



RETIREMENT PLANNING

GET SIX-PACK ABS IN 10 DAYS!

A question that we hear often from our clients is, "How much money do I need to retire"? From time to time, this question comes from our younger clients, but far too often we hear it from our clients in their 50s and 60s. The gloom sets in as we begin to gather information to answer their question. We all quickly learn that we need to get busy.

Much like the mythical path to "developing six-pack abs in 10 days", short-term retirement planning often leads to results that are less spectacular than what we envision. We often learn the hard way that the results that we are looking for take a bit more time and discipline than advertised.

In reviewing a client's retirement readiness, we often discover that their debt load is higher and their savings rate is lower than what it should be. The most effective retirement strategy at that point is one that involves the wife learning to drive a get-away car.

WHAT KIND OF ISSUES DO I NEED TO THINK ABOUT?

Preparing for retirement is more complicated than ever. Not only are we living longer, relying solely on Social Security is no longer an option for most. That means our savings have to augment our Social Security benefits to support us throughout our golden years.

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In addition, we need to plan for a potentially huge new expense, the cost of medical care to keep us going.

Other issues we frequently get asked about that may resonate with your situation:

1. When should I start taking Social Security? How about my spouse?
2. I have heard a lot about long-term care. What does this cover?
3. Should I pay off my mortgage? How about my car loan?
4. How much income will my retirement plan generate?
5. Do my children or grandchildren have any special needs that would require a trust?
6. We plan to travel more in retirement. How should we budget for that?
7. I have a 401(k) plan, a Roth IRA, and a regular brokerage account. Does it matter which account I draw from first? Should I use up one of them before the others?
8. How much insurance is enough? Is term or whole life insurance better?

Everyone's circumstances are unique – and your retirement-related issues may be quite different. Many folks have a leg up on the herd and have been diligently planning for retirement for years. Bravo to them! Unfortunately, too many of us have additional work to do.

HOW DO I GET STARTED?

In response to many client questions in this area, we want to help you by engaging in the retirement planning process.

We will cover basic areas such as preparing a retirement budget that takes into account fewer work-related expenses

and more costs for travel and medical.

In addition, we will help some of you early-starters polish your plan by addressing more esoteric issues such as long-term care, grandchildren education planning, and IRA distributions.

What we do know is that clients typically underestimate the amount of money that they will need to maintain their current lifestyle for the next 30 years. As such, the short answer to the question about how much money you'll need, is probably more than you think.

For those of us who are not sitting on a large nest of golden eggs, there is plenty to do. For

example, it is more necessary than ever to reduce your debt to the greatest extent possible prior to retirement. There have also been many changes to the estate planning rules, primarily with the increase to the lifetime exemption from the estate tax and more generous amounts available for gifting purposes.

We will address each one of these topics in the coming newsletters to help you prepare to the extent possible for the retirement around the corner.

If you can't wait for the next newsletter and have questions now, please don't hesitate to call our office at 602-241-6665.

Ignoring retirement is not a plan.

Who knows better than your accountant about assessing your retirement readiness? Make an appointment to let us help you budget and plan for the retirement you envision.

