FREEDOM FINANCIAL EDUCATION SERIES

SESSION 6

Retirement Planning: Turning Savings Into Income

STUDENT WORKBOOK • VERSION 1.0

Freedom Principle: Retirement requires a paycheck plan—not just an account balance.

Participant name (optional)

Session date

Your worksheets are private. Share only what you choose. Do not place account numbers, Social Security numbers, passwords, or other sensitive information in this workbook.

WELCOME

How to Use This Workbook

A guided companion for Session 6—not an application, tax return, legal document, or individualized financial plan.

Use this workbook to follow the lesson, capture questions, and build a first-draft retirement-income picture. Estimates are welcome. Precision can come later with current statements and qualified guidance.

Privacy and classroom boundaries

- ☐ Use ranges or rounded estimates instead of exact balances if preferred.
- ☐ Do not write account numbers, login information, tax identification numbers, or full birth dates.
- ☐ You may pass on any activity or discussion.
- ☐ Keep other participants' stories and financial information confidential.
- ☐ Verify tax, legal, Medicare, Social Security, pension, and plan decisions with the appropriate qualified professional or agency.

Education boundary: This session provides general education. It does not recommend a product, account, investment, rollover, conversion, benefit-claiming date, withdrawal amount, tax position, or legal arrangement for any participant.

Today's working goal

Leave with a clearer view of the income you may need, the resources you may use, the risks that deserve planning, and one next action.

The retirement question I most want answered today

SESSION MAP

Learning Outcomes and 75-Minute Roadmap

By the end of Session 6, you should be able to:

- Explain why retirement-income planning differs from saving for retirement.
- Identify taxable, tax-deferred, and tax-free “tax buckets.”
- Describe high-level Roth versus traditional tradeoffs without treating either as automatically better.
- List potential retirement-income sources and distinguish predictable from variable income.
- Recognize how Social Security, pensions, RMDs, IRMAA, Roth conversions, withdrawal choices, longevity, inflation, healthcare, and beneficiaries can interact.
- Complete a private retirement-readiness worksheet and select one action step.

Time	Learning block	Workbook pages
0–7 min	Welcome, Session 5 bridge, retirement paycheck shift	3–4
7–17 min	Retirement readiness and income gap	5–6
17–29 min	Three tax buckets; Roth and traditional concepts	7–8
29–39 min	Workplace plans and income sources	9–10
39–50 min	Social Security and pensions	11
50–61 min	RMDs, IRMAA, conversions, withdrawal planning	12–13
61–69 min	Longevity, inflation, healthcare, beneficiaries	14–15
69–75 min	Action plan, Session 7 preview, close	16

Timing note: Some examples may be shortened or assigned as follow-up work to protect the 75-minute format.

BRIDGE

From Session 5: Building Wealth to Using Wealth

Session 5 focused on investing readiness, diversification, discipline, dollar-cost averaging, risk, time horizon, and choosing an appropriate first step. Session 6 changes the question.

Accumulation question	Retirement-income question
How much am I saving?	How much dependable income may I need?
How is my money invested?	Which sources may pay me, when, and for how long?
How much growth might I seek?	How will withdrawals, taxes, inflation, and market changes interact?
Who are my beneficiaries?	Are beneficiary choices current and coordinated with my plan?

Key shift: A large account balance is not yet a retirement-income plan. A plan connects spending needs, income sources, taxes, risks, timing, and the people the money is intended to serve.

One principle from Session 5 I want to carry forward

____

____

One new concern that appears when earned income slows or stops

____

____

READINESS

Retirement Readiness Snapshot

Mark the answer that best reflects today. This is a starting point—not a scorecard.

