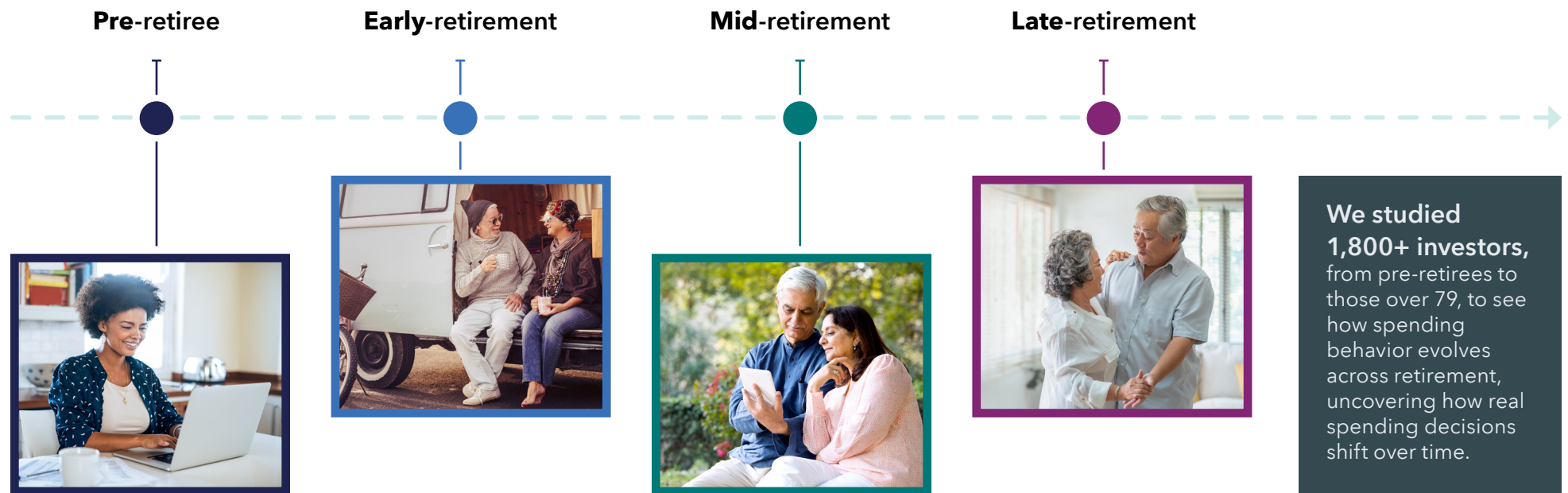


What happens when people transition from saving to spending?

Most planning tends to focus on accumulation – but the real challenge is turning savings into sustainable income



Footnote/Important information:

Methodology: Capital Group partnered with Greenwald Research in September 2024 to conduct a survey of 1,806 individuals, ages 50 to 79+, with household investable assets of \$50,000 to \$500,000+.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

