainty is comfortable, and one certain thing is more comfortable than three slightly uncertain things.

But certainty in one source is not diversification. It is concentration wearing a reassuring outfit.

WHAT IT COSTS

Concentration means a single point of failure, and retirement has more of those than most seasons of life.

Social Security only. It was designed as a floor, not a ceiling – it replaces a meaningful share of income for lower earners and a much smaller share for higher earners. A plan that relies on it alone is a plan that assumes a specific lifestyle on a benefit designed for a modest one. And benefits are also affected by when you file, by how much of them is taxable, and by the widow's reduction when one of two benefits ends.

Pension only. Usually fixed, frequently without inflation protection, and not always as durable as the paperwork suggests. Even where it is, a level payment in year one is a very different amount in year twenty-five (see Blunder Seven).

Portfolio only. Every dollar of income depends on markets, every withdrawal is a sale, and every sale is subject to timing. This is the structure that makes a bad first two years so damaging.

WHAT TO DO INSTEAD

Design a floor before you design a lifestyle.

Decide which dollars are responsible for the roof and the groceries — and specifically, decide that those dollars should not fluctuate. That is the entire concept of a retirement income floor, and it does not require choosing a product. It requires an assignment: these sources cover essentials, and the rest of the plan is allowed to take risk because it is not carrying the floor.

In practice a floor is usually assembled from two or three pieces: Social Security, plus a guaranteed source such as a pension or an insured income product, plus a cash reserve. The pieces vary by person. What does not vary is the discipline of naming which money is which — because a floor you cannot identify is not a floor.

There is a real trade-off here and we will not pretend otherwise. A guaranteed floor usually means giving up some upside and some liquidity in exchange for certainty. That trade is not right for everyone. But then it should be a trade you chose, on purpose, with the numbers in front of you — not something that happened because nobody ever framed the question.

THE BLUNDER IN ONE LINE

One income source is not a simple plan. It is a plan with a single point of failure and no second opinion.

THE QUESTION

If my largest income source changed tomorrow, what breaks first — and what would I do about it?

BLUNDER NINE

Retiring into debt with no cash-flow plan

Debt was fine against a salary that could grow. Retirement income does not grow on demand.

THE BLUNDER

Entering retirement with a mortgage, a car note, or revolving balances — and without ever having converted those payments into a number on the retirement spending plan. Not the debt itself. The absence of a cash-flow plan that includes it.

This distinction matters more than it first appears. A mortgage at a low fixed rate may be perfectly reasonable to keep in retirement. A retirement that never budgeted for the payment is not.

WHY IT HAPPENS

Because debt is invisible in the same way a subscription is invisible: it is a monthly fact rather than a one-time decision, and it never asks for permission again. It was affordable against a paycheck that existed. Then the paycheck changed shape and the payment did not.

And because most retirement planning starts from assets rather than from cash flow. People total the money and ask whether it is enough — a reasonable question that skips the more important one of what actually has to leave the house every month.

WHAT IT COSTS

A debt payment is a mandatory withdrawal. It does not care what the market did. It does not care that you had a bad year. It arrives on the first of the month with total indifference to your plan, and that converts a flexible retirement into an inflexible one.

That inflexibility is the real cost. A retiree with low fixed obligations can reduce spending in a bad year — skip the trip, defer the project, tighten the categories that are nice-to-have. A retiree carrying significant fixed payments has far less

room to do that, so a bad year has to come out of something that matters, or out of the portfolio at exactly the wrong time.

There is also the quiet cost of interest against a fixed income. A payment that was a small percentage of a growing salary can be a much larger percentage of a level retirement income, and the interest is a permanent transfer of your retirement to someone else.

WHAT TO DO INSTEAD

Build the cash-flow picture before the date. List every payment you make, then split the list into two: **ends on its own** – a car note, a student loan, a specific balance – and **continues indefinitely** – housing, insurance, minimum payments on revolving debt.

The second list is the one that has to be inside the plan from day one. It is not a lifestyle choice; it is a subtraction from everything else.

Then have the actual conversation – the math one, not the moral one. For each balance, ask what it costs you to carry versus what that money could do somewhere else, given your age, your tax picture, and your need for liquidity. Sometimes paying off debt is clearly right. Sometimes keeping a low fixed rate and preserving liquidity is clearly right. Both are defensible, and the answer depends on your specific numbers rather than on a general rule about debt being bad. The mistake is not choosing either path. It is never looking.

