

Retiring...Now What?

As a financial advisor, I have the unique opportunity to help clients plan for their future. Obviously, those plans always encompass retirement at some point. So whether you're close to retirement or not, here are a few things to be thinking of for yourself.

Your first question might be, "How much money do I need to have to live the lifestyle I'm planning for?" I'm often asked this question by my clients and for good reason. You'll definitely want to know how much money you should expect to be able to withdraw from your retirement plans without going broke. Overspending your retirement is one of the most common mistakes I see. We'll see someone get the idea in their head that they can withdraw a large percentage of their nest egg every year and expect that their market returns will make up for their shortfall. You can never be sure that this will happen. Take for instance the market we had in 2001-2002 and the most recent market we've been experiencing since late 2007. If you overspend, you'll find yourself withdrawing your assets during a down market which can have a dramatic affect on your nest egg.

Another question might be, "Will I be able to keep the same standard of living regardless of inflation?" I believe this is one of the most overlooked questions retirees face. First, we need to agree that most things typically get more expensive as time goes on. If you base your retirement needs on your income today, you might be in trouble. Consider this; most retirees of years past have had a pension plan that adjusts for inflation as they get older. You can rest assure that their benefits are probably more today than when they first retired because those plans typically had inflation protection built in them. So, how does this relate to you? Well, first and foremost, the majority of us will not have a pension plan to rely on meaning that all of the responsibility of shortfalls and demands on our money is solely up to us. That's not necessarily a bad thing because you're in control of how to manage your wealth. The reason I raise caution is because most of us are not wired to think about how much milk might cost 30 years from now and if we'll have enough money to pay for it. So, with all of that being said, be mindful of inflation.

As I wrap up, I'm sure you know that there are far more questions than just these to consider for retirement. The best thing you could do is have a full analysis done on your plan and make sure it is up to par going forward. I'd also like to invite you to contact my office if you would like some more information sent to you about the current topic. I'll send you a brochure that outlines the many questions and concerns you'll face in retirement and how you can plan for them. Please feel free to contact me at 826-2279 Ext 4 and as always, we're here to serve you!