Readiness statement	Yes	Not yet	Unsure
I have an estimate of essential monthly retirement spending.	☐	☐	☐
I can list my likely retirement-income sources.	☐	☐	☐
I know where my retirement savings are held.	☐	☐	☐
I understand which accounts may be taxable when money comes out.	☐	☐	☐
I have reviewed my Social Security estimate.	☐	☐	☐
I have requested current pension information, if applicable.	☐	☐	☐
I know whether RMD rules may apply to my accounts.	☐	☐	☐
I have considered healthcare and long-term-care exposure.	☐	☐	☐
My beneficiary designations reflect my current wishes.	☐	☐	☐
I know whom to contact for coordinated tax, legal, and financial guidance.	☐	☐	☐

The area that needs my attention first

PAYCHECK PLAN

Estimate the Retirement-Income Gap

Use monthly estimates. Do not include account numbers or identifying information.

Monthly planning item	Estimated amount
Essential spending (housing, food, utilities, transportation)	$___________
Healthcare and insurance	$___________
Taxes and irregular expenses	$___________
Lifestyle and giving goals	$___________
Estimated total monthly need (A)	$___________
Predictable monthly income (B)	$___________
Preliminary monthly gap: A − B	$___________

Think beyond the first year

- ☐ Could this spending rise with inflation?
- ☐ Could a spouse or partner lose an income source at the first death?
- ☐ Are major repairs, vehicle replacement, travel, or family support missing?
- ☐ Does the plan need flexibility for market declines or a health event?

Planning reminder: A preliminary gap is not a withdrawal recommendation. Taxes, timing, account rules, market conditions, household needs, and professional analysis can change the result.

TAX AWARENESS

The Three Tax Buckets

"Tax buckets" are a teaching framework for recognizing that money can receive different tax treatment. Actual treatment depends on account type, contribution history, earnings, distribution rules, and current law.

Bucket	General concept	Examples—not exhaustive
Taxable	Income, interest, dividends, or gains may be taxed along the way or when an asset is sold.	Bank accounts; taxable brokerage accounts
Tax-deferred	A current deduction or pre-tax contribution may apply; taxable distributions may occur later.	Traditional IRA; pre-tax 401(k), 403(b), or eligible governmental plan
Potentially tax-free	Contributions are generally made after tax; qualified distributions may be tax-free.	Roth IRA; designated Roth workplace account

My bucket inventory—use names or categories only

Account or benefit category	Bucket I think applies	Question to verify
____________________	_____________	____________________
____________________	_____________	____________________
____________________	_____________	____________________
____________________	_____________	____________________

Important: Tax diversification can create planning flexibility, but "three buckets" does not mean every household needs every account type or equal amounts in each.

TAX CHOICES

Roth Versus Traditional: Questions, Not Predictions

Traditional / pre-tax concept	Roth / after-tax concept
May reduce current taxable income when contributions qualify.	Contributions generally do not reduce current taxable income.
Untaxed contributions and earnings are generally taxable when distributed.	Qualified distributions are generally tax-free.
May create future RMD exposure depending on account and law.	Roth IRAs and designated Roth workplace accounts generally have no lifetime RMD for the original owner under current federal rules.
Can be useful when a current tax benefit fits the plan.	Can be useful when paying tax now fits the plan and future qualified tax-free access is valuable.

Questions that belong in a Roth/traditional discussion

- ☐ What are my current and possible future marginal tax rates?
- ☐ Can I afford the tax cost without weakening my emergency reserves?
- ☐ How could income affect Medicare premiums, taxation of benefits, credits, or other items?
- ☐ What are the plan’s contribution, distribution, rollover, and conversion rules?
- ☐ How long might the money remain invested, and who may ultimately inherit it?

No automatic winner: Roth and traditional choices require assumptions about an unknowable future. A blended approach may be appropriate for some households, but it is not a universal rule.

WORKPLACE PLANS

Workplace Retirement Plan Checkup

Workplace plans differ. Use the Summary Plan Description, fee disclosures, investment menu, beneficiary form, and plan administrator as primary resources.

