Retirement Blueprint
Episode 17

Is $5 Million Enough to Retire?

Transcript

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Is $5,000,000 enough to retire?

Some say absolutely.
Some say no way.
Social media says you need $10 million, $20 million—or maybe you shouldn't retire at all.

But here's the truth:

The number itself doesn't matter.

What matters is the lifestyle attached to that number.

Today, we're breaking down whether $5,000,000 is enough to retire—and the real factors that determine whether your money lasts or runs out.

Most people focus on the size of their savings.

But retirement isn't determined by how much money you have.

It's determined by how much you spend, how much you lose to taxes, how long you live, how your investments perform, and how disciplined your income plan is.

$5,000,000 can be more than enough.

But it can also fall short.

It all depends on the plan.

Here's what we'll cover:

How far $5,000,000 actually goes
Why spending matters more than savings
The tax trap many wealthy retirees fall into
How market volatility impacts withdrawals
A real-life example of a couple navigating this decision
And one hidden factor most people overlook

Let's break it down.

What $5,000,000 actually provides

If you withdraw 4% per year, that's $200,000 of gross income.

But taxes reduce that.
Healthcare reduces that.
Unexpected expenses reduce that.

If you withdraw 3%, that's $150,000—and your probability of long-term success increases significantly.

So $5,000,000 doesn't guarantee anything.

It provides potential—a starting point, not a finish line.

Spending is the real driver

Two retirees with the same $5,000,000 can have completely different outcomes.

Someone spending $120,000 per year may be in a very strong position.

Someone spending $250,000 per year may be at risk.

It's not the assets that determine success—it's the lifestyle.

If you have no mortgage, reasonable travel expectations, moderate taxes, and a solid healthcare plan, $5,000,000 can go a long way.

But if you have multiple homes, live in a high-tax state, travel frequently, support adult children, or face late-life surprises—those can all strain the plan.

The tax problem

Many high-net-worth retirees underestimate the impact of taxes.

Traditional IRAs and 401(k)s aren't fully yours—they're shared with the IRS.

If your average tax rate is 25%, your $5,000,000 may effectively be closer to $3.75 million.

And if future RMDs push you into higher tax brackets, the IRS takes even more.

That's why proactive tax planning is critical.

Sequence of returns risk

Sequence of returns risk is the financial version of turbulence.

If you experience negative returns early in retirement while taking withdrawals, your portfolio can suffer long-term damage.

Two retirees with $5,000,000 and identical average returns can have very different outcomes—simply based on when the bad years occur.

A poor withdrawal strategy can shorten your retirement.

A strong one can extend it by decades.

A real-life example

Phil and Rebecca came into my office with $5.3 million saved.

They said, "Everyone tells us we should feel rich—but we don't feel secure."

They were spending about $240,000 per year.

They owned two homes, traveled frequently, had no tax strategy, and were using a standard withdrawal approach.

On paper, they looked fine.

But "fine" isn't confidence.

When we stress-tested their plan, their money lasted—but just barely.

We made adjustments:

Their Social Security strategy
Tax bracket management
Withdrawal sequencing
RMD exposure
Investment risk

After optimizing their plan, their money lasted 12 additional years.

They didn’t save more.
They didn’t earn more.

They simply optimized better.

Final takeaway

Retirement isn’t about how much money you have.

It’s about how coordinated your plan is.

$5,000,000 can be fragile—or it can be powerful.

The difference is alignment:

Your investments
Your tax strategy
Your withdrawal plan
Your lifestyle
Your longevity plan

When those work together, $5,000,000 can be more than enough.

When they don’t, no amount ever feels like enough.

So—can you retire on $5 million?

Yes.

But not automatically.

You need a structured withdrawal plan, a tax strategy, a volatility buffer, and a realistic spending target.

Because retirement isn't built on a number.

It's built on a plan.