



The trade-off retirees are facing — and a strategy that can help address it

Living well today versus *leaving* well tomorrow doesn't have to be a zero-sum game.

Overview

The question every retiree asks themselves — *can I really afford to live the life I planned, without taking it away from the people I love?* — finally has a workable answer. This paper examines the forces reshaping retirement and the strategies that make it possible to protect both a lifetime of income and a lasting legacy, without sacrificing one for the other.

The financial fork in the road

On any given day, an otherwise unremarkable investor glances at the market ticker and does the retirement math that never quite adds up. The nest egg looks large ... until you put years against it.

Today's retirees may be facing three decades of day-to-day necessities, taxes (of course), and healthcare. They also want to invest in things that bring joy. And at some point, the tough question bubbles to the surface: *"Do I spend fully on my life today — or preserve what I've built for the people I love tomorrow?"*

It's a crucial moment when investors mentally start to pivot from accumulation to distribution. Sure, it's about the spreadsheets — *will the math work?* — but it's also about psychology.

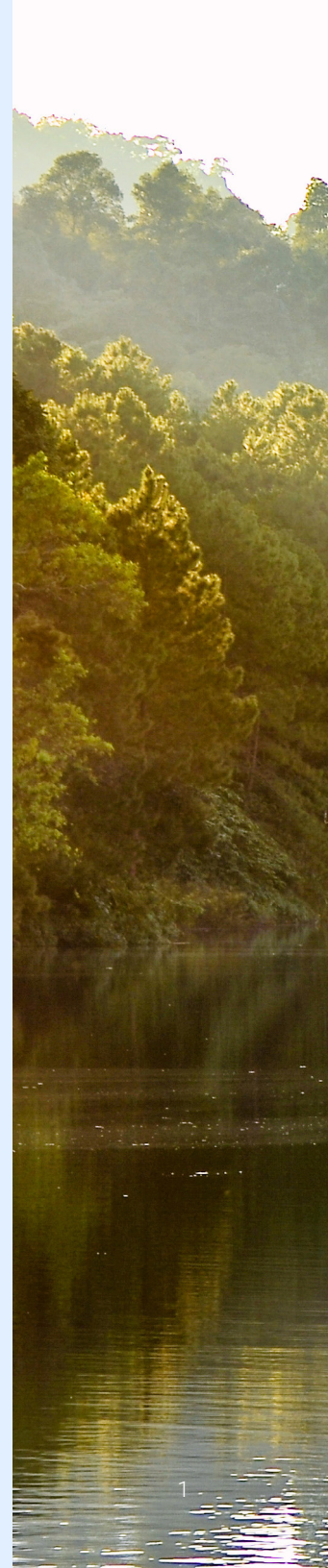
An old nemesis from the 1970s — inflation — has shown up with a smirk and a bad leisure suit. Pensions have gone from reliable standbys to wistful mythology. And "safe" 4% withdrawals may be a recipe for trouble ... or a good way to shortchange your retirement, depending on who you listen to.

For use with the general public.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

Insurance products issued by:
The Lincoln National Life Insurance Company

9003891



The largest retirement wave in history meets the Great Wealth Transfer

It's not just one investor facing this challenge, of course. From 2024 to 2027, more than 4.1 million Americans hit age 65 — over 11,200 per day — and they'll be facing this tough decision sooner rather than later.¹

Over the next 25 years, an estimated \$124 trillion will change hands from Baby Boomers to Gen X and Millennials.² Families will need help managing income, taxes, and legacy through markets that don't always cooperate.

Here are some of the logistical challenges:

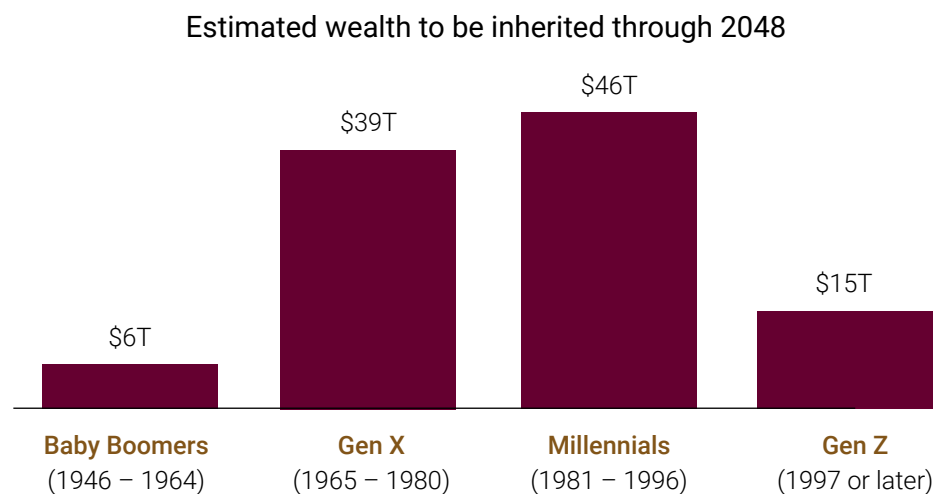
Income shortfalls: Many retirees lack sufficient guaranteed income and feel unprepared for volatility and longevity risk.

Correlation surprises: Stocks and bonds can move together at the worst possible times, challenging conventional diversification.

Behavioral wild cards: Market uncertainty can tempt ill-timed investment changes — unless financial professionals turn complexity into confidence.

The Great Wealth Transfer is big — and it's behavioral

Financial professionals are managing both assets and uncertainty across generations. Their challenge is to create a clear, confident path that helps families make the most of both their income and inheritance.



Source: Cerulli Associates, "The Cerulli Report: U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2024." December 2024.
For a printed copy of supporting data, please call 877-ASK-LINCOLN.

¹ Alliance for Lifetime Income, "The Peak 65th Zone is Here — Creating a New Framework for America's Retirement Security." Retirement Income Institute, January 2024.

² Cerulli Associates, "The Cerulli Report: U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2024." December 2024. For a printed copy of supporting data, please call 877-ASK-LINCOLN.

Diligent savers have mastered the art of not touching the principal. Now what?

As investors, we've been ingrained with the importance of saving. Paradoxically, living well in retirement demands the opposite skill: spending. But investors may often feel hesitant when it comes to actually spending down their savings.

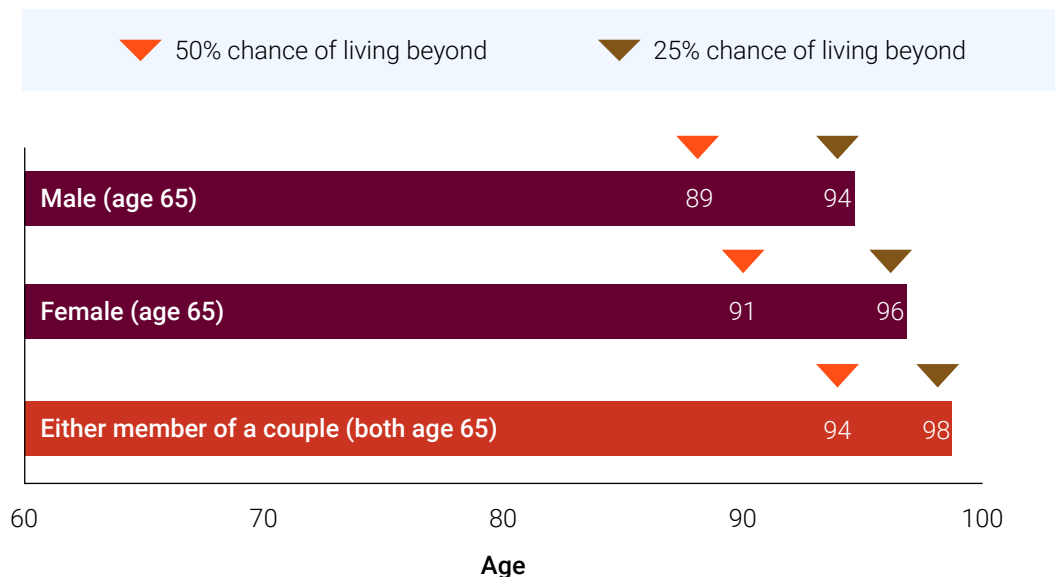
When retirees are concerned about running out of money, they don't fund experiences that help them live the life they dreamed of for retirement. Retirees with a source of protected lifetime income from an annuity don't just feel more secure; they actually live more fully, spending nearly twice as much on the experiences and people they love compared to those relying solely on savings.¹

Their plans for their loved ones—to leave a legacy, fund college for grandkids, or make other meaningful differences in the lives of the people they love—can work at cross-purposes to the need to ensure their money lasts as long as they do.