- ☐ Plan type identified: 401(k), 403(b), TSP, 457(b), pension, or other
- ☐ Contribution percentage and employer match understood
- ☐ Vesting status reviewed
- ☐ Pre-tax and/or Roth contribution options identified
- ☐ Investment allocation and fees reviewed
- ☐ Loan and hardship-withdrawal rules understood
- ☐ Beneficiary designation reviewed
- ☐ Distribution, rollover, and in-plan options verified before employment changes

A rollover is a decision—not an automatic next step

- Possible paths may include remaining in the former plan, moving to a new employer plan, rolling to an IRA, or taking a distribution.
- Compare investment choices, services, fees, creditor protections, withdrawal access, loan features, consolidation needs, and tax consequences.
- Never act solely because a representative or marketing message says a rollover is "standard."

One workplace-plan fact I need to verify

INCOME MAP

Potential Retirement-Income Sources

Source	Usually predictable or variable?	Timing / action to verify
Social Security	Predictable once claimed*	Estimate, claiming age, spouse/survivor rules
Pension	Often predictable*	Election, survivor option, COLA, start date
Employment / business	Variable	Hours, sustainability, taxes, benefits
Cash / short-term reserves	Available but finite	Purpose and replenishment
Investment withdrawals	Variable	Rate, taxes, sequence, market conditions
Annuity or insurance income	Contract-dependent	Guarantees, fees, riders, insurer strength
Property / rental income	Variable	Vacancy, repairs, taxes, management

*Payments can still change due to elections, withholding, offsets, cost-of-living provisions, plan terms, or law.

My preliminary income map

Source	Start age/date	Monthly estimate	Inflation feature?	Survivor feature?
________________	________	$_______	Yes / No / ?	Yes / No / ?
________________	________	$_______	Yes / No / ?	Yes / No / ?
________________	________	$_______	Yes / No / ?	Yes / No / ?
________________	________	$_______	Yes / No / ?	Yes / No / ?

BENEFITS

Social Security and Pension Decisions

Social Security

- Your estimate is based on your earnings record; review it for accuracy.
- Starting before full retirement age generally reduces the monthly benefit; delaying after full retirement age can increase it up to age 70 under current rules.
- Household decisions may involve spouse, divorced-spouse, survivor, disability, work, withholding, and tax considerations.
- The highest individual benefit is not always the same as the strongest household plan.

Pensions

- Compare single-life and survivor-payment choices carefully; elections may be permanent.
- Verify whether the benefit includes a cost-of-living adjustment.
- Understand lump-sum versus monthly-income tradeoffs without assuming one is always superior.
- Coordinate pension elections with life insurance, Social Security, household longevity, taxes, and estate goals.

Social Security or pension document I need to obtain

Question I need to ask before making an election

Decision boundary: Do not claim a benefit or elect a pension option based only on a classroom example. Use current personalized estimates, plan documents, and qualified guidance.

TAX TIMING

RMDs, IRMAA, and Roth Conversions

Required minimum distributions (RMDs)

An RMD is a minimum annual distribution that may be required from certain retirement accounts after the applicable starting age. The starting age and exceptions depend on birth year, account type, employment status, beneficiary status, and current law. Roth IRAs and designated Roth workplace accounts generally do not require lifetime RMDs for the original owner under current federal rules; beneficiaries remain subject to distribution rules.

IRMAA

The Income-Related Monthly Adjustment Amount can increase Medicare Part B and Part D costs for higher-income beneficiaries. Medicare generally uses modified adjusted gross income from the tax return two years earlier, with procedures for certain life-changing events and appeals. Thresholds and premiums change.

Roth conversions

A Roth conversion moves eligible pre-tax retirement money to Roth status. Untaxed amounts converted are generally included in taxable income. A conversion can affect tax brackets, Medicare premiums, benefit taxation, credits, cash flow, and future account flexibility. Conversions cannot be evaluated responsibly from tax rate alone.

> **Coordination point:** RMDs, IRMAA, and conversions are connected through taxable income and timing. Model the entire tax year—and often multiple years—before acting.

WITHDRAWALS

Building a Flexible Withdrawal Plan

Withdrawal planning asks which account may fund spending, when, and under what conditions. A simple rule of thumb can be a conversation starter, but it is not a personalized plan.

