Portfolio Reliance Worksheet

The foundation of a successful retirement

The more your client relies on their portfolio, the greater the chance that market declines could derail the retirement income strategy.

For example, someone who depends on his or her portfolio to provide 60% of the income would likely be more sensitive to changes in his or her portfolio than someone who only relies on their portfolio to cover 20% of income needs. Use this worksheet to determine your client's portfolio reliance rate.

Calculating Portfolio Reliance Rates		Sample Calculation
A. Expected spending	$	$ 50,000
B. Outside sources of income	$	$ 20,000
C. Income gap:		
Income needed from investments (A-B)	$	$ 30,000
D. Total investment portfolio	$	$ 750,000
Initial portfolio withdrawal rate (C÷ D)	%	4 %
Portfolio reliance rate (C ÷ A)	%	60 %

This is a hypothetical example for training purposes only. The portfolio reliance rate is one of many factors to consider when assessing the suitability of a particular portfolio of products and withdrawal rates.

As you determine the appropriate withdrawal rate, keep the following in mind:

If Portfolio Reliance Rate ↑	then, likelihood of emotional decisions ↑
If Portfolio Reliance Rate ↑	then, need for flexibility/lower initial withdrawal rate ↑
If Longevity ↑	then, initial withdrawal rate ↓
If Risk Tolerance ↓	then, withdrawal rate ↓
If Legacy ↑	then, need for a more conservative withdrawal rate ↑

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