Longevity, out-of-control inflation, and rising market volatility also stress the math.

Lives are lasting longer than ever. What about portfolios?

Today's 65-year-olds have a 50% chance of living to age 90—and it spikes up to 75% for at least one spouse in a couple. Many struggle to balance spending today with the fear of outliving tomorrow. Longevity turns even “conservative” withdrawal rates into a psychological hurdle.



Source: American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, www.longevityillustrator.org, (accessed August 19, 2026.)

¹ David Blanchett and Michael Finke, "Retirees Spend Lifetime Income, Not Savings." Retirement Income Institute, April 2025.

“Good saver, fearful spender”

There's a well-documented paradox in retirement: the households that saved the most diligently are often the least willing to spend. Research based on real household spending data tells a striking story: retirees with a higher share of their wealth in guaranteed income spend significantly more than those with similar total wealth but fewer guaranteed income sources.¹

The takeaway is clear: it's not the size of the nest egg that unlocks confident spending—it's the certainty of the income. When retirees know their income payments are coming no matter what the market does, they give themselves permission to actually live the retirement they saved for.

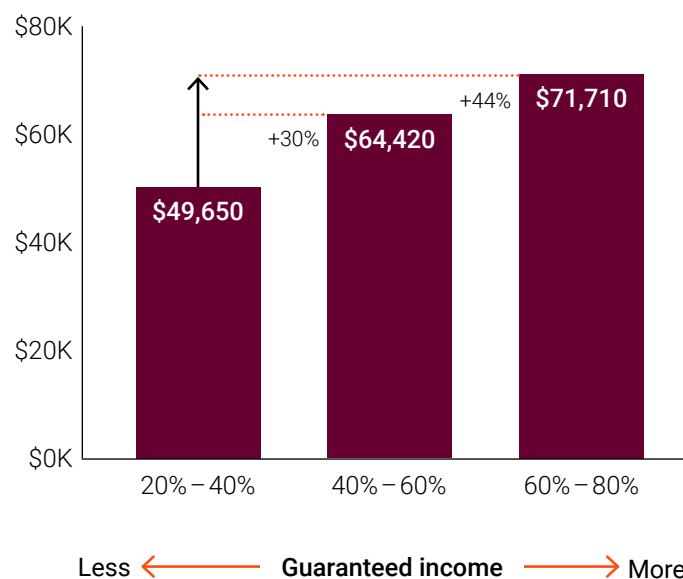


¹ [David Blanchett and Michael Finke, “Retirees Spend Lifetime Income, Not Savings,” Retirement Income Institute, April 2025.](#)

Protected income means permission to live more fully

Retirees with the most protected income don't just feel better about retirement. They actually spend more. Households with 60%–80% of their income from guaranteed sources spend 44% more than comparable households with only 20%–40% in guaranteed income. The nest egg is the same. The difference is the certainty.

Median observed annual spending; total retirement wealth \$1M–\$3M



The data is clear

Retirees who count on guaranteed income sources spend with more confidence.

Source: Chase data including select Chase credit and debit card, electronic payment, ATM withdrawal and check transactions in 2023–2024. Information that would have allowed identification of specific customers was removed prior to the analysis. Asset estimates for de-identified and aggregated households supplied by Windfall Data Inc. Total retirement wealth is the sum of investable wealth and the present value of observed guaranteed income sources including Social Security (inflated), pensions and annuities (both not inflated) until age 90. Inflation rate assumption is 2.5%. Observed retirement income sources are adjusted to pre-tax values to be consistent with investable wealth.

About the reliability of that 4% rule...

So you've saved your whole life, you've done everything right, and now you're sitting across from your financial professional wondering how much you can actually spend. Like most Americans, you've probably seen the "4% rule" mentioned somewhere. Take 4% a year and you'll be fine all through retirement.

The problem is, the math behind that guidance was built for a different era—with different interest rates, market conditions and life expectancies.