One more thing worth naming: the goal is not a debt-free retirement. The goal is a retirement with no surprises in it. A planned payment is a line item. An unplanned one is a crisis.

THE BLUNDER IN ONE LINE

A payment you did not put in the plan is not a bill. It is a withdrawal you did not authorize.

THE QUESTION

How much of my monthly retirement income is already promised to someone else before I spend a single dollar on myself?

PART THREE

The protection and legacy blunders

A retirement plan is not only a number. It is a promise to people. These four blunders are the ones that break the promise after the math was already right.

10 Self-insuring without knowing it

11 Treating taxes as a next-year problem

12 Keeping the plan a secret

13 Setting it and forgetting it

BLUNDER TEN

Self-insuring without knowing it

You insure the car, the house, and the phone. The one thing that actually produces the income has no coverage at all.

THE BLUNDER

Having no protection around the person, the income, or the care needs that the whole plan depends on – and not realizing that by defaulting to nothing, you have chosen to insure it yourself, with the retirement assets.

That is what self-insuring means. It is not a professional strategy; it is what happens when you do not choose one. You keep the risk on your own balance sheet, and if it lands, it is paid out of the same money the retirement was going to come from.

WHY IT HAPPENS

Because income protection does not feel urgent. It is not a purchase, it is an absence – there is nothing to see, nothing to admire, and no visible return. You pay for years and, if all goes well, get precisely nothing back. Nothing else in your life works that way, and the mind resists it.

And there is a second reason that is even more common: nobody ever asked. Most people bought the insurance they were offered – through an employer, bundled with a mortgage, or attached to a car loan. Nobody ever sat down and asked which single event could take the plan down, so the gaps were never identified, and an unidentified gap feels like no gap at all.

WHAT IT COSTS

The events that matter here are the ones that do two things at once: they cost money and they remove the engine.

A death. Takes the earner and leaves the obligations. Frequently the surviving spouse also loses the larger of two Social Security benefits, which means income falls in more than one place at the same time.

A serious diagnosis. Costs money, ends work, and often arrives in the years when the plan is closest to its finish and least able to absorb a detour.

A disability. The one people underestimate most, because it is the one where you are still alive and still spending – sometimes more than before, because now you need help.

A long-term care need. In retirement, this is usually the largest single threat to a plan, and the one with the widest second-order damage. It consumes assets at a rate most plans cannot sustain for more than a few years – and it consumes the spouse's time and independence at the same time. Many plans do not fail because of markets. They fail because of three years of care.

WHAT TO DO INSTEAD

Stop starting from the product and start from the event.

List the things that could happen. Then sort them into two columns: **catastrophic** – the plan does not survive it – and **inconvenient** – it hurts but the plan absorbs it. This sorting is the whole exercise, and almost nobody does it.

Insure the catastrophic. Cover the inconvenient with cash. That is the entire principle, and it holds whether you are twenty-eight or seventy-eight. A $1,500 deductible is an inconvenience and belongs in your savings. A three-year care event is catastrophic and does not belong on your balance sheet at all.

The question is never should I buy more insurance? That framing leads to either buying too much or refusing to look. The question is which single event could take this plan down – and what is standing between me and it right now?

Answer that honestly and you will either find that you are covered, or find the one gap worth closing. Both are good outcomes. Not knowing is the only bad one.

THE BLUNDER IN ONE LINE

Doing nothing about risk is not staying neutral. It is choosing to fund the worst case with the money you were going to retire on.

THE QUESTION

Which one event could take this whole plan down – and what, specifically, is standing between me and it today?

BLUNDER ELEVEN

Treating taxes as a next-year problem

During your working life, taxes were an annual event. In retirement, taxes become a withdrawal decision — made by you, every year, with consequences that compound.

THE BLUNDER

Never once modeling what your tax picture looks like in retirement. Not the bill in April – the multi-year path: which year you take which dollars, what that does to the taxation of your Social Security, what it does to your Medicare premiums, and what remains when the government starts requiring withdrawals.

This is not an oversight of arithmetic. It is an omission of architecture. It is entirely possible to do thirty years of diligent retirement saving and never ask the question that determines what actually lands in your checking account.

