

The Distribution Readiness Scorecard

Is Your Portfolio Ready for the Mountain Descent?

Created by SafeSimpleSound Financial Planning
Financial Excellence • Educational Generosity

Your S3 Retirement Readiness Assessment

What You'll Discover:

- **Clarity on hidden risks:** Identify if you are vulnerable to "Sequence of Returns" dangers.
 - **Behavioral confidence:** Evaluate if your current plan is simple enough to prevent panic during market drops.
 - **Stewardship gaps:** Check if your plan optimizes taxes and adapts to inflation.
 - **Truth:** Why "saving for retirement" and "spending in retirement" require two completely different operating systems.
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The Assessment

Instructions

Retirement is not a finish line; it is a mountain descent. Climbing up (accumulation) requires strength, but climbing down (distribution) requires safety protocols.

Read each statement below. Check the box **only** if you can answer with a confident "Yes."

Part 1: Safe Foundation (The Survival Gear)

Based on the "Surviving the Descent" Framework

- 1. I have defined my "Income Floor" separate from market performance.
 - *The Test:* Can I cover all my essential expenses (housing, food, healthcare) with guaranteed income (Social Security, Pensions) or dedicated cash reserves, regardless of what the stock market does this month?
- 2. I have a specific defense against "Sequence of Returns Risk."
 - *The Test:* Do I understand how a market crash in the first 5 years of retirement impacts my portfolio's longevity, and do I have a protocol in place to address it?
- 3. I have 12-24 months of "Oxygen" (Cash/Equivalents) set aside.
 - *The Test:* Do I have enough liquidity to avoid selling equities at a loss during a prolonged market downturn?

Insight: In the accumulation phase, volatility is your friend (you buy low). In the distribution phase, volatility is the enemy. A Safe plan builds a floor so you never have to worry about the market affecting your grocery bill.

Part 2: Simple Integration (The Route Map)

Based on "Both/And" Bucket Strategies

- 4. My portfolio is segmented by time, not just asset class.
 - *The Test:* Can I point to exactly which bucket of money I will spend in year 1-3, year 4-10, and year 10+?
- 5. I have a system that integrates reliable income with growth potential.
 - *The Test:* Have I resolved the "Cash vs. Growth" dilemma with a **Both/And** solution, holding enough cash for peace of mind while keeping enough growth to beat inflation?
- 6. I have a visual "Panic Button" prevention system.
 - *The Test:* If the market drops 20% tomorrow, do I have a simple visual framework that tells me exactly why I don't need to sell?

Insight: Complexity causes anxiety. A Simple system doesn't just manage money; it manages your behavior. By segmenting your money into time buckets, you buy the patience required for your long-term investments to work.

Part 3: Sound Stewardship (The Navigation System)

Based on Advanced Tax & Guardrail Methodologies

- 7. I have a tax-smart withdrawal sequence.
 - *The Test:* Do I know exactly which account (Taxable, IRA, Roth) to pull from first, second, and third to minimize my lifetime tax bill?
- 8. I have a proactive strategy for RMDs (Required Minimum Distributions).
 - *The Test:* Am I treating RMDs as a forced nuisance, or do I have a plan to reinvest, donate (QCDs), or convert them to optimize my wealth?
- 9. I have installed specific “Spending Guardrails.”
 - *The Test:* Do I have pre-written rules that tell me exactly when to give myself a raise (inflation adjustment) and when to tighten my belt based on portfolio performance?
- 10. I have a plan to address the “Longevity Paradox.”
 - *The Test:* Is my plan robust enough to fund a “30-year weekend” assuming I might live longer than the actuarial tables suggest?

Insight: A generic withdrawal rate (like the 4% rule) is a static guess in a dynamic world. Sound wisdom requires “Guardrails”—a dynamic system that adjusts to taxes, inflation, and market reality in real-time.

Your Distribution Readiness Score

Count your checkmarks above and find your Status below.

0 – 4 Checks: The Danger Zone (High Sequence Risk)

Diagnosis: Your retirement is currently structured for *accumulation*, not *distribution*. You are essentially climbing down the mountain without safety ropes. If a recession hits early in your retirement, you face a significant risk of depleting your assets prematurely.

- **Immediate Action:** Stop focusing on “Returns” and start building your “Safety Floor.” You need to calculate your essential income needs immediately.

5 – 7 Checks: The Caution Zone (Structure Needed)

Diagnosis: You have some good instincts and likely some good savings, but you lack a cohesive *system*. You might have the assets, but you lack the “Both/And” integration that prevents tax inefficiency and emotional decision-making.

- **Immediate Action:** Focus on **Simplification**. You need to organize your assets into clear time buckets so you know what money is for *now* and what is for *later*.

8 – 10 Checks: The Green Zone (Ready for Descent)

Diagnosis: You are demonstrating **Safe, Simple, and Sound** stewardship. You have likely moved beyond generic advice and built a plan that accounts for human behavior, tax efficiency, and longevity risk.

- **Immediate Action:** Focus on **Optimization**. Ensure your guardrails are monitored annually and refine your legacy planning.

Insights Summary

Key S3 Differentiator: While most firms focus on “Beating the Market” (an external variable you can’t control), S3 focuses on “Beating the Risk of Ruin” (an internal structure you can control).

Educational Generosity Promise: Regardless of your score, understanding the difference between “Accumulation Math” and “Distribution Math” is the single most valuable insight for your financial future.

Stakeholder Synthesis: This scorecard protects you from running out of money, protects your spouse from complex decision-making, and protects your heirs from tax inefficiencies.

Your Next Steps

Immediate Action (Next 7 days): Download our “S3 Bucket Strategy Visualizer”. Even if you scored low, simply seeing your money mapped out by time rather than just asset class can immediately lower your financial anxiety.

Foundation Building (Next 30 days): If you scored in the **Danger** or **Caution** zones, you likely need to install “Guardrails.” Review your most recent tax return and investment statement to see if your withdrawal order is costing you unnecessary taxes.

Professional

Support: If you want to turn this diagnostic into a concrete plan, request a **Distribution Review**. We will map your current assets against the S3 framework to help you build your safety floor.

- **Visit:** www.safesimplesound.com
- **Read:** “Surviving the Descent: Why Retirement Distribution Requires a New Mindset”

This document embodies S3's commitment to educational generosity. Whether you become a client or not, this framework provides genuine value for your retirement journey.

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