



# PROTECTED INCOME: YOUR TOOL IN DESCENDING THE MOUNTAIN

Retirement is a lot like climbing a mountain. Just as important as it is to get up the mountain, it's important to safely get down. So, when you're packing to go up the mountain, you also need to have the right gear to come back down, and protected income can be a vital tool in your descent.

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Protected income can majorly assist with the distribution phase of retirement. Different from passive income, protected income involves passing that burden of income off to another entity, meaning it's no longer active based on your effort and it's no longer passive based on what you saved into that stream of income either. Some examples include:

- Social security where the burden of income is passed to the government
- A pension where the burden is passed to a company
- Annuities and life insurance where the burden is on an insurance carrier

In all these examples, the commonality is you now have a steady source of income and that risk in providing that income is no longer yours.

This can lead to many advantages, one being less portfolio reliance in retirement. If someone gets a good percentage of their income from a protected source, along with passive income, it alleviates that reliance on their portfolio. This can help maintain lifestyle in retirement as well. For example, if a retiree gets 80 % of their previous wages through social security and pension protection, then they can let the market make up for their cost of living adjustments, such as, their bonuses, vacation, etc. However, it's important to note that not all protected income is guaranteed income. For example, if social security runs out like it's projected to in the 2030s, that's income you will not see.

While that can be a huge betrayal in your retirement, there are ways protected income can still alleviate those potential betrayals in the market. When there's a dip in the market on the dividends, interests, or any withdrawals that you're making, you could go into your life insurance policy to cover. That way you're not withdrawing in the down market, you're using the cash value of your insurance policy. Annuities are also a key tool as they offer protected income not dependent on market performance.

It's important to know all your options for protected income, as having diverse forms of it will better assist in creating a smooth descent into your retirement. Whether you want to spend most of your wealth traveling, or ensure you leave behind a large portion to your loved ones, utilizing protected income can help you maintain a preferred lifestyle and reach your goals. These sources of income can make the difference in having the retirement you want and creating a retirement that was worth the climb.

If you want to delve deeper into protected income, you can listen to the full podcast [here](#).



**If you're ready to get started, or if you're looking for a second opinion on your current strategy, remember, we are here to help with the complexities of retirement planning while keeping your financial goals in focus.**

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