WHY IT HAPPENS

Because we are taught to think of taxes as a filing requirement rather than a planning variable. Get the documents, send them to someone, sign, done. In accumulation that is mostly accurate – the tax treatment happens automatically and you have little control.

In distribution, control arrives, and almost nobody tells you. You now choose which account to draw from, in which year, in what amount, and in what order. The tax code rewards that choice with meaningfully different outcomes depending on how you make it. Skipping the question is not neutral; it is simply choosing the default, which is usually the most expensive arrangement available.

WHAT IT COSTS

Five specific costs, and each one is independent of the others.

The taxation of Social Security. Up to 85% of your benefits can become taxable income depending on your other income. So an extra $10,000 withdrawn from a pre-tax account is not just $10,000 of taxable income – it can pull a portion of your Social Security into the taxable column at the same

time, raising your effective rate far beyond your bracket. People call this the tax torpedo, and the name is not an exaggeration.

Medicare premiums. Above certain income levels you pay an income-related surcharge on Medicare premiums, and it is determined by a two-year lookback. Which means a large withdrawal or Roth conversion at seventy can raise your premiums at seventy-two, and you will not connect the two things unless somebody is watching.

Required Minimum Distributions. At the required beginning age, the government starts dictating how much taxable income you report. Any plan built on "we'll take what we need" runs into a rule that says you must take more than you need – at the highest income years of your retirement, when the brackets are least forgiving.

The widow's penalty. This one is genuinely unkind and almost universally missed. The year a spouse dies, the survivor files as single – with roughly the same income, but a much smaller standard deduction and much tighter brackets. A couple who lived comfortably in the 22% bracket can find the survivor pushed into 24% on essentially the same money, in the year they are least equipped to plan around it.

The lost window. The years between retirement and required distributions are usually the lowest-income years you will have for the rest of your life. They are also the cheapest years to move money between tax treatments, if that is appropriate. That window closes on a date certain, and it does not reopen.

WHAT TO DO INSTEAD

Model taxes the same way you model returns – as a multi-year path rather than a single year.

Start with three numbers. What share of my retirement income is taxable? What will my taxable income look like in the year required distributions begin? And what does the survivor's return look like in the year after one of us is gone? Those three answers change the entire withdrawal strategy, and none of them appears on a statement.

Then treat the low-income years as the resource they are. Ask, specifically: is there a reason to take more taxable income in these years than I strictly need – in order to leave less taxable income in the years when I will have no choice? That question has a different answer for every household, and in many it is the single largest tax decision available.

This is a place where you want a professional, and we will say so plainly: we are insurance professionals, not tax advisers or CPAs. What we do is make sure the question gets asked and that your protection and income decisions do not accidentally create a tax problem no one planned for. Your CPA does the rest.

THE BLUNDER IN ONE LINE

In retirement, you do not just pay taxes. You decide them — and not deciding is also a decision, made by the default rules.

THE QUESTION

How much of my retirement income is taxable, and do I know what my tax bill looks like at seventy-five — and in the year after one of us is gone?

BLUNDER TWELVE

Keeping the plan a secret from the people it protects

The plan exists. It lives in one person's head, and that person will not always be there to run it.

THE BLUNDER

A retirement plan built with two people's money, designed to protect a family, and understood by one person – with beneficiary designations, estate documents, and account details that nobody else has ever seen.

This is not a money blunder. The math can be flawless and this blunder still takes everything the math was protecting.

WHY IT HAPPENS

Because money is private, and families are complicated, and one spouse usually handles it – not as a matter of control but as a division of labor, the same way one person handles the car maintenance. It starts as efficiency and becomes a distance.

And because reviewing beneficiaries is the least rewarding task in personal finance. You do it once, you feel accomplished, and you never think about it again. It sits there being correct for years and then quietly stops being correct – a marriage, a divorce, a new child, a death – and nothing notifies you that the form is now wrong. Beneficiary designations override your will, which means the wrong form sends the money to the wrong person no matter what your will says.

WHAT IT COSTS

The survivor. Statistically, in a married couple, one person is likely to outlive the other, and it is often the wife who outlives the husband. She frequently inherits the money and the job in the same week, at the worst possible moment, with no idea which decisions had already been made or which had been ruled out. What follows is usually not a disaster but something worse: a series of rushed, uninformed decisions that turn a good plan into an average one, permanently.

