

How Far Could \$1 Million Go in Retirement?

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A million dollars used to be the ultimate target for retirement portfolios. Retiring as a millionaire brought status and confidence signaling that you could live comfortably during your golden years.

If you retired with \$1 million in 1970, you probably would not have to worry about your nest egg running out, even with a lavish lifestyle. It would be like retiring with over \$7.8 million today.¹

Retire with \$1 million in the '80s, and it would be like retiring with over \$3.7 million in 2023.

And in 1990? A cool \$1 million invested in 1990 would go twice as far as it does these days.¹

TIMING AND PLANNING IS EVERYTHING!

Here is an example of two couples who began retirement with \$1,000,000.00 and took 5% withdrawals adjusted for inflation. Robert and Rita began retirement in 2000 while Tracy and Tom began their retirement in 2003.

Same investment style, same annual portfolio results over time, same withdrawals. Both couples chose to ride out the downturn in 2008. Robert and Rita ran out of money in just 12 years.

Robert and Rita

Age	Year	Withdrawal	Rate of Return *1	Account Value
65	2000	\$50,000.00	-10.14	\$848,600.00
66	2001	\$51,750.00	-13.04	\$696,392.00
67	2002	\$53,625.00	-23.37	\$472,264.00
68	2003	\$55,436.00	26.38	\$541,816.00
69	2004	\$57,176.00	8.59	\$532,714.00
70	2005	\$58,934.00	3	\$499,210.00
71	2006	\$61,462.00	13.62	\$494,492.00
72	2007	\$63,814.00	3.53	\$448,324.00
73	2008	\$65,840.00	-38.49	\$299,928.00
74	2009	\$68,144.00	23.45	\$191,814.00
75	2010	\$70,530.00	12.78	\$144,494.00
76	2011	\$72,998.00	0	\$71,968.00
77	2012	\$75,554.00	13.41	\$5,984.00
78	2013	5	29.6	-
79	2014	5	11.39	-
80	2015	5	-6.73	-
Total		\$805,650.00	Average Rate of Return	3.77%

Tracy and Tom

Age	Year	Withdrawal	Rate of Return *1	Account Value
65	2003	\$50,000.00	26.38	\$1,213,900.00
66	2004	\$51,750.00	8.59	\$1,271,170.00
67	2005	\$53,625.00	3	\$1,255,744.00
68	2006	\$55,436.00	13.62	\$1,271,340.00
69	2007	\$57,176.00	3.53	\$1,262,772.00
70	2008	\$59,184.00	-38.49	\$776,610.00
71	2009	\$61,462.00	23.45	\$899,752.00

*1 MacroTrends, S&P 500 Historical Annual Returns, Accessed May 21, 2021

WHAT PART OF RETIREMENT IS MOST EXCITING TO YOU?

Most people share similar dreams for retirement, and there is a fascinating split between the genders.¹

According to one study, women tend to look forward to spending time with their families and volunteering. Men usually say they are excited to travel, go boating and hit the golf course.¹

Whether you share those plans or have different dreams for retirement, it is super important to account for costs like healthcare, long-term care, and yes, inflation.

Have you thought about the costs you will need to cover in retirement? The good news is that many of these costs are predictable — and controllable.


Where you choose to live in retirement can be a key factor. So can many other choices you make before and after you retire.

JUST HOW FAR WILL IT GO THESE DAYS?

The answer depends on how and where you live. Where do you dream of spending your golden years? Are you planning to move or stay where you are?



Your choice could significantly affect your living costs and how long your nest egg will last. In retirement, as in real estate, location is everything.

While benchmarking your likely expenses is a good starting point, tweaking them for your personal situation is critical, as is remembering that your expenses will change as you journey through your retirement. In our experience, folks typically spend more on lifestyle, family, and fun at the beginning of their retirement and may see their medical and long-term care expenses increase as they age.



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