

# Retirement by Design: Creating Income, Purpose, and Confidence Beyond Work

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As people approach retirement, many begin to talk about it as if it's a math problem that needs to be solved. They make it about timing, and how the money will work, and when those numbers will feel "just right."

But retirement is so much more than spreadsheets. It's one of life's most meaningful transitions where the stakes are both financial and deeply personal.

Successful people, in particular, are often surprised by how disorienting the shift can feel. Along with a steady paycheck, they tend to miss the structure, routine, and sense of control they had while working, and may feel a bit unmoored.

That's why at HCR Wealth Advisors, we encourage clients to think beyond a single "stop date" and focus instead on intentionally designing a life that provides:

- Income you can trust
- Purpose you can feel
- Confidence you can sustain

You've spent decades building financial success. The next chapter deserves the same level of thought and intention.

## It's Not Just About "Having Enough"

Accumulating wealth is one thing. Preserving it, and making it work efficiently in retirement, is another.

For high-net-worth individuals, retirement often introduces layers of complexity that require more sophisticated planning. Some common (and solvable) challenges include:

- **Investment structure:** Diversification is important for all retirees, but those with multiple income streams, varied account types, illiquid holdings, or concentrated positions may need extra time and effort to create a cohesive, risk-aware plan.
- **Tax exposure:** Affluent families face an array of taxes (ordinary income, capital gains, net investment income tax, AMT, and more) that can eat away at their wealth without proper planning.
- **Uneven spending patterns:** Travel, home renovations, major purchases, and generous gifting can cause spending spikes that, without a plan, can have a ripple effect through a portfolio.
- **Complex compensation:** Retirement income planning can be more involved for individuals with business interests, real estate income, equity compensation, deferred compensation, or carried interest.
- **Legacy and family dynamics:** For high-net-worth families, legacy planning often requires balancing fairness, tax efficiency, and sensitive family considerations.

Working with a fiduciary can help ensure the advice you receive is client-focused rather than product-driven. At HCR, for example, we use a planning process called [The Clarity Formula®](#) to help clients make clear and focused decisions about their life and wealth.

Here are some guiding principles to keep in mind as you develop your retirement plan.

### Pillar One: Create Retirement Income That Feels Stable (Even When Markets Aren't)

Retirement income should be structured, not improvised.

That means knowing where your money is going, and mapping spending into layers that include:

- Essential expenses (housing, food, utilities, insurance)
- Lifestyle enhancements (travel, hobbies, discretionary spending)
- Aspirational and legacy goals (gifting, philanthropy, meaningful experiences)

Once spending is defined, income sources can be matched intentionally to each layer. These may include:

- Dividend- and interest-paying investments, municipal bonds, or private credit
- Real estate cash flow
- Deferred compensation plans or pensions, if applicable
- Social Security benefits, optimized for your situation
- Portfolio withdrawals designed to balance income needs and tax efficiency

Safeguarding your plan against sequence of returns risk will also be essential. If the market declines in the years just before or after you retire, and you're forced to sell more shares to generate income, it can significantly affect how long your savings will last. Your wealth advisor can suggest options for protecting your portfolio against this threat, including:

- Establishing a cash or conservative asset buffer for the early retirement years
- Segmenting your portfolio into time-based "buckets," with assets designated for use now, soon, and later
- Creating flexible spending and withdrawal rules that can be adjusted during market downturns

Remember, confidence doesn't come from predicting markets, it comes from building a plan that adapts. Your advisor can stress-test your financial plan against scenarios such as market volatility, inflation, or health events to help you understand how resilient your strategy is.

### Pillar Two: Tax Strategy Becomes the Engine of Long-Term Results

It's quite possible that, in retirement, taxes may be your largest and most variable expense.

For affluent families, proactive tax planning is essential to help preserve wealth and support long-term goals. The objective isn't to avoid taxes altogether, but to make intentional choices that help reduce unnecessary drag on your portfolio.

Effective strategies to consider may include:

- Converting tax-deferred savings to Roth accounts at advantageous times
- Prioritizing asset location based on how different investments are taxed
- Managing capital gains through tax-loss harvesting and charitable strategies
- Using Qualified Charitable Distributions (QCDs) when appropriate
- Planning for Medicare income-related monthly adjustment amount (IRMAA) surcharges
- Incorporating charitable tools such as Donor Advised Funds (DAFs), Charitable Remainder Trusts (CRTs), or family foundations
- Managing your tax brackets during the transition into and through retirement, including business or employment exits

Tax planning is more effective when your wealth advisor works closely with your CPA and estate attorney, especially as you approach or enter retirement.

## Pillar Three: Build Certainty Through Protection Planning

When retirees under-plan, it's often because they don't realize a potential risk or they assume it won't affect them.

For affluent retirees, protection planning focuses on developing high-level strategies to address:

- Longevity risk, or the possibility that you or your spouse might live longer than expected
- Health care and long-term care costs, which can drain your energy, savings, and legacy if you don't have a plan in place
- Liability and asset protection, which may require trusts, titling strategies, or an umbrella policy
- Family and beneficiary readiness to help avoid confusion and minimize conflict

Including key family members in planning conversations, along with your legal and medical advisors, can help ensure your wishes are understood and respected.

## Don't Overlook Purpose, the Missing Line Item

One of the most underestimated aspects of retirement is the emotional transition.

For many people, work provides structure, identity, and community, and replacing these things can take time and effort.

As you design your retirement plan, we suggest looking beyond finances to reflect on what gives your life purpose.

- What do you want more of now that work no longer dominates your schedule?
- What do you want less of?
- Who do you want to spend your time with?
- What does a truly fulfilling week look like for you?

Before committing to a new routine or activity, consider taking a "test drive." You can adjust the pace as needed until you find what works for you and brings meaning to your life.

## A Retirement That Feels Like Yours

Retirement by design isn't about perfection. It's about clarity, adaptability, and alignment.

As you prepare for this exciting next chapter, we ask that you consider:

- Is your income strategy built for uncertainty?
- Is your tax strategy proactive or reactive?
- Is your wealth adequately protected?
- Does your plan reflect what "living well" means to you?

If you'd like a second opinion or a retirement plan built around your needs and goals, we are here to help. Talking through your options can often bring clarity, especially when the decisions feel complex. Feel free to [reach out to us](#) anytime if you have questions or would like to review your retirement strategy together.