

Flexible Retirement Withdrawals: Secure Your Future & Live Richly Today

Admin User · January 8, 2026

Combat the fear of outliving your savings with smart income strategies. Learn how to structure fixed and flexible withdrawals, adjust to market changes, and maximize your retirement enjoyment.

By Mark Colgan

Smarter Income Strategies for a Richer Life

What if you could take those dream vacations in early retirement while still ensuring your savings last for decades to come? It's a concern that even affluent retirees grapple with.

In fact, did you know that 75% of wealthy Americans worry about outliving their savings? The great news is that with a thoughtful income strategy, you can enjoy the retirement you've dreamed about while safeguarding your financial future.

Meet Pat and Casey - Two Retirees, Two Very Different Outcomes

Pat and Casey both retired with \$2 million portfolios. But when it came to creating a retirement income plan, their paths looked very different.

Pat's Approach: He opted for what seemed like the "safe" choice—taking out a fixed \$90,000 every year. Initially, it worked well. But when market downturns hit, he had to sell investments at lower prices just to maintain his income.

Five years later, Pat's anxiety crept in. He realized his nest egg was shrinking faster than expected, and he began considering drastic lifestyle changes.

Casey's Approach: Casey opted for a customized strategy that prioritized flexibility and security. She divided her spending into two clear categories:

- Essential Income: This covered her must-haves, like housing, health care and utility bills.
- Lifestyle Fund: A flexible pool for experiences like travel, hobbies and family gifts.

When markets dipped, Casey adjusted her discretionary spending, pausing big trips or cutting back on entertainment. During strong years, she indulged in bucket-list adventures, such as a Mediterranean cruise or helping her grandkids with tuition.

This adaptive strategy kept her portfolio healthy while giving her the freedom to enjoy life. After a decade, Casey's tailored plan left her feeling secure, knowing she could enjoy today and still safeguard tomorrow.

The Takeaway: Your withdrawal strategy matters. It can be the difference between thriving in retirement or feeling limited by it.

How a Blended Approach Can Work for You - Build Confidence in Your Financial Future

Research by retirement expert William P. Bengen reveals that retirees who adjust withdrawals based on market performance can spend more early in retirement and still end up with a healthier portfolio down the road.

Here's how this strategy looks in practice:

1. Your Essential Income Foundation

Think of this as your "retirement salary." It ensures your basic needs are met no matter what happens in the market.

This should cover fixed costs such as:

- Housing (mortgage, upkeep or property taxes)
- Health care premiums and anticipated medical expenses
- Insurance
- Basic living expenses (utilities, groceries, etc.)
- Cover regular financial commitments to family or loved ones

A portion of your portfolio (or a steady income source) funds this stream, providing peace of mind that your must-haves are always covered.

2. Your Lifestyle and Legacy Fund

This balance lets you enjoy life today while safeguarding the resources needed for tomorrow's important moments.

It's designed for discretionary spending, including:

- Travel and vacation homes
- Entertainment and hobbies
- Gifts for family or charitable donations
- Legacy and estate planning

The best part? This fund adjusts based on how your investments are performing, acting like a built-in cushion during market dips and a bonus during strong years. That means more freedom to splurge on what matters most when timing makes sense.

At times, market downturns may mean postponing a trip or scaling back plans, which can feel disappointing. But these small sacrifices are essential to safeguarding your financial future.

By staying adaptable, you allow your portfolio to recover and keep your long-term goals within reach. This balance ensures you can enjoy a fulfilling lifestyle today while protecting the resources you'll need for the experiences and moments that matter most tomorrow.

Why This Method Works Better

Here's the strength of combining fixed and flexible withdrawals in retirement:

- **Freedom to enjoy more early on.** Retirees using this approach can often withdraw up to 4.8% of their portfolio in the early years (compared to the traditional 4% rule). On a \$2 million portfolio, that's an extra \$16,000 annually for making memories while you're most active.

- **Automatic protection for market dips.** Adjusting discretionary spending allows your portfolio to recover during weaker market years without forcing you to sell investments at a loss.

- **Confidence in the essentials.** Fixed withdrawals ensure bills are paid and you can focus on enjoying life's precious moments, regardless of market performance.

How You Can Make it Work

Follow this step-by-step action plan to get started on a smarter income strategy that lets you live confidently and fully:

Step 1. Map Out Your Essential Expenses

- List all non-negotiable costs (housing, health care, etc.).
 - Add a 15% buffer for unexpected expenses.
-

- Account for future health care needs and property tax adjustments.

Step 2. Define Your Lifestyle Goals

- Write down your discretionary spending priorities, like vacations or hobbies.
- Include future major purchases or travel plans.
- Add a 15% buffer for underestimated costs.

Step 3. Structure Withdrawals With Your Adviser

Creating a clear plan for how and where your money flows is key to managing your retirement income effectively. Here's how to get started:

- **Separate your accounts.** Open two distinct bank accounts—one dedicated solely to covering essential expenses like housing and health care and another for discretionary spending on lifestyle goals like travel or hobbies.
- **Divide your investments smartly.** Work with your adviser to set up two investment accounts. One account should provide steady withdrawals for your fixed, essential costs, while the other focuses on flexible withdrawals tied to how your investments are performing.
- **Regularly review and adjust.** Set up a regular review schedule to evaluate your discretionary withdrawal needs. During these check-ins, adjust your withdrawals based on market performance, ensuring your portfolio stays on track while accommodating your lifestyle.

This simple structure ensures your essentials are always covered while giving you the flexibility to savor the moments that make retirement truly special.

Addressing Common Concerns

- “How would a market crash impact my income?”

Your fixed expenses are unaffected and discretionary spending temporarily adjusts to give your portfolio breathing room.

- “Will I have enough for my heirs?”

Research shows flexible withdrawal strategies leave more behind compared to fixed withdrawal methods.

- “I’m not sure where to start.”

A certified financial planner can help customize this approach based on your unique goals.

Your Next Steps

Retirement should be about living richly, with confidence and clarity. By crafting a smarter income plan, you'll gain clarity, security, and the freedom to enjoy the experiences and

people that matter most.

Meet With Your Trusted Adviser

- Explore how this approach can align with your life goals.
- Connect with your financial adviser today to gain peace of mind through a holistic strategy.
- Transform what feels uncertain into a future that feels well within your control.

Are you ready to build a retirement income strategy as unique as the life you've worked to create? Reach out to your trusted adviser today to begin shaping the lifestyle—and the legacy—you deserve.

About the author: Mark Colgan

At Montage Wealth Management, Mark and his team are dedicated to guiding you through life's transitions with financial advice that's as unique as your story. They take the guesswork out of complex decisions, breaking everything into simple, manageable steps and standing by your side with unwavering support—so you can embrace the future with confidence and enthusiasm.

We've helped countless retirees design financial plans tailored to their goals and unique lifestyles—and we're here to help you do the same. For further details, please visit [Montage Wealth Management](#).

Securities and advisory services offered through Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. Fixed Insurance products and services are separate from and not offered through Commonwealth. Montage Wealth Management, 179 Sully's Trail, Suite 302, Pittsford, NY 14534. 585-485-6668. Examples are hypothetical and used for illustrative purposes only. No specific investments were used in these examples. Actual results will vary. Past performance does not guarantee future results.
