



Turning Your Nest Egg into a Monthly Paycheck

For much of your working life, managing income followed a familiar pattern: a paycheck arrived, bills were paid, and some money went into savings. Retirement changes that routine. You may have several income sources, arriving at different times, and savings that must help support you for many years.

Creating a retirement paycheck starts with knowing how much you need each month—and how much is already covered.

Start with your spending

List essential expenses such as housing, groceries, utilities, insurance, transportation, and health care. Then add the things you want retirement to include: travel, entertainment, hobbies, and gifts.

Include expenses that do not arrive monthly. Property taxes, home repairs, and replacing a car still belong in the plan. Setting aside money for them throughout the year can prevent an ordinary expense from becoming a financial emergency.

Find the gap your savings must fill

Next, total your regular income from Social Security, pensions, and other dependable sources. Use the amount available after taxes and deductions.

Suppose your monthly spending is \$4,000 and your regular take-home retirement income is \$3,100. Your savings must supply the remaining \$900, or \$10,800 a year. That is a starting estimate, not yet a sustainable withdrawal plan. Taxes on withdrawals and unexpected expenses may increase the amount you need.

The next question is whether your savings can reasonably support that gap over a long retirement. A withdrawal amount should account for your investments, age, health, flexibility, and other resources. No single percentage guarantees that your money will last.

Make the payments predictable

Once you establish a workable withdrawal plan, consider scheduling a monthly transfer into your checking account. A regular deposit makes budgeting easier and reduces the temptation to treat the entire investment balance as spending money.

Keep enough readily available cash to cover upcoming expenses and a reasonable cushion. The appropriate amount depends on how much of your spending is already covered by dependable income and how much flexibility you have when markets decline.

Coordinate withdrawals with taxes

Money withdrawn from different accounts can receive different tax treatment. Traditional retirement-account withdrawals are generally taxable, while qualified Roth withdrawals are generally tax-free. Required minimum distributions may also affect your schedule. Review the applicable rules before automating withdrawals. [IRS guidance on retirement distributions, required minimum distributions](#).

Revisit your plan at least annually and after a major change in health, household income, or expenses. If withdrawals are putting too much pressure on savings, adjust early.

Your first step can be simple: write down your monthly spending, your dependable income, and the difference between them. Those three numbers give your retirement paycheck a foundation.