The beneficiaries. An outdated designation is a leading cause of money going somewhere it was never meant to go. It is also one of the most common reasons families end up in conflict after a death – and the conflict is not about greed. It is about confusion, created years earlier, by a form nobody looked at.

The plan itself. A plan that cannot be explained is a plan that cannot be continued. If your strategy depends entirely on your judgment being present at every decision point, then your plan has a single point of failure that has nothing to do with markets.

WHAT TO DO INSTEAD

Build an if something happens folder. One page, plus copies. In it: who to call, what exists, where it lives, and what has already been decided. Not passwords in a drawer – a map. The accounts, the policies, the professionals, the documents, and the reasoning.

Then do the harder thing, which is to have the conversation before the decision rather than after. Bring your spouse into the reasoning, not just the result. Explain why the money is where it is, what you were trying to accomplish, and what you would do if something changed. The purpose of that conversation is not approval – it is continuity. When two people understand a plan, either one can run it. When one person understands it, the plan lasts exactly as long as that person does.

And once a year, actually look at the beneficiary designations. All of them. Primary and contingent. It takes ten minutes and it is the highest-return ten minutes in this entire book.

THE BLUNDER IN ONE LINE

A plan only one person understands is not a family plan. It is a plan with an expiration date.

THE QUESTION

Does the person who would have to carry this plan know it exists, understand why it looks the way it does, and know where to find it?

BLUNDER THIRTEEN

Setting it and forgetting it

A plan built once is a photograph. Retirement is a moving picture.

THE BLUNDER

Building the plan, feeling the relief, and treating it as finished. No annual review, no scheduled check-in, no point at which the assumptions are re-examined against reality.

It is worth naming why this is the last blunder rather than the first. It is the one that lets all the others back in. Every blunder in this book can be corrected — but corrections require you to look, and this is the blunder where nobody looks.

WHY IT HAPPENS

Because it worked. The plan was built, the retirement started, and the money arrived. Something that appears to be working does not ask for attention.

And because reviewing the plan is uncomfortable for an unusual reason: it invites bad news that has not arrived yet. You have a working plan. To review it is to go looking for problems. It is much easier to go one more year, and then one more.

There is also the fact that nobody schedules it. There is no reminder, no annual notice, no system that says your retirement plan is due. The car gets a sticker and the furnace gets service and the plan gets nothing.

WHAT IT COSTS

Life moves continuously, and the plan does not move with it unless something makes it. Name the things that will have changed in ten years: a spouse, a health event, a move, a tax law, a child, a business sale, a policy renewal, a market that goes somewhere unexpected. Every one of those changes the plan. None of them sends you a calendar invitation.

The drift is silent, and that is what makes it expensive. There is no moment where you are told the plan is now out of date. There is only a slow accumulation of small misalignments — an assumption that stopped being

true, a beneficiary who should not be first, a coverage level chosen for a family that no longer exists.

And there is the timing problem. A plan that gets reviewed in a crisis gets reviewed at the worst possible time, with the least information and the most pressure. The point of a routine is that the questions get answered in a calm year, so the decisions are already made when a bad one arrives.

WHAT TO DO INSTEAD

Put it on the calendar. Once a year, forty-five minutes, same month every year. Not a crisis meeting. A habit.

Four questions, in this order:

Has anything changed? Health, family, work, housing, income. This is where the actual news lives.

Is the income still covered? Re-run the floor from Blunder One. Essentials versus guaranteed income versus the gap. The number should take two minutes.

Has the tax picture moved? New brackets, new rules, a large one-time event, a change in the retirement date, the year required distributions begin. If something changed, it needs a projection, not a guess.

Are the people still right? Beneficiaries, powers of attorney, healthcare directives, the if something happens folder. All current, all accessible, all known to the right person.

Simple, repeatable, and boring. That is the point. A boring review every year is how a plan stays correct for thirty.

THE BLUNDER IN ONE LINE

The plan that was right in the year you built it will not be right in ten years — and nothing will tell you when it stopped being right.

THE QUESTION

When did I last sit down with this deliberately — not because something broke, but because it was time?

