

SMART RETIREMENT BLUEPRINT® · ASSET MANAGEMENT

# SMART Bucket Allocation Worksheet

Every retirement dollar needs a job. This worksheet helps you assign each dollar to the right bucket, in the right account, at the right time — so your portfolio is built to last as long as you do.

1. Forever

2. Protection

3. Liquidity

4. Growth

# How the SMART Bucket Allocation Works

Most retirement portfolios are built around a single question: how much can I withdraw each year without running out? The SMART Bucket Allocation reframes the question entirely. Instead of asking how much to take out, we ask: **what job does each dollar need to do, and is it in the right place to do it?**

The four buckets are not just investment categories. They are functional roles. Each bucket has a different time horizon, a different risk tolerance, and a different purpose. When every dollar has a job, the plan becomes far more resilient — and far less dependent on market timing.

## 1 Forever Bucket

Guaranteed Income Floor · Non-negotiable Lifestyle Coverage

The Forever Bucket is your income floor — the guaranteed, predictable income that covers your essential and discretionary lifestyle expenses regardless of what the market does. Sources include Social Security, pensions, and income annuities.

Social Security — Your Benefit (Monthly)

Social Security — Spouse Benefit (Monthly)

Pension Income (Monthly)

Annuity / Other Guaranteed Income (Monthly)

**Total Guaranteed Monthly Income**

Monthly Essential + Lifestyle Expenses

**Income Gap (Expenses minus Guaranteed Income)**

Notes (SS timing strategy, pension election, annuity considerations):

## 2 Protection Bucket

LTC · Healthcare Inflation · Surviving Spouse Income

The Protection Bucket addresses the three risks most likely to permanently impair a retirement plan: long-term care costs, healthcare inflation, and the income shock when the first spouse passes. Funded through insurance products and dedicated reserves — not market-dependent assets.

LTC Coverage in Place? (Yes / No / Pending)

LTC Policy Type (Traditional / Hybrid / Self-Insure)

Daily / Monthly Benefit Amount

Benefit Period

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Surviving Spouse Income After First Death (Monthly)

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Income Gap for Survivor (Monthly)

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Notes (Widow Penalty planning, Medicare supplement, healthcare reserve):

## 3 Liquidity Bucket

18–24 Month Buffer · Roth Conversion Funding · Sequence-of>Returns Defense

The Liquidity Bucket is your short-term operating account — safe, accessible, and market-independent. It covers the income gap for 18–24 months, funds Roth conversion tax payments during bridge years, and provides a buffer so you never have to sell Growth assets at a market low. Typical holdings: high-yield savings, money market, short-term CDs, or short-duration bonds.

Monthly Income Gap (from Forever Bucket calculation)

Target Liquidity Reserve (18–24 months × Monthly Gap)

Current Liquid Reserves (Cash, Money Market, CDs)

Surplus / Shortfall vs. Target

Estimated Roth Conversion Tax Funding Needed (Annual)

Replenishment Source (dividends, RMDs, rebalancing)

Notes (bridge year strategy, Roth conversion window, replenishment plan):

## 4 Growth Bucket

Long-Horizon Compounding · Inflation Defense · Legacy

The Growth Bucket is your long-term engine. Because the other three buckets fund near-term needs, this bucket can be invested with a true long-term horizon — typically 10+ years — without the pressure of forced liquidation. It defends against inflation, funds later-stage retirement spending, and builds the legacy you intend to leave.

Total Investment Portfolio Value

Less: Forever Bucket (annuity premiums, if applicable)

Less: Protection Bucket (LTC reserves, insurance premiums)

Less: Liquidity Bucket (target reserve amount)

Remaining Available for Growth Bucket

Target Asset Allocation (Equity / Fixed / Alt)

Account Location (Taxable / Traditional / Roth split)

Notes (RMD planning, legacy intent, tax-efficient asset location):

# Allocation Summary & Coordination Checklist

Bucket	Target Amount	Current Amount	Gap / Action
<b>1. Forever</b> Guaranteed income floor	_____	_____	_____
<b>2. Protection</b> LTC, survivor income, healthcare	_____	_____	_____
<b>3. Liquidity</b> 18–24 month buffer	_____	_____	_____
<b>4. Growth</b> Long-horizon compounding	_____	_____	_____
<b>Total Portfolio</b>	_____	_____	_____

## Five-Decision Coordination Checklist

- Social Security timing** confirmed and coordinated with Forever Bucket income floor sizing
- Roth conversion window** identified; Liquidity Bucket sized to fund tax payments without touching Growth assets
- IRMAA thresholds** mapped; Roth conversion amounts stay below surcharge trigger points
- LTC strategy** decided (traditional, hybrid, or self-insure reserve); Protection Bucket funded accordingly
- Widow Penalty** modeled; survivor income gap identified and Protection Bucket addresses the shortfall
- RMD schedule** projected; Growth Bucket account location optimized to manage future taxable distributions
- Liquidity replenishment** plan documented; source of funds (dividends, RMDs, rebalancing) identified
- Legacy intent** documented; Growth Bucket beneficiary designations and estate coordination reviewed

### Ready to Build Your SMART Bucket Allocation?

This worksheet is a starting point. A coordinated plan requires modeling your specific numbers across all five decisions — Social Security, healthcare, taxes, longevity, and asset structure — together. That is what we do at Two Waters Wealth Management.

[twowaterswealth.com](http://twowaterswealth.com) · (704) 275-2500