5 Income Streams That Can Support Retirement

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Retirement changes the way income works. Instead of relying on a paycheck, retirees often need to create their own system for generating income from several different sources.

That makes retirement income planning about more than accumulating a certain amount of savings. It is also about determining where income will come from, how reliable each source may be, and how withdrawals can be coordinated with taxes, market conditions, and changing expenses.

For many retirees, a combination of income streams can provide greater flexibility than relying too heavily on any single source. Here are five that may play an important role.

1. Social Security

Social Security often serves as a foundation for retirement income because it provides recurring payments for life. But the amount a retiree receives depends, in part, on when benefits begin.

For someone eligible for retirement benefits, claiming before full retirement age generally results in a permanently reduced monthly benefit. Waiting beyond full retirement age can increase the benefit up to age 70.

The decision is not simply about choosing the largest possible monthly check. Life expectancy, other income sources, retirement timing, spousal benefits, taxes, and the need for income today can all influence the strategy.

That is why Social Security is often best considered alongside the rest of a retirement income plan rather than as an isolated decision.

2. Retirement Account Withdrawals

Traditional IRAs, 401(k)s, and other tax-deferred retirement accounts may represent a significant portion of a retiree's savings. Eventually, those assets need to transition from money being accumulated to money being used.

How that happens matters.

Withdrawals from traditional retirement accounts are generally taxable as ordinary income, and required minimum distributions (RMDs) eventually determine a minimum amount that must be withdrawn each year. Taking more from these accounts in certain years can potentially affect a retiree's tax bracket and other income-related costs.

Rather than withdrawing from an IRA or 401(k) whenever cash is needed, retirees can consider how those distributions fit with Social Security, taxable investments, Roth assets, and their broader tax picture.

3. Investment Income

A diversified portfolio can potentially generate income through dividends, bond interest, and other distributions. For some retirees, these payments can help fund ongoing expenses without requiring every dollar of spending to come from selling investments.

However, investment income should not automatically be viewed as guaranteed income. Dividends can change, bond values and yields fluctuate, and a portfolio designed only to maximize yield may introduce risks that do not fit the retiree's overall goals.

The bigger question is how the portfolio supports both income today and financial needs later in retirement. A thoughtful investment strategy may balance income generation with liquidity, diversification, risk management, and long-term growth.

4. Taxable Brokerage Accounts

Taxable investment accounts can be especially useful in retirement because they provide another source of funds outside traditional retirement accounts.

Unlike withdrawals from a traditional IRA or 401(k), selling investments in a taxable account may create capital gains rather than ordinary income, depending on the investment and its cost basis. That distinction can give retirees more flexibility when deciding where to pull money from each year.

For example, a retiree may have Social Security income, an IRA, a Roth IRA, and a taxable brokerage account available. Instead of automatically withdrawing from the same account every month, the retiree can evaluate which source makes sense based on current income needs, taxes, and market conditions.

This is where retirement income planning becomes less about a single withdrawal rate and more about coordinating multiple financial resources.

5. Pensions, Annuities, or Other Reliable Income Sources

Some retirees may also have access to pensions, annuities, rental income, or other recurring sources of cash flow.

A pension can provide predictable income based on the terms of an employer's plan. Certain annuities can also be structured to provide ongoing income, although features, costs, guarantees, liquidity, and contract terms can vary considerably.

Rental properties may create another stream of income, but they come with a different set of considerations, including maintenance, vacancies, taxes, insurance, and property management.

These income sources can play very different roles, but they share an important characteristic: they may reduce the amount that needs to be withdrawn from an investment portfolio to cover everyday expenses.

The Real Strategy Is How the Pieces Work Together

Having several potential income sources is useful. Knowing which one to use, when to use it, and why is where retirement planning becomes more strategic.

A retiree might receive Social Security for baseline expenses, use investment income throughout the year, take carefully planned IRA distributions, and turn to taxable or Roth assets when additional flexibility is needed. Another retiree may have a pension covering much of the household's essential spending and use investment accounts primarily for travel, major purchases, or long-term goals.

There is no single combination that works for every retirement.

The goal is to create an income strategy that can support spending without losing sight of taxes, inflation, market risk, longevity, and the unexpected expenses that can arise over a retirement lasting 20 or 30 years, or longer.

Retirement income is not just about how much has been saved. It is about turning those resources into a sustainable plan for the years ahead and giving each income source a purpose within that plan.

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