PART FOUR

The five searches

The questions people type into a search bar at eleven at night. They are the most-asked questions in retirement and the most badly answered — because a search result can hand you a number, but it cannot hand you a context.

01 How much money do I need to retire?
02 When should I take Social Security?
03 How much will health care cost me?
04 How much can I withdraw without running out?
05 How will my withdrawals be taxed?

PART FOUR

What people actually search for

Somewhere tonight, a few thousand people will type a version of the same five questions into a search bar. Not one of those questions will be about returns.

Search data is a map of anxiety, not a map of risk. What people look up is what they worry about at eleven at night – and they usually worry about the things nobody ever explained, which are not always the things that will cost them the most.

That gap is worth naming, because it is wide. The retirement industry talks almost entirely in returns: performance, allocation, outlook. Almost nobody searches for any of that. What people search for is **income** – how much, from where, for how long, and what it will actually be worth when it arrives.

The five questions below dominate that search traffic. Each one has excellent articles written about it. Each one is usually answered in a way that is true and incomplete – and the incompleteness is consistent, so it is worth showing what it looks like.

For each one, three things: what the internet tells you, what it leaves out, and what to actually decide.

> IF YOU TYPED ONE OF THESE, YOU ARE IN THE RIGHT PLACE
>
> None of these five questions has a single correct answer, and none of them appears on any statement. But every one has a decision inside it – and that decision is easier to make with the thirteen blunders behind you than in front of you. That is why this part comes last.

SEARCH ONE

“How much money do I need to retire?”

WHAT THE INTERNET TELLS YOU

A multiple. Eighty percent of your pre-retirement income. Ten times your salary. A million and a half dollars, or two, or whatever the calculator in the article prefers. You enter your age, your savings and your income, and it returns a target and a green checkmark.

The number is not wrong. It is just not the answer – because it is an output wearing an input's clothes.

WHAT IT LEAVES OUT

Spending comes first. Your retirement does not cost a multiple of your income. It costs what your life costs, in a place, with a household, at a stage. Two people with identical salaries can need numbers twenty years apart, and the multiple cannot tell them apart.

A balance is not an income. $800,000 is not an answer to any question you actually have. The question is what that money can safely pay you, starting when, for as long as you live. That is a different piece of arithmetic and it has a different answer.

Guaranteed income changes the size of everything else. If Social Security and a pension already cover your essentials, the number you need is small. If they cover a third of your essentials, the same lifestyle needs a number twice the size. This is the largest input in the calculation, and the multiple cannot see it.

WHAT TO DECIDE

Stop asking how much you need. Ask what your floor costs, what is already guaranteed, and what gap the money has to close.

Answer those three and the number appears on its own – and it is a number you can defend, because you built it instead of reading it.

SEE **BLUNDER ONE** · PLANNING FOR A DATE INSTEAD OF AN INCOME

SEARCH TWO

"When should I take Social Security — 62, 67, or 70?"

The most-searched retirement decision in America, and the one where the internet's confident answer is most often wrong.

WHAT THE INTERNET TELLS YOU

Claim at 62 and your benefit is permanently reduced, by up to 30% compared with your full retirement age. Wait past full retirement age and it grows roughly 8% a year until 70. Then a break-even calculator tells you the age at which the larger, later benefit catches up — usually somewhere in your late seventies or early eighties — and invites you to bet on how long you will live.

The arithmetic is correct. The frame is not.

WHAT IT LEAVES OUT

It is not an investment decision. It is an insurance decision. A break-even calculation answers the question "which choice pays the most on average?" But you are not an average. You are one household with one lifespan, and the outcome you cannot absorb is the long one. Delaying is the cheapest longevity insurance most people will ever be offered: an inflation-adjusted income increase, for life, bought with patience instead of premium.

It is not an individual decision. For a married couple, the survivor benefit matters more than the earner's own. When the first spouse dies, the survivor keeps the larger of the two benefits — not both. That means delaying the higher earner's benefit protects the survivor for the rest of their life, which could be twenty years. Most calculators treat you as a single person, and that is the single biggest omission on the page.

It interacts with everything else. The earnings test, if you claim before full retirement age and keep working. How much of the benefit becomes taxable as other income rises. Medicare premiums, which are set by income with a two-year lookback. And whether you draw from the portfolio during the gap years to let the benefit grow, which is itself a tax decision with its own consequences.