Let's take a look at the data offered by Capital Group. A 4% withdrawal rate may only last for 22 years or so. If at least one spouse in a couple has a meaningful chance of living into their 90s, that's not a plan, it's a gamble. On the other hand, pulling back to 3% may extend that window, but it also means leaving real life on the table—fewer trips, fewer gifts, fewer opportunities to help with the grandkids' tuition.

Additionally, one important thing the 4% rule doesn't take into account is leaving a legacy—it's purely designed to spend assets down. When you add a desire to leave some sort of inheritance in the mix, Capital Group helps to put some numbers behind this quandary.¹

- To preserve 50% of account value over 30 years, retirees may need to limit withdrawals to 3% annually
- To preserve 25%, the rate may increase to 3.25%

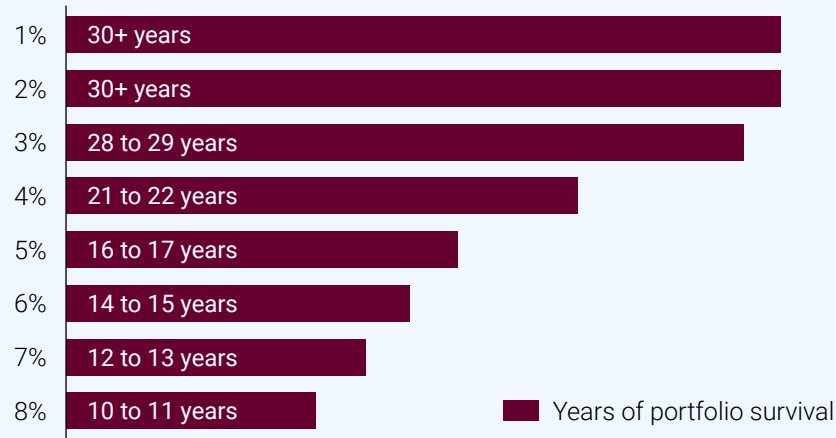
What investors need is a framework that translates justified concerns into workable math, without chaining retirement to a spreadsheet.

¹ Capital Group. "Capital Ideas: 3 Key Considerations for Sustainable Retirement Income," July 23, 2024.



Capital Group takes a close look at the impact of the 4% rule to estimate how many years income and legacy will last at a given withdrawal rate.¹

The length of retirement and initial withdrawal rate matter



(Chart based on hypothetical scenarios.)

Source: Capital Group calculations based on a hypothetical Monte Carlo analysis. We calculated the hypothetical investment outcomes of these personalized portfolios using Capital Group's capital markets assumptions (CMAs) for global equities (represented by the MSCI All Country World Index) and U.S. aggregate fixed income (represented by the Bloomberg U.S. Aggregate Index). We assumed a 60% allocation to equities and 40% to fixed income with 3% annual increases to adjust for inflation, plus 1% portfolio fees.

