

# The Retirement Assumptions Reality Check Guide

---

## Define Your Life Inputs Before You Calculate “The Number”

---

Created by SafeSimpleSound Financial Planning

### Your S3 Retirement Foundation Tool

What You'll Discover:

- How to define the “Big Three” variables (Inflation, Returns, Longevity) safely
  - The critical choice between Capital Preservation (Legacy) and Purchasing Power Preservation (Lifestyle)
  - A “Safety Margin” checklist to reduce anxiety about the unknown
  - The S3 constitutional advantage of prioritizing accurate assumptions over complex math
- 

## Part 1: The “Big Three” Worksheet

---

*Most retirement anxiety comes from guessing. Use this worksheet to document your baseline assumptions.*

### 1. Inflation Assumption

*The silent eroder of wealth. Average historical CPI is ~3%, but medical costs often rise faster.*

- Conservative S3 Target: 3.5% - 4.0%
- Standard Target: 3.0%
- Your Input: \_\_\_\_\_ %

## 2. Real Rate of Return (After-Tax)

What your money earns *above* inflation. Be careful not to overestimate.

- Conservative S3 Target: 4.0% - 5.0%
- Aggressive Target: 7.0%+ (Higher Risk)
- Your Input: \_\_\_\_\_ %

## 3. Longevity Expectation

Planning to live longer is the safest bet. It is better to have money left over than to run out.

- S3 Safe Standard: Age 95 or 100
- Actuarial Average: Age 85 (Risky for planning)
- Your Input: Age \_\_\_\_\_

*Insight:* Small shifts create huge ripples. Increasing inflation by just 1% can double the capital required over 30 years. When in doubt, lean toward safety.

---

## Part 2: Lifestyle Definition Grid

---

Decide the goal of your capital. This changes the math entirely.

Model	Goal	S3 Verdict	Select
Capital Preservation	You live on interest only. The original principal remains untouched for heirs (Legacy).	Safest, but requires significantly more capital.	[ ]
Purchasing Power Preservation	You spend interest and principal over time. The account hits \$0 at death (Lifestyle).	Efficient. Requires less capital but higher longevity risk.	[ ]

S3 Recommendation: Start with *Purchasing Power Preservation* to determine your baseline lifestyle needs. Layer *Capital Preservation* on top only if Legacy is a primary goal.

---

## Part 3: The “Safety Margin” Checklist

---

*How resilient are your assumptions?*

- The “Go-Go” Years: Have I accounted for higher spending in the first 10 years of retirement?
  - Health Shock: Do I have a separate reserve for long-term care events?
  - Social Security Strategy: Am I assuming a reduced benefit (e.g., 75%) to be safe?
- 

## Insights Summary

---

*Key S3 Differentiator: We believe accurate assumptions are more valuable than complex formulas. Getting the inputs right is 80% of the battle.*

*Educational Generosity Promise: Even if you never hire us, using these conservative assumptions will make your own planning safer.*

*Stakeholder Synthesis: Protects your future self (Client) while clarifying legacy goals for your family (Community).*

## Your Next Steps

**Immediate Action:** Fill in the “Your Input” lines above.

**Foundation Building:** Bring these inputs to our *S3 Gap Calculator* (Next in Series) to see the real numbers.

**Professional Support:** Need help determining a realistic Real Rate of Return? Contact us for a market history review.

© SafeSimpleSound Financial Planning • Excellence Through Foundation-First Wisdom