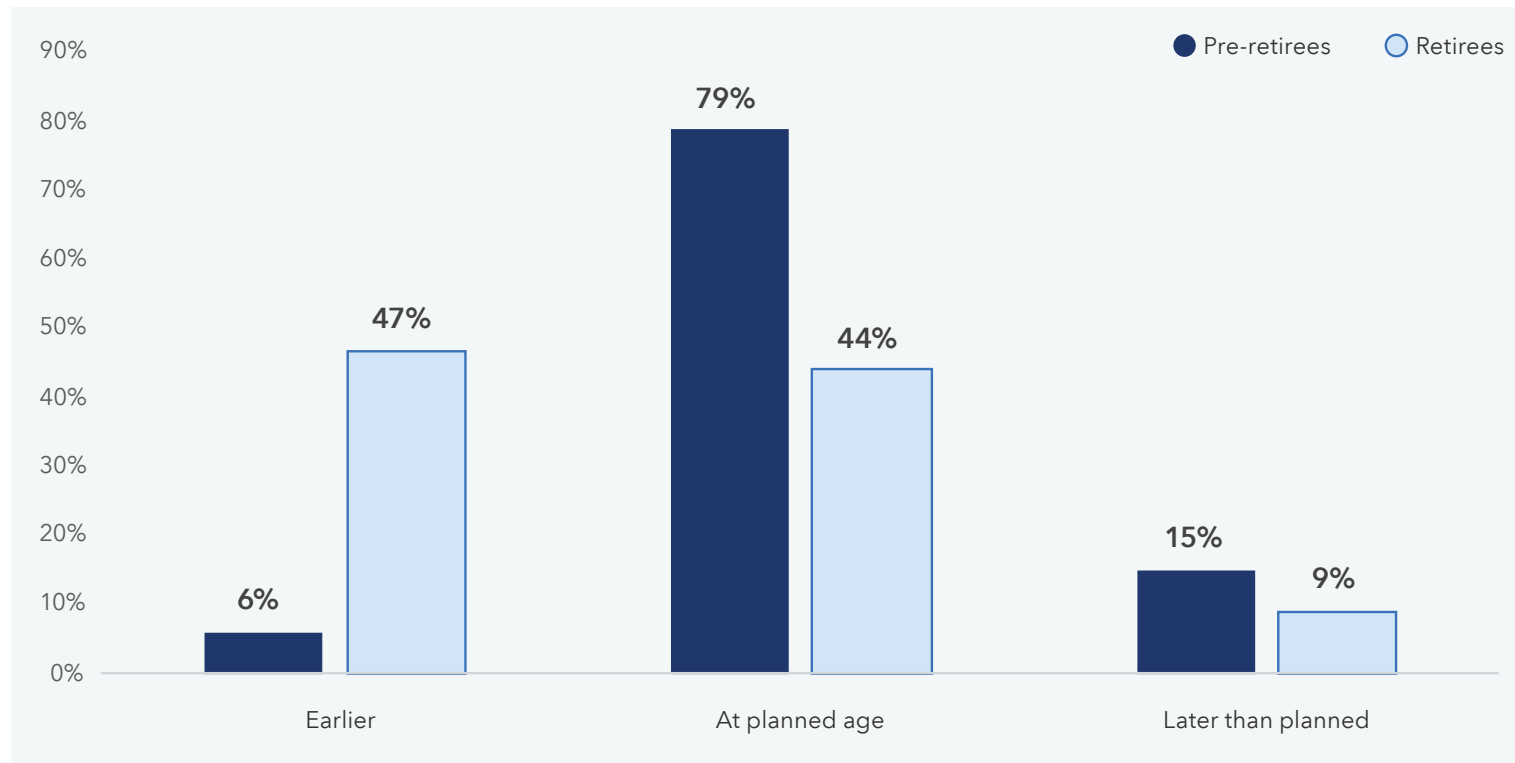
Retirement rarely happens as planned

Many retirees stop working earlier than expected - shrinking the window to build and preserve wealth

We asked pre-retirees and retirees, respectively:

Do you think you will retire at the age you planned?

Did you retire at your planned age?