The fear is louder than the arithmetic. Which brings us to the sixth search nobody quite wants to type.

THE SEARCH UNDERNEATH THE SEARCH

“Is Social Security going to be there for me?”

The most recent trustees report projects the trust fund that pays retirement benefits running short in late 2032. After that, continuing tax income would cover roughly 78% of scheduled benefits unless Congress acts. That is a real problem, and it is a political one.

What it is not is a reason to claim early out of fear – because doing so locks in a permanent cut of up to 30% in order to avoid a theoretical cut of about 22% at some future date. If you want to plan conservatively, assume a benefit smaller than the one on your statement. Put that assumption in the plan. Do not put it in the filing date.

WHAT TO DECIDE

Ask which thing you are buying: cash flow now, or protection against a long life. Then make the decision with your spouse rather than for yourself, because the second half of it is not yours alone. And check it against your health, your other income, and the number of years remaining before required distributions begin.

SEE **BLUNDER EIGHT** · STANDING ON ONE LEG

SEARCH THREE

“How much will health care cost me in retirement?”

WHAT THE INTERNET TELLS YOU

A headline number. Fidelity's long-running estimate puts lifetime health care costs at roughly $185,500 in after-tax dollars for a single 65-year-old retiring this year — and around twice that for a couple. It assumes original Medicare plus a drug plan, and it excludes long-term care.

It is a well-built number. It is also an average, and an average is the least useful version of this answer for any specific household.

WHAT IT LEAVES OUT

Routine care is a budget item. Long-term care is the risk. Premiums, deductibles and copays are roughly predictable, and predictable things can be planned. Custodial care is not. Somewhere near seventy percent of people turning 65 will need some form of long-term care; Medicare generally does not pay for it; and the tail can run for years — consuming a spouse's time and independence at the same time it consumes the money.

Medicare is a base layer, not a plan. It carries premiums, deductibles, coinsurance and gaps, and the premium itself rises with income. A retiree who never modeled that finds it, permanently, in every January's check.

The estimate stops at the door. Dental, vision, hearing and over-the-counter medications sit outside it. So does the largest line item most households will ever face.

WHAT TO DECIDE

Split the question in two. Budget the routine, because it is knowable. Insure the catastrophic, because it is not — and do not self-insure it by refusing to look.

The number worth finding is not the average cost of health care. It is the cost of the one event your plan cannot absorb.

SEE **BLUNDER TEN** · SELF-INSURING WITHOUT KNOWING IT

SEARCH FOUR

“How much can I withdraw each year without running out?”

WHAT THE INTERNET TELLS YOU

Four percent. A rule of thumb from the 1990s, drawn from a particular portfolio mix, a thirty-year horizon, and one country's market history. It is repeated so often that it has stopped sounding like an assumption and started sounding like a fact.

WHAT IT LEAVES OUT

It is a rule about a portfolio, not about a person. Four percent of what, alongside which guaranteed income, covering whose expenses? A household whose essentials are already covered by Social Security can withdraw at a very different rate than one whose essentials all come out of the account.

It assumes a fixed horizon. Thirty years is a reasonable default for a retiree at 65. A couple retiring at 60, healthy, with long-lived parents, may be funding thirty-five or forty.

It assumes you sell every year, in every market. That is precisely the sequence problem, and the percentage was never the danger — the forced sale was. A sustainable rate applied to a structure with no buffer can still fail.

It ignores taxes and fees. A gross withdrawal rate and a net spending rate are two different numbers, and the difference is not small over thirty years.

WHAT TO DECIDE

The withdrawal rate is the last number you set, not the first. Build the floor. Build the buffer. Then the rate falls out of the arithmetic instead of being borrowed from an article — and it will survive a bad year, because it was designed to rather than calculated to.

SEE **BLUNDER SIX** · RETIRING STRAIGHT INTO A BAD MARKET

SEARCH FIVE

"How will my retirement withdrawals be taxed?"

WHAT THE INTERNET TELLS YOU

Five separate answers, actually, because it is really five searches: how much of my Social Security is taxable, when do required distributions begin, should I do a Roth conversion, why did my Medicare premium go up, and why did my taxes rise after my spouse died.

Each has a good article behind it. Each article is correct. That is the problem.

