

3 STEPS

to a better retirement income plan



Worksheet



AMERICAN EQUITY
INVESTMENT LIFE INSURANCE COMPANY®

How does it work

An important part of the retirement income planning process is to organize thoughts around your cash flow needs and whether or not the spending is essential or non-essential.

A good place to start with this approach, is by running your finances through an income hierarchy chart. This can help map out the different expenses you might expect (as well as those you may not) throughout retirement. For each tier of the income hierarchy, itemize your list and ballpark your expenses.

STEP 1 | CHOOSE

Choose the expenses from the list you anticipate in your retirement. We've started a list of common retirement expenses that you can add on to here.

These are some common expenses of retirees. Circle those expenses that you would like to plan for, and add any expenses not included in the list.

HOUSING

- 01 | Mortgage
- 02 | Maintenance, repairs and renovations
- 03 | Homeowner's / rental insurance
- 04 | Lawn, home and cleaning services

TRANSPORTATION

- 05 | Day-to-day car
- 06 | Additional car
- 07 | Recreational
- 08 | Public transportation
- 09 | Travel

FOOD

- 10 | Groceries
- 11 | Eat well, eat out
- 12 | Premium coffees / teas

HEALTH CARE

- 13 | Out of pocket
- 14 | Elective care
- 15 | Unexpected events
- 16 | Family health

TAXES

- 17 | Property
- 18 | Income and capital gains
- 19 | Sales transportation
- 20 | Automobiles
- 21 | Insurance
- 22 | Public transportation

PERSONAL

- 23 | Clothing
- 24 | Shoe budget
- 25 | Hair

UNEXPECTED EXPENSES

- 26 | Parent and elder care
- 27 | Boomerang children
- 28 | Grandchildren care
- 29 | Cost of living increases
- 30 | Lawsuits
- 31 | Uninsured losses

FAMILY

- 32 | Visit children and grandchildren, wherever they are
- 33 | Fund (a portion of) the grandkids' education
- 34 | Family vacations

- 35 | Holiday / birthday gifts
- 36 | Pet care
- 37 | Visit long-lost relatives

INTERESTS AND HOBBIES

- 38 | Continued education
- 39 | Lessons
- 40 | Country club
- 41 | Gyms
- 42 | Leagues

CHANGE

- 43 | Move to a retirement-friendly place
- 44 | Build your dream house
- 45 | Fund the start of a new career / business
- 46 | Build a prototype and invent something

ENTERTAINMENT

- 47 | Theatre
- 48 | Movies
- 49 | Streaming
- 50 | Subscriptions
- 51 | Concerts

BUCKET LIST

- 52 | Globetrot
- 53 | Cruise the open waters
- 54 | Extended vacation stays
- 55 | Big ticket item: dream vehicle, dream gift
- 56 | Rare collection

CHARITABLE GIVING

- 57 | Making a difference with substantial donations
- 58 | Sponsoring someone in need
- 59 | Fund a trust
- 60 | Establish a foundation

YOUR EXPENSES

A	_____
B	_____
C	_____
D	_____
E	_____
F	_____
G	_____
H	_____

How do you plan to spend your money?

WISHES

NICE-TO-HAVE LIFESTYLE EXPENSES

ESSENTIAL LIFESTYLE EXPENSES

ESSENTIAL EXPENSES

STEP 2 | CATEGORIZE

Categorize everything you circled in step 1 into the income hierarchy tiers.

- 1 **At the bottom of the pyramid - Essential Expenses:**
Non-negotiable expenses like mortgage, utilities, insurance premiums, etc.
- 2 **In the lower-middle tier - Essential Lifestyle Expenses:**
Expenses you could do without, but are very important to your retirement lifestyle.

- 3 **In the upper-middle tier - Nice-to-Have Lifestyle Expenses:**
Spending that you would feel comfortable going without if you had to.
- 4 **Inside the top triangle - Wishes:**
If you all of the sudden had a windfall, what would you spend it on?

STEP 3 | COMBINE

Now that you've prioritized your expenses from "needs" to "wishes," work with your professional to combine your expected retirement expenses with your expected income sources.

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6000 Westown Pkwy, West Des Moines, IA 50266
www.american-equity.com • 888-221-1234