47%

of retirees said
they retired earlier
than planned

Pre-retiree expected
retirement age: **66**

Retiree actual
retirement age: **62**

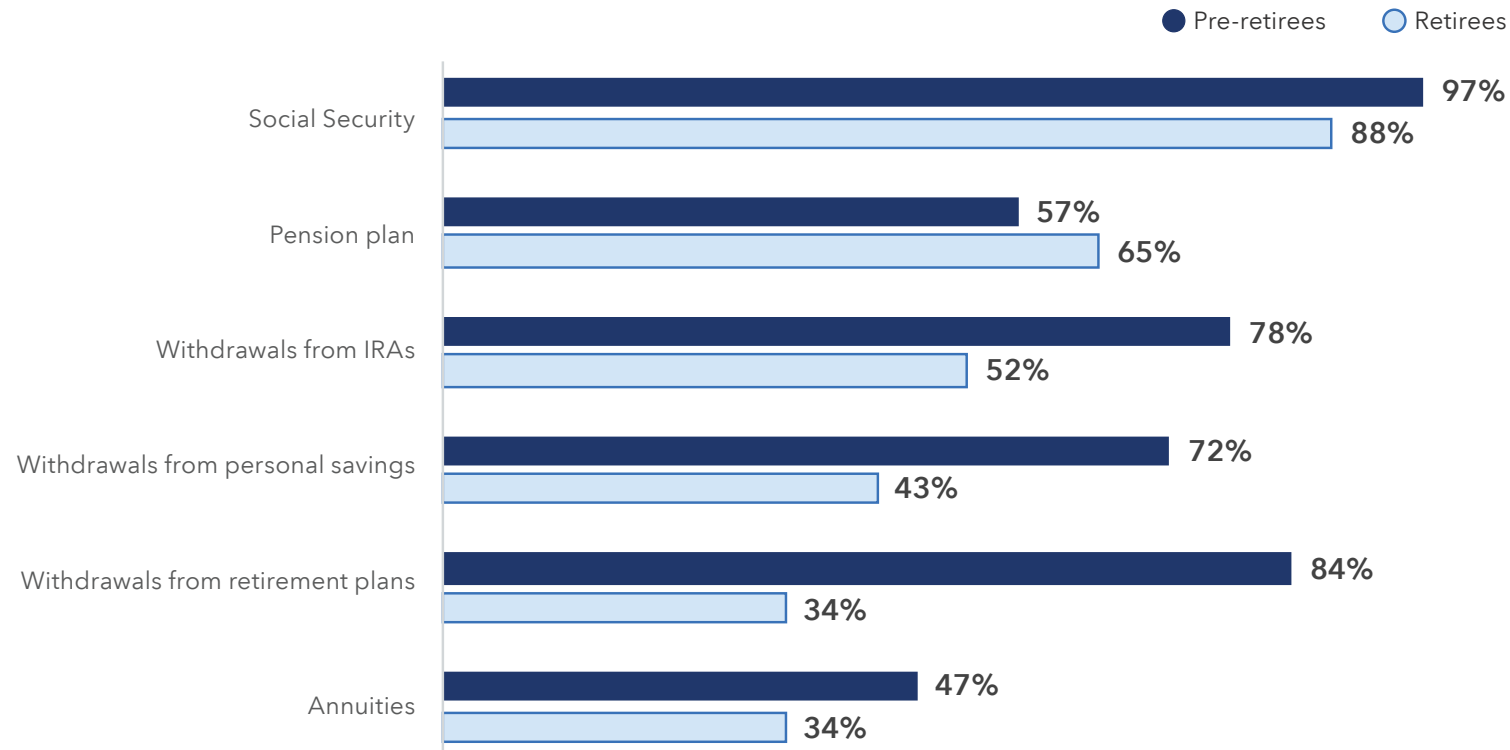
Stress test earlier retirement scenarios:

- 3-5 fewer years of savings contributions
- 3-5 years of additional withdrawals
- Earlier Social Security decisions
- Higher healthcare spending before Medicare eligibility

Where retirement income actually comes from

When retirement starts earlier, income decisions begin sooner and reliance on these available sources increases

Top sources of income in retirement



88%

of retirees take
Social Security

Personal savings
and **withdrawals**
play a critical
supporting role.

Income is rarely
from a single source.

When retirement begins, evaluate:

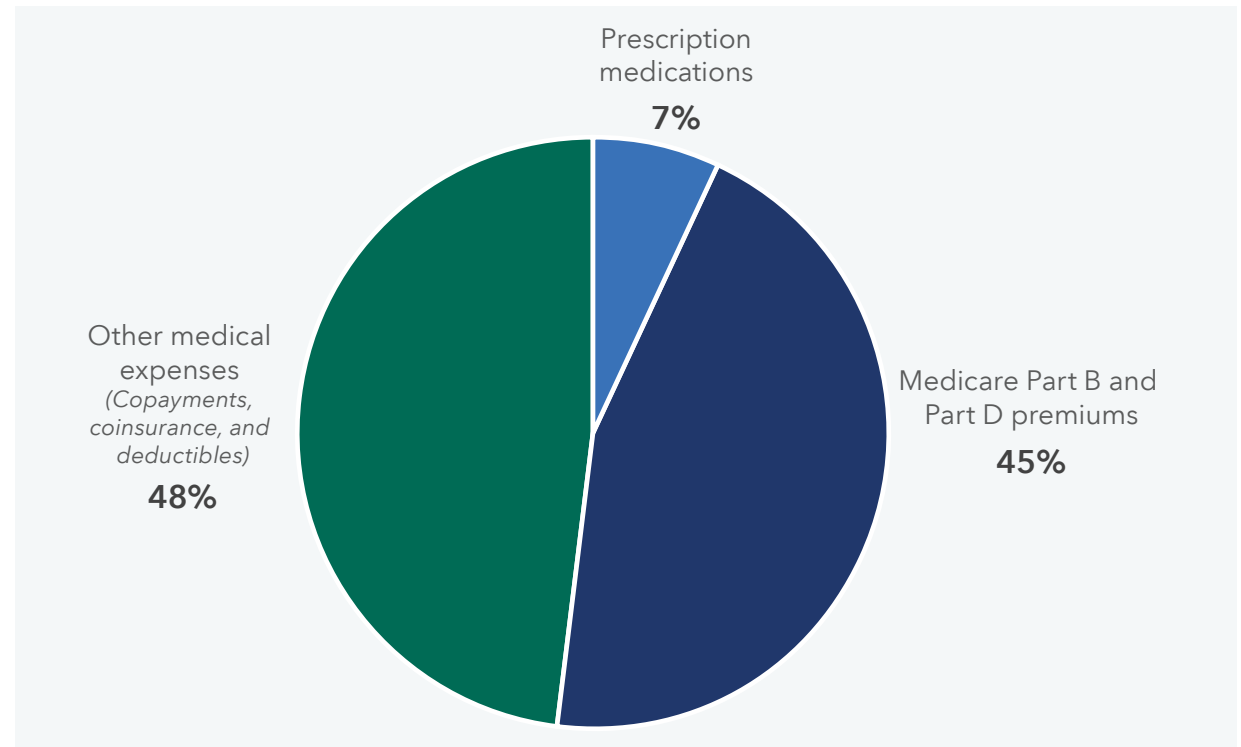
- Which income sources are available immediately?
- Which sources are delayed or uncertain?
- How reliant is the plan on portfolio withdrawals?
- What happens if the market declines early in retirement?

Retirement expenses are often underestimated, especially healthcare

Fidelity estimates a 65-year-old will need **\$185,500** in after-tax savings for retirement health care in 2026, up 7.5% from 2025.¹

In a survey on long-term care, **43%** of respondents said they believed Medicare covered it - it doesn't.²

Medical expenses in retirement¹



Have you planned for healthcare beyond what Medicare covers?

Consider:

- Higher than expected medical expenses
- Long-term care needs
- Rising healthcare inflation
- Healthcare costs rising faster than anticipated

Footnote/Important information:

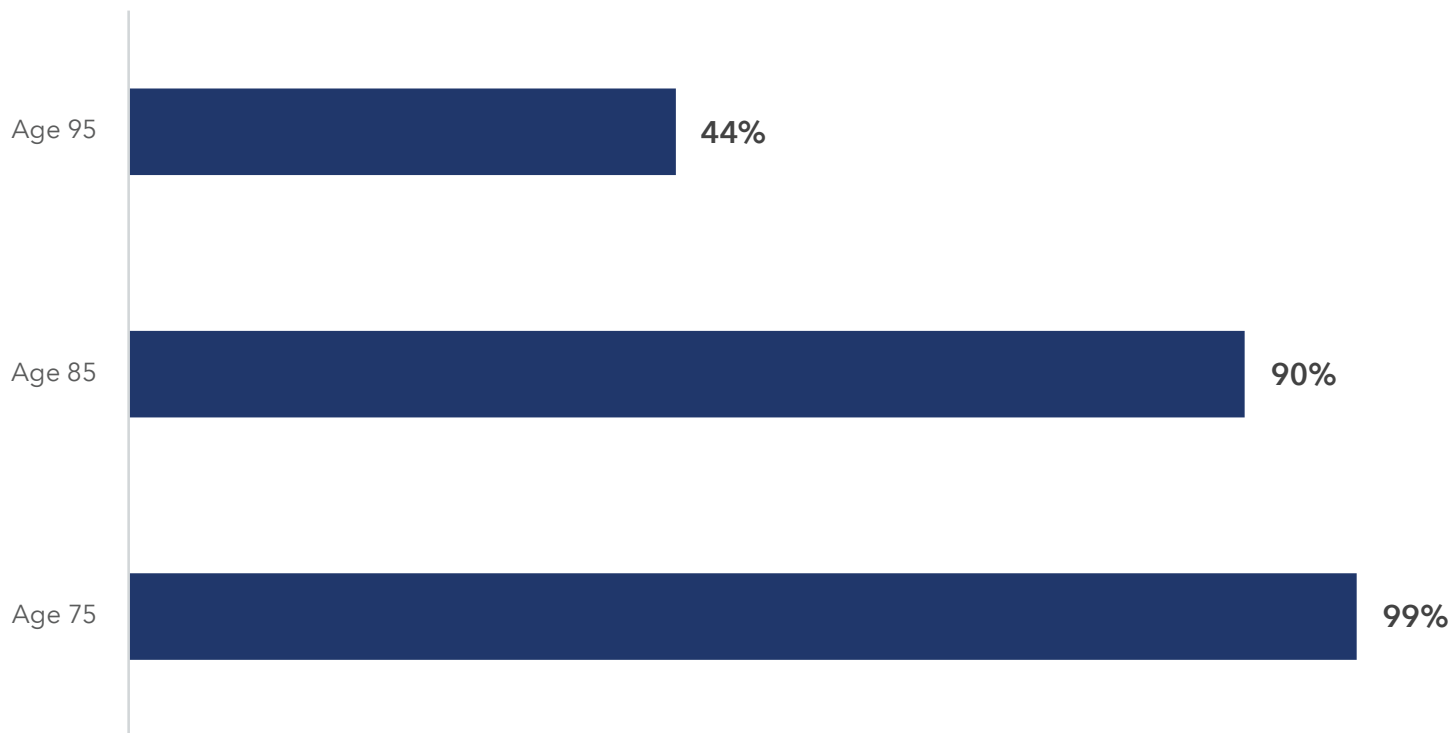
¹Source: Fidelity, "2026 Retiree health care cost estimate."

²Source: Bearden, Bridget, "Employee Perspectives on Long-Term Care," EBRI Issue Brief, no. 634 (Employee Benefit Research Institute, May 1, 2025).

Retirement may last longer than expected

Many retirees underestimate how long their income needs to last

Probability of at least one partner living to age ...



44%
chance

at least one partner
lives to age **95**.

- **Income** may need to last **30+ years**
- **Longevity** increases pressure on withdrawals
- Small **planning gaps** compound over time

Can the plan continue supporting spending needs if retirement lasts 30 years or more?

A retirement income plan should be evaluated against:

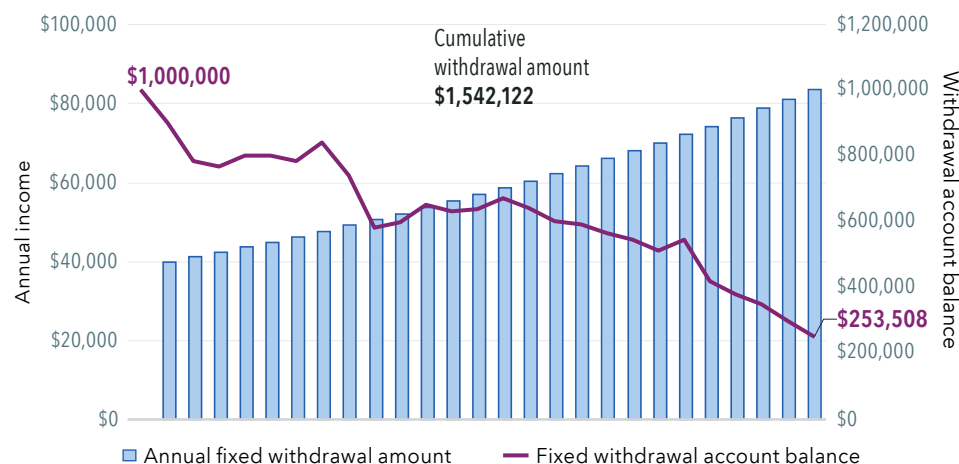
- Living 5-10 years longer than expected
- Extended portfolio withdrawal periods
- Inflation compounding over decades
- Healthcare spending increasing later in life

Footnote/Important information:

Source: Society of Actuaries and American Academy of Actuaries, Actuaries Longevity Illustrator. Run July 17, 2026, based on a 65-year-old heterosexual non-smoking couple in excellent health.
www.longevityillustrator.org.