Planning question	Why it matters
How much must be withdrawn?	Spending needs, taxes, and reserves drive cash demand.
Which account supplies it?	Tax treatment and future flexibility differ.
What if markets decline early?	Selling depressed assets can magnify sequence-of-returns risk.
What changes with inflation?	A fixed dollar amount may buy less over time.
What if life lasts longer?	The plan must serve an unknown time horizon.
What happens at first death?	Income, taxes, filing status, expenses, and beneficiaries may change.

Possible planning tools—subject to suitability and analysis

- ☐ Cash reserve or spending buffer
- ☐ Flexible “guardrails” for discretionary spending
- ☐ Diversified sources with different tax treatment
- ☐ Rebalancing and disciplined sale decisions
- ☐ Predictable-income floor for essential expenses
- ☐ Annual tax and beneficiary review

One withdrawal risk I had not considered

RISK PLANNING

Longevity, Inflation, and Healthcare

Risk	Planning question	Possible preparation—not a recommendation
Longevity	What if one household member lives much longer than expected?	Stress-test longer horizons; protect survivor income
Inflation	Which expenses may rise faster than general inflation?	Keep growth and spending flexibility in view
Healthcare	What is covered, excluded, or paid out of pocket?	Review Medicare timing, supplements, drug coverage, HSA eligibility/history
Long-term care	Who would provide care, where, and at what cost?	Discuss family roles, assets, insurance, and legal documents
Cognitive decline	Who can act if I cannot manage finances?	Consider trusted contacts and properly drafted powers of attorney

My resilience check

- ☐ I have identified at least one emergency or reserve source.
- ☐ My plan does not assume constant market returns.
- ☐ I have considered a longer-than-average life.
- ☐ I have a healthcare enrollment and cost-review process.
- ☐ Someone trustworthy knows where essential records can be found—without sharing passwords.

Risk I will explore first

LEGACY

Beneficiaries and Household Continuity

Beneficiary designations often control retirement accounts and insurance proceeds, and they may override instructions in a will. Rules vary by account, state, plan, and family situation.

- ☐ Review primary and contingent beneficiaries after marriage, divorce, birth, death, or other major change.
- ☐ Confirm names and relationships are accurate without copying sensitive identifiers into this workbook.
- ☐ Ask how the plan handles a beneficiary who dies first.
- ☐ Coordinate retirement accounts, insurance, trusts, wills, and powers of attorney with qualified legal guidance.
- ☐ Use special care when a beneficiary is a minor, has a disability, receives means-tested benefits, or may need financial support.
- ☐ Tell a trusted person where documents are stored; do not email passwords or account credentials.

Household continuity conversation

The person or professional who should understand our retirement-income plan

---

The beneficiary or document review I need to schedule

Legal boundary: This workbook does not create or amend a beneficiary designation, will, trust, power of attorney, or other legal document.

PLANNER

Retirement Readiness & Income Planning Worksheet

This workbook page supports the standalone S6-HO-01 worksheet. Complete it privately with rounded estimates. Use the separate handout for a clean final working copy.

Step	My working note
1. Target retirement timing	____
2. Estimated monthly spending need	$____
3. Predictable monthly income	$____
4. Preliminary income gap	$____
5. Savings / account categories	____
6. Tax buckets represented	Taxable / tax-deferred / potentially tax-free
7. Top retirement risk	____
8. Document or estimate needed	____
9. Professional coordination needed	Financial / tax / legal / benefits / insurance
10. One next action	____

Worksheet requirements: Use estimates; protect privacy; identify unknowns; do not calculate a recommended withdrawal rate, conversion amount, product allocation, or benefit election in class.

COMMITMENT

My One-Action Retirement Plan

Choose one achievable action. A small verified step is more useful than an ambitious plan that remains unfinished.