WHAT IT LEAVES OUT

These are one system, not five questions. The extra dollar you withdraw from a pre-tax account is not one dollar of income. It can pull part of your Social Security into the taxable column, push you past a Medicare surcharge threshold set by a two-year lookback, use up a bracket you were saving for something else, and reshape the tax picture your survivor inherits.

Your filing status changes before your income does. The year a spouse dies, the survivor files single – roughly the same money, a much smaller standard deduction, tighter brackets. It is the least discussed and most expensive surprise in retirement.

There is a deadline. Once required distributions begin, the government sets your taxable income for you. The years before that are usually the lowest-income years you will ever have, and they are the cheapest ones in which to move money between tax treatments. That window does not reopen.

WHAT TO DECIDE

Model the path, not the year. Know your three numbers: the taxable share of your income, your taxable income in the year distributions begin, and the survivor's picture the following year.

This is a place to work with a tax professional. Our part is making sure the question gets asked while there is still time to answer it.

SEE **BLUNDER ELEVEN** · TREATING TAXES AS A NEXT-YEAR PROBLEM

PART FOUR, IN CLOSING

What the five have in common

Not one of them is about returns.

Every one is about income: how much, from where, for how long, and what it costs to get it. Read the five again and notice that the word "performance" does not appear. Neither does "allocation," or "outlook," or any of the vocabulary the industry uses to describe what it does.

That gap is the most useful thing in this book. The people doing the searching and the people writing the search results are having two different conversations. One group is asking whether the money will arrive. The other is answering questions about how fast it grew.

You do not need to resolve that argument. You only need to know which side of it your plan is built on.

ONE LINE TO TAKE WITH YOU

Retirement is not a portfolio question that gets harder. It is an income question that nobody taught you to ask.

AT A GLANCE

The thirteen, on one page

If you keep nothing else, keep this. Every blunder reduces to a sentence you can check yourself against.

PART ONE · THE THINKING BLUNDERS

01	Planning for a date instead of an income
02	“We’ll figure it out when we get there”
03	Believing the highest return is the goal
04	Keeping every dollar in one tax bucket

PART TWO · THE MONEY BLUNDERS

05	Planning to the average
06	Retiring straight into a bad market
07	Leaving inflation out of the plan
08	Standing on one leg
09	Retiring into debt with no cash-flow plan

PART THREE · THE PROTECTION AND LEGACY BLUNDERS

10	Self-insuring without knowing it
11	Treating taxes as a next-year problem
12	Keeping the plan a secret from the people it protects
13	Setting it and forgetting it

> HOW TO USE THIS PAGE
>
> Read the list out loud to yourself. Notice which one makes you slightly uncomfortable. That is the one to read first – not because it is the worst, but because your reaction already told you it is the one you have been avoiding.

PART FIVE

The thirty-minute readiness check

No products, no scores to compare, no email required. Seven sections, one honest question each. If you can answer them all, you are in better shape than most people we meet.

PART FIVE

The thirty-minute retirement readiness check

Work through this with a pen. Tick a box only if you can answer the question without looking something up – if you have to go find a document, that is your answer, and it is a useful one.

ONE · INCOME

☐ I know my essential monthly expenses within about $200.

The number that must arrive whether or not you feel like it. Housing, food, utilities, insurance, transport, minimum debt payments, prescriptions.

☐ I know my guaranteed monthly income, and when each source starts.

Social Security, pension, anything that arrives regardless of markets.

☐ I know the gap between the two, and what is supposed to fill it.

This is the job your assets actually have to do. If it is a guess, it is not a plan.

TWO · LONGEVITY

☐ I have chosen the age I am planning to, on purpose.

Not the national average. A number you picked and can defend.

☐ In a couple, the plan is built for whoever lives second.

Which is usually the longer, smaller-Social-Security, single-filer version of the plan.

THREE · SEQUENCE

☐ I know how many years of essential spending sits in stable, accessible money.

Money that does not fall meaningfully when markets fall, and can be reached without penalty or delay.

☐ I could fund three years of essentials without selling anything at a loss.

If the answer is no, this is the most consequential item on the page.

FOUR · TAX

☐ I know what percentage of my money is pre-tax versus already taxed.

If you cannot answer this, Blunder Four is your first read.