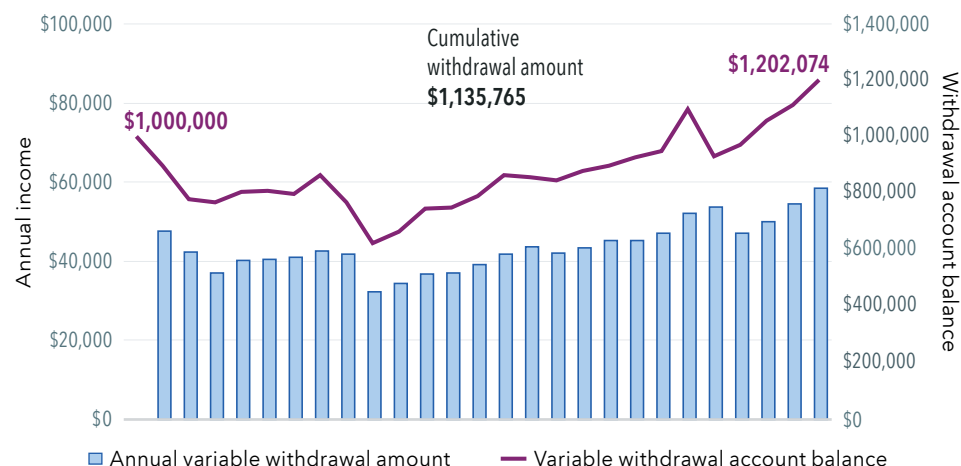
Withdrawal decisions can have a lasting impact on retirement outcomes

Taking income during market declines can impact longevity



Hypothetical A: A fixed withdrawal rate may increase risk of portfolio depletion

Less than half of investors feel comfortable spending down their savings.



Hypothetical B: Flexible withdrawals may boost portfolio longevity

1 in 4 are explicitly uncomfortable with the transition from saving to spending.

During periods of market volatility, flexibility may play an important role in preserving retirement assets

Consider:

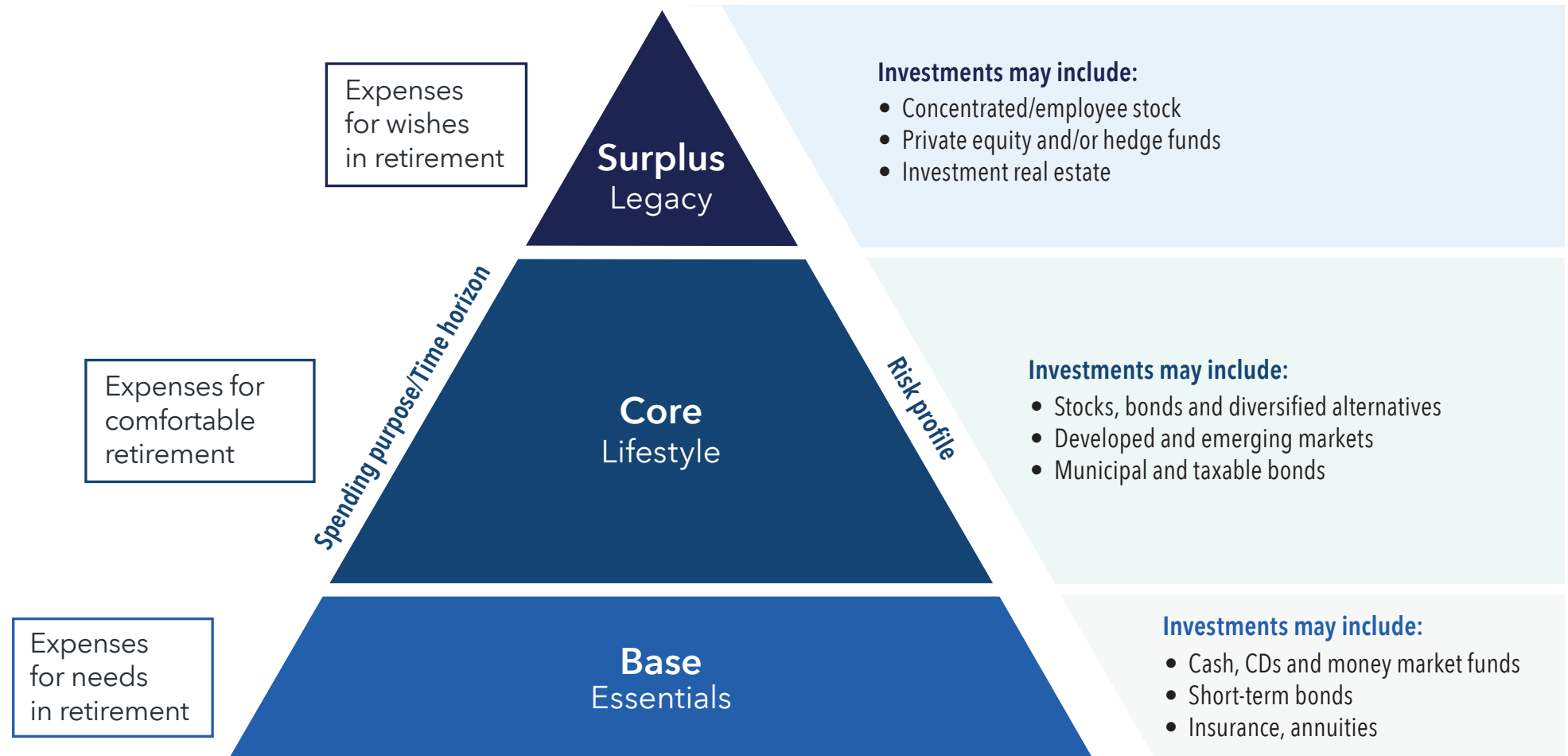
- How flexible is spending from year to year?
- Which expenses are essential and which could be adjusted if markets decline?
- How might temporarily reducing withdrawals affect savings longevity?

Footnote/Important information:

Sources: S&P Dow Jones Indices LLC, Bloomberg Index Services Ltd. We assumed a hypothetical \$1,000,000 portfolio invested in 60% equities (represented by the S&P 500 Index) and 40% fixed income (represented by the Bloomberg U.S. Aggregate Index). **Hypothetical A** assumes a 4% fixed withdrawal rate beginning in June 2000 and continuing until June 2026, with withdrawals increasing 3% annually after the first year to adjust for inflation, plus 1% portfolio fees. **Hypothetical B** assumes a 5% initial withdrawal rate beginning in June 2000, with subsequent withdrawals adjusted as a percentage of the remaining account balance through June 2026, plus 1% portfolio fees. Cumulative withdrawal amounts do not account for taxes. The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. Hypothetical results are for illustrative purposes only and in no way represent the actual results of a specific investment.

Align retirement assets with spending objectives

Aligning investment risk with retirement spending purpose



Not every retirement dollar has the same job:

- Expenses that support basic needs may require a different strategy than assets planned for travel, hobbies or future generations.
- Aligning assets with spending priorities may help clients make investment decisions based on purpose rather than short-term market movements.

Planning for how to spend in retirement

I'm starting to feel somewhat more comfortable giving up that paycheck, but it was a little daunting in the beginning.

~ Pre-retiree

See our
roadmap for
retirement
planning



When will you begin relying on your savings?

Try asking:

"If you stopped working today, how long could your current savings sustain your lifestyle?"

What will your spending look like over time?

Try asking:

"Have you mapped out how your expenses might change in your 70s versus your 80s?"

How can your income adapt over time?

Try asking:

"If markets declined in your first years of retirement, how would your income plan respond?"

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