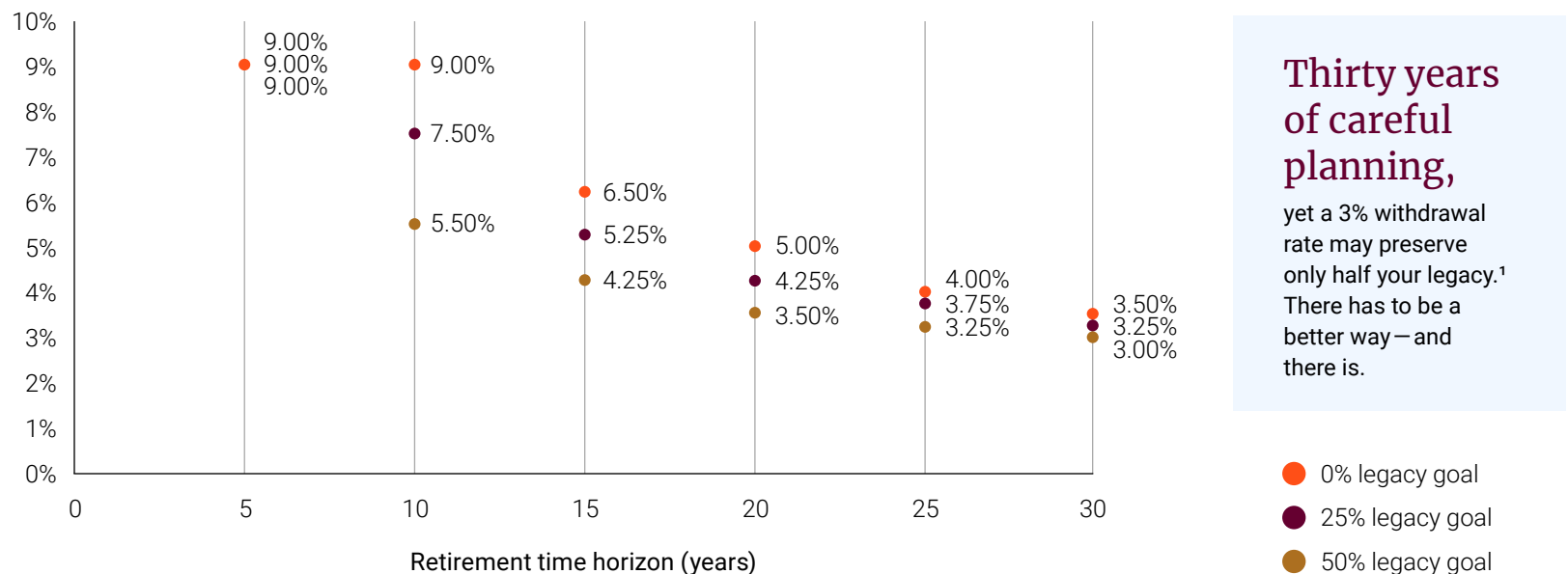
IMPORTANT: The projections or other information generated by this Monte Carlo simulation regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time. Calculations are based upon market index and growth rate assumptions in your financial plan. Other investments not considered might have characteristics similar or superior to those analyzed in this report.

Neither past results nor capital market assumptions can guarantee future performance.

How long you'll live, and what you want to leave, changes everything

As the chart below shows, every dollar you want to leave behind is a dollar that shapes how much you can spend today. Without protected strategies, Capital Group shows that investors may want to consider dialing back their income to 3.50% or less to leave even a 50% legacy.¹ When legacy goals and protected income are built into an income strategy from the start, rather than hoped for at the end, retirees are pursuing both with confidence.

Optimal withdrawal rates for retirement and legacy goals



(Chart based on hypothetical scenarios.)

Source: Capital Group calculations based on a hypothetical Monte Carlo analysis. We then calculated the hypothetical investment outcomes of these personalized portfolios using Capital Group's capital markets assumptions (CMAs) for global equities (represented by the MSCI All Country World Index) and U.S. aggregate fixed income (represented by the Bloomberg U.S. Aggregate Index). We assumed a 60% allocation to equities and 40% to fixed income with fixed withdrawals starting in the first year of retirement and continuing for the time horizon indicated. Withdrawals are increased by 2.25% each year after the first year to adjust for inflation. Taxes and fees are not included. **Neither past results nor capital market assumptions can guarantee future performance.**

¹ [Capital Group, "Capital Ideas: 3 Key Considerations for Sustainable Retirement Income," July 23, 2024.](#)

The design that changes the retirement math

Traditionally, financial products solved one need at a time. You could efficiently protect your income, or preserve your legacy. Innovative approaches now mean investors can enjoy both protected growth and income, while maintaining clarity on exactly how much their income can grow, what their exact payments would be, and how much is guaranteed for their loved ones.

An annuity offers features and benefits that may help build confidence. When investors have guaranteed income and a protected legacy, they're not just more financially secure; they trust their financial professional more, engage more deeply, and stay the course when markets get uncomfortable.