☐ I know the age required distributions begin, and roughly what they will force me to report.

A projection, not a guess.

☐ I have looked at what the survivor's tax picture looks like in the year after one of us is gone.

Single filer, similar income, much smaller standard deduction.

FIVE · PROTECTION

☐ I can name the one event that could take this plan down.

Not a list of worries. One event, named clearly.

☐ Something specific is standing between me and that event.

A policy, a reserve, a documented decision — something identified, not assumed.

SIX · LEGACY

☐ Every beneficiary designation has been reviewed in the last three years.

Primary and contingent. These override your will, so they matter more than most people think.

☐ My spouse or family knows the plan exists and could find it in ten minutes.

A map, not a password. Who to call, what exists, where it lives, what is already decided.

SEVEN · REVIEW

☐ I know the date of my last deliberate review.

Deliberate means scheduled, not triggered by something breaking.

☐ There is a next one on the calendar.

Forty-five minutes, same month every year. That is the whole system.

READING YOUR RESULT

Most boxes ticked. You are in better shape than most households. Keep the annual review and stop worrying about the parts you have handled.

About half. This is the normal result, and it is good news — the gaps are known, which means they are fixable, and most of them are structural rather than expensive.

Only a few, or none. Do not panic and do not buy anything. What you need first is a conversation, not a product. The most useful hour you can spend this month is sitting down with someone who will go through these seven sections with you in plain English.

WHERE TO START TONIGHT

One	Write the one page. Income in, expenses out, the risks you cannot absorb, and who needs to know. An hour, by hand.
Two	Put the review on the calendar. Forty-five minutes, the same month every year, four questions. That is the whole system.
Three	Ask the question you could not answer. Whatever stalled you on this page is the most valuable half hour you can spend this month — and it does not require buying anything.

IN CLOSING

The quiet path is the one that works

We want to end where we started, with something unglamorous.

None of these thirteen blunders will be fixed by a single decision, and none of them require one. What they require is smaller and much harder: a written page, a named number, a mapped set of accounts, one honest conversation with the person who would have to carry the plan, and forty-five minutes a year.

That is the whole discipline. It is not exciting, it does not produce a story you would tell at dinner, and it will not feel like progress while you are doing it.

Then twenty years pass. One family is still making these small decisions and the other family stopped somewhere around year four. From the outside, nobody can tell you when the gap opened, because it opened quietly, on an ordinary afternoon, when someone decided to answer a question instead of avoiding it.

That is the path we are named for. It is hidden because it is unremarkable while you walk it — and obvious only from the other end.

DISCIPLINE TODAY. DOMINANCE FOREVER.

Not a slogan about intensity. A description of what compounding actually looks like.

WHERE WE COME IN

Thirty minutes.
No cost.
Nothing to decide.

We are licensed insurance professionals. We do not sell securities and we do not manage investments. What we do is sit down with you, walk through the seven sections on the previous pages, and tell you plainly what we see — in English, with the numbers in front of you.

You will leave knowing which of the thirteen you have already handled, which one matters most for your situation, and what the next step would be if you choose to take one. If the answer is that you are in good shape and need nothing from us, we will tell you that too. It happens more often than you would expect, and it is not a wasted half hour.

There is no cost, there is no obligation, and there is no pressure to decide anything that day — or ever. The first conversation is education, and education is free.

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Report and reflect that report's intermediate assumptions; they are estimates, not predictions, and will change with legislation and economic conditions. Your actual benefit depends on your earnings record and filing age. For your specific benefit, consult your Social Security statement at ssa.gov. Nothing in this book should be read as a recommendation about when to file; that decision depends on your individual circumstances.

STATISTICS AND THIRD-PARTY ESTIMATES

Statistics referenced in this book are drawn from widely published sources and are included for context. They describe populations, not individuals, and should not be used to predict any individual outcome.

The health care cost figures cited in Part Four refer to Fidelity Investments' annual Retiree Health Care Cost Estimate, which assumes enrollment in original Medicare (Parts A and B) and a Medicare drug plan, is stated net of taxes, and excludes long-term care, most dental services, vision, hearing, and over-the-counter medications. Actual costs will vary by health status, geography, and longevity. Estimates are current as of the date of this publication and are revised annually.

YHPR ELITE · YOUR HIDDEN PATH

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