- ☐ Create or review my Social Security account and estimate.
- ☐ Request a pension estimate or Summary Plan Description.
- ☐ Collect recent retirement account statements.
- ☐ Review workplace-plan contribution, match, fees, allocation, and beneficiaries.
- ☐ Estimate essential monthly retirement spending.
- ☐ Schedule a Medicare or healthcare review.
- ☐ Schedule coordinated financial, tax, or legal guidance.
- ☐ Review beneficiary designations and household continuity documents.

My chosen action

____

____

I will complete it by

____

Person, agency, or document I need

____

Session 7 preview

Session 7 brings the full FFES journey together: protecting progress, coordinating insurance and estate considerations, organizing records, communicating with family, and building a personal financial action plan and legacy framework.

> **Closing reflection:** What do I want my retirement resources to make possible—for me, the people I love, and the legacy I hope to leave?

____

____

____

REFERENCE

Key Terms

Term	Plain-language meaning
Beneficiary	A person or entity designated to receive an account or benefit after death.
Cost-of-living adjustment (COLA)	An increase intended to help a payment keep pace with rising prices; not every benefit includes one.
Defined-benefit pension	A plan that generally promises a benefit determined by a formula.
Defined-contribution plan	An account-based workplace plan such as a 401(k) or 403(b).
Full retirement age	The Social Security age for an unreduced retirement benefit under current law; it varies by birth year.
IRMAA	An income-related adjustment that may increase Medicare Part B and Part D costs.
Longevity risk	The risk of outliving financial resources or losing purchasing power over a long retirement.
RMD	A required minimum distribution that may apply to certain accounts under federal tax rules.
Roth conversion	A taxable movement of eligible retirement assets from pre-tax status to Roth status.
Sequence-of-returns risk	The danger that poor market returns early in retirement, combined with withdrawals, impair portfolio durability.
Tax diversification	Holding resources with differing tax treatment to support future planning flexibility.
Vesting	Ownership of employer-provided benefits under a plan's schedule.

REFERENCE

Questions for a Qualified Professional

- ☐ How much retirement income do we need for essential and discretionary spending?
- ☐ Which income sources are dependable, inflation-sensitive, temporary, or survivor-dependent?
- ☐ How should withdrawals be coordinated across taxable, tax-deferred, and Roth accounts?
- ☐ When might RMDs apply to each account, and what records are required?
- ☐ Could a conversion or large withdrawal affect Medicare premiums or other tax items?
- ☐ What Social Security or pension election best supports the household—not just one person?
- ☐ How much liquidity should remain outside long-term investments?
- ☐ How would a market decline, high inflation, or long life change the plan?
- ☐ Are beneficiary designations and estate documents coordinated?
- ☐ What fees, guarantees, restrictions, surrender charges, and conflicts should I understand?

My top three questions

REFERENCE

Current Government Resources and Important Disclosures

Primary resources

IRS — Required minimum distributions
https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds

IRS — Roth comparison chart
https://www.irs.gov/retirement-plans/roth-comparison-chart

IRS — Retirement plan and IRA guidance
https://www.irs.gov/retirement-plans

Social Security — Retirement planning
https://www.ssa.gov/retirement

Medicare — Costs and income-related premiums
https://www.medicare.gov/basics/costs/medicare-costs

Medicare — Eligibility and premium estimator
https://www.medicare.gov/eligibilitypremiumcalc

Important disclosures

This educational workbook is not investment, tax, legal, Medicare, Social Security, pension, insurance, or individualized financial advice. Laws, thresholds, premiums, plan provisions, tax rules, and agency guidance change. Examples are simplified and may not apply to you. Verify current rules and your facts before acting.

No workbook exercise authorizes a transaction or replaces required disclosures, suitability or fiduciary analysis, plan documents, contracts, prospectuses, tax returns, benefit estimates, or legal instruments. Investment values may fluctuate. Guarantees depend on the claims-paying ability of the issuing entity and the terms of the contract.

Version 1.0 | Prepared for the Freedom Financial Education Series | Session 6 participant use