72%

of clients are highly loyal to, and 65% are very satisfied with, their financial professional when they own three or more protection products—31% more than those who own none.¹

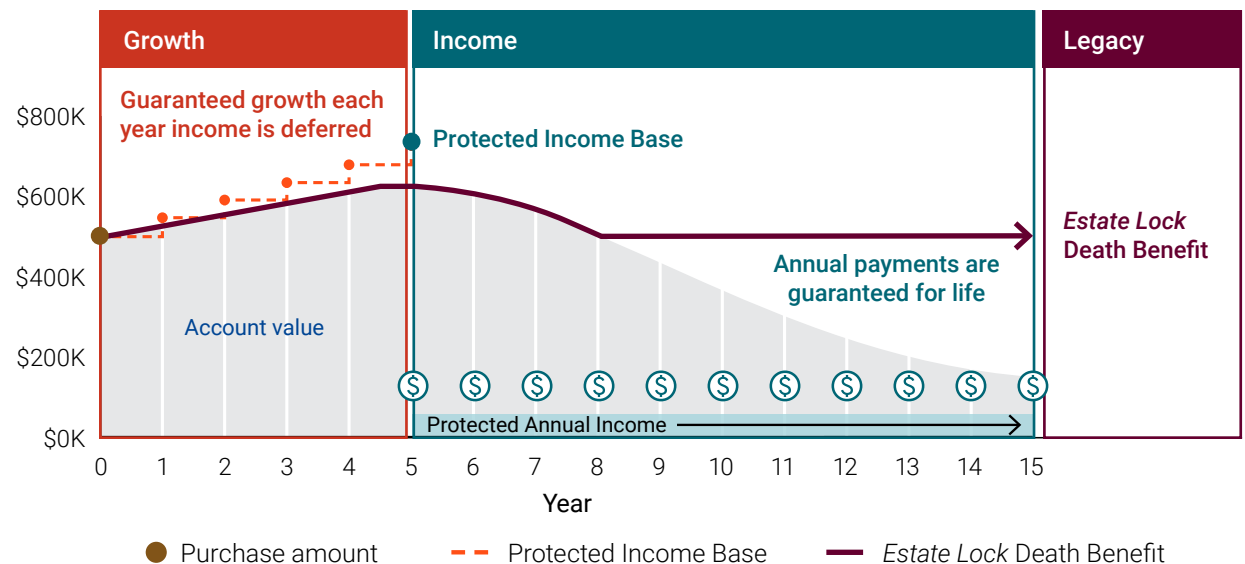
¹ [Lincoln Financial Consumer Sentiment Tracker, April 2025.](#)

Years of income — and a legacy that stays intact

What if the income you take today didn't reduce what your family receives tomorrow? That's the idea behind the *Estate Lock*SM Death Benefit, an option available with Lincoln annuities and *Lincoln ProtectedPay*[®] lifetime income suite.

- You can draw a lifetime income stream
- Your payments do not reduce the death benefit. In effect, the legacy is “refilled” at passing, preserving your intent while you're living your life. Your beneficiary receives your full investment amount (or the account value, if greater).
- You need to maintain at least \$1 in the account, which you can accomplish between growth strategies and being thoughtful with the payment amounts you're taking from year to year.

