Start Strategizing About Your "Retirement Paycheck"

The Retirement Spending Reality

Inflation Adjusted Retirement Spending Growth Rate Typically Forms a Smile

*For illustrative purposes only, not indicative of any specific investment type. Assumes an 8% return and the reinvestment of earnings. A plan of systematic savings rate actions, including any implementation of any strategies or investments described herein.*

Think about setting aside money for retirement when you're first starting out, it can be tough to think about your retirement savings. Consider today's retirement reality as a roadmap when budgeting and investing for your retirement. Utilize tools—including calculators, scenario planning, simulation modeling, and more—to help you feel more comfortable with the journey to retirement.

The Internal Revenue Service (IRS) limits the amount you can contribute through financial institutions rather than the workplace. If your employer offers a retirement account, such as a 401(k) or 403(b), it’s funded with pre-tax dollars; withdrawals in retirement are subject to taxes and may be subject to additional taxes if you withdraw before age 59 1/2. Retirement accounts also provide a tax-advantaged way to invest toward retirement, but they’re offered with different tax treatments and investment options. Consider creating two budgets: one for right now and one for retirement.

The earlier you start saving, the more time your money has to work for you. Some but may be fraught for others. Talk to your team of knowledgeable financial advisors to help you make important decisions about your investments and financial goals, including retirement. Morgan Stanley Virtual Advisor uses this "retirement paycheck" pattern to help you build a team to help you create a "retirement paycheck" for future spending needs.

**Identify Income Sources**

• Social Security
• Current salary
• Retail income
• Investment income including interest, dividends, appreciation, Inheritance
• Flexible Spending Accounts (FSA)
• Health Savings Accounts (HSA)
• Traditional and Roth 401(k), 403(b), and/or 403(b) accounts
• Personal retirement accounts, such as an IRA
• Pension or profit-sharing plan

**Identify gaps between your income and expenses.**

**Assess your financial situation.**

**Update your estate plan.**

**Begin increasing cash reserves.**

**Entertain Friends**

**Drive Car Pool**

**Travel**

**Outings with Family**

**Campers**

**Distributing (RMDs)**

**Maintain relevance**

**Taxes**

**Reduce**

**Health Care Costs**

**Entertain Friends**

**Drive Car Pool**

**Travel**

**Outings with Family**

**Campers**

**Distributing (RMDs)**

**Maintain relevance**

**Taxes**

**Calculate your income**

**Separate**

**Taxes**

**Track your expenses**

**Increase**

**Roth IRA**

**401(k) and/or 403(b) accounts**

**Consider**

**A strategy that evolves with you.**

If you want to discuss strategies with a professional, Morgan Stanley Virtual Advisor is happy to serve. Morgan Stanley Virtual Advisor manages the impact of taxes as you take distributions from your retirement accounts. Want to read more about retirement planning? Visit https://www.gobankingrates.com/retirement/planning/.

The journey to retirement can be complex, but the need for financial security is shared by all. Morgan Stanley Virtual Advisor’s team of knowledgeable financial advisors provide educational resources to help you make important decisions about your investments and financial goals, including retirement. We utilize tools—including calculators, scenario planning, simulation modeling, and more—to help you feel more comfortable with the journey to retirement. For more information on flexible spending accounts and health savings accounts, visit https://www.morganstanley.com/en/learning-center/income-planning/flexible-spending-accounts.html.

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**Sources**

1. Morgan Stanley Virtual Advisor
2. Morgan Stanley Virtual Advisor
3. Morgan Stanley Virtual Advisor

**Want to read more about retirement planning?**

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