

Can your savings pay you a monthly salary?

How long your savings last if you take a fixed amount every month, and what tax and inflation really change.

Will it last?



A short summary of the article "**Systematic Withdrawal Plan: A Monthly Income From Savings**", with a worked example. Links to the full article and the free calculator are on the last page.

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Savings don't have to be a locked box



Taking a monthly amount doesn't automatically mean wiping out your savings. It depends on how much you take: a small withdrawal can aim to keep their value; a larger one slowly uses them up.

Think of a fruit tree: you can enjoy the fruit without uprooting the tree. The savings are the tree; the return is the fruit.

Why it feels wrong: a study of about 2,500 American households found that retirees touch their savings very little: an estimated 2.1% a year for married couples aged 65 (Blanchett & Finke, 2025).

It's a slider, not a switch



Keep

Over time, take no more than the return. It aims to keep the amount, but that's not guaranteed, and inflation still erodes what it buys.

Shrink

Take a bit more than the return. Your savings get smaller, slowly.

Use up

Plan for the money to run out on a date you choose, e.g. a bridge to your pension.

Four building blocks decide almost everything: **how much you have**, **how much you take each month**, **for how long**, and **what you want left at the end**.

There's no minimum amount, but the method relies on a significant sum: one that can grow while it also pays you something meaningful.

The numbers tell you more than you asked

David is 57, has **\$500,000** in savings, a steady job and a pension from 67. He wants **\$1,000 a month** for **10 years**, without harming his savings.

Example assumptions: 5% yearly return (fixed, no fees) · 2.5% yearly inflation (an estimate) · 15% tax on gains (an assumption for the example; real tax depends on your account, income and holding period).

\$655,394

left after 10 years, in this model. \$1,000 a month is only 2.4% a year, less than the 5% return.

\$123,945

withdrawn in total to get \$1,000 net each month. In this model, \$3,945 of it is tax on the gain part.

\$511,993

what \$655,394 will buy in today's money. Real growth: about \$12,000, not \$155,000.

This is a model with a fixed return, not a forecast: nobody guarantees 5% every year. You can run the same numbers yourself in the free calculator (last page).

What the full article adds

- The scenarios it explores: a bridge to retirement, extra income on top of a salary, a sabbatical, time between jobs
- Why the order of good and bad years matters when you withdraw every month
- The fear of investing, and when money sitting idle has a hidden price (and when it doesn't)
- How this differs from the famous 4% rule

A recap: four questions to start with

How much money do you have?

How much do you need each month?

For how long?

How much do you want left at the end?

GO FURTHER

Check it with your own numbers

Read the full article →

All the details, the sources and the questions to ask

Try the free calculator →

Your own numbers, month by month

Free · no sign-up · your numbers stay in your browser · free Excel version

FROM THE FREE CALCULATOR: DAVID'S NUMBERS

Your savings over time

You start with **\$500,000** and take out money every month. Because your savings are assumed to earn more than you take out, the balance keeps growing. The dashed line shows the same balance in today's money: what it could actually buy.

You start with
\$500,000

After 10 years
\$655,394
before inflation

In today's money
\$511,993
at 2.5% inflation a year



Eyal Doron, creator of NeedTheseApps: free calculators for real money decisions. I'm not an expert or an advisor, just like you; the decision is yours, on your own or with a professional.

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