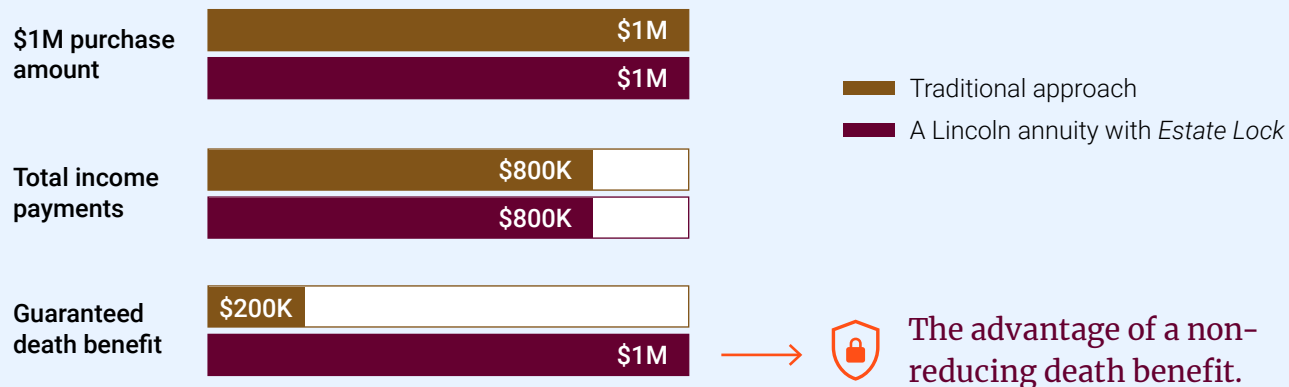
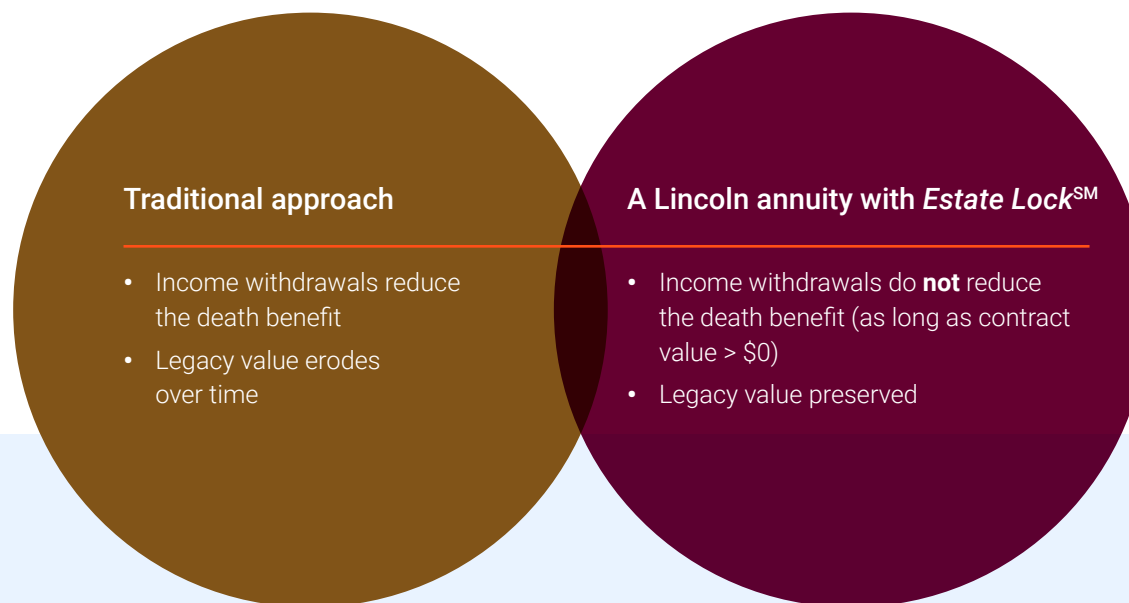
Annuities are long-term investment products that offer tax-deferred growth, access to a lifetime income stream, and death benefit protection. They may be subject to market fluctuation, investment risk, possible loss of principal and there may be costs associated. Optional features may be built-in or if selected, are available for an additional charge.



This chart is for illustrative purposes only. It does not reflect a specific allocation. Past performance does not guarantee future results. Guarantees are subject to the claims-paying ability of the issuer.

Rethinking the old retirement trade-off

With traditional strategies, income and legacy are in competition. Every withdrawal chips away at what remains for beneficiaries. A “refillable” death benefit changes that dynamic. By separating lifetime income from legacy value, it gives investors permission to spend without the concern of “taking away” from their loved ones.



Protected Annual Income (PAI) and required minimum distribution (RMD) withdrawals do not reduce the guaranteed value of the Estate LockSM Death Benefit. Excess withdrawals reduce the guaranteed value proportionally. If your account value reaches \$0, your income will continue for life and your beneficiary will receive your initial investment adjusted for all withdrawals (if greater than \$0).

Three different stories. One remarkably adaptable strategy.

Whether the goal is supporting family, giving to charity, preserving a business, or strengthening a beloved institution, this protection strategy adapts to very different financial needs.



Case study Meet Lori

A lifetime of giving with a legacy that continues

Lori retired with decades of service in the school system. She is passionate about education and wants to ensure that she can take income for herself, and still leave an inheritance. She has a \$500,000 IRA earmarked for this purpose.

1. She can grow her assets tax-free with a variety of growth strategies; only the income will be taxed.
2. When her grandson enters college, or when she needs income, she can help support both of them with predictable income payments over the course of her lifetime.
3. When she passes, she knows that at least \$500,000 will go to her grandson—or the account value, if it's higher, as long as a single dollar of account value still remains.

Bottom line: Lori doesn't have to choose between receiving income from an investment or having that asset to pass along to her heir.



Case study Meet Joe and Linda

The spousal age-gap quandary — solved with one simple feature

Joe and Linda have been diligently saving for retirement. Like many spouses, they have a few years' age difference between them. It can create some planning challenges, but a thoughtful approach to joint income can help.

1. They found that, in general, joint income streams designed for different ages would result in lower payments.
2. Payments are also usually based on the age of the youngest spouse, which has the potential to lower income even further.
3. A protected death benefit means they can take a higher amount of income, and if one spouse passes, the surviving spouse will inherit the full investment.

Bottom line: Their income is built to last for one lifetime, and protection means both spouses can breathe a little easier.



Case study Meet Sam

RMDs: Required doesn't have to mean disruptive

Sam is well set for retirement. He doesn't need the income from one of his qualified assets, and has earmarked it as a legacy for his granddaughter. He knows he has to take RMDs, but is concerned about depleting the asset, and volatile markets just make things worse. A protected income framework can help smooth out the bumps.

1. His future income can grow until he takes RMDs at age 73.
2. RMD requirements will be fulfilled with income from a Lincoln annuity.
3. A refillable death benefit can help ensure that Sam's original asset is there for his granddaughter, even after years of RMDs, as long as a single dollar remains in the account value.

Bottom line: Sam can meet IRS rules without derailing his plan or depleting his legacy—it's just set it and forget it.



Three conversations to clarify income and legacy goals

- 1. How much income certainty would let you enjoy spending through retirement without second-guessing what's going on in the markets?**
Translate concerns about inflation, correlation surprises, and longevity into things you can actually control: long-term growth potential, spending discipline, income certainty, and tax-efficient strategies.
- 2. How important is guaranteeing a certain amount of wealth to pass to your loved ones?**
What part of your wealth do you want to use while you are living, and what part do you want to preserve as a message to the people you love?
- 3. Who needs to be part of your legacy conversation, and what expectations should be set today?**
Legacies are highly emotional — they're not just numbers. Family conversations can help align values across generations. Document expectations early, for example, with a one-page family charter: who, what, when, and why.

Conclusion: A future without the old retirement trade-offs

Efficient income doesn't require sacrificing a legacy. And efficient wealth transfer isn't about leaving money untouched. As trillions move between generations — and retirement risks compound — financial professionals and their clients have the opportunity to replace concerns with design: with a thoughtful strategy, clients can live fully today while still delivering on the promises they've made for tomorrow.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

©2026 Lincoln National Corporation

LincolnFinancial.com

Lincoln Financial is the marketing name for Lincoln National Corporation and its affiliates.

Affiliates are separately responsible for their own financial and contractual obligations.

LCN-9003891-070126

PDF ADA 9/26 **Z01**

Order code: ANN-ESTWP-WPR001

Lincoln Financial® affiliates, their distributors, and their respective employees, representatives and/or insurance agents do not provide tax, accounting or legal advice. Please consult an independent professional as to any tax, accounting or legal statements made herein.

Annuities are long-term investment products that offer tax-deferred growth, access to a lifetime income stream, and death benefit protection. They may be subject to market fluctuation, investment risk, possible loss of principal and there may be costs associated. Optional features may be built-in or if selected, are available for an additional charge.

Lincoln annuities are issued by The Lincoln National Life Insurance Company, Fort Wayne, IN, and distributed by Lincoln Financial Distributors, Inc., a broker-dealer. **The Lincoln National Life Insurance Company does not solicit business in the state of New York, nor is it authorized to do so. All guarantees and contractual obligations are subject to the claims-paying ability of The Lincoln National Life Insurance Company.**

The exact terms of the annuity are contained in the contracts and any attached riders, endorsements, and amendments, which will control the issuing company's contractual obligations. Income taxes are due upon withdrawal and if withdrawn before age 59½, an additional 10% federal tax may apply. Withdrawals and surrenders may be subject to surrender charges and a Market Value Adjustment.

There is no additional tax-deferral benefit for contracts purchased in an IRA or other tax-qualified plan, since they are already afforded tax-deferred status.

Product and features are subject to state availability. Limitations and exclusions may apply.

Not available in New York.

For use with the general public.